

SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT  
 UNDER  
 THE SECURITIES ACT OF 1933

GREIF BROS. CORPORATION  
 (Exact name of registrant as specified in its charter)

DELAWARE 3412 31-4388903  
 (State or other jurisdiction of (Primary Standard Industrial (I.R.S. Employer  
 incorporation or organization) Classification Code) Identification No.)

(continued on next page)

<p>425 Winter Road          Delaware, Ohio 43015          (740) 549-6000          (Address, including zip code,          and telephone number, including          area code, of registrant's principal          executive offices)</p>	<p>Gary R. Martz, Esq.          Senior Vice President,          General Counsel and Secretary          Greif Bros. Corporation          425 Winter Road          Delaware, Ohio 43015          (740) 549-6000          (Name, address, including zip code,          and telephone number, including          area code, of agent for service of          process)</p>
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Copies to:  
 Joseph P. Boeckman, Esq.  
 Baker & Hostetler LLP  
 65 East State Street, Suite 2100  
 Columbus, Ohio 43215  
 Telephone: (614) 462-4737 Facsimile (614) 462-2616

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount To be Registered	Proposed Maximum Offering Price Per Security	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
8 7/8% Senior Subordinated Notes due 2012.....	\$250,000,000	100%	\$250,000,000	\$23,000.00
Guarantees of 8 7/8% Senior Subordinated Notes due 2012 (2).....	\$250,000,000	--	--	(3)

(1) Represents the maximum principal amount at maturity of 8 7/8% Senior Subordinated Notes due 2012 that may be issued pursuant to the exchange offer described in this registration statement. The registration fee was calculated pursuant to Rule 457(f) under the Securities Act of 1933.  
 (2) The guarantors are wholly-owned subsidiaries of Greif Bros. Corporation and have guaranteed the notes being registered.  
 (3) Pursuant to Rule 457(n) under the Securities Act of 1933, no separate fee is payable for the Guarantees.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

(cover page, continued)

ADDITIONAL REGISTRANTS

DELAWARE (State or other jurisdiction of incorporation or organization)	AMERICAN FLANGE & MANUFACTURING CO., INC. (Exact name of registrant as specified in its charter) 3412 (Primary Standard Industrial Classification Code)	13-0431355 (I.R.S. Employer Identification No.)
DELAWARE (State or other jurisdiction of incorporation or organization)	BARZON CORPORATION (Exact name of registrant as specified in its charter) 3412 (Primary Standard Industrial Classification Code)	31-1669482 (I.R.S. Employer Identification No.)
OHIO (State or other jurisdiction of incorporation or organization)	GREAT LAKES CORRUGATED CORP. (Exact name of registrant as specified in its charter) 2650 (Primary Standard Industrial Classification Code)	34-1396481 (I.R.S. Employer Identification No.)
DELAWARE (State or other jurisdiction of incorporation or organization)	GREIF BROS. CORP. OF OHIO, INC. (Exact name of registrant as specified in its charter) 3412 (Primary Standard Industrial Classification Code)	04-3085566 (I.R.S. Employer Identification No.)
DELAWARE (State or other jurisdiction of incorporation or organization)	GREIF BROS. SERVICE CORP. (Exact name of registrant as specified in its charter) 3412 (Primary Standard Industrial Classification Code)	31-1652230 (I.R.S. Employer Identification No.)
DELAWARE (State or other jurisdiction of incorporation or organization)	GREIF CONTAINERS, INC. (Exact name of registrant as specified in its charter) 3412 (Primary Standard Industrial Classification Code)	36-3268123 (I.R.S. Employer Identification No.)
NEVADA (State or other jurisdiction of incorporation or organization)	GREIF U.S. HOLDINGS, INC. (Exact name of registrant as specified in its charter) 3412 (Primary Standard Industrial Classification Code)	31-1753837 (I.R.S. Employer Identification No.)
DELAWARE (State or other jurisdiction of incorporation or organization)	SIRCO SYSTEMS, LLC (Exact name of registrant as specified in its charter) 3412 (Primary Standard Industrial Classification Code)	63-1173694 (I.R.S. Employer Identification No.)
DELAWARE (State or other jurisdiction of incorporation or organization)	SOTERRA LLC (Exact name of registrant as specified in its charter) 0811 (Primary Standard Industrial Classification Code)	31-1667714 (I.R.S. Employer Identification No.)
DELAWARE (State or other jurisdiction of incorporation or organization)	TAINER TRANSPORT, INC. (Exact name of registrant as specified in its charter) 4212 (Primary Standard Industrial Classification Code)	31-1298401 (I.R.S. Employer Identification No.)
OHIO (State or other jurisdiction of incorporation or organization)	TREND-PAK, INC. (Exact name of registrant as specified in its charter) 2650 (Primary Standard Industrial Classification Code)	34-1478745 (I.R.S. Employer Identification No.)

The information in this prospectus is not complete and may be changed. We may not offer these securities for exchange until the prospectus is delivered in final form. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated  
September 26, 2002

PROSPECTUS

Offer To Exchange All

8 7/8% Senior Subordinated Notes  
Due 2012

of

Greif Bros. Corporation [Logo]

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 PM  
NEW YORK CITY TIME, ON \_\_\_\_\_, 2002, UNLESS EXTENDED

TERMS OF THE EXCHANGE OFFER:

- .. We are offering to exchange \$250,000,000 aggregate principal amount of registered 8 7/8% Senior Subordinated Notes for all of the original unregistered 8 7/8% Senior Subordinated Notes due 2012 that were originally issued on July 31, 2002.
- .. The terms of the exchange notes will be substantially identical to the original notes, except for transfer restrictions and registration rights relating to the original notes.
- .. You may withdraw tendered outstanding original notes at any time prior to the expiration of the exchange offer.
- .. The exchange of outstanding original notes will not be a taxable exchange for U.S. federal income tax purposes.
- .. We will not receive any proceeds from the exchange offer.
- .. There is no existing market for the exchange notes to be issued, and we do not intend to apply for their listing on any securities exchange or arrange for them to be quoted on any quotation system.

See the section entitled "Description of Notes" that begins on page 68 for more information about the notes to be issued in this exchange offer.

Each broker-dealer that receives exchange notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Securities. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for outstanding notes where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, starting on the Expiration Date (as defined herein) and ending on the close of business one year after the Expiration Date, we will make this prospectus available to any broker-dealer for use in connection with any such resales. See "Plan of Distribution."

This investment involves risks. See the section entitled "Risk Factors" that begins on page 14 for a discussion of the risks that you should consider prior to tendering your outstanding original notes in the exchange.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated \_\_\_\_\_, 2002.

#### IMPORTANT TERMS USED IN THIS PROSPECTUS

Unless the context indicates or otherwise requires, the terms "Greif," "our Company," "we," "us" and "our" as used in this prospectus refer to Greif Bros. Corporation and its consolidated subsidiaries.

#### REFERENCE TO ADDITIONAL MATERIAL

This prospectus incorporates important business and financial information about Greif that is not included or delivered with this prospectus. Such information is available without charge by written or verbal request to John K. Dieker, Vice President and Corporate Controller, Greif Bros. Corporation, 425 Winter Road, Delaware, Ohio 43015, telephone number (740) 549-6000. If you would like to request copies of these documents, please do so by \_\_\_\_\_, 2002, in order to receive them before the expiration of the Exchange Offer.

#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We have filed the following documents with the Securities and Exchange Commission (the "SEC") which are incorporated into this prospectus by reference:

- . Greif's Current Report on Form 8-K dated August 28, 2002.
- . Greif's Quarterly Report on Form 10-Q for the quarter ended July 31, 2002.

All documents subsequently filed by Greif pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), after the date of this prospectus and prior to the termination of the offering of the exchange notes offered by this prospectus shall be deemed to be incorporated by reference into this prospectus and to be a part of this prospectus from the date of filing of such document. Any statement contained in this prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus. You may obtain a copy of our filings with the SEC at no cost, by writing or telephoning us at Greif Bros. Corporation, 425 Winter Road, Delaware, Ohio 43015, telephone number (740) 549-6000.

When we refer to this prospectus, we mean not only this prospectus but also any documents which are incorporated or deemed to be incorporated in this prospectus by reference. You should rely only on the information incorporated by reference or provided in this prospectus or any supplement. We have not authorized anyone else to provide you with different information. This prospectus is used to offer and sell the exchange notes referred to in this prospectus, and only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of the date of this prospectus.

## DISCLOSURE REGARDING FORWARD LOOKING STATEMENTS

All statements other than statements of historical facts included in this prospectus, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected costs, goals and plans and objectives of management for future operations, are forward-looking statements. In addition, 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. Although we believe that the expectations reflected in forward-looking statements have a reasonable basis, we can give no assurance that these expectations will prove to have been 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. Important factors that could cause actual results to differ materially from our expectations are disclosed under "Risk Factors" and elsewhere in this prospectus, including, without limitation, the factors set forth below and in conjunction with the forward-looking statements included in this prospectus. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements.

Factors that could cause actual results to differ materially from our expectations include the following:

- . changing trends and demands in the industries in which we compete, including industry over-capacity;
- . general economic and business conditions, including a prolonged or substantial economic downturn;
- . increases in our leverage;
- . interest rate increases;
- . political instability in those foreign countries where we manufacture and sell our products;
- . foreign currency fluctuations and devaluations;
- . our ability to implement our business and growth strategies and to maintain and enhance our competitive strengths;
- . our ability to obtain financing for general corporate purposes;
- . intense industry competition;
- . availability of key personnel;
- . availability and costs of raw materials for the manufacture of our products, particularly steel and resin; and
- . increases in the cost of compliance with laws and regulations, including environmental laws and regulations.

PROSPECTUS SUMMARY

The following summary highlights some of the information from this prospectus and does not contain all the information that is important to you. Before deciding to participate in the exchange offer, you should read the entire prospectus, including the section entitled "Risk Factors" and our consolidated financial statements and the related notes. Some statements in this Prospectus Summary are forward-looking statements. See "Disclosure Regarding Forward-Looking Statements."

The Company

General

We are a leading global producer of industrial shipping containers with manufacturing facilities located in 41 countries. We offer a comprehensive line of industrial shipping container products, such as steel, fibre and plastic drums, intermediate bulk containers, closure systems for industrial shipping containers, and polycarbonate water bottles, which we complement with a variety of value-added services. Our global presence and full range of products uniquely position this business to offer our customers a single source for their packaging needs and to be responsive to global market changes. We also produce containerboard and value-added corrugated products for niche markets in the United States and Canada. We own timberland in the southeastern United States which we cut and sell to third parties, as well as manage to maximize long-term value. Our customers range from Fortune 500 companies to medium and small-sized companies in a cross section of industries. Our manufacturing facilities are strategically located near many of our customers, reducing transportation costs.

For the twelve months ended July 31, 2002, we had consolidated net sales of \$1.64 billion and Adjusted EBITDA (as defined on page 13) of \$202.3 million, including the results of our unrestricted timber subsidiary. During this same period, we generated approximately 39% of our consolidated net sales from markets outside North America. For the twelve months ended July 31, 2002, our Industrial Shipping Containers segment represented 77% of consolidated net sales, our Containerboard & Corrugated Products segment represented 20% of consolidated net sales and our Timber segment represented 3% of consolidated net sales.

Industrial Shipping Containers

Our acquisition of Van Leer Industrial Packaging in March 2001 transformed us into a global provider with a full range of industrial shipping container products and services. The successful integration of this business allowed us to realize significant synergies by improving operating efficiencies from the consolidation of facilities and personnel, achieving economies of scale in purchasing, sales and marketing efforts, and enhancing manufacturing flexibility.

Based on our internal estimates, we believe that we have the following market positions for our industrial shipping container products:

Product -----	Market Position -----	
	United States -----	Global -----
Steel drums .....	#1	#1
Fibre drums .....	#1	#1
Closure systems .....	#1	#1
Plastic drums .....	#2	#3
Intermediate bulk containers .....	#3	#4

We seek to provide complete packaging solutions to our customers by offering a comprehensive range of products and services on a global basis. Our full range of shipping container products and numerous manufacturing facilities uniquely position us to offer our customers a single source for their packaging needs, respond to global market changes, and capitalize on faster growing markets such as Eastern Europe and Asia. With increasing customer demand for container life-cycle management, we also offer packaging services that include cleaning, recycling, disposal, trip leasing, filling, warehousing, outgoing logistics, onsite packaging and vendor management. We sell our products globally to customers in industries such as chemicals, paints and pigments, food and beverage, petroleum, industrial coatings, agricultural, pharmaceutical and mineral, among others.

Our Industrial Shipping Containers segment generated net sales of \$1,268.9 million and EBITDA of \$123.3 million for the twelve months ended July 31, 2002.

#### Containerboard & Corrugated Products

We concentrate on providing value-added, higher-margin corrugated products to niche markets complemented by a comprehensive range of packaging services, in comparison to many large paper companies which focus on high-volume, commodity production. We are also a regional producer of containerboard and corrugated sheets. Our highly integrated operations help stabilize the results of this business. In fiscal 2001, our corrugated sheet, multiwall and fibre drum operations, including our CorrChoice, Inc. joint venture, consumed an amount of containerboard equal to approximately 70% of the containerboard tons produced by our two mills. We believe the cost positions of our containerboard mills are among the lowest in North America.

We sell our containerboard, corrugated sheets and other corrugated products and multiwall bags to customers in North America in the packaging, automotive, food, and building products industries, among others. We also have an approximate 63% ownership interest in CorrChoice, Inc., an unconsolidated joint venture which manufactures corrugated sheets. Our corrugated container products are used to ship such diverse products as home appliances, small machinery, grocery products, building products, automotive components and books and furniture. Our industrial and consumer multiwall bags are used to ship a wide range of industrial and consumer products primarily for the agricultural, chemical, building products and food industries.

Our Containerboard & Corrugated Products segment generated net sales of \$333.9 million and EBITDA of \$53.3 million for the twelve months ended July 31, 2002.

#### Timber

As of July 31, 2002, we owned approximately 272,500 acres of timberland in the southeastern United States. We manage our timber properties to generate maximum revenue and earnings for the long term. We focus on optimizing our annual yields by maintaining consistent cutting schedules and enhancing future growth through intensive management and regeneration. Because we believe pine timberland will provide the best long-term sustainable yields, in recent years we have entered into transactions to sell substantially all of our hardwood timberlands and subsequently acquire pine timberlands.

Our Timber segment generated net sales of \$39.3 million and EBITDA of \$44.2 million for the twelve months ended July 31, 2002. EBITDA, but not net sales, included a \$10.1 million gain on timberland sales which occurred during that period. Soterra LLC, our subsidiary that owns and operates our timber business in the United States ("Soterra"), is an unrestricted subsidiary under the indenture governing the notes. See "Risk Factors--The subsidiary that conducts our timber operations in the United States is an unrestricted subsidiary" and "Description of Notes."

#### Competitive Strengths

**Leading Market Position.** We are a leading global producer of a comprehensive line of industrial shipping container products. Based on our internal estimates, we believe that we are the largest global and United States producer of steel drums, fibre drums, and closure systems, and we hold leading global and United States market positions in the production of plastic drums and intermediate bulk containers.

**Global Presence.** We have facilities in 41 countries and generated approximately 39% of our consolidated net sales from markets outside North America for the twelve months ended July 31, 2002. Our global presence provides us with access to faster growing foreign markets; insulates us from economic downturns in any one country or region; enables us to respond to our customers' changing needs; offers us the flexibility to shift resources in response to changes in global or regional conditions; and allows us to effectively service multinational customers. Our size and global reach enable us to realize economies of scale and cost savings by consolidating our purchasing, sales and marketing efforts.

**Comprehensive Portfolio of Product Lines.** We offer a comprehensive portfolio of product lines in our industrial shipping container segment, which enables us to offer our customers a single source for their packaging needs and to be responsive to global market changes. We have also developed numerous specialty products and applications for our corrugated products customers. Our ability to tailor our products and services to our customers' needs allows us to develop strong, long-term customer relationships and enhances profitability.



Diverse and Multinational Customer Base. We have developed longstanding relationships with prominent customers such as BASF Corporation, Bayer Corporation, BP p.l.c., The Dow Chemical Company, Exxon Mobil Corporation, Imperial Chemical Industries PLC, International Paper Company, Kraft Foods Inc., PPG Industries, Inc., Temple-Inland Inc., Total Fina Elf S.A. and Weyerhaeuser Company. These large multinational corporations represent a range of industries, which we believe creates a strong, stable revenue source for our products and services. Moreover, we do not depend upon any one particular customer, as our ten largest customers accounted for less than 20% of our net sales in fiscal 2001.

Significant Operating Leverage. We believe our existing facilities have sufficient capacity to meet future growth in market demand for our products without significant capital expenditures. We believe we are positioned to profitably capitalize on an increase in demand which would result from an economic recovery.

Experienced Management Team. We have an experienced management team that has managed our operations during various industry cycles. This experience facilitated the acquisition of Van Leer Industrial Packaging and other recent acquisitions and joint ventures and their successful integration into our existing operations.

#### Business Strategy

We plan to build on our strengths by continuing to develop products and services that represent comprehensive packaging solutions for our customers. In addition, we intend to enhance our profitability by continuing to rationalize our operations, capitalize on our global resources and focus on high-margin products and services, as well as making targeted acquisitions when the opportunity is presented.

Our business segment strategies are as follows:

#### Industrial Shipping Containers

- . Further extend our product and service offerings
- . Leverage our full product line and global resources to serve our multinational customers
- . Strategically implement packaging solutions
- . Optimize manufacturing operations

#### Containerboard & Corrugated Products

- . Continue to provide distinctive, value-added corrugated packaging and services
- . Extend product expertise into specialty product offerings
- . Expand sales in multiwall bag business in targeted industry segments
- . Maintain cost-effectiveness and reliability of our containerboard mills and corrugated operations

#### Timber

- . Maintain long-term focus on pine timberland
- . Grow future value through intensive management and regeneration
- . Increase timberland holdings by selling timberland with a higher and better use, or limited management potential, and reinvesting the sale proceeds to acquire additional timberland with a lower cost per acre

Recent Events

On August 23, 2002, we amended and restated our senior credit facility. As amended, the senior credit facility consists of a \$250.0 million revolving multicurrency credit facility (the prior revolving credit facility was \$150.0 million) maturing in February 2006, and a \$300.0 million term loan maturing in August 2009.

Additional Information About Our Company

Greif Bros. Corporation is a Delaware corporation. Our principal executive offices are located at 425 Winter Road, Delaware, Ohio 43015. The telephone number of our executive offices is (740) 549-6000.

The Exchange Offer

The Initial Offering of Notes ..... On July 31, 2002, we issued in a private placement 8 7/8% Senior Subordinated Notes due 2012 (the "original notes") to the initial purchasers. The initial purchasers subsequently resold the original notes to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") and to persons outside the United States under Regulation S.

Registration Rights Agreement ..... Contemporaneously with the initial sale of the original notes, we entered into a registration rights agreement with the initial purchasers in which we agreed, among other things, to file a registration statement with the SEC and to complete an exchange offer as promptly as possible. This exchange offer is intended to satisfy those rights set forth in the registration rights agreement. After the exchange offer is complete, you will not have any further rights under the registration rights agreement, including the right to require us to register any outstanding notes that you do not exchange or to pay you liquidated damages.

The Exchange Offer ..... We are offering to exchange the \$250.0 million aggregate principal amount of 8 7/8% Senior Subordinated Notes due 2012 (the "exchange notes"), which have been registered under the Securities Act, for the same aggregate principal amount of the original notes.

The terms of the exchange notes are identical in all material respects to the terms of the original notes for which they are being exchanged.

The original notes may be tendered only in \$1,000 increments. We will exchange the applicable exchange notes for all original notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer. We will cause the exchange to be effected promptly after the expiration of the exchange offer.

The new registered exchange notes will evidence the same debt as the old original notes and will be issued under and entitled to the benefits of the same indenture that governs the old original notes. Holders of the original notes do not have any appraisal or dissenter rights in connection with the exchange offer. Because we have registered the exchange notes, the exchange notes will not be subject to transfer restrictions and holders of original notes will have no registration rights.

If You Fail to Exchange Your

Outstanding Notes ..... If you do not exchange your outstanding notes for exchange notes in the exchange offer, you will continue to be subject to the restrictions on transfer provided in the outstanding original notes and indenture governing those notes. In general, you may not offer or sell your outstanding notes unless they are registered under the federal securities laws or are sold in a transaction exempt

from or not subject to the registration requirements of the federal securities laws and applicable state securities laws.

Procedures for Tendering Notes ..... If you wish to tender your outstanding notes for exchange notes, you must:

- . complete and sign the enclosed letter of transmittal by following the related instructions, and
- . send the letter of transmittal, as directed in the instructions, together with any other required documents, to the exchange agent either (1) with the outstanding notes to be tendered, or (2) in compliance with the specified procedures for guaranteed delivery of the outstanding notes.

Brokers, dealers, commercial banks, trust companies and other nominees may also effect tenders by book-entry transfer.

Please do not send your letter of transmittal or certificates representing your outstanding notes to us. Those documents should be sent only to the exchange agent. Questions regarding how to tender and requests for information should be directed to the exchange agent. See "The Exchange Offer - Exchange Agent."

Resale of the Exchange Notes ..... Except as provided below, we believe that the exchange notes may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act provided that:

- . the exchange notes are being acquired in the ordinary course of business,
- . you are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate in the distribution of the exchange notes issued to you in the exchange offer,
- . you are not an affiliate of ours,
- . you are not a broker-dealer tendering outstanding notes acquired directly from us for your account, and
- . you are not prohibited by law or any policy of the SEC from participating in the exchange offer.

Our belief is based on interpretations by the Staff of the SEC, as set forth in no-action letters issued to third parties unrelated to us. The Staff has not considered this exchange offer in the context of a no-action letter, and we cannot assure you that the Staff would make similar determinations with respect to this exchange offer. If any of these conditions are not satisfied (or if our belief is not accurate) and you transfer any exchange notes issued to you in the exchange offer without delivering a resale prospectus meeting the requirements of the Securities Act or without an exemption from registration of your exchange notes from those requirements, you may incur liability under the Securities Act. We will not assume, nor will we indemnify you against, any such liability.

Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where the original notes were acquired by such broker-dealer as a result of market-making or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See "Plan of Distribution."

Record Date ..... We mailed this prospectus and the related offer documents to the registered holders of the original notes on \_\_\_\_\_, 2002.

Expiration Date ..... The exchange offer will expire at 5:00  
p.m., New York City time, on

\_\_\_\_\_, 2002, unless we decide to extend the expiration date; provided, however, that the latest time and date to which the exchange offer may be extended is at 5:00 p.m., New York City time, on \_\_\_\_\_, 2002.

Conditions to the Exchange Offer .... The exchange offer is subject to customary conditions, including that the exchange offer not violate applicable law or any applicable interpretation of the staff of the SEC. This exchange offer is not conditioned upon any minimum principal amount of the outstanding notes being tendered.

Exchange Agent ..... J.P. Morgan Trust Company, National Association, is serving as exchange agent for the exchange offer.

Special Procedures for Beneficial Owners ..... If your outstanding notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, we urge you to contact that person promptly if you wish to tender your outstanding notes pursuant to this exchange offer. See "The Exchange Offer - Procedures for Tendering."

Withdrawal Rights ..... You may withdraw the tender of your outstanding notes at any time before the expiration date of the exchange offer by delivering a written notice of your withdrawal to the exchange agent. You must follow the withdrawal procedures as described under the heading "The Exchange Offer - Withdrawal of Tenders."

Federal Income Tax Considerations ... The exchange of outstanding notes for the exchange notes in the exchange offer should not be a taxable event for U.S. federal income tax purposes.

Use of Proceeds ..... We will not receive any proceeds from the issuance of the exchange notes pursuant to the exchange offer. We will pay all of our expenses incident to the exchange offer.

#### The Exchange Notes

The form and terms of the exchange notes are the same as the form and terms of the original notes for which they are being exchanged, except that the exchange notes will be registered under the Securities Act. As a result, the exchange notes will not bear legends restricting their transfer and will not have the benefit of the registration rights and liquidated damage provisions contained in the original notes. The exchange notes represent the same debt as the original notes for which they are being exchanged. Both the original notes and the exchange notes are governed by the same indenture. We use the term "notes" in this prospectus to collectively refer to the original notes and the exchange notes.

Issuer ..... Greif Bros. Corporation

Notes Offered ..... \$250.0 million aggregate principal amount of 8 7/8% Senior Subordinated Notes due 2012.

Maturity ..... August 1, 2012.

Interest Payment Dates ..... February 1 and August 1 of each year, beginning on February 1, 2003.

Ranking ..... The notes will be:

- . our senior subordinated, unsecured obligations;
- . subordinate in right of payment to all of our existing and future senior debt;
- . pari passu in right of payment with all of our existing and future senior subordinated debt; and
- . senior in right of payment to all of our future subordinated obligations.

As of July 31, 2002, after giving effect to the amended and restated senior credit facility, the notes would have been subordinated to \$403.5 million of senior debt and the related guarantees of the senior subordinated guarantors would have been subordinated to the same amount of senior debt. In addition, \$129.5 million of additional senior debt would have been available for borrowing under our amended and restated senior credit facility. The indenture governing the notes and our senior credit facility also permit us, subject to specified limitations, to incur additional debt, some or all of which may be senior debt.

Guarantees ..... The notes will be fully guaranteed on a senior subordinated, unsecured basis, jointly and severally, by all of our domestic subsidiaries. The guarantees will be:

- . subordinate in right of payment to all of the existing and future senior debt of the guarantors;
- . pari passu in right of payment with all of the existing and future senior subordinated debt of the guarantors; and
- . senior in right of payment to all of the existing and future subordinated obligations of the guarantors.

While Soterra, the subsidiary that owns and operates our timber business in the United States, will guarantee the notes, it is an unrestricted subsidiary under the indenture governing the notes. See "Risk Factors--The subsidiary that conducts our timber operations in the United States is an unrestricted subsidiary."

Optional Redemption ..... Prior to August 1, 2007, we may redeem all or part of the notes by paying a "make-whole" premium based on U.S. Treasury rates as specified in this prospectus under "Description of the Notes--Optional Redemption."

At any time on or after August 1, 2007, we may redeem all or a part of the notes at the redemption prices specified in this prospectus under "Description of the Notes--Optional Redemption."

At any time prior to August 1, 2005, we may redeem up to 35% of the notes with the net proceeds of certain equity offerings, at a price equal to 108.875% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, provided that at least 65% of the aggregate principal amount of the notes remains outstanding after the redemption.

Certain Covenants ..... We will issue the notes under an indenture among us, the guarantors and J.P. Morgan Trust Company, National Association, as trustee. The indenture will include covenants that limit our ability and the ability of our restricted subsidiaries to:

- . incur additional indebtedness;
- . pay dividends or make other restricted payments;
- . create or permit certain liens;
- . sell assets;
- . create or permit restrictions on the ability of our restricted subsidiaries to pay dividends or make other distributions to us;
- . engage in transactions with affiliates;
- . incur layered indebtedness; and
- . consolidate or merge with or into other companies or sell all or

substantially all of our assets.

Soterra is an unrestricted subsidiary under the indenture governing the notes and, therefore, will not be subject to the foregoing restrictions. See "Risk Factors--The subsidiary that conducts our timber operations in the United States is an unrestricted subsidiary."

The covenants in the indenture are subject to a number of important exceptions and qualifications.

Change of Control ..... Following a change of control, we will be required to make an offer to purchase all of the notes at a purchase price of 101% of their principal amount, plus accrued and unpaid interest to the date of the repurchase. However, our ability to repurchase your notes upon a change in control may be limited by the terms of our senior credit facility.



Summary Historical Consolidated Financial Data

The following table sets forth summary consolidated financial data and should be read in conjunction with our consolidated financial statements and related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained elsewhere in this prospectus. The results of the operations of Van Leer Industrial Packaging are included in our consolidated financial statements from the date it was acquired by us on March 2, 2001 and thereby are included in the consolidated financial statements for five of the nine months ended July 31, 2001, for eight months of the fiscal year ended October 31, 2001, for the entire period of the nine months ended July 31, 2002, and for the entire period of the twelve months ended July 31, 2002, but are not otherwise included in the consolidated financial statements for any other period.

	As of and for the years Ended October 31,			Pro forma as adjusted for the year ended October 31,	As of and for the nine months ended July 31,		As of and for the 12 months ended July 31,
	1999	2000	2001	2001(1)	2001	2002	2002
	-----	-----	-----	-----	-----	-----	-----
	(U.S. Dollars in millions)						
<b>Statement of Operations Data:</b>							
Net sales.....	\$853.4	\$964.0	\$1,456.0	\$1,746.3	\$1,011.2	\$1,197.3	\$1,642.1
Gain on sale of timberland.....	4.6	9.2	79.7	79.7	78.7	9.7	10.7
Other income, net (2).....	10.4	4.9	6.3	4.6	4.3	4.7	6.7
	-----	-----	-----	-----	-----	-----	-----
	868.4	978.1	1,542.0	1,830.6	1,094.2	1,211.7	1,659.5
	-----	-----	-----	-----	-----	-----	-----
Cost of products sold.....	675.1	737.5	1,152.6	1,399.7	802.7	957.5	1,307.4
Selling, general and administrative expenses....	113.0	128.3	204.7	255.4	141.7	187.8	250.8
Restructuring charge (3).....	--	--	11.5	11.5	11.5	--	--
Debt extinguishment charge.....	--	--	--	--	--	4.4	4.4
Interest expense, net.....	13.0	11.8	45.2	61.7	29.3	40.9	56.8
	-----	-----	-----	-----	-----	-----	-----
	801.1	877.6	1,414.0	1,728.3	985.2	1,190.6	1,619.4
	-----	-----	-----	-----	-----	-----	-----
Income before income taxes, minority interest in income of consolidated subsidiaries and equity in earnings of affiliates.....	67.3	100.5	128.0	102.3	109.0	21.1	40.1
Income taxes.....	26.7	38.0	48.5	38.8	41.3	7.6	14.8
	-----	-----	-----	-----	-----	-----	-----
Income before minority interest in income of consolidated subsidiaries and equity in earnings of affiliates.....	40.6	62.5	79.5	63.5	67.7	13.5	25.3
Minority interest in income of consolidated subsidiaries.....	--	--	(0.6)	(0.6)	(0.4)	(0.6)	(0.8)
Equity in earnings of affiliates.....	10.8	13.3	9.9	9.9	7.1	5.8	8.6
	-----	-----	-----	-----	-----	-----	-----
Net income.....	\$ 51.4	\$ 75.8	\$ 88.8	\$ 72.8	\$ 74.4	\$ 18.7	\$ 33.1
	=====	=====	=====	=====	=====	=====	=====
<b>Selected Financial Data:</b>							
EBITDA (4)(5).....	\$122.7	\$157.5	\$ 254.9	\$ 261.0	\$ 195.2	\$ 142.2	\$ 201.9
Adjusted EBITDA (6).....	\$118.1	\$148.3	\$ 192.6	\$ 198.7	\$ 130.0	\$ 139.7	\$ 202.3
Capital expenditures.....	\$ 49.3	\$ 78.8	\$ 42.7	\$ 55.0	\$ 35.8	\$ 29.9	\$ 36.8
Ratio of Adjusted EBITDA to interest expense, net.....	9.1x	12.6x	4.3x	3.2x	--	--	3.6x
Ratio of net debt to Adjusted EBITDA.....	2.1x	1.5x	3.6x	3.4x	--	--	3.2x
Ratio of earnings to fixed charges.....	6.0x	8.0x	3.7x	2.6x	4.6x	1.6x	1.7x
<b>Balance Sheet Data (at end of period):</b>							
Cash and cash equivalents.....	\$ 8.9	\$ 13.4	\$ 29.7	\$ 29.7	\$ 56.3	\$ 21.2	\$ 21.2
Working capital.....	145.3	148.2	210.7	210.7	233.6	193.8	193.8
Total assets.....	911.0	939.3	1,771.2	1,771.2	1,777.4	1,726.2	1,726.2
Total debt.....	258.0	235.0	714.0	714.0	738.5	672.9	672.9
Total stockholders' equity.....	488.0	542.5	586.3	586.3	599.9	582.2	582.2

(1) Assumes that the Van Leer Industrial Packaging acquisition had occurred on November 1, 2000. The pro forma information, as presented above, is not necessarily indicative of the results which would have been obtained had the transaction occurred on November 1, 2000, nor are they necessarily indicative of our future results. See "Unaudited Pro Forma Condensed Combined Financial Data" contained elsewhere in this prospectus.

(2) Other income, net, primarily includes gain (loss) on sale of facilities, foreign exchange gain (loss) and rental income.

(3) In the second quarter of 2001, we recorded a restructuring charge related to the consolidation of certain duplicate facilities caused by the Van Leer Industrial Packaging acquisition and to improve operating efficiencies and capabilities. In addition, certain redundant administrative functions were eliminated.

(4) EBITDA is defined as earnings before interest, income taxes, depreciation, depletion, amortization, minority interest in income of consolidated subsidiaries, equity in earnings of affiliates and debt extinguishment charge. EBITDA is included in this table because it is a basis on which we assess our financial performance and debt service capabilities. However, EBITDA should not be considered in isolation or viewed as a substitute for cash flow from operations, net income or other measures of performance as defined by accounting principles generally accepted in the United States or as a measure of our



company's profitability or liquidity. While EBITDA is frequently used by securities analysts, lenders and others in their evaluation of companies, EBITDA as used herein is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation. For information regarding EBITDA by business segment, see "Management's Discussion and Analysis of Financial Condition and Results of Operations--Results of Operations."

- (5) Excluding the operations of Soterra, which is an unrestricted subsidiary under the indenture governing the notes, EBITDA would have been \$157.5 million for the twelve months ended July 31, 2002. See "Risk Factors--The subsidiary that conducts our timber operations in the United States is an unrestricted subsidiary."
- (6) Adjusted EBITDA excludes gain on sale of timberland, restructuring charges, and additional non-recurring costs related to the relocation of machinery, employees and other reorganization costs associated with the integration of the Van Leer Industrial Packaging acquisition, as follows:

	As of and for the years ended October 31,			Pro forma as adjusted for the year ended October 31,	As of and for the nine months ended July 31,		As of and for the 12 months ended July 3
	1999	2000	2001	2001	2001	2002	2002
	----	----	----	----	----	----	----
	(U.S. Dollars in millions)						
EBITDA .....	\$122.7	\$157.5	\$254.9	\$261.0	\$195.2	\$142.2	\$201.9
Gain on sale of timberland .....	(4.6)	(9.2)	(79.7)	(79.7)	(78.7)	(9.7)	(10.7)
Restructuring charge .....	--	--	11.5	11.5	11.5	--	--
Other non-recurring costs .....	--	--	5.9	5.9	2.0	7.2	11.1
Adjusted EBITDA .....	\$118.1	\$148.3	\$192.6	\$198.7	\$130.0	\$139.7	\$202.3
	=====	=====	=====	=====	=====	=====	=====

Excluding the operations of Soterra, which is an unrestricted subsidiary under the indenture governing the notes, Adjusted EBITDA would have been \$168.0 million for the twelve months ended July 31, 2002.

## RISK FACTORS

Prospective participants in the exchange offer should carefully consider all of the information contained in this prospectus, including the risks and uncertainties described below. The risk factors set forth below (with the exception of the first risk factor) are generally applicable to the original notes as well as the exchange notes.

### Risk Factors Associated with the Exchange Offer

If you fail to follow the exchange offer procedures, your notes will not be accepted for exchange.

We will not accept your notes for exchange if you do not follow the exchange offer procedures. We will issue exchange notes as part of this exchange offer only after timely receipt of your original notes, properly completed and duly executed letter of transmittal and all other required documents. Therefore, if you want to tender your original notes, please allow sufficient time to ensure timely delivery. If we do not receive your original notes, letter of transmittal, and all other required documents by the expiration date of the exchange offer, or you do not otherwise comply with the guaranteed delivery procedures for tendering your notes, we will not accept your outstanding notes for exchange. We are under no duty to give notification of defects or irregularities with respect to the tenders of outstanding notes for exchange. If there are defects or irregularities with respect to your tender of outstanding notes, we will not accept your outstanding notes for exchange unless we decide in our sole discretion to waive such defects or irregularities.

If you fail to exchange your original notes for exchange notes, they will continue to be subject to the existing transfer restrictions and you may not be able to sell them.

We did not register the original notes, nor do we intend to do so following the exchange offer. Original notes that are not tendered will therefore continue to be subject to the existing transfer restrictions and may be transferred only in limited circumstances under the securities laws. As a result, if you hold original notes after the exchange offer, you may not be able to sell them. To the extent any original notes are tendered and accepted in the exchange offer, the trading market, if any, for the original notes that remain outstanding after the exchange offer may be adversely affected due to a reduction in market liquidity.

Because there is no public market for the exchange notes, you may not be able to resell them.

The exchange notes will be registered under the Securities Act but will constitute a new issue of securities with no established trading market, and there can be no assurance as to the liquidity of any trading market that may develop; the ability of holders to sell their exchange notes; or the price at which the holders will be able to sell their exchange notes.

We understand that certain of the initial purchasers presently intend to make a market in the exchange notes. However, they are not obligated to do so, and any market-making activity with respect to the exchange notes may be discontinued at any time without notice. In addition, any market-making activity will be subject to the limits imposed by the Securities Act and the Securities Exchange Act of 1934 and may be limited during the exchange offer or the pendency of an applicable shelf registration statement. There can be no assurance that an active market will exist for the exchange notes or that any trading market that does develop will be liquid.

### Risk Factors Related to Investment in the Exchange Notes

Our substantial debt could adversely affect our financial condition and prevent us from fulfilling our obligations under the exchange notes. This debt could also adversely affect our operating flexibility and put us at a competitive disadvantage.

We have a substantial amount of debt. As of July 31, 2002, on a pro forma basis, after giving effect to the amended and restated senior credit facility, we would have had approximately \$676.9 million of indebtedness.

Our substantial level of debt could have important consequences to you. These consequences may include:

- . making it more difficult for us to satisfy our obligations with respect to the notes and our other debt;
- . making it more difficult for us to obtain additional financing for working capital, capital expenditures, strategic acquisitions or other general corporate purposes;
- . requiring a substantial portion of our cash flow to be dedicated to debt service payments instead of other purposes;
- . increasing our vulnerability to general adverse economic and industry conditions;
- . limiting our financial flexibility in planning for and reacting to changes in the industries in which we compete;
- . placing us at a disadvantage compared to less leveraged competitors;
- . exposing us to interest rate fluctuations because the interest on the debt under our amended and restated senior credit facility will be at variable rates; and
- . having a material adverse affect on us if we fail to comply with the covenants in the indenture governing the notes or in the instruments governing our other debt.

We may not be able to generate a sufficient amount of cash flow to meet our debt service obligations, including the notes.

Our ability to make scheduled payments or to refinance our obligations with respect to the notes and our other debt will depend on our financial and operating performance, which, in turn, is subject to prevailing economic conditions and to certain financial, business and other factors beyond our control. If our cash flow and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and may be forced to reduce or delay scheduled expansions and capital expenditures, sell material assets or operations, obtain additional capital or restructure our debt. We cannot assure you that our operating performance, cash flow and capital resources will be sufficient for payment of our debt in the future. In the event that we are required to dispose of material assets or operations or restructure our debt to meet our debt service and other obligations, we cannot assure you as to the terms of any such transaction or how quickly any such transaction could be completed.

If we cannot make scheduled payments on our debt, we will be in default and, as a result:

- . our debt holders could declare all outstanding principal and interest to be due and payable;
- . our senior secured debt lenders could terminate their commitments and commence foreclosure proceedings against our assets; and
- . we could be forced into bankruptcy or liquidation.

If our operating performance declines in the future, we may need to obtain waivers from the required lenders under our senior credit facility to avoid being in default. If we breach our covenants under the senior credit facility and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in default under the senior credit facility and the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation. See "Description of Senior Credit Facility" and "Description of Notes."

Our operations are substantially restricted by the terms of our debt, which could adversely affect us and increase your credit risk.

The indenture governing the notes and our senior credit facility include a number of significant restrictive covenants. These covenants restrict, among other things, our ability to:

- . incur additional indebtedness;
- . pay dividends or make other restricted payments;
- . create or permit certain liens;
- . sell assets;
- . create or permit restrictions on the ability of our restricted subsidiaries to pay dividends or make other distributions to us;
- . engage in transactions with affiliates;
- . incur layered indebtedness; and
- . consolidate or merge with or into other companies or sell all or substantially all of our assets.

As a result, these covenants could limit our ability to plan for or react to market conditions or to meet our capital needs.

In addition, our senior credit facility requires us to maintain certain financial ratios and meet other financial tests. Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in lenders not being required to advance any more funds to us, as well as our being required to repay the borrowings under our senior credit facility before their due date. If we were unable to make this repayment or otherwise refinance these borrowings, the lenders under our senior credit facility could foreclose on our assets. If we were able to refinance these borrowings on less favorable terms, our results of operations and financial condition could be adversely affected by increased costs and rates.

Despite our debt levels, we may incur additional debt.

Despite the restrictions and limitations described above, we may be able to incur significant additional indebtedness. Our amended and restated senior credit facility and the indenture governing the notes permit additional borrowings under certain circumstances. See "Description of Senior Credit Facility" and "Description of Notes." As of July 31, 2002, on a pro forma basis, after giving effect to the amended and restated senior credit facility, we would have had approximately \$129.5 million of additional borrowings available to us under the senior credit facility, subject to compliance with our financial and other covenants under the terms of our loan agreements.

The notes and guarantees will rank behind all of our and our guarantors' existing and future senior indebtedness. There may not be sufficient assets to make full payment on the notes after all senior indebtedness is paid.

The notes and the guarantees will be subordinated to the prior payment in full of our and the guarantors' existing and future senior indebtedness and equal in right of payment of all other existing and future senior subordinated indebtedness. As of July 31, 2002, on a pro forma basis, after giving effect to the amended and restated senior credit facility, we would have had \$403.5 million of senior indebtedness and the guarantors would have had the same amount of senior indebtedness. All of the senior indebtedness of the guarantors will consist of their respective guarantees of senior indebtedness under the senior credit facility. Our and the guarantors' obligations under the notes are unsecured, while our and the guarantors' obligations under the senior credit facility are secured. Because of the subordination provisions of the notes, in the event of bankruptcy, liquidation or dissolution of our company or any guarantor, our assets or the assets of the guarantors would be available to pay obligations under the notes only after all payments have been made on our or the guarantor's senior indebtedness. We cannot assure you that sufficient assets will remain after all such payments have been made to make any payments on the notes. In addition, certain events of default under our senior indebtedness would prohibit us from making any payments on the notes, including payments of interest when due. The term "senior debt" is defined in the "Description of Notes-- Certain Definitions" section of this prospectus.

The subsidiary that conducts our timber operations in the United States is an unrestricted subsidiary.

Soterra, the subsidiary that owns and manages our timber operations in the United States, is an unrestricted subsidiary under the indenture governing the notes. For the twelve months ended July 31, 2002, Soterra generated net sales of \$39.3 million and EBITDA of \$44.2 million (EBITDA, but not net sales, included a \$10.1 million gain on timberland sales which occurred during that period).

As an unrestricted subsidiary, Soterra will not be subject to the restrictive covenants in the indenture governing the notes and at any time will have the ability to, among other things, dispose of its assets or incur additional indebtedness, including secured and layered indebtedness. In the event that Soterra takes any of these actions, the holders of Soterra's indebtedness or liens will be entitled to payment on their claims from the assets of Soterra before any of those assets are made available to us, and we cannot assure you that any assets of Soterra will be available to us. We will also have the ability to dispose of our ownership interest in Soterra, including by way of dividends or distributions to our stockholders whereupon Soterra's guarantee of the notes would be released, and we cannot assure you that there will be any proceeds from a disposition of our ownership interest in Soterra.

Not all of our subsidiaries will guarantee the notes, and assets of our non-guarantor subsidiaries may not be available to make payments on the notes.

None of our foreign subsidiaries will guarantee the notes. These entities generate a significant portion of our consolidated revenues and cashflow. In the event that any non-guarantor subsidiary becomes insolvent, liquidates, reorganizes, dissolves or otherwise winds up, holders of its indebtedness and its trade creditors will generally be entitled to payment on their claims from the assets of that subsidiary before any of those assets are made available to us. Consequently, your claims in respect of the notes will be effectively subordinated to all of the liabilities of our non-guarantor subsidiaries. If we enter into an asset securitization transaction in the future, the securitization subsidiary used in the transaction will not be a guarantor of the notes.

For information concerning the assets and results of operations of guarantor and non-guarantor subsidiaries, see Note 16 of the Notes to the Consolidated Financial Statements for the Years Ended October 31, 2001, 2000 and 1999 and Note 14 of the Notes to the Consolidated Interim Financial Statements for the Nine Months Ended July 31, 2002 and 2001 included elsewhere in the prospectus.

Our ability to meet our obligations under our indebtedness depends on the earnings and cash flows of our subsidiaries and the ability of our subsidiaries to pay dividends or advance or repay funds to us.

We conduct a significant portion of our operations through our subsidiaries. Consequently, our ability to service our debt and pay dividends is dependent, in part, upon the earnings from the businesses conducted by our subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts to us, whether by dividends, loans, advances or other payments. Additionally, some of our subsidiaries are not wholly-owned by us, and thus, may not be subject to our control. The ability of our subsidiaries to pay dividends and make other payments to us depends on their earnings, capital requirements and general financial conditions and is restricted by, among other things, applicable corporate and other laws and regulations as well as, in the future, agreements to which our subsidiaries may be a party.

A court may void the guarantees of the notes or subordinate the guarantees to other obligations of our subsidiary guarantors.

Although standards may vary depending upon the applicable law, generally under U.S. federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a court could void all or a portion of the guarantees of the notes or subordinate the guarantees to other obligations of our subsidiary guarantors. If the claims of the holders of the notes against any guarantor were held to be subordinated in favor of other creditors of that guarantor, the other creditors would be entitled to be paid in full before any payment could be made on the notes. If one or more of the

guarantees is voided or subordinated, we cannot assure you that after providing for all prior claims, there would be sufficient assets remaining to satisfy the claims of the holders of the notes.

We may not have sufficient funds or be permitted by our senior credit facility to purchase notes upon a change of control.

Upon a change of control, we will be required to make an offer to purchase all outstanding notes. However, we cannot assure you that we will have or will be able to borrow sufficient funds at the time of any change of control to make any required repurchases of notes, or that restrictions in our senior credit facility or other senior secured indebtedness we may incur in the future would permit us to make the required repurchases. For the foreseeable future, the covenants in our amended and restated senior credit facility will not permit us to make the required repurchases.

#### Risk Factors Related to Our Business

Our business is sensitive to general economic conditions. The cyclicality of our customers' industries could negatively impact our sales volume and revenues and our ability to respond to competition or take advantage of business opportunities.

Our revenues are derived from many customers in industries and businesses that are cyclical in nature and subject to changes in general economic conditions, which can cause our operating results to reflect this general cyclical pattern. In addition, because we conduct our operations in a variety of markets, we are subject to economic conditions in each of these markets. Accordingly, general economic downturns or localized downturns in markets where we have operations could have a material adverse effect on us and our business, results of operations and financial condition.

The majority of our products are commodities. Some of the industries in which we compete have had substantial overcapacity for several years. In addition, the industries in which we compete are capital intensive, which leads to high fixed costs and generally results in continued production as long as prices are sufficient to cover marginal costs. Historically, these conditions have contributed to substantial price competition and volatility in our industries. In the event of a recession, demand and prices are likely to drop substantially. Increased production by our competitors will also depress prices for our products.

Our sales and profitability have historically been more sensitive to price changes than changes in volume. Future decreases in prices for our products would adversely affect our operating results. These factors, coupled with our highly leveraged financial position, may adversely impact our ability to respond to competition and to other market conditions or to otherwise take advantage of business opportunities.

Our industries are highly competitive and price fluctuations could diminish our sales volume and revenues.

The industrial shipping containers and containerboard and corrugated products industries are highly competitive. Our competitors include large, vertically integrated industrial shipping containers and containerboard and corrugated products companies and numerous smaller companies. Because the majority of our products are commodities, the industries in which we compete are particularly sensitive to price fluctuations, as well as other factors including innovation, design, quality and service, with varying emphasis on these factors depending on the product line. To the extent that one or more of our competitors become more successful with respect to any key competitive factor, we could lose customers and our sales could decline. In addition, due to the tendency of certain customers to diversify their suppliers, we could be unable to increase or maintain sales volumes with particular customers.

Many of our competitors are less leveraged and have financial and other resources greater than ours and are able to better withstand adverse business cycles. If our facilities and processes are not as cost effective as those of



our competitors, we may need to temporarily or permanently close such facilities and suffer a consequent reduction in our revenues.

The continuing consolidation of our customer base for our containerboard and corrugated products may intensify pricing pressures and have a material adverse effect on operations.

Over the last few years, many of our large customers for our containerboard and corrugated products have acquired companies with similar or complementary product lines. This consolidation has increased the concentration of this segment of our business with our largest customers. In many cases, this consolidation has been accompanied by pressure from customers for lower prices, reflecting the increase in the total volume of product purchased or the elimination of a price differential between the acquiring customer and the company acquired. Increased pricing pressures from our customers may have a material adverse effect on our profitability and results of operations.

Our foreign operations are subject to currency exchange, political, investment and other risks that could hinder us from making our debt service payments, increase our operating costs and adversely affect our results of operations.

We have operations in 41 countries. For the twelve months ended July 31, 2002, consolidated net sales from operations outside North America were approximately \$635.7 million, which represented approximately 39% of our consolidated net sales. As a result of our foreign operations, we are subject to certain risks which could disrupt our operations or force us to incur unanticipated costs and have an adverse effect on our ability to make payments on our debt obligations, including our ability to make payments on the notes. Our operating performance is affected by devaluations and fluctuations in currency exchange rates by:

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

We are subject to various other risks associated with operating in foreign 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 foreign currencies into dollars or remittance of dividends and other payments by foreign subsidiaries.
- . imposition or increase of withholding and other taxes on remittances and other payments by foreign subsidiaries;
- . hyperinflation in certain foreign countries; and
- . impositions or increase of investment and other restrictions or requirements by foreign governments.

Price fluctuations in raw materials and energy costs could adversely affect our ability to obtain the materials needed to manufacture our products and could adversely affect our manufacturing costs.

The principal raw materials used in the manufacture of our products are steel, resins, pulpwood, waste paper for recycling, and paper, 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. While we have not recently experienced any significant difficulty in obtaining our principal raw materials, we cannot assure you that this will continue to be the case in the future for any or all of our mills. 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 significantly over the past year, with a corresponding effect on our production costs. We cannot assure you that energy prices will not remain at current rates or rise to even higher levels, or that our production costs, competitive position and results of operations will not be adversely affected thereby.

We are subject to environmental regulations and liabilities that could weaken our operating results.

Complying with existing and future environmental laws and regulations, particularly those relating to air and water quality, is a significant factor in our business and could impose material costs and liabilities on us. Our operations are subject to extensive federal, state, local and foreign 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, we are subject to periodic environmental inspections and monitoring by governmental enforcement authorities. In addition, our production facilities require environmental permits that are subject to revocation, modification and renewal.

We have incurred, and in the future may face, environmental liability for the costs of remediating soil or groundwater that is or was contaminated by us or a third party at various sites which are now or were previously owned or operated by us. There also may be similar liability at sites with respect to which either we have received, or in the future may receive, notice that we may be a potentially responsible party and which are the subject to cleanup activity under the Comprehensive Environmental Response, Compensation and Liability Act, analogous state laws and other laws concerning hazardous substance contamination. We have incurred in the past, and may incur in the future, civil and criminal fines and sanctions relating to environmental matters, including violations of environmental permits.

In the past we have made, and in the future may need to make, significant expenditures to comply with environmental laws and regulations. We have reserves based on current information to address environmental liabilities. However, we could incur additional significant expenditures due to changes in law or discovery of new information, and those expenditures could have a material adverse effect on our financial condition. The ultimate costs under environmental laws and the timing of such costs are difficult to predict and potentially significant expenditures could be required in order to comply with environmental laws that may be adopted or imposed in the future.

Our business may be adversely impacted by work stoppages and other labor relations matters.

We are subject to risk of work stoppages and other labor relations matters because approximately 58% of our domestic employees are represented by collective bargaining units. 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, financial condition or results of operations.

Various Dempsey family members and trusts own a significant interest in us and may exercise their control in a manner detrimental to your interests.

Various members of the Dempsey family and their trusts currently control approximately 66% of the voting power of our company. Therefore, the Dempsey family has the power to direct our affairs and is able to determine the outcome of substantially all matters required to be submitted to stockholders for approval, including the election of all our directors. In addition, Naomi C. Dempsey and Michael H. Dempsey, members of the Dempsey family, are directors of our company. We cannot assure you that members of the Dempsey family will not exercise their control over us in a manner detrimental to your interests.

We may incur material product liability costs.

We are subject to the risk of exposure to product liability claims in the event that the failure of any of our products results in personal injury or death, and we cannot assure you that we will not experience material product liability losses in the future. We maintain insurance against product liability claims, but we cannot assure you that such coverage will be adequate for liabilities ultimately incurred or that, due to escalating costs, it will continue to be available on terms acceptable to us. A successful claim brought against us that exceeds available insurance coverage could have a negative impact on our business, financial condition or results of operations.

We may encounter difficulties arising from acquisitions or consolidation efforts.

During the past several years, we have invested, and in the future we may invest, a substantial amount of capital in acquisitions. Acquisitions involve numerous risks, including:

- . difficulty in assimilating the operations and personnel of the acquired company with our existing operations and realizing anticipated synergies;
- . the loss of key employees of the acquired company;
- . difficulty in maintaining uniform standards, controls, procedures and policies; and
- . unrecorded liabilities of acquired companies that we failed to discover during our due diligence investigations.

We cannot assure you that we will realize the expected benefits from future acquisitions or that our existing operations will not be harmed as a result of any such acquisitions. In addition, the cost of unsuccessful acquisition efforts could adversely affect our financial performance.

We have undertaken consolidation efforts in the past in connection with our acquisitions, and in connection with future acquisitions, we may need to undertake consolidation plans to eliminate duplicate facilities and to otherwise improve operating efficiencies. These future consolidation efforts may divert the attention of management, disrupt our ordinary operations or those of our subsidiaries or otherwise adversely affect our financial performance.

We may be subject to losses that might not be covered in whole or in part by existing insurance coverage. These uninsured losses could adversely affect our business, financial condition and results of operations.

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 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, financial condition and results of operations.

We are dependent on key personnel.

Our continued success will depend largely on the efforts and abilities of our executive officers and certain other key employees, some of whom have employment agreements with us. If, for any reason, these officers or key employees do not remain with us, our operations could be adversely affected until suitable replacements with appropriate experience can be found.

The frequency and volume of our timber and timberland sales will impact our financial performance.

We have a significant inventory of standing timber and timberlands. The decisions we make concerning the frequency and volume of sales of timber and timberlands will impact our financial performance.

## USE OF PROCEEDS

The exchange offer is intended to satisfy our obligations under the Registration Rights Agreement that we entered into in connection with the private offering of the original notes. We will not receive any cash proceeds from the issuance of the exchange notes. The original notes that are surrendered in exchange for the exchange notes will be retired and cancelled and cannot be reissued. As a result, the issuance of the exchange notes will not result in any increase or decrease in our indebtedness.

Our net proceeds from the private offering of the original notes, after deducting initial purchaser discounts and our expenses, were approximately \$242.0 million. We used the proceeds from the private offering of the original notes to repay borrowings under our senior credit facility. As of July 31, 2002, our senior credit facility consisted of a \$31.5 million outstanding U.S. Dollar Term Loan A, a \$47.7 million outstanding Euro Term Loan A, a \$293.3 million outstanding U.S. Dollar Term Loan B, and a \$150 million revolving multicurrency credit facility, with \$27.0 million outstanding, all of which accrued interest at either a LIBOR rate or an alternative base rate plus a calculated margin amount and reset on a periodic basis. On August 23, 2002, we amended and restated our senior credit facility. As amended, the senior credit facility consists of a \$250.0 million revolving multicurrency credit facility maturing in February 2006, and a \$300.0 million term loan maturing in August 2009.

CAPITALIZATION

The following table sets forth our unaudited historical capitalization as of July 31, 2002, which includes the effect of the offering of the original notes, and our unaudited pro forma capitalization as of such date after giving effect to the amended and restated senior credit facility. You should read this table in conjunction with the consolidated financial statements and the notes thereto and other financial data included elsewhere in this prospectus. See "Selected Historical Consolidated Financial Data."

	As of July 31, 2002	
	Actual	As Adjusted
	(in millions)	
Cash .....	\$ 21.2	\$ 21.2
Senior credit facility(1):		
Revolving credit facility .....	\$ 27.0	\$ 103.5
Term loan facilities .....	372.5	300.0
Total senior credit facility .....	399.5	403.5
Senior subordinated notes .....	248.0	248.0
Other debt .....	25.4	25.4
Total debt .....	672.9	676.9
Total stockholders' equity .....	582.2	582.2
Total capitalization .....	\$ 1,255.1	\$ 1,259.1

(1) On August 23, 2002, we amended and restated our senior credit facility. As amended, the senior credit facility consists of a \$250.0 million revolving multicurrency credit facility maturing in February 2006, and a \$300.0 million term loan maturing in August 2009.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

In the following table, we have provided the selected historical consolidated financial data for each of the five years in the period ended October 31, 2001, which are derived from our audited consolidated financial statements. The following table also sets forth the selected consolidated financial data for the nine-month periods ended July 31, 2002 and 2001, which are derived from our unaudited consolidated financial statements. The unaudited financial statements include all adjustments, consisting of normal recurring accruals which we consider necessary for a fair presentation of the financial position and the results of operations for these periods. The operating results for the nine months ended July 31, 2002 are not necessarily indicative of the results that may be expected for the entire year ending October 31, 2002. You should read the consolidated financial data below in conjunction with the consolidated financial statements and related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations," contained elsewhere in this prospectus. The results of the operations of Van Leer Industrial Packaging are included in our consolidated financial statements from March 2, 2001, the date of acquisition, and thereby are included for five months of the nine months ended July 31, 2001, for eight months of the fiscal year ended October 31, 2001, for the entire period of the nine months ended July 31, 2002, and for the entire period of the twelve months ended July 31, 2002, but are not otherwise included in the consolidated financial statements for any other period. See also "Unaudited Pro Forma Condensed Combined Financial Data" contained elsewhere in this prospectus for the pro forma effects of the Van Leer Industrial Packaging acquisition as if that transaction had occurred as of November 1, 2000.

	As of and for the years ended October 31,					As of and for the nine months ended July 31,	
	1997	1998	1999	2000	2001	2001	2002
	-----	-----	-----	-----	-----	-----	-----
	(U.S. Dollars in millions)						
<b>Statement of Operations Data:</b>							
Net sales .....	\$688.0	\$845.8	\$853.4	\$964.0	\$1,456.0	\$1,011.2	\$1,197.3
Gain on sale of timberland .....	0.8	8.1	4.6	9.2	79.7	78.7	9.7
Other income, net (1) .....	10.6	3.2	10.4	4.9	6.3	4.3	4.7
	-----	-----	-----	-----	-----	-----	-----
	699.4	857.1	868.4	978.1	1,542.0	1,094.2	1,211.7
Cost of products sold .....	589.4	676.2	675.1	737.5	1,152.6	802.7	957.5
Selling, general and administrative expenses .....	74.9	90.3	113.0	128.3	204.7	141.7	187.8
Restructuring charge (2) .....	5.3	27.5	--	--	11.5	11.5	--
Debt extinguishment charge .....	--	--	--	--	--	--	4.4
Interest expense, net .....	0.3	7.5	13.0	11.8	45.2	29.3	40.9
	-----	-----	-----	-----	-----	-----	-----
	669.9	801.5	801.1	877.6	1,414.0	985.2	1,190.6
Income before income taxes, minority interest in income of consolidated subsidiaries and equity in earnings of affiliates .....	29.5	55.6	67.3	100.5	128.0	109.0	21.1
Income taxes .....	11.4	22.5	26.7	38.0	48.5	41.3	7.6
	-----	-----	-----	-----	-----	-----	-----
Income before minority interest in income of consolidated subsidiaries and equity in earnings of affiliates .....	18.1	33.1	40.6	62.5	79.5	67.7	13.5
Minority interest in income of consolidated subsidiaries .....	--	--	--	--	(0.6)	(0.4)	(0.6)
Equity in earnings of affiliates .....	4.4	4.3	10.8	13.3	9.9	7.1	5.8
	-----	-----	-----	-----	-----	-----	-----
Net income .....	\$ 22.5	\$ 37.4	\$ 51.4	\$ 75.8	\$ 88.8	\$ 74.4	\$ 18.7
	=====	=====	=====	=====	=====	=====	=====
<b>Selected Financial Data:</b>							
EBITDA (3) .....	\$ 61.8	\$102.8	\$122.7	\$157.5	\$ 254.9	\$ 195.2	\$ 142.2
Adjusted EBITDA (4) .....	\$ 66.3	\$122.2	\$118.1	\$148.3	\$ 192.6	\$ 130.0	\$ 139.7
Capital expenditures .....	\$ 36.2	\$ 38.1	\$ 49.3	\$ 78.8	\$ 42.7	\$ 35.8	\$ 29.9
Ratio of earnings to fixed charges .....	19.9x	8.1x	6.0x	8.0x	3.7x	4.6x	1.6x
<b>Balance Sheet Data</b> (at end of period):							
Cash and cash equivalents .....	\$ 17.7	\$ 41.3	\$ 8.9	\$ 13.4	\$ 29.7	\$ 56.3	\$ 21.2
Working capital .....	112.5	160.3	145.3	148.2	210.7	233.6	193.8
Total assets .....	594.5	878.4	911.0	939.3	1,771.2	1,777.4	1,726.2
Total debt .....	52.2	235.0	258.0	235.0	714.0	738.5	672.9
Total stockholders' equity .....	439.0	460.1	488.0	542.5	586.3	599.9	582.2

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- (1) Other income, net, primarily includes gain (loss) on sale of facilities, foreign exchange gain (loss) and rental income.
- (2) In the second quarter of 2001, we recorded a restructuring charge related to the consolidation of certain duplicate facilities caused by the Van Leer Industrial Packaging acquisition and to improve operating efficiencies and capabilities. In addition, certain redundant administrative functions were eliminated. A similar restructuring plan was undertaken in relation to our acquisition of the industrial container division of Sonoco Products Company in 1998, and there was a restructuring charge related to the consolidation of certain administrative facilities in 1997.
- (3) EBITDA is defined as earnings before interest, income taxes, depreciation, depletion, amortization, minority interest in income of consolidated subsidiaries, equity in earnings of affiliates and debt extinguishment charge. EBITDA is included in this table because it is a basis on which we assess our financial performance and debt service capabilities. However, EBITDA should not be considered in isolation or viewed as a substitute for cash flow from operations, net income or other measures of performance as defined by accounting principles generally accepted in the United States or as a measure of our company's profitability or liquidity. While EBITDA is frequently used by securities analysts, lenders and others in their evaluation of companies, EBITDA as used herein is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation. For information regarding EBITDA by business segment, see "Management's Discussion and Analysis of Financial Condition and Results of Operations--Results of Operations."



(4) Adjusted EBITDA excludes gain on sale of timberland, restructuring charges, and additional non-recurring costs related to the relocation of machinery, employees and other reorganization costs associated with the integration of the Van Leer Industrial Packaging acquisition, as follows:

	As of and for the years ended October 31,					As of and for the nine months ended July 31,	
	1997	1998	1999	2000	2001	2001	2002
	(U.S. Dollars in millions)						
EBITDA .....	\$ 61.8	\$ 102.8	\$ 122.7	\$ 157.5	\$ 254.9	\$ 195.2	\$ 142.2
Gain on sale of timberland .....	(0.8)	(8.1)	(4.6)	(9.2)	(79.7)	(78.7)	(9.7)
Restructuring charge .....	5.3	27.5	--	--	11.5	11.5	--
Other non-recurring costs .....	--	--	--	--	5.9	2.0	7.2
Adjusted EBITDA .....	\$ 66.3	\$ 122.2	\$ 118.1	\$ 148.3	\$ 192.6	\$ 130.0	\$ 139.7

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 prospectus. This section contains certain "forward-looking statements" within the meaning of federal securities laws that involve risks and uncertainties, including statements regarding our plans, objectives, goals, strategies and financial performance. Our actual results could differ materially from the results anticipated in these forward-looking statements as a result of factors set forth under "Disclosure Regarding Forward-Looking Statements" and "Risk Factors" and elsewhere in this prospectus. Our fiscal year begins on November 1 and ends on October 31 of the following year. Any references in this prospectus to the years 2002, 2001, 2000 or 1999, or to any quarter of those years relates to the fiscal year ending in that year.

#### General

#### Business Segments

We operate in three business segments: Industrial Shipping Containers; Containerboard & Corrugated Products; and Timber.

We are a leading global provider of industrial shipping container products such as steel, fibre and plastic drums, intermediate bulk containers ("IBCs"), closure systems for industrial shipping containers, 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 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.

We also provide our customers with a variety of value-added packaging services to complement our industrial shipping and corrugated container products, such as total supply chain management services (including on-site packaging, warehousing, outgoing logistics, inventory management, vendor management, on-site labor management and contract filling), as well as research and development, engineering and design and testing services.

As of July 31, 2002, we owned approximately 272,500 acres of timberland in the southeastern United States. 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. Soterra, our subsidiary that owns and manages our timber operations in the United States, is an unrestricted subsidiary under the indenture governing the notes. See "Risk Factors--The subsidiary that conducts our timber operations in the United States is an unrestricted subsidiary."

#### Recent Acquisitions and Joint Ventures

Van Leer Industrial Packaging. 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 U.S. company, and American Flange and Manufacturing Co., Inc., a U.S. 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) as of the closing date. Van Leer Industrial Packaging was a worldwide provider of industrial packaging and components, including steel, fibre and plastic drums, polycarbonate water bottles, IBCs and closure systems for industrial shipping containers.

In connection with the Van Leer Industrial Packaging acquisition, we acquired a 25% interest in Socer-Embalagens, Lda. and a 40.06% interest in Balmer Lawrie-Van Leer. Socer-Embalagens reconditions used drums at its facility in Brazil and resells them to customers. Balmer Lawrie-Van Leer manufactures closure systems for industrial shipping containers 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 period of 2002, but are not included in the consolidated financial statements for 1999 or 2000, or for the first four months of 2001. See also "Unaudited Pro Forma Condensed Combined Financial Data" contained elsewhere in this prospectus for the pro forma effects of the Van Leer Industrial Packaging acquisition as if that transaction had occurred as of November 1, 2000.

Great Lakes and Trend Pak. In April 1999, we purchased Great Lakes Corrugated Corp. ("Great Lakes") and Trend Pak, Inc. ("Trend Pak") for \$20.8 million. Great Lakes manufactures corrugated containers in Toledo, Ohio. Trend Pak adds foam and other packaging materials to corrugated containers manufactured by Great Lakes.

Intermediate Bulk Container Business. In January 1999, we purchased the assets constituting the IBC business of Sonoco Products Company for \$38.0 million. This business included one location in Lavonia, Georgia.

CorrChoice Joint Venture. In November 1998, we entered into a joint venture agreement to form CorrChoice, Inc. ("CorrChoice") with the then two shareholders of RDJ Holdings Inc. ("RDJ"), which owned one-half of the outstanding stock of Ohio Packaging Corporation ("OPC"), and the then minority shareholder (the "Minority Shareholder") of a subsidiary of OPC. CorrChoice manufactures corrugated sheets at seven locations in Georgia, Kentucky, Michigan, North Carolina and Ohio. We sell containerboard to CorrChoice, which it uses to produce corrugated sheets, and we purchase corrugated sheets from CorrChoice, with all transactions effected at prevailing market prices. Under the terms of the joint venture agreement, we contributed to CorrChoice all of our stock of Michigan Packaging Company and OPC in exchange for 63.24% of the outstanding stock of CorrChoice. In addition, under the terms of that joint venture agreement, the two shareholders of RDJ contributed all of their stock of RDJ and the Minority Shareholder contributed his stock in the subsidiary of OPC in exchange for an aggregate 36.76% of the outstanding stock of CorrChoice. In connection with the joint venture agreement, we entered into a voting agreement under which we can elect one-half of CorrChoice's board of directors, and therefore, we do not control CorrChoice. CorrChoice has been, and is expected to continue to be, self-supporting. Under certain circumstances, we may purchase, or be required to purchase, the other parties' interest in CorrChoice, or we may be required to sell our interest to the other parties, at a price determined in the manner described in the relevant agreement.

The joint venture agreement and related agreements contain certain covenants and restrictions on certain business activities. These restrictions have not affected our business or operations in any material respect and have not prevented us from pursuing any business opportunities that we desired to pursue.

#### 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. The preparation of these 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 financial statements.

A summary of our significant accounting policies is included in the Notes to Consolidated Financial Statements included in this prospectus. We believe that the consistent application of these policies enable us to provide readers of the financial statements with useful and reliable information about our operating results and financial condition. The following are the accounting policies that we believe are most important to the portrayal of our financial condition and results 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. For all other customers, 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 (i.e., 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 be reduced 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, primarily as a result of the consolidation plans in the Industrial Shipping Containers segment. We record net assets held for sale in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121 at the lower of carrying value or fair value less cost to sale. 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. Depletion on timber properties is computed on the basis of cost and the estimated recoverable timber acquired. 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.
- . Derivative Financial Instruments--We enter into interest rate swap agreements for the purpose of hedging our exposure to fluctuations in interest rates. Our interest rate swap contracts are considered cash flow hedges. We entered into interest rate swap contracts to assist us in managing our exposure to variable rate debt. The differentials payable or receivable under these agreements are recorded as adjustments to interest expense and are included in interest receivable or payable. An asset or liability is recorded on our balance sheet for the fair value of the interest rate swap agreements. A corresponding charge or credit is reflected, net of tax, in other comprehensive income (loss).

We enter into foreign currency forward contracts to hedge certain short-term intercompany loan transactions with our foreign businesses. Such contracts limit our 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.
- . Restructuring Liabilities--Restructuring liabilities are determined in accordance with appropriate accounting guidance, including Emerging Issues Task Force ("EITF") No. 94-3, EITF No. 95-3 and Staff Accounting Bulletin No. 100 depending upon the facts and circumstances surrounding the situation. Restructuring liabilities recorded in connection with existing and acquired businesses are further discussed in the Notes to Consolidated Financial Statements included in this prospectus.

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 included in the Notes to Consolidated Financial Statements included in this prospectus. The actual results would be different using other assumptions.

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 on-going 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. Our estimates of environmental remediation costs 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. Expenditures that extend the life of the related property, or mitigate or prevent future environmental contamination are capitalized. We determine our liability on a site-by-site basis and record a liability at the time when it is probable and can be reasonably estimated. Our estimated liability is reduced to reflect insurance coverage that is in place for environmental contingencies assumed in our acquisition of Van Leer Industrial Packaging and 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. Actual costs to be incurred in future periods at the identified sites may vary from the estimates, given the inherent uncertainties in evaluating environmental exposures. 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, safety and health matters. We are continually consulting legal counsel and evaluating requirements to reserve for contingencies in accordance with SFAS No. 5. 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 is amortized on a straight-line basis over 15 or 25 year periods based on consideration regarding the age of the acquired businesses, their customers and the risk of obsolescence of their products. The costs of acquired intangible assets are amortized on a straight-line basis over their estimated economic lives of 2 to 25 years. Our policy is to periodically review goodwill, other intangible assets 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.

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 142, "Goodwill and Other Intangible Assets," which requires that goodwill no longer be amortized, but instead be periodically reviewed for impairment. The provisions of SFAS No. 142 will be effective for fiscal years beginning after December 15, 2001. As such, we will adopt SFAS No. 142 at the beginning of our 2003 fiscal year.

We anticipate that the application of the non-amortization provisions of SFAS No. 142 will increase our net income upon adoption. Amortization expense related to our goodwill and indefinite-lived assets was \$6.5 million and \$8.4 million for our nine-month period ended July 31, 2002 and 2001, respectively, and \$9.2 million for the fiscal year ended October 31, 2001.

At this time, the effect of the impairment provisions provided by SFAS No. 142 is not known.

Other items that could have a significant impact on the financial statements include the risks and uncertainties listed in this prospectus under "Disclosure Regarding Forward-Looking Statements" and "Risk Factors." 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 and period-to-period comparisons have been significantly effected by our acquisition of Van Leer Industrial Packaging in March 2001.

We define EBITDA as earnings from continuing operations before interest, income taxes, depreciation, depletion, amortization, minority interest in income of consolidated subsidiaries, equity in earnings of affiliates and debt extinguishment charge. EBITDA is included in this section because it is a basis on which we assess our financial performance and debt service capabilities. However, EBITDA should not be considered in isolation or viewed as a substitute for cash flow from operations, net income or other measures of performance as defined by accounting principles generally accepted in the United States or as a measure of our company's profitability or liquidity. While EBITDA is frequently used by securities analysts, lenders and others in their evaluation of companies, EBITDA as used herein is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation.

The following table sets forth the net sales and EBITDA for each business segment for 2001, 2000 and 1999, and for the first nine months of 2002 and 2001.

	For the years ended October 31,			For the nine months ended July 31,	
	1999	2000	2001	2001	2002
Net sales					
Industrial Shipping Containers .....	\$ 477.4	\$ 490.9	\$1,038.9	\$ 697.6	\$ 927.6
Containerboard & Corrugated Products .....	351.9	428.4	379.3	285.1	239.7
Timber .....	24.1	44.7	37.8	28.5	30.0
Total net sales .....	\$ 853.4	964.0	\$1,456.0	\$1,011.2	\$1,197.3
EBITDA					
Industrial Shipping Containers .....	\$ 53.7	\$ 46.2	\$ 88.5	\$ 54.9	\$ 89.7
Containerboard & Corrugated Products .....	51.6	80.5	82.4	61.4	32.3
Timber .....	25.3	46.7	111.5	103.0	35.7
Total segment .....	130.6	173.4	282.4	219.3	157.7
Restructuring charge .....	--	--	(11.5)	(11.5)	--
Corporate and other(1) .....	(7.9)	(15.9)	(16.0)	(12.6)	(15.5)
Total EBITDA .....	122.7	157.5	254.9	195.2	142.2
Depreciation, depletion and amortization .....	(42.4)	(45.2)	(81.5)	(57.5)	(74.9)
Debt extinguishment charge .....	--	--	--	--	(4.4)
Interest expense, net .....	(13.0)	(11.8)	(45.2)	(29.3)	(40.9)
Foreign currency effects .....	--	--	(0.2)	0.6	(0.9)
Income before income taxes, minority interest in income of consolidated subsidiaries and equity in earnings of affiliates .....	\$ 67.3	\$ 100.5	\$ 128.0	\$ 109.0	\$ 21.1

(1) Amounts prior to 2002 for corporate and other have been adjusted to reflect the allocation of corporate costs consistent with the 2002 presentation.

Nine Months Ended July 31, 2002 Compared to Nine Months Ended July 31, 2001

## Overview

Net sales increased to \$1,197.3 million, an increase of 18.4%, in the first nine months of 2002 from \$1,011.2 million in the first nine months of 2001. This increase resulted from a \$189.5 million increase in net sales from

outside North America, partially offset by a \$3.5 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 Containerboard & Corrugated Products segment (\$45.4 million decrease), which were partially offset by the Industrial Shipping Containers segment (\$40.4 million increase) and the Timber segment (\$1.5 million increase). The higher net sales in the North American operations of the Industrial Shipping Containers 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 nine months in 2002 compared to five months in 2001.

EBITDA was \$142.2 million for the first nine months of 2002 as compared to \$206.7 million, before the \$11.5 million second quarter restructuring charge, for the first nine months of 2001. The \$64.5 million decrease in EBITDA was attributable to lower gains on the sale of timberland (\$69.0 million decrease) and the Containerboard & Corrugated Products segment (\$29.1 million decrease), which were partially offset by the inclusion of the Van Leer Industrial Packaging operations and higher timber sales.

#### Segment Review

##### Industrial Shipping Containers

The Industrial Shipping Containers segment had an increase in net sales of \$229.9 million, or 33.0%, for the first nine months of 2002 as compared to the first nine months of 2001. This increase was primarily due to an increase of \$189.5 million in net sales outside North America and an increase of \$40.4 million in net sales in North America due to additional sales volume from the inclusion of nine months of the Van Leer Industrial Packaging operating results in 2002 compared to five months in 2001. A decrease in customer demand, particularly in the chemical industry, partially offset this increase in net sales.

EBITDA for Industrial Shipping Containers increased to \$89.7 million for the first nine months of 2002 as compared to \$54.9 million, before the \$11.5 million second quarter restructuring charge, for the first nine months of 2001. The primary reasons for this increase relate to improved sales volumes as a result of the Van Leer Industrial Packaging acquisition, lower raw materials as a percentage of net sales, and positive contributions from the prior year consolidation plan.

##### Containerboard & Corrugated Products

The Containerboard & Corrugated Products segment had a decrease in net sales of \$45.4 million, or 15.9%, for the first nine months of 2002 as compared to the first nine months of 2001. This decrease in net sales was primarily due to lower customer demand, consistent with the industry, for corrugated containers and containerboard due to continued weakness in the U.S. economy. Lower average sales price for linerboard and medium also affected net sales during the first nine months of 2002 as compared to the first nine months of 2001.

EBITDA for the Containerboard & Corrugated Products segment decreased to \$32.3 million for the first nine months of 2002 as compared to \$61.4 million for the first nine months of 2001. Improved operating efficiencies partially offset the decline caused by lower net sales for this segment.

##### Timber

The Timber segment had an increase in net sales of \$1.5 million, or 5.3%, for the first nine months of 2002 as compared to the first nine months of 2001. While timber sales are subject to fluctuations, we seek to maintain a consistent cutting schedule, within the limits of market and weather conditions.

The sales of timber are recorded as net sales, while timberland sales are included in gain on sale of timberland. The gain on sale of timberland was \$9.5 million for the first nine months of 2002 as compared to \$78.4 million for the first nine months of 2001. See "Timberland Transactions" below.

EBITDA for the Timber segment decreased to \$35.7 million for the first nine months of 2002 as compared to \$103.0 million for the first nine months of 2001. The decrease in EBITDA was primarily the result of the significant gain on sale of timberland in the prior period slightly offset by higher timber sales.

## Other Income Statement Changes

### Gain on Sale of Timberland

Gain on sale of timberland decreased \$69.0 million in the first nine months of 2002 as compared to the first nine months of 2001 primarily due to the timberland sales described in the "Timberland Transactions" section below.

### Other Income, Net

Other income, net increased \$0.4 million in the first nine months of 2002 as compared to the first nine months of 2001. The change in other income was primarily due to additional gains on the sale of facilities.

### Cost of Products Sold

The cost of products sold, as a percentage of net sales, increased to 80.0% in the first nine months of 2002 from 79.4% in the first nine months of 2001. The increase was primarily due to weakening in the Containerboard & Corrugated Products segment, which was affected by increased raw material costs, especially old corrugated containers ("OCC"), without a corresponding increase in sales prices. The increase was partially offset by an overall improvement in the Industrial Shipping Containers segment, which resulted from improved operating efficiencies and lower raw material costs, and higher Timber segment sales, which had very low cost associated with them.

### Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses increased to \$187.8 million (15.7% of net sales) in the first nine months of 2002 as compared to \$141.7 million (14.0% of net sales) in the first nine months of 2001. The \$46.1 million increase was primarily due to additional SG&A expenses related to Van Leer Industrial Packaging, including \$2.8 million of additional amortization expense related to the 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 Shipping Containers and lower net sales in the Containerboard & Corrugated Products segment. In addition, the year-to-date results were impacted by higher employee benefit costs and certain non-recurring costs related to our organizational improvement initiatives and on-going reorganization activities.

### Debt Extinguishment Charge

During the third quarter of 2002, we recorded a debt extinguishment charge of \$4.4 million related to the partial extinguishment of the \$900 million Senior Secured Credit Agreement.

### Restructuring Charge

As further described in the "Restructuring Charge" section below, we recognized a restructuring charge of \$11.5 million during the second quarter of 2001.

### Interest Expense, Net

Interest expense, net increased to \$40.9 million during the first nine months of 2002 as compared to \$29.3 million in the first nine months of 2001. The increase was primarily due to higher average debt outstanding of \$689.7 million during the first nine months of 2002 as compared to \$500.0 million during the first nine months of 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 five months in 2001 as compared to nine months in 2002.



## Income Taxes

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

## Minority Interest in Income of Consolidated Subsidiaries

As part of the Van Leer Industrial Packaging acquisition, we acquired majority holdings in various companies. The operating results of these companies have been included in the consolidated results following the acquisition on March 2, 2001, and the minority interest of other persons in the respective net income of these companies has been reflected as an expense.

## Equity in Earnings of Affiliates

Equity in earnings of affiliates decreased to \$5.8 million for the first nine months of 2002 as compared to \$7.1 million in the first nine months of 2001. This income represents our equity interest in the net income of CorrChoice, Inc. and, to a lesser extent, Abzac-Greif, Socer-Embalagens, Lda. and Balmer Lawrie-Van Leer.

## Net Income

Based on the foregoing, net income decreased \$55.8 million, or 74.9%, to \$18.7 million for the first nine months of 2002 from \$74.4 million in the first nine months of 2001.

Fiscal Year 2001 Compared to Fiscal Year 2000 and  
Fiscal Year 2000 Compared to Fiscal Year 1999

## Overview

Net sales increased to \$1,456.0 million, an increase of 51.0%, in 2001 from \$964.0 million in 2000. This increase resulted from a \$446.2 million increase in net sales from outside North America and a \$45.8 million increase in net sales from the North American operations. The increase in net sales from the North American operations was due to the Industrial Shipping Containers segment (\$101.8 million increase), which was partially offset by lower net sales in the Containerboard & Corrugated Products segment (\$49.1 million decrease) and the Timber segment (\$6.9 million decrease). The higher net sales in the North American operations of the Industrial Shipping Containers segment was primarily due to the inclusion of additional sales volume from the operations of Van Leer Industrial Packaging. The weaker economic conditions in the United States that prevailed throughout 2001 compared to 2000 caused lower sales volumes and increased competitive pricing in both the Industrial Shipping Containers and Containerboard & Corrugated Products segments.

EBITDA was \$266.4 million, before the \$11.5 million second quarter restructuring charge, for 2001 as compared to \$157.5 million for 2000. The \$108.9 million increase in EBITDA was attributable to higher gains on the sale of timberland (\$70.4 million increase) and the inclusion of the operations of Van Leer Industrial Packaging. The factors that caused a reduction in EBITDA included weaker economic conditions in the United States for both the Industrial Shipping Containers and Containerboard & Corrugated Products segments. In addition, lower timber sales partially offset the improvement in EBITDA.

## Segment Review

### Industrial Shipping Containers

#### 2001 Compared to 2000

The Industrial Shipping Containers segment had an increase in net sales of \$548.0 million, or 111.6%, for 2001 as compared to 2000. This increase was primarily due to the inclusion of \$446.2 million of net sales outside

North America resulting from the operations of Van Leer Industrial Packaging. Net sales for the North American operations increased \$101.8 million for 2001 as compared to 2000 due to additional sales volume from the operations of Van Leer Industrial Packaging during the eight months included in that year. A decrease in customer demand caused by weaknesses in the U.S. economy, particularly in the chemical industry, partially offset this increase in net sales. In addition, net sales to the agricultural sector were lower in the first quarter of 2001 compared to 2000, which benefited from a late harvest of certain crops during 1999 that extended into the first quarter of 2000.

EBITDA for the Industrial Shipping Containers segment increased to \$88.5 million, before the \$11.5 million second quarter restructuring charge, for 2001 as compared to \$46.2 million for 2000. The primary reason for this increase relates to \$48.8 million in EBITDA from outside North America related to the inclusion of the operations of Van Leer Industrial Packaging.

#### 2000 Compared to 1999

The Industrial Shipping Containers segment had an increase in net sales of \$13.5 million, or 2.8%, in 2000 as compared to 1999. This increase was due to an improvement in general market conditions, especially in the chemical industry, improved pricing to offset higher raw material prices and regained sales volumes lost as a result of the 1998 and 1999 plant closings and consolidation efforts. In addition, there was an increase in activities related to container leasing and reconditioning.

EBITDA for the Industrial Shipping Containers segment decreased to \$46.2 million for 2000 as compared to \$53.7 million for 1999. The primary reason for this decrease was due to a larger corporate allocation, caused by improvements in our infrastructure, during 2000.

#### Containerboard & Corrugated Products

##### 2001 Compared to 2000

The Containerboard & Corrugated Products segment had a decrease in net sales of \$49.1 million, or 11.5%, for 2001 as compared to 2000. This reduction in net sales was caused by lower customer demand for corrugated containers and containerboard due to continued weaknesses in the U.S. economy. Lower average sales price for linerboard and medium also affected net sales during 2001 as compared to 2000.

EBITDA for the Containerboard & Corrugated Products segment increased to \$82.4 million for 2001 as compared to \$80.5 million for 2000. Lower raw material prices, especially for old corrugated containers, a higher containerboard integration percentage and improved operating efficiencies more than offset the decline caused by lower net sales for this segment.

##### 2000 Compared to 1999

The Containerboard & Corrugated Products segment had an increase in net sales of \$76.5 million, or 21.7%, for 2000 as compared to 1999. This increase was primarily due to a 32.5% increase in the average sales price of containerboard. In addition, there were \$16.0 million of additional net sales from the Great Lakes and Trend Pak operations, which were acquired in 1999.

EBITDA for the Containerboard & Corrugated Products segment increased to \$80.5 million for 2000 as compared to \$51.6 million for 1999. This increase resulted from improved gross margins resulting from the higher sales prices of this segment's products without a corresponding increase in its costs. The increase was partially offset by higher costs allocated from corporate to support improvements in our infrastructure.

## Timber

### 2001 Compared to 2000

The Timber segment had a decrease in net sales of \$6.9 million, or 15.4%, for 2001 as compared to 2000. While timber sales are subject to fluctuations, we seek to maintain a consistent cutting schedule within the limits of market and weather conditions.

The sales of timber are recorded as net sales, while timberland sales are included in gain on sale of timberland. The gain on sale of timberland was \$79.7 million for 2001 as compared to \$9.2 million for 2000. See "Timberland Transactions" below.

EBITDA for the Timber segment increased to \$111.5 million for 2001 as compared to \$46.7 million for 2000. The increase was primarily the result of significant gains on the sale of timberland which were partially offset by lower timber sales.

### 2000 Compared to 1999

The Timber segment had an increase in net sales of \$20.6 million, or 85.5%, for 2000 as compared to 1999. This increase was primarily due to a full year of net sales resulting from the timber marketing agreement with Bennett & Peters, Inc. initiated in May 1999. Our timber marketing strategy is focused on the active harvesting and regeneration of our timber properties in the United States to achieve sustainable long-term yields on our timberland. We seek to maintain a consistent cutting schedule for the sale of timber within the limits of market and weather conditions.

EBITDA for the Timber segment increased to \$46.7 million for 2000 as compared to \$25.3 million in 1999. This increase was due to the significant improvement in net sales as well as \$4.7 million of additional gains on the sale of timberland.

## Other Income Statement Changes

### Gain on Sale of Timberland

Gain on sale of timberland increased \$70.5 million in 2001 as compared to 2000 primarily due to the timber property sales described in the "Timberland Transactions" section below.

The gain on sale of timberland increased \$4.6 million in 2000 as compared to 1999.

### Other Income, Net

Other income, net increased \$1.4 million in 2001 as compared to 2000. The increase in other income was primarily due to an increase from gains on the sale of facilities in comparison to 2000. See "Restructuring Charge" below.

Other income, net decreased \$5.5 million in 2000 as compared to 1999. This decrease was primarily due to a decrease of \$7.5 million from gains on the sale of facilities in comparison to 1999.

### Cost of Products Sold

The cost of products sold, as a percentage of net sales, increased to 79.2% in 2001 from 76.5% in 2000. The increase was primarily due to the inclusion of the operations of Van Leer Industrial Packaging, which contributed to a higher cost of products sold as a percentage of net sales because products from those operations have lower gross margins than our other products. In addition, Timber segment sales, which have a much lower cost associated with

them, were below those in 2000. This increase was partially offset by lower raw material costs, which more than offset the lower sales volume, in the Containerboard & Corrugated Products segment.

Cost of products sold, as a percentage of net sales, decreased to 76.5% for 2000 as compared to 79.1% for 1999. The improvement was primarily due to the higher Timber segment net sales in 2000. Our timber sales have a very low cost associated with them. In addition, the cost of products sold, as a percentage of net sales, for the Containerboard & Corrugated Products segment decreased as a result of the higher sales prices of its products without a corresponding increase in the cost of products sold. The cost of products sold, as a percentage of net sales, decreased slightly for the Industrial Shipping Containers segment.

#### Selling, General and Administrative Expenses

SG&A expenses increased to \$204.7 million (14.1% of net sales) for 2001 as compared to \$128.3 million (13.3% of net sales) for 2000. The \$76.4 million increase was primarily due to additional SG&A expenses related to the operations of Van Leer Industrial Packaging. In addition, there was \$5.3 million of amortization expense related to the goodwill and other intangible assets acquired in the Van Leer Industrial Packaging transaction included in the 2001 results.

Despite increasing to \$128.3 million in 2000 from \$113.0 million in 1999, SG&A expenses only increased slightly to 13.3% of net sales in 2000 from 13.2% of net sales in 1999. The increased expenditures primarily represented higher costs to support infrastructure improvements for current and future growth initiatives at that time. In addition, \$3.2 million of additional commission expense resulted from the sale of timber and timberland in 2000. The increase was partially offset by a \$2.9 million reduction in Year 2000 remediation expenses.

#### Restructuring Charges

As further described in the "Restructuring Charge" section below, we recognized a pretax restructuring charge of \$11.5 million during the second quarter of 2001.

#### Interest Expense, Net

Interest expense, net increased to \$45.2 million in 2001 as compared to \$11.8 million in 2000. This increase was primarily due to higher average debt outstanding in 2001 as compared to 2000 as a result of the Van Leer Industrial Packaging acquisition.

Interest expense, net decreased to \$11.8 million in 2000 as compared to \$13.0 million in 1999. This decrease was primarily due to \$2.5 million of capitalized interest in 2000 compared to \$0.4 million in 1999. The increase in capitalized interest related to several large capital projects, including our management information system, a new steel drum line in LaPorte, Texas, and a new corrugated container plant in Louisville, Kentucky. This decrease was partially offset by higher interest rates that prevailed throughout 2000 as compared to 1999.

#### Income Taxes

The effective tax rate remained at 37.9% for 2001 and 2000.

The effective tax rate decreased to 37.9% for 2000 as compared to 39.7% for 1999. The decrease, which was due to lower state and local taxes, had a positive effect on net income in 2000.

#### Minority Interest in Income of Consolidated Subsidiaries

As part of the Van Leer Industrial Packaging acquisition, we assumed minority holdings in various companies. From the date of acquisition, these companies have been included in the consolidated results for 2001, and the minority interests in their respective net incomes have been eliminated.

#### Equity in Earnings of Affiliates

Equity in earnings of affiliates decreased to \$9.9 million for 2001 as compared to \$13.3 million in 2000. This income represents our equity interest in the net income of CorrChoice and, to a lesser extent, Abzac-Greif, Socer-Embalagens, Lda. and Balmer Lawrie-Van Leer.

Equity in earnings of affiliates increased to \$13.3 million in 2000 as compared to \$10.8 million in 1999.

#### Net Income

Based on the foregoing, net income increased \$13.0 million, or 17.1%, to \$88.8 million in 2001 from \$75.8 million in 2000.

Based on the foregoing, net income increased \$24.4 million, or 47.5%, to \$75.8 million in 2000 from \$51.4 million in 1999.

#### Restructuring Charge

During the second quarter of 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 to improve operating efficiencies and capabilities (see Note 5 to the Consolidated Financial Statements for the year ended October 31, 2001 and Note 3 to the Consolidated Interim Financial Statements for the nine months ended July 31, 2002, contained elsewhere in this prospectus). 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 identified to be closed. These plants are located in North America. In addition, certain redundant administrative functions were identified to be eliminated. As a result of this plan, during the second quarter of 2001, we recognized a pretax restructuring charge of \$11.5 million, consisting of \$8.0 million in employee separation costs (approximately 250 employees) and a \$3.5 million loss on disposal of equipment and facilities. We have sold or are in the process of selling these six company-owned 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 have been or will be closed. These facilities are owned by our subsidiaries. The facilities are located in North America, South America, United Kingdom and Asia Pacific. In addition, certain redundant administrative functions have been or will be eliminated. Accordingly, we recognized a \$19.7 million restructuring liability in our purchase price allocation related to these locations. This liability was accounted for under EITF No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination." The liability consisted of \$16.5 million in employee separation costs (approximately 300 employees) and \$3.2 million in other exit costs. We have sold or are in the process of selling these company-owned facilities.

We expect to complete these restructuring activities during 2002. We have incurred additional costs of \$5.9 million in 2001, \$4.3 million for the nine months ended July 31, 2002, and will continue to incur additional costs during the remainder of 2002 related to the relocation of machinery, employees and other reorganization activities, all of which have been or will be charged to the results of operations. We believe that upon the completion of the consolidation plan, positive contributions to earnings on an annualized basis from these actions will be approximately \$27.5 million.

#### Timberland Transactions

In December 2000, we sold certain hardwood timberland for \$44.4 million. As such, we recognized a gain of \$43.0 million during the first quarter of 2001 related to this transaction. In a related agreement, we sold other hardwood timberland for \$30.0 million in March 2001, and we recognized a gain of \$27.7 million during the second

quarter of 2001. 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 a separate transaction in December 2000, we purchased certain pine timberland for \$42.8 million. In a related agreement, we purchased other pine timberland for \$43.1 million in March 2001. 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.

#### Liquidity and Capital Resources

Our primary sources of liquidity are operating cash flows and borrowings under our senior credit facility, 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 the original notes offering, and borrowings under our amended and restated senior credit facility will be sufficient to fund our working capital, capital expenditure, debt repayment and other liquidity needs for the foreseeable future.

#### Capital Expenditures and Business Acquisitions

During 2001, we invested \$42.7 million in capital expenditures, excluding the purchase of timberland properties (\$89.5 million), and we invested \$29.9 million in capital expenditures, excluding the purchase of timberland properties (\$8.9 million), during the nine months ended July 31, 2002. During the last three years, we have invested \$170.8 million in capital expenditures, \$89.5 million in timberland purchases and \$387.1 million in acquisitions of businesses, net of cash acquired. See "--Recent Acquisitions" for a description of the businesses acquired since the beginning of our 1999 fiscal year.

We have approved future capital expenditures of approximately \$21 million through July 31, 2003. These expenditures are primarily to replace and improve equipment and to continue implementation of a new management information system.

#### Balance Sheet Changes

##### July 31, 2002 Compared to October 31, 2001

The reduction in trade accounts receivable was due to lower net sales in the third quarter of 2002 compared to the fourth quarter of 2001.

Inventories were higher primarily due to the increases in our raw material costs and the build up of inventory related to our agricultural markets.

The increase in accounts payable was due to higher raw material costs and the timing of payments made to our suppliers.

Accrued payrolls and employee benefits were higher at July 31, 2002 as compared to October 31, 2001 as a result of the increase in these costs as well as timing of our payments.

The restructuring reserves decreased as a result of plant closings and other reorganization costs. See "Restructuring Charge" section above.

The reduction in total debt was due to the repayment of amounts borrowed under our existing \$900 million Senior Secured Credit Agreement, partially offset by the issuance of \$250 million Senior Subordinated Notes. See "Borrowing Arrangements" section below.

The decrease in other long-term liabilities was primarily due to a lower liability related to the swap contracts on our existing \$900 million Senior Secured Credit Agreement, the timing of payments on workers' compensation, and other changes not individually significant.

October 31, 2001 Compared to October 31, 2000

In general, the increases in our assets and liabilities were primarily due to the acquisition of Van Leer Industrial Packaging in March 2001. In addition, our timberland assets increased due to our purchase of 63,000 acres of pine timber property in Louisiana in 2001. See "Timberland Transactions" above.

The increase in restructuring reserves was due to our 2001 consolidation plan, which has been reduced due to payments of severance and restructuring costs. See "Restructuring Charge" above.

The increase in long-term debt was the result of borrowings under our existing senior credit facility, which was used to fund the Van Leer Industrial Packaging acquisition and to refinance amounts outstanding under our then existing credit facility. This increase was partially offset by debt repayments.

The increase in deferred tax liability was primarily due to our timberland sales in 2001 and the Van Leer Industrial Packaging acquisition. See "Timberland Transactions" above.

#### Borrowing Arrangements

See "Description of Senior Credit Facility" for a description of our amended and restated credit facility. Prior to its amendment, the senior credit facility consisted of three terms loans and a \$150 million revolving multicurrency credit facility. The proceeds from this senior credit facility were used to fund the Van Leer Industrial Packaging acquisition and to refinance amounts outstanding under a prior revolving credit facility. As of July 31, 2002, there was a total of \$399.5 million outstanding under the senior credit facility and \$248.0 million of Senior Subordinated Notes.

#### Contractual Obligations

As of July 31, 2002, we had the following contractual obligations (U.S. dollars in millions):

	Payments Due By Period				
	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Long-term debt .....	\$650	\$18	\$50	\$123	\$459
Short-term borrowings .....	25	25	--	--	--
Non-cancelable operating leases .....	32	4	12	5	11
Total contractual cash obligations .....	\$707	\$47	\$62	\$128	\$470
	====	===	===	====	====

#### Share Repurchase Program

In February 1999, our Board of Directors authorized a one million share stock repurchase program. During 2001, we repurchased 34,500 shares, including 10,000 shares of Class A Common Stock and 24,500 shares of Class B Common Stock, and during the first nine months of 2002 we repurchased 50,000 shares of Class B Common Stock. As of July 31, 2002, we had repurchased 644,410 shares, including 415,476 shares of Class A Common Stock and 228,934 shares of Class B Common Stock. The total cost of the shares repurchased during 1999 through July 31, 2002 was \$18.7 million. Future share repurchases will be limited under our amended and restated senior credit facility and the indenture governing the notes.

## Effects of Inflation

The effects of inflation did not have a material impact on our operations during 2001, 2000 or 1999, or during the nine months ended July 31, 2002.

## Recent Accounting Standards

### Goodwill and Other Intangible Assets

In June 2001, FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets," which requires that goodwill no longer be amortized, but instead be periodically reviewed for impairment. The provisions of SFAS No. 142 are required for fiscal years beginning after December 15, 2001. As such, we will adopt SFAS No. 142 at the beginning of our 2003 fiscal year.

The application of the non-amortization provisions of SFAS No. 142 will increase our net income upon adoption. Amortization expense related to our goodwill and indefinite-lived assets was \$8.4 million and \$6.5 million for the nine months ended July 31, 2002 and 2001, respectively, and \$9.2 million for the fiscal year ended October 31, 2001.

At this time, the effect of the impairment provisions provided by SFAS No. 142 is not known.

### Impairment or Disposal of Long-Lived Assets

In August 2001, FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 addresses the accounting and reporting for the impairment or disposal of long-lived assets and supersedes FASB Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of" and Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." SFAS No. 144 establishes a single accounting model for long-lived assets to be disposed of by sale and resolves implementation issues related to Statement No. 121.

SFAS No. 144 is effective for financial statements issued for fiscal years beginning after December 15, 2001, or November 1, 2002 for us. We do not expect the adoption of this Statement to have a material impact on our results of operations or financial position.

## 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 credit facility and interest rate swap agreements with an aggregate notional amount of \$280.0 million as of July 31, 2002. We do not enter into financial instruments for trading or speculative purposes. The interest rate swap agreements have been entered into to manage our interest rate exposure.

The table below provides information about our derivative financial instruments and other financial instruments that are sensitive to changes in interest rates. For the existing senior 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 value of the existing senior credit facility is based on current



rates available to us for debt of the same remaining maturity. The fair value of the interest rate swap agreements have been determined based upon the current market settlement prices of comparable contracts.

FINANCIAL INSTRUMENTS  
(U.S. dollars in millions)

	Expected Maturity Date					After 2006	Total	Fair Value
	2002	2003	2004	2005	2006			
Existing senior credit facility:								
Scheduled amortizations.....	\$4.2	\$19.1	\$23.6	\$28.2	\$16.7	\$280.7	\$372.5	\$372.5
Average interest rate (1).....	5.23%	5.23%	5.23%	5.23%	5.23%	5.23%	5.23%	
Interest rate swaps:								
Scheduled amortizations.....	\$ 0	\$ 70	\$ 15	\$ 45	\$100	\$ 50	\$ 80	\$(12)
Average fixed pay rate.....	5.43%	5.48%	5.54%	5.78%	5.99%	6.15%	5.56%	
Average receive rate (2).....	1.92%	1.92%	1.92%	1.92%	1.92%	1.92%	1.92%	

(1) Variable rate specified is based on the LIBOR rate or an alternative base rate plus a calculated margin at July 31, 2002.

(2) The average receive rate is based upon the LIBOR rates we were scheduled to receive at July 31, 2002. The rates presented are not intended to project our expectations for the future.

Based on a sensitivity analysis performed by the counterparties at July 31, 2002, a 100 basis point increase in interest rates would improve the fair value of the swap agreements to a liability of \$8.1 million. Conversely, a 100 basis point decrease in interest rates would result in a fair value liability of \$8.1 million.

Foreign Currency Risk

As a result of our acquisition of Van Leer Industrial Packaging, our operating income is 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 foreign businesses. At July 31, 2002, we had contracts outstanding of \$23.8 million. The fair value of these contracts at July 31, 2002, was \$0.2 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 increase by \$0.9 million. Conversely, if the euro uniformly strengthened by 10% against all of the hedged currency exposures, the fair value of these instruments would decrease by \$1.1 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 foreign 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 foreign currency.

Commodity Price Risk

Our operating income is potentially affected to a significant degree by fluctuations in the cost of our raw materials and energy. See "Risk Factors." 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, although we have entered into forward purchase contracts related to the supply of natural gas at one of our containerboard mills.

## General

We are a leading global producer of industrial shipping containers with manufacturing facilities located in 41 countries. We offer a comprehensive line of industrial shipping container products, such as steel, fibre and plastic drums, intermediate bulk containers, closure systems for industrial shipping containers, and polycarbonate water bottles, which we complement with a variety of value-added services. Our global presence and full range of products uniquely position this business to offer our customers a single source for their packaging needs and to be responsive to global market changes. We also produce containerboard and value-added corrugated products for niche markets in the United States and Canada. We own timberland in the southeastern United States which we cut and sell to third parties, as well as manage to maximize long-term value. Our customers range from Fortune 500 companies to medium and small-sized companies in a cross section of industries. Our manufacturing facilities are strategically located near many of our customers, reducing transportation costs.

For the twelve months ended July 31, 2002, we had consolidated net sales of \$1.64 billion and Adjusted EBITDA of \$202.3 million (including the results of our unrestricted timber subsidiary). During this same period, we generated approximately 39% of our consolidated net sales from markets outside North America. For the twelve months ended July 31, 2002, our Industrial Shipping Containers segment represented 77% of consolidated net sales, our Containerboard & Corrugated Products segment represented 20% of consolidated net sales and our Timber segment represented 3% of our consolidated net sales.

Our company's history goes back to 1877 when our predecessor manufactured wooden barrels, casks and kegs to transport post-Civil War U.S. goods nationally and internationally. We were incorporated as a Delaware corporation in 1926.

## Competitive Strengths

**Leading Market Position.** We are a leading global producer of a comprehensive line of industrial shipping container products. Based on our internal estimates, we believe that we are the largest global and United States producer of steel drums, fibre drums, and closure systems, and we hold leading global and United States market positions in the production of plastic drums and intermediate bulk containers.

**Global Presence.** We have facilities in 41 countries and generated approximately 39% of our consolidated net sales from markets outside North America for the twelve months ended July 31, 2002. Our global presence provides us with access to faster growing foreign markets; insulates us from economic downturns in any one country or region; enables us to respond to our customers' changing needs; offers us the flexibility to shift resources in response to changes in global or regional conditions; and allows us to effectively service multinational customers. Our size and global reach enable us to realize economies of scale and cost savings by consolidating our purchasing, sales and marketing efforts.

**Comprehensive Portfolio of Product Lines.** We offer a comprehensive portfolio of product lines in our industrial shipping container segment, which enables us to offer our customers a single source for their packaging needs and to be responsive to global market changes. We have also developed numerous specialty products and applications for our corrugated products customers. Our ability to tailor our products and services to our customers' needs allows us to develop strong, long-term customer relationships and enhances profitability.

**Diverse and Multinational Customer Base.** We have developed longstanding relationships with prominent customers such as BASF Corporation, Bayer Corporation, BP p.l.c., The Dow Chemical Company, Exxon Mobil Corporation, Imperial Chemical Industries PLC, International Paper Company, Kraft Foods Inc., PPG Industries Inc., Temple-Inland Inc., Total Fina Elf S.A. and Weyerhaeuser Company. These large multinational corporations represent a range of industries, which we believe creates a strong, stable revenue source for our products and services. Moreover, we do not depend upon any one particular customer, as our ten largest customers accounted for less than 20% of our net sales in fiscal 2001.

Significant Operating Leverage. We believe our existing facilities have sufficient capacity to meet future growth in market demand for our products without significant capital expenditures. We believe we are positioned to profitably capitalize on an increase in demand which would result from an economic recovery.

Experienced Management Team. We have an experienced management team that has managed our operations during various industry cycles. This experience facilitated the acquisition of Van Leer Industrial Packaging and other recent acquisitions and joint ventures and their successful integration into our existing operations.

#### Business Strategy

We plan to build on our strengths by continuing to develop products and services that represent comprehensive packaging solutions for our customers. In addition, we intend to enhance our profitability by continuing to rationalize our operations, capitalize on our global resources and focus on high-margin products and services, as well as making targeted acquisitions when the opportunity is presented.

Our business segment strategies are as follows:

##### Industrial Shipping Containers

- . Further extend our product and service offerings
- . Leverage our full product line and global resources to serve our multinational customers
- . Strategically implement packaging solutions
- . Optimize manufacturing operations

##### Containerboard & Corrugated Products

- . Continue to provide distinctive, value-added corrugated packaging and services
- . Extend product expertise into specialty product offerings
- . Expand sales in multiwall bag business in targeted industry segments
- . Maintain cost-effectiveness and reliability of our containerboard mills and corrugated operations

##### Timber

- . Maintain long-term focus on pine timberland
- . Grow future value through intensive management and regeneration
- . Increase timberland holdings by selling timberland with a higher and better use, or limited management potential, and reinvesting the sale proceeds to acquire additional timberland with a lower cost per acre

#### Products and Services

Our products are divided into three business segments: Industrial Shipping Containers; Containerboard & Corrugated Products; and Timber.

## Industrial Shipping Containers

Our acquisition of Van Leer Industrial Packaging in March 2001 transformed us into a global provider with a full range of industrial shipping container products and services. The successful integration of this business allowed us to realize significant synergies by improving operating efficiencies from the consolidation of facilities and personnel, achieving economies of scale in purchasing, sales and marketing efforts, and enhancing manufacturing flexibility. Our Industrial Shipping Containers segment generated net sales of \$1,268.9 million and EBITDA of \$123.3 million for the twelve months ended July 31, 2002.

We seek to provide complete packaging solutions to our customers by offering a comprehensive range of products and services on a global basis. Our full range of shipping container products and numerous manufacturing facilities uniquely position us to offer our customers a single source for their packaging needs, respond to global market changes, and capitalize on faster growing markets such as Eastern Europe and Asia. With increasing customer demand for container life-cycle management, we also offer packaging services that include cleaning, recycling, disposal, trip leasing, filling, warehousing, outgoing logistics, onsite packaging and vendor management. We sell our products globally to customers in industries such as chemicals, paints and pigments, food and beverage, petroleum, industrial coatings, agricultural, pharmaceutical and mineral, among others.

The primary products of our Industrial Shipping Containers segment are steel drums, plastic drums and polycarbonate water bottles, fibre drums, IBCs and closure systems (caps on industrial packaging containers).

**Steel Drums.** We offer customers an extensive steel drum product line, with drums ranging in size from eight to 85 gallons. Our steel drums are sold to customers in the chemical, petroleum, food/juice, pharmaceutical and hazard waste industries. We manufacture several types of steel drums, including open head drums, tight head drums, and drums that are sold internally coated or uncoated. Open head drums are used primarily for granules and pastes while tight head drums are used mainly for liquids. Internally coated drums are sold to the chemicals industry since the coating prevents contact between the contents (i.e., chemical to be transported) and the steel body of the drum, preventing corrosion inside the drum. Uncoated drums are most often used to store petroleum-based oil and other non water-based materials. We also manufacture one of the industry's latest technologies--collapsible steel drums.

**Plastic Drums.** We manufacture a variety of tight-head and open-head drums ranging from one to 65 gallons. In addition, we manufacture plastic pails and small 250 ml. plastic bottles for the lube and oil industry. Our global presence allows us to service detergent, lubricant, pharmaceutical and agrochemical companies worldwide. Since plastic technologies are changing more rapidly than in any other segments of the industrial packaging products industry, we maintain a comprehensive research and development facility for plastic drums.

**Fibre Drums.** We sell fibre drums in various sizes ranging from 2 1/2 gallons to 55 gallons, which are used primarily in the fine chemical, pharmaceutical, paint and food industries. Relatively high valued, dry, granulated products are the most common filling goods of these drums. Fibre drums are attractive to customers as an inexpensive, safe and reliable storage and shipping medium. We manufacture fibre drums using high quality raw materials designed for product performance and durability. We also make specialty drums such as cheese drums, meat drums, a feedpak (tapered drum) and a harvestpak that transports certain food items.

**Intermediate Bulk Containers.** An IBC is a high-density polyethylene bottle contained in a steel reinforced cage attached to a pallet designed for greater efficiencies in shipping large quantities of liquid or viscous products. We sell IBCs to companies in the chemical, pharmaceutical and food industries. We provide a wide array of products, including rigid single and multiple trip use containers and customized IBCs.

**Closure Systems.** Closure systems are the caps on industrial shipping containers and are manufactured for both metal and plastic containers. Closures are marketed and sold under the Tri-Sure(R) brand name.

**Other Services.** We offer our industrial shipping container customers a variety of value-added packaging services that include cleaning, recycling, disposal, trip leasing, filling, warehousing, outgoing logistics, onsite packaging and vendor management. We also offer research and development, engineering and design and testing services.

## Containerboard & Corrugated Products

We concentrate on providing value-added, higher-margin corrugated products to niche markets complemented by a comprehensive range of packaging services, in comparison to many large paper companies which focus on high-volume, commodity production. We sell containerboard, corrugated sheets and other corrugated products and multiwall bags to customers in North America in industries such as the packaging, automotive, food, and building products, among others. Our corrugated container products are used to ship such diverse products as home appliances, small machinery, grocery products, building products, automotive components and books and furniture. Our full line of industrial and consumer multiwall bags is used to ship a wide range of industrial and consumer products primarily for the agricultural, chemical, building products and food industries. Our Containerboard & Corrugated Products segment generated net sales of \$333.9 million and EBITDA of \$53.3 million for the twelve months ended July 31, 2002.

The primary products of our Containerboard & Corrugated Products segment are containerboard, corrugated sheets and other corrugated products and multiwall bags.

**Containerboard.** Our two containerboard mills produce both semi-chemical and 100% recycled medium and 100% recycled linerboard. We produced approximately 531,292, 541,413, and 558,837 tons of linerboard and medium in 2001, 2000, and 1999, respectively, and have the capacity to produce approximately 570,000 tons per year of linerboard and medium at our two mills. We believe the cost positions of our containerboard mills are among the lowest in North America. Our capacity utilization rates are consistent with or slightly exceed typical industry rates.

Our containerboard mills and corrugated container operations are highly integrated. In fiscal 2001, our corrugated sheet, multiwall and fibre drum operations, including our CorrChoice, Inc. joint venture, consumed an amount of containerboard equal to approximately 70% of the containerboard tons produced by our two mills, which helps stabilize the results of this business. Our converting facilities have the capacity to produce approximately 4.0 billion square feet a year of corrugated products.

**Corrugated Products.** We manufacture corrugated sheets and other corrugated products in value-added shapes, sizes and designs. Our specialty corrugated products include honeycomb, airbag/void fillers, and promotional and storage packages. Our packaging specialists design and construct corrugated products to meet the specific packaging, point-of-purchase display, handling, transportation and protection needs of our customers' products. One of our products is a corrugated pallet packet which is collapsible, weighs less than ten pounds and is recyclable. This corrugated product eliminates the need to store or dispose of wooden pallets. Our corrugated container products are used by manufacturers of consumer goods to ship such diverse products as home appliances, small machinery, grocery products, building products, automotive products, books, and furniture, as well as numerous other applications.

We have developed numerous specialty products and applications for particular customers, which utilize processes such as die-cutting, folding, gluing and color printing. We offer our customers total supply chain management services that include on-site packaging, warehousing and outgoing logistics of our customers' products, inventory management, vendor management, on-site labor management and contract filling.

**Multiwall Bags.** We manufacture a full line of industrial and consumer multiwall bags, ranging in size from one to 100 pounds. These products are designed to ship a wide range of industrial and consumer products, including fertilizers, chemicals, concrete, flour, sugar, feed, seed and pet foods, primarily for the agricultural, chemical, building products and food industries.

## Timber

We purchased approximately 300,000 acres of timberland in the late 1800's and the early 1900's to provide raw materials for our wooden barrel plants. While no longer used as a source of raw materials, we still owned approximately 272,500 acres of timberland in the southeastern United States as of July 31, 2002. Our timber

management is focused on the active harvesting and regeneration of our timber properties to achieve sustainable long-term yields on our timberland. We seek to maintain a consistent cutting schedule for the sale of timber within the limits of market and weather conditions.

This segment includes both the sale of timber, which is recorded as net sales, and the sale of timberland, which is recorded in gain on sale of timberland. The Timber segment generated net sales of \$39.3 million and EBITDA of \$44.2 million for the twelve months ended July 31, 2002, including a \$10.1 million gain on sale of timberland.

#### Marketing

Our marketing strategy is to sell a broad range of industrial shipping container and corrugated packaging products to marketers of industrial and consumer products. In managing the marketing activities of our containerboard mills, we seek to meet the quality and service needs of the customers of our package converting plants at the most efficient cost, while balancing those needs against the demands of our open market customers. Our converting plants focus on supplying both specialized packaging with high value graphics that enhance a product's market appeal and high-volume sales of commodity products.

We seek to serve a broad customer base for each of our segments and as a result serve thousands of accounts. Each plant has a sales force, and many have product design engineers and other service professionals who are in close contact with customers to respond to their specific needs. We complement the local plants' marketing and service capabilities with regional and national design and service capabilities. We also maintain national and, with respect to industrial shipping containers, global sales offices. National account business may be allocated to more than one plant because of production capability and equipment requirements.

#### Raw Materials

Steel, resin and paper are the principal raw materials for our Industrial Shipping Container segment, and pulpwood, waste paper for recycling, and paper are the principal raw materials for our Containerboard & Corrugated Products segment. We satisfy virtually all of our need 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 cyclicity. 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 our operations. However, we cannot assure you that this situation will continue to be the case for any or all raw materials.

#### Competition

The markets in which we sell our products are highly competitive and comprised of many participants. Although no single company dominates, we face significant competitors in each of our businesses. Our competitors include large vertically integrated companies as well as numerous smaller companies. The industries in which we compete 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 container shipping industry, we compete by offering a comprehensive line of products on a global basis. In the containerboard and corrugated products industry, we compete by concentrating on providing value-added, higher-margin corrugated products to niche markets. In addition, over the past several years we have closed higher cost facilities and otherwise restructured our operations, which we believe has significantly improved our cost competitiveness.

## Backlog

Seasonal fluctuations in marketing, production, shipments and inventories of our products are not significant. Because we supply a cross-section of industries and must make spot deliveries on a day-to-day basis as our products are required by our customers, we do not operate on a backlog to any significant degree and maintain only a limited level of finished goods. Many customers place their orders weekly for delivery during the week.

## Research and Development

Our research and development centers use state-of-the-art technology to assist all levels of the manufacturing and sales processes, from raw materials supply through finished packaging performance. Research programs have provided improvements in many areas of our products, such as nestable plastic drums, transportation protection products and other specialty corrugated products and ro-con fibre drums. The technical staff conducts basic, applied and diagnostic research, develops processes and products and provides a wide range of other technical services.

We actively pursue applications for patents on new inventions and designs and attempt to protect our patents against infringement. Nevertheless, we believe that our success and growth are more dependent on the quality of our products and our relationships with our customers than on the extent of our patent protection. We hold or are licensed to use certain patents, licenses, trademarks and trade names on products. However, we do not consider that the successful continuation of any material aspect of our business depends on such intellectual property.

## Employees

We had approximately 10,000 employees as of July 31, 2002, of whom approximately 4,000 were employees of our North American operations and the remainder of whom were employees outside of North America. Of the North American employees, approximately 58% are represented by collective bargaining units. We believe that our employee relations are generally good. From time to time we are in the process of bargaining with unions representing production employees at a number of our operations. While the terms of these agreements may vary, we believe that the material terms of our collective bargaining agreements are customary for the industry and the type of facility, the classification of the employees and the geographic location covered by such agreements.

## Properties

We maintain manufacturing, warehouse, and research and development facilities and sales offices in 41 countries throughout the world. Our facilities are properly maintained and equipped with machinery suitable for their use. Our manufacturing, warehouse, and research and development facilities as of May 31, 2002, are summarized below:

	Number of Facilities		
	Total	Owned	Leased
North America			
Industrial shipping container facilities .....	55	40	15
Containerboard mills .....	2	2	0
Corrugated container facilities .....	21	19	2
Warehouse facilities .....	12	5	7
Research and development facilities .....	2	0	2
Europe and Other			
Industrial shipping container facilities .....	79	60	19
Warehouse facilities .....	2	1	1
Research and development facilities .....	1	1	0
	---	---	--
Total .....	174	128	46
	===	===	==

## Litigation

We are a defendant in a number of lawsuits and claims arising out of the conduct of our business. While we cannot predict with certainty the ultimate results of such suits or proceedings, our management believes that the resolution of these matters will not have a material adverse effect on our consolidated financial results or results of operations.

## Environmental Compliance

Our operations are subject to extensive federal, state, local and foreign 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, we are subject to periodic environmental inspections and monitoring by governmental enforcement authorities. In addition, our production facilities require environmental permits that are subject to revocation, modification and renewal.

In the past we have made significant capital expenditures to comply with environmental matters, such as environmental control facilities, and from time to time we have been cited for violations of environmental regulations. However, none of these violations have involved sanctions of \$100,000 or more. Furthermore, we do not currently anticipate material capital expenditures for environmental control facilities or for compliance with any other environmental matters for the remainder of this year. However, we could incur significant expenditures due to changes in environmental laws or regulations or the discovery of new information, and in that case expenditures could have a material adverse effect on our financial condition. It is difficult to predict with certainty the amount of capital expenditures that will be required to comply with future environmental laws and regulations.

We are currently investigating and, in some cases, remediating soil and/or groundwater that is or was contaminated by us or a third party at various sites owned by us. We believe that the total costs to bring all of our company-owned sites into compliance with applicable environmental laws will not be material to the results of our operations. Furthermore, we have established reserves for these environmental cleanup costs which, based on current information, we believe will be sufficient to cover our potential liability.

We also face potential liability as a result of releases, or threatened releases, of hazardous substances into the environment from various sites owned and operated by third parties at which company-generated wastes have allegedly been deposited. Generators of hazardous substances sent to off-site disposal locations at which environmental problems exist, as well as the owners of those sites and certain other classes of persons (generally referred to as "potentially responsible parties" or "PRPs"), are, in most instances, subject to joint and several liability for response costs for the investigation and remediation of such sites under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") and analogous state laws, regardless of fault or the lawfulness of the original disposal. We have received notice that we are or may be a PRP at a number of federal and/or state sites where response action may be required, and as a result may have joint and several liability for cleanup costs at such sites. However, liability for CERCLA sites is typically shared with other PRPs and costs are commonly allocated according to relative amounts of waste deposited. Our relative percentage of waste deposited at a majority of these sites is quite small. In addition to participating in remediation of sites owned by third parties, we have entered into consent orders for investigation and/or remediation of certain company-owned properties. Except with respect to our steel drum plant in Winfield, Kansas, to date we have been classified only as a "de minimus" PRP. At the CERCLA site in Winfield, Kansas, we are responsible for approximately one-third of the environmental cleanup costs. We believe our environmental cleanup costs at this site will be approximately \$750,000, which was fully reserved on our financial statements as of July 31, 2002. To date, we have not been subject, in any instance, to sanctions of \$100,000 or more.

Based on current information, we believe that the probable costs of the remediation of company-owned property and response costs under CERCLA and similar state laws will not have a material adverse effect on our financial condition or results of operations. We believe that our liability for these matters was adequately reserved as of July 31, 2002.



MANAGEMENT

Our directors and executive officers are as follows:

Name	Age	Position
Michael J. Gasser .....	51	Director, Chairman of the Board and Chief Executive Officer
William B. Sparks, Jr .....	61	Director, President and Chief Operating Officer
Charles R. Chandler .....	66	Director, Vice Chairman of the Board and President of Soterra LLC
Michael H. Dempsey .....	45	Director
Naomi C. Dempsey .....	86	Director
Daniel J. Gunsett .....	53	Director
John C. Kane .....	62	Director
Robert C. Macauley .....	78	Director
David J. Olderman .....	66	Director
John S. Lilak .....	55	Executive Vice President, Containerboard & Corrugated Products
Donald S. Huml .....	56	Chief Financial Officer
Maureen A. Conley .....	43	Senior Vice President, New Business Development
Gary R. Martz .....	44	Senior Vice President, General Counsel and Secretary
Michael L. Roane .....	46	Senior Vice President, Human Resources & Communications
Michael J. Barilla .....	51	Vice President, Business Information Services
John K. Dieker .....	38	Vice President and Corporate Controller
Robert A. Young .....	47	Vice President and Director of Taxation
Sharon R. Maxwell .....	52	Assistant Secretary
Robert S. Zimmerman .....	30	Assistant Treasurer

Michael J. Gasser, Director, Chairman of the Board of Directors and Chief Executive Officer. Mr. Gasser has been a director since 1991 and our Chairman of the Board and Chief Executive Officer since 1994. He has been an executive officer of our company since 1988, and joined our company in 1979. He is a member of the Executive, Nominating and Stock Repurchase Committees. He is also a director for Bob Evans Farms, Inc., a restaurant and food products company.

William B. Sparks, Jr., Director, President and Chief Operating Officer. Mr. Sparks has been a director and our President and Chief Operating Officer since 1995. Prior to that time, and for more than five years, Mr. Sparks was Chief Executive Officer of Down River International, Inc., a former subsidiary of our company. He is a member of the Executive Committee.

Charles R. Chandler, Director, Vice Chairman of the Board and President of Soterra LLC. Mr. Chandler has been a director since 1987. He has been our Vice Chairman of the Board since 1996. During 1999, Mr. Chandler also became President of Soterra LLC, a subsidiary of our company. Prior to 1996, and for more than five years, Mr. Chandler had been the President and Chief Operating Officer of Virginia Fibre Corporation, a former subsidiary of our company. He is a member of the Executive Committee. Mr. Chandler plans to retire as an employee of our company on September 30, 2002, but he will continue to serve as a director.

Michael H. Dempsey, Director. Mr. Dempsey has been a director since 1996. He is an investor. Prior to 1997, and for more than five years, he had been the President of Kuschall of America, a wheelchair manufacturing company. He is a member of the Compensation, Executive and Stock Option Committees. Mr. Dempsey is the son of Naomi C. Dempsey.

Naomi C. Dempsey, Director. Mrs. Dempsey has been a director since 1995. She is an investor. She is a member of the Nominating Committee. Mrs. Dempsey is the mother of Michael H. Dempsey.

Daniel J. Gunsett, Director. Mr. Gunsett has been a director since 1996. For more than five years, he has been a partner with the law firm of Baker & Hostetler LLP. He is a member of the Audit, Compensation, Executive, Nominating, Stock Option and Stock Repurchase Committees. In the past, we have retained Baker & Hostetler LLP

to perform legal services on our behalf, and that firm is representing us on certain legal matters regarding the issuance of the notes. See "Certain Relationships and Related Party Transactions" and "Legal Matters."

John C. Kane, Director. Mr. Kane has been a director since 1999. Prior to 2001 and for more than five years, he was a director and President and Chief Operating Officer of Cardinal Health, Inc., a healthcare services company. He is a member of the Audit, Compensation and Stock Option Committees. He is also a director of Connetics Corporation, a biopharmaceutical company.

Robert C. Macauley, Director. Mr. Macauley has been a director since 1979. He is an investor. He is the founder of AmeriCares Foundation. Prior to 1998, and for more than five years, he had been the Chief Executive Officer of Virginia Fibre Corporation, a former subsidiary of the Company.

David J. Olderman, Director. Mr. Olderman has been a director since 1996. He is an investor. Prior to 1997, and for more than five years, he had been Chairman, owner and Chief Executive Officer of Carret and Company, Inc., an investment consulting firm. He is a member of the Audit, Compensation and Stock Option Committees.

John S. Lilak, Executive Vice President, Containerboard & Corrugated Products. Mr. Lilak has served as Executive Vice President, Containerboard & Corrugated Products, since joining our company in 1999. Mr. Lilak will become the President of Soterra LLC upon Mr. Chandler's retirement. From 1997 to 1999, Mr. Lilak served as General Sales and Marketing Manager, Kraft Paper and Board Division, for Union Camp Corporation. Prior to that time, and for more than five years, he served as Group General Manager, Container Division, of Union Camp.

Donald S. Huml, Chief Financial Officer. Mr. Huml has served as Chief Financial Officer since joining our company in April 2002. From 1994 until joining our company, 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.

Maureen A. Conley, Senior Vice President, New Business Development. Ms. Conley has served as Senior Vice President, New Business Development, since joining our company in 2000. Prior to that time, she served as a senior management consultant for IBM Global Services for almost three years. During 1998, she was Director of Corporate Development for BioCrystal Limited, a biotechnical company. Prior to that time, and for more than five years, she served as Director of Administrative Services for the City of Columbus, Ohio.

Gary R. Martz, Senior Vice President, General Counsel and Secretary. Mr. Martz has served as Senior Vice President and General Counsel since joining our company in January 2002, and has served as Secretary since June 2002. Prior to that time, and for more than five years, he served as a partner in the law firm of Baker & Hostetler LLP.

Michael L. Roane, Senior Vice President, Human Resources and Communications. Mr. Roane has served as Senior Vice President, Human Resources since joining our company in 1998. Prior to that time, and for more than five years, Mr. Roane served as Vice President, Human Resources, for Owens and Minor, Inc., a medical/surgical supply company.

Michael J. Barilla, Vice President, Business Information Service. Mr. Barilla has served as Vice President, Business Information Services, since joining our company in 1999. From 1997 to 1999, Mr. Barilla served as a Senior Consultant for IBM Corporation. Prior to 1997, and for more than five years, he served as Chief Financial Officer of Medex, Inc.

John K. Dieker, Vice President and Corporate Controller. Mr. Dieker has served as Vice President and Corporate Controller since his election in 1996. Mr. Dieker joined our company in 1992.

Robert A. Young, Vice President and Director of Taxation. Mr. Young has served as Vice President and Director of Taxation since December 2001. From 1999 to 2001, Mr. Young served as our Director of Taxes. Prior to that time, and for more than five years, he was the Tax Manager of Consolidated Papers, Inc.

Sharon R. Maxwell, Assistant Secretary. Ms. Maxwell has served as Assistant Secretary since 1997. Prior to that time, and for more than five years, she served as administrative assistant to the Chairman. Ms. Maxwell joined our company in 1967.

Robert S. Zimmerman, Assistant Treasurer. Mr. Zimmerman has served as Assistant Treasurer since September 2001. From 1999 until joining our company, he served as Treasury Manager at Mettler-Toledo International, Inc. From 1997 to 1998, he was a Risk Advisor at Bank One. Prior to 1997, and for more than five years, Mr. Zimmerman served as a Portfolio Analyst at Chase Manhattan Mortgage Corporation.

EXECUTIVE COMPENSATION

Executive Compensation Matters

The following table sets forth the compensation for the three years ended October 31, 2001, for our chief executive officer and our four other most highly compensated executive officers:

Name & Position	Year	Annual Compensation		Deferred Compensation (2)	All Other (3)	Long-term Compensation
		Salary	Bonus			Number of Stock Options Granted
		(1)				
		---				
Michael J. Gasser	2001	\$ 568,351	\$ 301,600		\$ 2,970	35,000
Chairman and Chief	2000	\$ 510,090	\$ 298,403		\$ 3,000	28,000
Executive Officer	1999	\$ 486,667	\$ 171,378		\$ 4,513	25,000
Charles R. Chandler	2001	\$ 346,037	\$ 126,689	\$193,554	\$ 5,340	-0-
Vice Chairman and	2000	\$ 492,609	\$ 221,675	\$312,121	\$ 6,544	16,000
President of Soterra LLC	1999	\$ 470,174	\$ 165,623	\$325,757	\$ 14,034	16,000
John S. Lilak	2001	\$ 274,342	\$ 112,000		\$ 3,750	12,500
Executive Vice President,	2000	\$ 246,045	\$ 110,720		\$ 162,576	12,500
Containerboard & Corrugated Products	1999	\$ 78,333	\$ 59,792		\$ 2,009	10,000
Joseph W. Reed	2001	\$ 263,677	\$ 120,000		\$ 1,980	-0-
Senior Vice President (4)	2000	\$ 247,054	\$ 111,175		\$ 1,980	10,000
	1999	\$ 235,802	\$ 83,063		\$ 2,415	5,000
William B. Sparks, Jr	2001	\$ 413,191	\$ 184,801		\$ 3,679	20,000
President and Chief	2000	\$ 379,132	\$ 187,671		\$ 4,134	17,000
Operating Officer	1999	\$ 361,834	\$ 127,470		\$ 6,300	16,000

- (1) Cash bonuses are paid pursuant to a discretionary bonus plan implemented by the Compensation Committee of the Board of Directors which links the payment of bonuses to the achievement of predetermined return on asset thresholds.
- (2) Mr. Chandler's deferred compensation is paid in accordance with his deferred compensation contract we entered into with him in June 1992. This contract will supplement Mr. Chandler's retirement benefits under the Greif Bros. Riverville Mill's defined benefit pension plan (the "Riverville Mill Plan"). The annual amounts payable to Mr. Chandler or his surviving spouse under this contract will be reduced by the amounts he receives under the Riverville Mill Plan. Mr. Chandler's estimated accrued benefits under this contract is currently \$339,290 per year for 10 years and \$234,103 per year for an additional five years.
- (3) For 2001, the dollar amount in the all other category relates to our company's match for the 401(k) plan and premiums paid for life insurance.
- (4) Mr. Reed retired as an employee of our company on September 15, 2002.

Mr. Gasser has an employment agreement principally providing for his employment as Chairman and Chief Executive Officer until 2010; his right to extend his employment on a year-to-year basis until age of 65; and the fixing of his minimum basic salary. The minimum basic salary is currently fixed at \$470,000 per year.

Mr. Sparks has an employment agreement principally providing for his employment as President and Chief Operating Officer until 2006; and the fixing of the minimum basic salary. The minimum basic salary is currently fixed at \$350,000 per year.

The following table sets forth certain information with respect to options to purchase Class A Common Stock granted during the fiscal year ended October 31, 2001 to each of the named executive officers:

Name	Individual Grants				Potential Net Realizable Value at Assumed Annual	
	Number of Options Granted (1)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise Price Per Share	Date Expires	Rates of Stock Price Appreciation For Option Term	
					5%(2)	10%(2)
Michael J. Gasser .....	35,000	8%	\$30.59	9/5/11	\$ 673,326	\$ 1,706,340
John S. Lilak .....	12,500	3%	\$30.59	9/5/11	\$ 240,474	\$ 609,407
William B. Sparks, Jr .....	20,000	4%	\$30.59	9/5/11	\$ 384,758	\$ 975,052

(1) The options are exercisable on September 5, 2003.

(2) The values shown are based on the indicated assumed rates of appreciation compounded annually. Actual gains realized, if any, are based on the performance of the Class A Common Stock. There is no assurance that the values shown will be achieved.

The following table sets forth certain information with the respect to the exercise of options to purchase Class A Common Stock during the fiscal year ended October 31, 2001, and the unexercised options held and the value thereof at that date, by each of the named executive officers:

	Shares Acquired		Value Realized Upon Exercise		Number of Unexercised Options Held at Year-End		Value of In-The-Money Options Held at Year-End	
	On Exercise	Exercise	Exercisable	Unexercisable	Exercisable	Unexercisable	Exercisable	Unexercisable
Michael J. Gasser .....	-0-	\$-0-	130,000	63,000	\$13,750	\$-0-		
Charles R. Chandler .....	-0-	\$-0-	81,000	16,000	\$ 8,800	\$-0-		
John S. Lilak .....	-0-	\$-0-	10,000	25,000	\$ 5,500	\$-0-		
Joseph W. Reed .....	-0-	\$-0-	26,000	10,000	\$ 2,750	\$-0-		
William B. Sparks, Jr .....	-0-	\$-0-	81,000	37,000	\$ 8,800	\$-0-		

The following table illustrates the amount of annual pension benefits for eligible employees upon retirement on the specified remuneration and years of service classifications under our defined benefit pension plan:

Remuneration	Annual Benefit for Years of Service			
	15	20	25	30
\$300,000 .....	\$28,000	\$37,333	\$46,667	\$56,000
\$600,000 .....	\$28,000	\$37,333	\$46,667	\$56,000
\$900,000 .....	\$28,000	\$37,333	\$46,667	\$56,000

The following table sets forth certain information with respect to the benefits under the defined benefit pension plans of our company and Greif Bros. Riverville Mill for each of the named executive officers:

Name of individual	Credited years of service	Remuneration used for calculation of annual benefit	Estimated annual benefit under retirement plan	Estimated annual benefit under supplemental retirement benefit agreement
Michael J. Gasser .....	22	\$778,830	\$41,067	\$158,833
Charles R. Chandler (1) .....	29	\$219,224	\$63,575	\$ -0-
John S. Lilak .....	2	\$256,411	\$ 3,733	\$ 2,250
Joseph W. Reed .....	4	\$353,590	\$ 7,467	\$ 40,000(2)
William B. Sparks, Jr .....	7	\$551,366	\$13,067	\$ 31,962

(1) Defined benefit pension plan of Greif Bros. Riverville Mill.

(2) Individual supplemental employee retirement benefits.

Our pension plan is a defined benefit pension plan with benefits based upon the average of the three consecutive highest-paying years of salary and bonus and upon years of credited service up to 30 years.

Supplementing the pension benefits of our pension plan, a supplemental retirement benefit agreement has been entered into with a select group of management and highly compensated employees to replace any benefits that the executive would otherwise receive if not for limitations imposed by the Internal Revenue Code of 1986.

The annual retirement benefits under the defined benefit pension plan of Greif Bros. Riverville Mill are calculated at 1% per year based upon the average of the five highest out of the last ten years of salary compensation.

None of the pension benefits described in this item is subject to offset because of the receipt of Social Security benefits or otherwise.

#### Director Compensation Matters

No directors fees are paid to directors who are full-time employees of our company or our subsidiary companies. Directors who are not our employees receive a retainer of \$30,000 per year, plus \$1,500 for each board meeting and \$1,250 for each committee meeting attended. Committee chairs also receive an additional fee of \$4,000 per year. Directors may defer all or a portion of their fees pursuant to a deferred compensation plan.

Under our Directors' Stock Option Plan, each outside director is granted an annual option to purchase 2,000 shares of our Class A Common Stock immediately following each annual meeting of stockholders. Options are granted at an exercise price equal to the market value of the Class A Common Stock on the date the options are granted. Options are immediately exercisable. In 2001, options to purchase a total of 10,000 shares of Class A Common Stock were granted to outside directors at an exercise price of \$27.375 per share. Options expire ten years after the date of grant.

#### Compensation Committee Interlocks and Insider Participation

John C. Kane, David J. Olderman, Michael H. Dempsey and Daniel J. Gunsett served as members of our Compensation Committee for the 2001 fiscal year. During fiscal 2001, as well as in the current year, we retained the law firm of Baker & Hostetler LLP to perform legal services on our behalf, including representing us on certain legal matters regarding the issuance of the notes. Mr. Gunsett is a partner of Baker & Hostetler LLP. See "Legal Matters."

None of our executive officers served during the 2001 fiscal year as a member of a compensation committee or as a director of any entity of which any of our directors served as an executive officer.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

During our 2001 fiscal year, as well as the current fiscal year, we retained the law firm of Baker & Hostetler LLP to perform legal services on our behalf, including representing us on certain legal matters regarding the issuance of the notes. Daniel J. Gunsett, a partner of that firm, is one of our directors and a member of the Audit, Compensation, Executive, Nominating, Stock Option, and Stock Repurchase Committees. See "Legal Matters."

In February 1999, our Board of Directors authorized a stock repurchase program which provides for both open-market and privately negotiated stock repurchases of our Class A and Class B Common Stock. In accordance with this program, during our 2001 fiscal year we repurchased 24,500 shares of Class B Common Stock at a total purchase price of \$672,000 from the John C. Dempsey Trust, and during the current fiscal year we have repurchased 50,000 shares of Class B Common Stock at a total purchase price of \$1,608,800 from this trust. Michael H. Dempsey, a director of our company, is the trustee and a beneficiary of this trust. The purchase prices for these repurchases were determined by a formula based upon the average of the high and low sale prices for the Class B Common Stock on the Nasdaq Market during the 30 calendar days immediately preceding the date of each respective sale.

Prior to the enactment of the Sarbanes-Oxley Act of 2002, from time to time we made loans to employees, including our executive officers. The following table summarizes the activity related to loans to our executive officers during the period from November 1, 2000 to August 31, 2002.

Name of Debtor	Principal Balance at November 1, 2000	New Principal Advances	Principal Paid	Balance at August 31, 2002
Charles R. Chandler (1)	\$306,972	\$ -0-	\$306,972	\$ -0-
Michael J. Gasser (2)	119,973	-0-	39,612	80,361
Donald S. Huml (3)	-0-	306,186	-0-	306,186
Sharon R. Maxwell (4)	92,073	-0-	5,491	86,582
William B. Sparks, Jr. (5)	345,759	-0-	41,413	304,346
	\$864,777	\$ 306,186	\$393,488	\$777,475
	=====	=====	=====	=====

- (1) The loan is secured by a first mortgage on a house and lot in Ohio and interest is payable at 5% per annum.
- (2) The loan is secured by 5,599 shares of our Class B Common Stock and a first mortgage on a house and lot in Ohio. Interest is payable at 3% per annum.
- (3) Under the then-existing benefits of our relocation program, Donald S. Huml received a short-term advance on June 27, 2002, in the amount of \$305,000 for his purchase of a house in connection with his joining our Company. This advance is payable upon the earlier of the closing of the sale of his previous home or 120 days from the date of the advance.
- (4) The loan is secured by a first mortgage on a house and lot in Ohio and interest is payable at 7 1/4% per annum.
- (5) The loan is secured by 6,248 shares of our Class B Common Stock and 1,000 shares of our Class A Common Stock. Interest is payable at 3% per annum. An additional loan is secured by a first mortgage on a house and lot in Ohio with interest payable at 5% per annum.

In accordance with the Sarbanes-Oxley Act of 2002, we will no longer extend or maintain credit, or arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any of our directors or executive officers, other than an extension of credit in existence on the date of the enactment of the Sarbanes-Oxley Act.

## DESCRIPTION OF SENIOR CREDIT FACILITY

### Amended and Restated Senior Credit Facility

#### General

On August 23, 2002, we entered into an amended and restated senior secured credit agreement with 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. Certain of our foreign subsidiaries are also borrowers under the amended and restated senior credit facility.

The amended and restated senior credit facility consists of a \$300 million term loan and a \$250 million revolving multicurrency credit facility. The term loan periodically reduces through its maturity date of August 23, 2009. In addition, we are required to make mandatory prepayments under certain conditions. The revolving credit facility matures on February 28, 2006. The interest component of this facility has three base rates, a Eurocurrency rate, an alternate base rate and an overnight rate, depending on the type of loan, plus a margin which depends on the type of loan. The Eurocurrency rate is determined by the currency in which the loan is denominated (i.e., U.S. \$, Euros, Australian Dollars, etc.). We are required to pay a commitment fee each quarter based upon the total unused commitment amount and upon our leverage ratio.

The amended and restated senior credit facility is guaranteed by our domestic subsidiaries. The repayment of this facility is secured by a first priority lien (subject to permitted encumbrances) on substantially all of our and each guarantor's personal property and certain of our and each guarantor's real property, all capital stock of the guarantors and, in part, the capital stock of the foreign subsidiary borrowers and any intercompany notes payable to them.

#### Covenants

The amended and restated senior credit facility requires us to meet certain financial tests, including, but not limited to, maximum leverage and minimum interest coverage ratios. In addition, the amended and restated senior credit facility contains certain covenants which, among other things, limit the incurrence of additional debt, guarantees, liens, investments, asset sales, dividends, restricted payments, acquisitions, mergers and consolidations, change of business, transactions with affiliates, prepayments, repurchases and redemptions of certain other indebtedness and other matters customarily restricted in such agreements.

#### Events of Default

The amended and restated senior credit facility contains events of default, including nonpayment of principal, interest and fees, violation of covenants, inaccuracy of representations or warranties in any material respect, cross default and cross acceleration to certain other indebtedness, bankruptcy, ERISA, environmental matters, material judgments and material liabilities and change of control.



## THE EXCHANGE OFFER

### Purpose and Effect of the Exchange Offer

On July 31, 2002, we sold \$250.0 million in aggregate principal amount at maturity of the outstanding original notes (the "original notes" or the "outstanding notes") in a private placement. The original notes were sold to the initial purchasers who in turn resold the notes to a limited number of "Qualified Institutional Buyers," as defined under the Securities Act. In connection with the sale of the outstanding notes, we and the initial purchasers entered into a registration rights agreement. Under the registration rights agreement, we have agreed to file a registration statement regarding the exchange of the outstanding notes for new exchange notes which are registered under the Securities Act. We have also agreed to use our best efforts to cause the registration statement to become effective with the SEC, and we have agreed to conduct this exchange offer after the registration statement is declared effective. We will use our best efforts to keep this registration statement continuously effective during the one-year period following the closing of the exchange offer. You are a holder with respect to the exchange offer if you are a person in whose name any outstanding notes are registered on our books or any person who has obtained a properly completed assignment of outstanding notes from the registered holder.

We are making the exchange offer to comply with our obligations under the registration rights agreement. A copy of the registration rights agreement has been filed as an exhibit to the registration statement of which this prospectus is a part.

In order to participate in the exchange offer, you must represent to us, among other things, that:

- . you are acquiring the exchange notes under the exchange offer in the ordinary course of your business;
- . you are not engaged in, and do not intend to engage in, a distribution of the exchange notes;
- . you do not have any arrangement or understanding with any person to participate in the distribution of the exchange notes;
- . you are not a broker-dealer tendering outstanding notes acquired directly from us for your own account;
- . you are not one of our "affiliates," as defined in Rule 405 of the Securities Act; and
- . you are not prohibited by law or any policy of the SEC from participating in the exchange offer.

### Resale of the Exchange Notes

Based on a previous interpretation by the Staff of the SEC set forth in no-action letters issued to third parties, including Exxon Capital Holdings Corporation (available May 13, 1988) and Morgan Stanley & Co. Incorporated (available June 5, 1991), we believe that the exchange notes issued in the exchange offer may be offered for resale, resold and otherwise transferred by you, except if you are an affiliate of us, without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that the representations set forth in "-Purpose and Effect of the Exchange Offer" apply to you.

If you tender in the exchange offer with the intention of participating in a distribution of the exchange notes, you cannot rely on the interpretation by the Staff of the SEC as set forth in the Morgan Stanley & Co. Incorporated no-action letter and other similar letters, and you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction. If our belief regarding resale is inaccurate, those who transfer exchange notes in violation of the prospectus delivery provisions of the Securities Act and without an exemption from registration under the federal securities laws may incur liability under these laws. We do not assume or indemnify you against this liability.

The exchange offer is not being made to, nor will we accept surrenders for exchange from, holders of outstanding notes in any jurisdiction in which the exchange offer or the acceptance thereof would not be in compliance with the securities or blue sky laws of the particular jurisdiction. Each broker-dealer that receives exchange notes for its own account in exchange for outstanding notes, where the outstanding notes were acquired by that broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. See "Plan of Distribution." In order to

facilitate the disposition of exchange notes by broker-dealers participating in the exchange offer, we have agreed, subject to specific conditions, to make this prospectus, as it may be amended or supplemented from time to time, available for delivery by those broker-dealers to satisfy their prospectus delivery obligations under the Securities Act. Any holder that is a broker-dealer participating in the exchange offer must notify the exchange agent at the telephone number set forth in the enclosed letter of transmittal and must comply with the procedures for broker-dealers participating in the exchange offer. We have not entered into any arrangement or understanding with any person to distribute the exchange notes to be received in the exchange offer.

#### Terms of the Exchange Offer

This prospectus and the accompanying letter of transmittal together constitute the exchange offer. Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept for exchange outstanding notes which are properly tendered on or before the expiration date and are not withdrawn as permitted below. The expiration date for this exchange offer is 5:00 p.m., New York City time, on \_\_\_\_\_, 2002, or such later date and time to which we, in our sole discretion, extend the exchange offer; provided, however, that the latest time and date to which we can extend the exchange offer is 5:00 p.m., New York City time, on \_\_\_\_\_, 2002.

As of the date of this prospectus, \$250.0 million in aggregate principal amount at maturity of the original notes are outstanding. This prospectus, together with the letter of transmittal, is being sent to all registered holders of the original notes on this date. There will be no fixed record date for determining registered holders of the original notes entitled to participate in the exchange offer; however, holders of the original notes must tender their certificates therefor or cause their original notes to be tendered by book-entry transfer before the expiration date of the exchange offer to participate.

The form and terms of the new notes being issued in the exchange offer are the same as the form and terms of the old securities, except that:

- . the exchange notes being issued in the exchange offer will have been registered under the Securities Act;
- . the exchange notes being issued in the exchange offer will not bear the restrictive legends restricting their transfer under the Securities Act; and
- . the exchange notes being issued in the exchange offer will not contain the registration rights and liquidated damages provisions contained in the old securities.

Outstanding capital securities being tendered in the exchange offer must be in denominations of the principal amount of \$1,000 and integral multiples of that amount.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement and applicable federal securities laws. Original notes that are not tendered for exchange under the exchange offer will remain outstanding and will be entitled to the rights under the related indenture. Any original notes not tendered for exchange will not retain any rights under the registration rights agreement and will remain subject to transfer restrictions. See " - Consequences of Failure to Exchange."

We will be deemed to have accepted validly tendered outstanding notes when, as and if we will have given oral or written notice of its acceptance to the exchange agent. The exchange agent will act as agent for the tendering holders for the purposes of receiving the exchange notes from us. If any tendered outstanding notes are not accepted for exchange because of an invalid tender, the occurrence of other events set forth in this prospectus, or otherwise, certificates for any unaccepted outstanding notes will be returned, or, in the case of outstanding notes tendered by book-entry transfer, those unaccepted outstanding notes will be credited to an account maintained with The Depository Trust Company, without expense to the tendering holder of those outstanding notes as promptly as practicable after the expiration date of the exchange offer. See " - Procedures for Tendering."

Those who tender outstanding notes in the exchange offer will not be required to pay brokerage commission or fees or, subject to the instruction in the letter of transmittal, transfer taxes with respect to the exchange under the exchange offer. We will pay all charges and expenses, other than applicable taxes described below, in connection with the exchange offer. See " - Fees and Expenses."

#### Expiration Date; Extensions, Amendments

The expiration date is 5:00 p.m., New York City time on \_\_\_\_\_, 2002, unless we, in our sole discretion, extend the expiration date of the exchange offer, in which case, the expiration date will be the latest date and time to which the exchange offer may be extended; provided, however, that the latest time and date to which we can extend the exchange offer is 5:00 p.m., New York City time, on \_\_\_\_\_, 2002. We may, in our sole discretion, terminate the exchange offer.

To extend the expiration date, we will notify the exchange agent of any extension by oral or written notice prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date, and we will notify the holders of outstanding notes, or cause them to be notified, by making a public announcement of the extension, as promptly as practicable thereafter. Such notification may state that we are extending this exchange offer for a specified period of time, but in no event later than \_\_\_\_\_, 2002.

We reserve the right (1) to refuse to accept any outstanding notes, to extend the expiration date of this exchange offer or to terminate this exchange offer and not accept any outstanding notes for exchange if any of the conditions set forth herein under "-Conditions to the Exchange Offer" shall not have been satisfied or waived by us prior to the expiration date, by giving oral or written notice of such delay, extension or termination to the exchange agent; or (2) to amend the terms of this exchange offer in any manner deemed by us to be advantageous to the holders of the outstanding notes. Any such refusal in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice thereof to the exchange agent. If this exchange offer is amended in a manner determined by us to constitute a material change, we will promptly disclose such amendment in a manner reasonably calculated to inform the holders of the outstanding notes of such amendment.

Without limiting the manner in which we may choose to make a public announcement of any delay, extension, amendment or termination of the exchange offer, we will have no obligation to publish, advertise or otherwise communicate that public announcement, other than by making a timely release to an appropriate news agency.

#### Conditions to the Exchange Offer

Without regard to other terms of the exchange offer, we are not required to accept for exchange, or to issue exchange notes in the exchange offer for, any outstanding notes and we may terminate or amend the exchange offer, if at any time before the acceptance of outstanding notes for exchange, if:

- . any federal law, statute, rule or regulation is proposed, adopted or enacted which, in our judgment, might reasonably be expected to impair our ability to proceed with the exchange offer;
- . any action or proceeding is instituted or threatened in any court or by or before any governmental agency with respect to the exchange offer that, in our judgment, might impair our ability to proceed with the exchange offer;
- . any stop order is threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture under the Trust Indenture Act of 1939;
- . any governmental approval or approval by holders of the outstanding notes has not been obtained if we, in our reasonable judgment, deem this approval necessary for the consummation of the exchange offer; or
- . there occurs a change in the current interpretation by the Staff of the SEC which permits the exchange notes to be issued in the exchange offer to be offered for resale, resold and otherwise transferred by the holders of the exchange notes, other than broker-dealers and any holder which is an "affiliate" of ours within the meaning of Rule 405 under the Securities Act, without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that the exchange notes acquired in the exchange offer are acquired in the ordinary course of that holder's business and that holder has no arrangement or understanding with any person to participate in the distribution of the exchange notes to be issued in the exchange offer.

The preceding conditions are for our sole benefit and we may assert them regardless of the circumstances giving rise to any such condition. The failure by us at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right, and each such right shall be deemed an ongoing right which may be asserted any time and from time to time by us. If we determine that any of these conditions is not satisfied, we may:

- . refuse to accept any outstanding notes and return all tendered outstanding notes to the tendering holders, or, in the case of outstanding notes tendered by book-entry transfer, credit those outstanding notes to an account maintained with The Depository Trust Company ("DTC");
- . extend the expiration date of the exchange offer and retain all outstanding notes tendered before the expiration date of the exchange offer, subject, however, to the rights of the holders who have tendered the outstanding notes to withdraw their outstanding notes; or
- . waive unsatisfied conditions with respect to the exchange offer and accept all properly tendered outstanding notes that have not been withdrawn. If the waiver constitutes a material change to the exchange offer, we will promptly disclose the waiver by means of a prospectus supplement that will be distributed to the registered holders of the outstanding notes, and we will extend the exchange offer for a period of up to ten business days, depending on the significance of the waiver and the manner of disclosure of the registered holders of the outstanding notes, if the exchange offer would otherwise expire during this period.

#### Procedures for Tendering

To effectively tender outstanding notes held in physical form, a holder of the outstanding notes must complete, sign and date the letter of transmittal, or a facsimile thereof, have the signatures thereon guaranteed if required by the letter of transmittal, and mail or otherwise deliver such letter of transmittal or a facsimile thereof, together with the certificates representing such outstanding notes and any other required documents, to the exchange agent prior to 5:00 p.m., New York City time, on the expiration date.

A holder may also, in lieu of the above, deposit outstanding notes held in physical form with DTC and make a book-entry transfer as set forth below.

To effectively tender outstanding notes by book-entry transfer to the account maintained by the exchange agent at DTC, holders of outstanding notes may request a DTC participant to, on their behalf, in lieu of physically completing and signing the letter of transmittal and delivering it to the exchange agent, electronically transmit their acceptance through DTC's Automated Tender Offer Program ("ATOP"), and DTC will then edit and verify the acceptance and send an agent's message (an "Agent's Message") to the exchange agent for its acceptance. An Agent's Message is a message transmitted by DTC to, and received by, the exchange agent and forming a part of the Book-Entry Confirmation (as defined below), which states that DTC has received an express acknowledgment from the DTC participant tendering outstanding notes on behalf of the holder of such outstanding notes that such DTC participant has received and agrees to bound by the terms and conditions of the exchange offer as set forth in this prospectus and the related letter of transmittal and that we may enforce such agreement against such participant. Certificates representing outstanding notes, or a timely confirmation of a book-entry transfer of the outstanding notes into the exchange agent's account at DTC (a "Book-Entry Confirmation"), pursuant to the book-entry transfer procedures described below, as well as either a properly completed and duly executed consent and letter of transmittal (or manually signed facsimile thereof), or an Agent's Message pursuant to DTC's ATOP system, and any other documents required by the letter of transmittal, must be mailed or delivered to the exchange agent on or prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer.

Holders of outstanding notes whose certificates for outstanding notes are not lost but are not immediately available or who cannot deliver their certificates and all other documents required by the letter of transmittal to the exchange agent on or prior to the expiration date, or who cannot complete the procedures for book-entry transfer on or prior to the expiration date, may tender their outstanding notes according to the guaranteed delivery procedures set forth in "--The Exchange Offer-Guaranteed Delivery Procedures" section of this prospectus.

The method of delivery of the letter of transmittal, any required signature guarantees, the outstanding notes and all other required documents, including delivery of outstanding notes through DTC, and transmission of an Agent's Message through DTC's ATOP system, is at the election and risk of the tendering holders, and the delivery will be deemed made only when actually received or confirmed by the exchange agent. If outstanding notes are sent by mail, it is suggested that the mailing be registered mail, properly insured, with return receipt requested, made sufficiently in advance of the expiration date, as desired, to permit delivery to the exchange agent prior to 5:00 p.m. on the expiration date. Holders tendering outstanding notes through DTC's ATOP system must allow sufficient time for completion of the ATOP procedures during the normal business hours of DTC on such respective date.

No outstanding notes, letters of transmittal, Agent's Messages or other required documents should be sent to us. Delivery of all outstanding notes, letters of transmittal, Agent's Messages and other documents must be made to the exchange agent. Holders may also request their respective brokers, dealers, commercial banks, trust companies or nominees to effect such tender for such holders.

The tender by a holder of outstanding notes will constitute an agreement between such holder and us in accordance with the terms and subject to the conditions set forth herein and in the letter of transmittal. Holders of outstanding notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee who wish to tender must contact such registered holder promptly and instruct such registered holder how to act on such non-registered holder's behalf.

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an "eligible guarantor institution" within the meaning of Rule 17Ad-15 under the Exchange Act (each an "Eligible Institution") unless the outstanding notes tendered pursuant thereto are tendered (1) by a registered holder of outstanding notes who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal or (2) for the account of an Eligible Institution.

If a letter of transmittal is signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such person should so indicate when signing, and, unless waived by us, evidence satisfactory to us of their authority to so act must be submitted with such letter of transmittal.

All questions as to the validity, form, eligibility, time of receipt and withdrawal of the tendered outstanding notes will be determined by us in our sole discretion, which determination will be final and binding. We reserve the absolute right to reject any and all outstanding notes not validly tendered or any outstanding notes which, if accepted, would, in the opinion of our counsel, be unlawful. We also reserve the absolute right to waive any irregularities or conditions of tender as to particular outstanding notes. Our interpretation of the terms and conditions of this exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of outstanding notes must be cured within such time as we shall determine. None of us, the exchange agent, or any other person shall be under any duty to give notification of defects or irregularities with respect to tenders of outstanding notes, nor shall any of them incur any liability for failure to give such notification. Tenderees of outstanding notes will not be deemed to have been made until such irregularities have been cured or waived. Any outstanding notes received by the exchange agent that are not validly tendered and as to which the defects or irregularities have not been cured or waived will be returned without cost to such holder by the exchange agent, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date of the exchange offer.

We reserve the right, in our sole discretion, to purchase or make offers for any outstanding notes after the expiration date of the exchange offer, from time to time, through open market or privately negotiated transactions, one or more additional exchange or tender offers, or otherwise, as permitted by law, the indenture and our other debt agreements. Following consummation of this exchange offer, the terms of any such purchases or offers could differ materially from the terms of this exchange offer.

By tendering, each holder will represent to us that, among other things, the person acquiring the exchange notes in the exchange offer is obtaining them in the ordinary course of its business, whether or not such person is the holder, and that neither the holder nor such other person has any arrangement or understanding with any person to participate in the distribution of the exchange notes issued in the exchange offer. If any holder or any such other person is an "affiliate," as defined under Rule 405 of the Securities Act, of us, or is engaged in or intends to engage in or has an arrangement or understanding with any person to participate in a distribution of exchange notes to be acquired in the exchange offer, that holder or any such other person:

- . may not rely on the applicable interpretations of the staff of the SEC; and
- . must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Each broker-dealer who acquired its outstanding notes as a result of market-making activities or other trading activities and thereafter receives exchange notes issued for its own account in the exchange offer, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes issued in the exchange offer. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. See "Plan of Distribution" for a discussion of the exchange and resale obligations of broker-dealers in connection with the exchange offer.

#### Acceptance of Outstanding Notes for Exchange; Delivery of Exchange Notes Issued in the Exchange Offer

Upon satisfaction or waiver of all of the conditions to the exchange offer, we will accept, promptly after the expiration date, all outstanding notes properly tendered and will issue exchange notes registered under the Securities Act. For purposes of the exchange offer, we will be deemed to have accepted properly tendered outstanding notes for exchange when, as and if we have given oral or written notice to the exchange agent, with written confirmation of any oral notice to be given promptly thereafter. See " - Conditions to the Exchange Offer" for a discussion of the conditions that must be satisfied before we accept any outstanding notes for exchange.

For each outstanding note accepted for exchange, the holder will receive an exchange note registered under the Securities Act having a principal amount equal to that of the surrendered outstanding note. Accordingly, registered holders of exchange notes issued in the exchange offer on the relevant record date for the first interest payment date following the completion of the exchange offer will receive interest accruing from the most recent date to which interest has been paid or, if no interest has been paid on the outstanding notes, from July 31, 2002. Outstanding notes that we accept for exchange will cease to accrue interest from and after the date of completion of the exchange offer. Under the registration rights agreement, we may be required to make additional payments in the form of liquidated damages to the holders of the outstanding notes under circumstances relating to the timing of the exchange offer.

In all cases, we will issue exchange notes in the exchange offer for outstanding notes that are accepted for exchange only after the exchange agent timely receives:

- . certificates for such outstanding notes or a timely book-entry confirmation of such outstanding notes into the exchange agent's account at DTC;
- . a properly completed and duly executed letter of transmittal or an agent's message; and
- . all other required documents.

If for any reason set forth in the terms and conditions of the exchange offer we do not accept any tendered outstanding notes, or if a holder submits outstanding notes for a greater principal amount than the holder desires to exchange, we will return such unaccepted or non-exchanged outstanding note without cost to the tendering holder. In the case of outstanding notes tendered by book-entry transfer into the exchange agent's account at DTC, such non-exchanged outstanding notes will be credited to an account maintained with DTC. We will return the outstanding notes or have them credited to the DTC account as promptly as practicable after the expiration or termination of the exchange offer.

## Book-Entry Transfer

The exchange agent will make a request to establish an account with respect to the outstanding notes at DTC for purposes of this exchange offer within two business days after the date of this prospectus. Any financial institution that is a participant in DTC's ATOP systems may use DTC's ATOP procedures to tender outstanding notes. Such participant may make book-entry delivery of outstanding notes by causing DTC to transfer such outstanding notes into the exchange agent's account at DTC in accordance with DTC's procedures for transfer. However, although delivery of outstanding notes may be effected through book-entry transfer at DTC, the letter of transmittal, or facsimile thereof, with any required signature guarantees, or an Agent's Message pursuant to the ATOP procedures and any other required documents must, in any case, be transmitted to and received by the exchange agent at the address set forth in this prospectus on or prior to the expiration date of the exchange offer, or the guaranteed delivery procedures described below must be complied with. Delivery of documents to DTC will not constitute valid delivery to the exchange agent.

## Guaranteed Delivery Procedures

Holders whose certificates for outstanding notes are not lost but are not immediately available or who cannot deliver their certificates and all other required documents to the exchange agent on or prior to the expiration date, or who cannot complete the procedures for book-entry transfer on or prior to the expiration date, may nevertheless effect a tender of their outstanding notes if:

- . the tender is made through an eligible institution;
- . prior to the expiration date of the exchange offer, the exchange agent receives by facsimile transmission, mail or hand delivery from such eligible institution a validly completed and duly executed letter of transmittal (or facsimile thereof) or an Agent's Message pursuant to DTC's ATOP system, and a notice of guaranteed delivery, substantially in the form provided with this prospectus, which
  - . sets forth the name and address of the holder of the outstanding notes and the amount of outstanding notes tendered;
  - . states that the tender is being made thereby; and
  - . guarantees that within three NYSE trading days after the date of execution of the notice of guaranteed delivery, the certificates for all physically tendered outstanding notes, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent; and
- . the certificates for all physically tendered outstanding notes, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, and all other documents required by the letter of transmittal are received by the exchange agent within three NYSE trading days after the date of execution of the notice of guaranteed delivery.

## Withdrawal of Tenders

Tenders of outstanding notes may be properly withdrawn at any time prior 5:00 p.m., New York City time, on the expiration date of the exchange offer.

For a withdrawal of a tender to be effective, a written notice of withdrawal delivered by hand, overnight by courier or by mail, or a manually signed facsimile transmission, or a properly transmitted "Request Message" through DTC's ATOP system, must be received by the exchange agent prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer. Any such notice of withdrawal must:

- . specify the name of the person that tendered the outstanding notes to be properly withdrawn;

- . identify the outstanding notes to be properly withdrawn, including the principal amount of such outstanding notes;
- . in the case of outstanding notes tendered by book-entry transfer, specify the number of the account at DTC from which the outstanding notes were tendered and specify the name and number of the account at DTC to be credited with the properly withdrawn outstanding notes and otherwise comply with the procedures of such facility;
- . contain a statement that such holder is withdrawing its election to have such outstanding notes exchanged for exchange notes;
- . other than a notice transmitted through DTC's ATOP system, be signed by the holder in the same manner as the original signature on the letter of transmittal by which such outstanding notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer to have the Trustee with respect to the outstanding notes register the transfer of such outstanding notes in the name of the person withdrawing the tender; and
- . specify the name in which such outstanding notes are registered, if different from the person who tendered such outstanding notes.

All questions as to the validity, form, eligibility and time of receipt of such notice will be determined by us, and our determination shall be final and binding on all parties. Any outstanding notes so properly withdrawn will be deemed not to have been validly tendered for exchange for purposes of this exchange offer and no exchange notes will be issued with respect thereto unless the outstanding notes so withdrawn are validly retendered thereafter. Any outstanding notes that have been tendered for exchange but are not exchanged for any reason will be returned to the tendering holder thereof without cost to such holder, or, in the case of outstanding notes tendered by book-entry transfer into the exchange agent's account at DTC pursuant to the book-entry transfer procedures described above, such outstanding notes will be credited to an account maintained with DTC for the outstanding notes as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn outstanding notes may be retendered by following the procedures described above at any time on or prior to the expiration date of the exchange offer.

#### Termination of Certain Rights

All rights given to holders of outstanding notes under the registration rights agreement will terminate upon the consummation of the exchange offer except with respect to our duty:

- . to use our best efforts to keep the registration statement continuously effective during the one-year period following the closing of the exchange offer; and
- . to provide copies of the latest version of this prospectus to any broker-dealer that requests copies of this prospectus for use in connection with any resale by that broker-dealer of exchange notes received for its own account pursuant to the exchange offer in exchange for outstanding notes acquired for its own account as a result of market-making or other trading activities, subject to the conditions described above under " - Resale of the Exchange Notes."

#### Exchange Agent

J.P. Morgan Trust Company, National Association, has been appointed as exchange agent for this exchange offer. Letters of transmittal, Agent's or Request Messages through DTC's ATOP system, notices of guaranteed delivery and all correspondence in connection with this exchange offer should be sent or delivered by each holder of outstanding notes or a beneficial owner's broker, dealer, commercial bank, trust company or other nominee to the exchange agent at the addresses set forth in the letter of transmittal. We will pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses in connection therewith.



## Fees and Expenses

The expenses of soliciting tenders pursuant to this exchange offer will be paid by us.

Except as described above, we will not make any payments to brokers, dealers or other persons soliciting acceptances of this exchange offer. We will, however, pay the reasonable and customary fees and out-of-pocket expenses of the exchange agent, the Trustee, and legal, accounting, and related fees and expenses. We may also pay brokerage houses and other custodians, nominees and fiduciaries their reasonable out-of-pocket expenses incurred in forwarding copies of this prospectus and related documents to the beneficial owners of the outstanding notes, and in handling or forwarding tenders for exchange.

We will also pay all transfer taxes, if any, applicable to the exchange of outstanding notes pursuant to this exchange offer. If, however, outstanding notes are to be issued for principal amounts not tendered or accepted for exchange in the name of any person other than the registered holder of the outstanding notes tendered or if tendered outstanding notes are registered in the name of any person other than the person signing the letter of transmittal, or if a transfer tax is imposed for any reason other than the exchange of outstanding notes pursuant to this exchange offer, then the amount of any such transfer taxes, whether imposed on the registered holder or any other persons, will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the consent and letter of transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

The estimated cash expenses to be incurred in connection with the exchange offer are estimated in the aggregate to be approximately \$75,000. These expenses include registration fees, fees and expenses of the exchange agent, accounting and legal fees, and printing costs, among others.

## Consequences of Failure of Exchange Outstanding Securities

Holders who desire to tender their outstanding notes in exchange for exchange notes registered under the Securities Act should allow sufficient time to ensure timely delivery. Neither the exchange agent nor us is under any duty to give notification of defects or irregularities with respect to the tenders of outstanding notes for exchange.

Outstanding notes that are not tendered or are tendered but not accepted will, following the completion of the exchange offer, continue to be subject to the provisions in the indenture regarding the transfer and exchange of the outstanding notes and the existing restrictions on transfer set forth in the legend on the outstanding notes and in the offering memorandum dated July 25, 2002, relating to the outstanding notes. Except in limited circumstances with respect to specific types of holders of outstanding notes, we will have no further obligation to provide for the registration under the Securities Act of such outstanding notes. In general, outstanding notes, unless registered under the Securities Act, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws.

We do not currently anticipate that we will take any action to register the outstanding notes under the Securities Act or under any state securities laws. Upon completion of the exchange offer, holders of the outstanding notes will not be entitled to any further registration rights under the registration rights agreement, except under limited circumstances.

Holders of the exchange notes issued in the exchange offer and any outstanding notes which remain outstanding after completion of the exchange offer will vote together as a single class for purposes of determining whether holders of the requisite percentage of the class have taken certain actions or exercised certain rights under the indenture.

## DESCRIPTION OF NOTES

You can find the definitions of certain terms used in this description under the subheading "Certain Definitions." In this description, the words "Company" and "we" refer only to Greif Bros. Corporation and not to any of its subsidiaries.

The original notes were, and the exchange notes will be, issued under an indenture dated as of July 31, 2002 (the "indenture"), among the Company, the Subsidiary Guarantors and J.P. Morgan Trust Company, National Association, as trustee (the "trustee"). We can issue up to \$300.0 million of additional notes at later dates under the same indenture. We can issue additional notes as part of the same series or as an additional series. Any additional notes that we issue in the future will be identical in all respects to the original notes and exchange notes, except that the notes issued in the future will have different issuance prices and issuance dates.

We urge you to read the indenture because it, and not this description, defines your rights as a holder of these notes. A copy of the indenture is available upon request to the Company at the address indicated under "Where You Can Find More Information."

### Principal, Maturity and Interest

We have issued \$250 million principal amount of original notes in the private offering. The notes will mature on August 1, 2012. We will issue notes only in fully registered form without coupons, in denominations of \$1,000 and integral multiples of \$1,000.

Interest on the notes will accrue at a rate of 8.875% per annum and will be payable semi-annually in arrears on February 1 and August 1, commencing on February 1, 2003. We will pay interest to those persons who were holders of record on the January 15 and July 15, respectively, immediately preceding each interest payment date.

Interest on the notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

The interest rate on the notes we are offering now will increase if:

- (1) we do not file on a timely basis:
  - (A) a registration statement to allow for an exchange offer or
  - (B) a resale shelf registration statement for those notes;
- (2) the registration statement referred to above is not declared effective on a timely basis; or
- (3) certain other conditions are not satisfied.

Any interest payable as a result of any such increase in the interest rate is referred to as "Special Interest." You should refer to the description under the heading "Exchange Offer; Registration Rights" for a more detailed description of the circumstances under which the interest rate will increase.

### Subordination

The notes will be:

- . senior subordinated, unsecured obligations of the Company;

- . guaranteed on a senior subordinated, unsecured basis by the Subsidiary Guarantors;
- . equal in ranking ("pari passu") in right of payment with each other and with all other existing and future Senior Subordinated Debt of the Company and the Subsidiary Guarantors; and
- . senior to all existing and future Subordinated Obligations of the Company and the Subsidiary Guarantors.

The payment of principal of, premium, if any, and interest on and all other amounts payable in respect of the notes, and payment under any Subsidiary Guaranty, will be subordinated in right of payment to the payment in cash when due of all Senior Debt of the Company or the relevant Subsidiary Guarantor, as the case may be. As a result of this subordination, holders of Senior Debt will be entitled, in any of the following situations, to receive full payment in cash on all obligations owed to them before any kind of payment can be made to holders of the notes:

- . liquidation or dissolution of the Company;
- . bankruptcy, reorganization, receivership or similar proceedings;
- . assignments for the benefit of the Company's creditors; or
- . any marshaling of the Company's assets and liabilities.

As of July 31, 2002, on a pro forma basis, after giving effect to the amended and restated senior credit facility, the notes would have been subordinated to \$403.5 million of Senior Debt and the Subsidiary Guaranties would have been subordinated to \$403.5 million of Senior Debt, excluding unused commitments made by lenders under the Senior Credit Facility.

A significant portion of our operations are conducted through our subsidiaries, including our foreign subsidiaries. Therefore, the Company's ability to service its debt, including the notes, is dependent in part upon the earnings of these subsidiaries, and their ability to distribute those earnings as dividends, loans or other payments to the Company. Certain laws restrict the ability of the Company's subsidiaries to pay it dividends or make loans and advances to it. If these restrictions are applied to subsidiaries that are not Subsidiary Guarantors, then the Company would not be able to use the earnings of those subsidiaries to make payments on the notes. Furthermore, under certain circumstances, bankruptcy "fraudulent conveyance" laws or other similar laws could invalidate the Subsidiary Guaranties. If this were to occur, the Company would also be unable to use the earnings of these Subsidiary Guarantors to the extent they face restrictions on distributing funds to the Company. Any of the situations described above could make it more difficult for the Company to service its debt.

In addition, the Company has only a stockholder's claim on the assets of its subsidiaries. This stockholder's claim is junior to the claims that creditors of the Company's subsidiaries have against those subsidiaries. Holders of the notes will be creditors only of the Company and of those subsidiaries that are Subsidiary Guarantors. In the case of subsidiaries that are not Subsidiary Guarantors, all the existing and future liabilities of such subsidiaries, including any claims of trade creditors and preferred stockholders, will be effectively senior to the notes. In addition, while the Company's foreign subsidiaries will not guarantee the notes or borrowings by the Company under the Senior Credit Facility, certain foreign subsidiaries will guarantee any amounts that are borrowed by other foreign subsidiaries under the Senior Credit Facility, and the claims of the lenders under the Senior Credit Facility under such guaranties will be effectively senior to the notes.

The total balance sheet liabilities of the Subsidiary Guarantors and the Company's other subsidiaries, after giving effect to the amended and restated senior credit facility, as of July 31, 2002, excluding unused commitments made by lenders, would have been as follows:

- . \$107.6 million--approximate total balance sheet liabilities of the Subsidiary Guarantors
- . \$228.0 million--approximate total balance sheet liabilities of our other subsidiaries (none of which will guarantee the notes)

The indenture contains limitations on the amount of additional Debt that the Company and the Restricted Subsidiaries may Incur. However, the amounts of such Debt could nevertheless be substantial and may be Incurred either by Subsidiary Guarantors or by the Company's other subsidiaries. In addition, as an unrestricted subsidiary,

Soterra, one of the Subsidiary Guarantors, is not subject to the restrictive covenants in the indenture. See "Risk Factors--Risk Factors Related to Investment in the Notes--The subsidiary that conducts our timber operations in the United States is an unrestricted subsidiary."

The notes are unsecured obligations of the Company and the Subsidiary Guarantors. Secured Debt of the Company and the Subsidiary Guarantors will be effectively senior to the notes to the extent of the value of the assets securing such Debt. As of July 31, 2002, on a proforma basis, after giving effect to the amended and restated senior credit facility, the outstanding secured Debt of the Company and the Subsidiary Guarantors (excluding Senior Debt) would have been \$403.5 million.

The Company may not pay principal of, or premium, if any, interest or Special Interest, if any, on, or any other amounts payable in respect of, the notes, or make any deposit pursuant to the provisions described under "--Defeasance", and may not repurchase, redeem or otherwise retire any notes (collectively, "pay the notes"), if:

(a) any principal, premium, interest or any other obligation in respect of any Senior Debt is not paid within any applicable grace period (including at maturity), or

(b) any other default on Senior Debt occurs and the maturity of such Senior Debt is accelerated in accordance with its terms,

unless, in either case,

(1) the default has been cured or waived and any such acceleration has been rescinded, or

(2) such Senior Debt has been paid in full in cash;

provided, however, that the Company may pay the notes without regard to the foregoing if the Company and the trustee receive written notice approving such payment from the Representative of such issue of Senior Debt.

During the continuance of any default (other than a default described in clause (a) or (b) above) with respect to any Designated Senior Debt pursuant to which the maturity thereof may be accelerated immediately without further notice (except any notice required to effect the acceleration) or the expiration of any applicable grace period, the Company may not pay the notes for a period (a "Payment Blockage Period") commencing upon the receipt by the Company and the trustee of written notice of such default from the Representative of the holders of such Designated Senior Debt specifying an election to effect a Payment Blockage Period (a "Payment Blockage Notice") and ending 179 days thereafter (unless such Payment Blockage Period is earlier terminated

(a) by written notice to the trustee and the Company from the Representative that gave such Payment Blockage Notice,

(b) because such default is no longer continuing, or

(c) because such Designated Senior Debt has been repaid in full in cash).

Unless the holders of such Designated Senior Debt or the Representative of such holders have accelerated the maturity of such Designated Senior Debt and not rescinded such acceleration, the Company may (unless otherwise prohibited as described in the first sentence of this paragraph) resume payments on the notes after the end of such Payment Blockage Period.

Not more than one Payment Blockage Notice with respect to all issues of Designated Senior Debt may be given in any consecutive 360-day period, irrespective of the number of defaults with respect to one or more issues of Designated Senior Debt during such period.

Upon any payment or distribution of the assets of the Company upon a total or partial liquidation, dissolution or winding up of the Company or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its Property:

(a) the holders of Senior Debt will be entitled to receive payment in full in cash before the holders of the notes are entitled to receive any payment of principal of or interest on, or any other amount payable in respect of, the notes, except that holders of notes may receive and retain Permitted Junior Securities; and

(b) until the Senior Debt is paid in full in cash, any distribution to which holders of the notes would be entitled but for the subordination provisions of the indenture will be made to holders of the Senior Debt. If a payment or distribution is made to holders of notes that, due to the subordination provisions, should not have been made to them, the trustee or such holders are required to hold it in trust for the holders of Senior Debt and pay it over to them as their interests may appear.

If payment of the notes is accelerated when any Designated Senior Debt is outstanding, the Company may not pay the notes until three business days after the Representatives of all issues of Designated Senior Debt receive notice of such acceleration and, thereafter, may pay the notes only if the indenture otherwise permits payment at that time.

The Subsidiary Guaranty of each Subsidiary Guarantor will be subordinated to Senior Debt of such Subsidiary Guarantor to the same extent and in the same manner as the notes are subordinated to Senior Debt of the Company.

Because of the indenture's subordination provisions, holders of Senior Debt and other creditors (including trade creditors) of the Company or the Subsidiary Guarantors may recover disproportionately more than the holders of the notes recover in a bankruptcy or similar proceeding relating to the Company or a Subsidiary Guarantor. This could apply even if the notes or the applicable Subsidiary Guaranty ranked evenly ("pari passu") with the other creditors' claims. In such a case, there may be insufficient assets, or no assets, remaining to pay the principal of or interest on the notes.

Payment from the money or the proceeds of U.S. Government Obligations held in any defeasance trust pursuant to the provisions described under "--Defeasance" will not be subject to the subordination provisions described above.

See "Risk Factors--Risk Factors Related to Investment in the Notes--The notes and guarantees will rank behind all of our guarantors' existing and future senior indebtedness. There may not be sufficient assets to make full payment on the notes after all senior indebtedness is paid," "--Not all of our subsidiaries will guarantee the notes, and assets of our non-guarantor subsidiaries may not be available to make payments on the notes," "--A court may void the guarantees of the notes or subordinate the guarantees to other obligations of our subsidiary guarantors" and "Description of Senior Credit Facility."

#### Subsidiary Guaranties

The obligations of the Company under the indenture, including the repurchase obligation resulting from a Change of Control, will be fully and unconditionally guaranteed, jointly and severally, on a senior subordinated, unsecured basis, by all existing and any future Domestic Restricted Subsidiaries of the Company, excluding any Special Purpose Vehicle, and by Soterra, the subsidiary that owns the Company's United States timber operations, which will be an Unrestricted Subsidiary.

While the Subsidiary Guarantors currently generate a significant portion of the Company's revenue, the Company's non-guarantor Subsidiaries (principally its foreign subsidiaries) also represent a significant portion of the Company's assets and make significant contributions to the Company's consolidated results. As of and for the 12-month period ended July 31, 2002, on a pro forma basis after giving effect to the amended and restated senior credit facility, the subsidiaries of the Company that were not Subsidiary Guarantors represented approximately 38% of the assets and generated approximately 47% of the net sales of the Company, respectively, on a consolidated basis. See Note 16 of Notes to Consolidated Financial Statements and Note 14 of Notes to Consolidated Interim Financial Statements included in this prospectus. In addition, Soterra LLC is an Unrestricted Subsidiary under the indenture and therefore will not be subject to the covenants contained therein. See "Risk Factors--Risk Factors Related to Investment in the Notes--The subsidiary that conducts our timber operations in the United States is an unrestricted subsidiary."

If (a) the Company sells or otherwise disposes of either:

- (1) its entire ownership interest in a Subsidiary Guarantor, or
- (2) all or substantially all the Property of a Subsidiary Guarantor, or

(b) a Subsidiary Guarantor sells or otherwise disposes of either:

- (1) its entire ownership interest in another Subsidiary Guarantor, or
- (2) all or substantially all the Property of another Subsidiary Guarantor,

in any such case in accordance with the provisions of the indenture, then in any such case, such Subsidiary Guarantor will be released from all its obligations under its Subsidiary Guaranty. In addition, if the Company redesignates a Subsidiary Guarantor as an Unrestricted Subsidiary or exercises either its legal defeasance option or its covenant defeasance option, which the Company can do under certain circumstances, the redesignated Subsidiary Guarantor will be released from all its obligations under its Subsidiary Guaranty. See "--Certain Covenants--Designation of Restricted and Unrestricted Subsidiaries", "--Limitation on Issuance or Sale of Capital Stock of Restricted Subsidiaries", "--Merger, Consolidation and Sale of Property" and "--Defeasance."

If any Subsidiary Guarantor makes payments under its Subsidiary Guaranty, each of the Company and the other Subsidiary Guarantors must contribute their share of such payments. The Company's and the other Subsidiary Guarantors' shares of such payment will be computed based on the proportion that the net worth of the Company or the relevant Subsidiary Guarantor represents relative to the aggregate net worth of the Company and all the Subsidiary Guarantors combined.

#### Optional Redemption

Except as set forth in the following paragraph, the notes will not be redeemable at the option of the Company prior to August 1, 2007. Starting on that date, the Company may redeem all or any portion of the notes, at once or over time, after giving the required notice under the indenture. The notes may be redeemed at the redemption prices set forth below, plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). The following prices are for notes redeemed during the 12-month period commencing on August 1 of the years set forth below, and are expressed as percentages of principal amount:

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

In addition, at any time prior to August 1, 2007, the Company may choose to redeem all or any portion of the notes, after giving the required notice under the indenture, at a redemption price equal to the greater of:

(a) 100% of the principal amount of the notes to be redeemed, and

(b) the sum of the present values of (1) the redemption price of the notes to be redeemed at August 1, 2007 (as set forth in the prior paragraph), and (2) the remaining scheduled payments of interest from the redemption date to August 1, 2007, but excluding accrued and unpaid interest to the redemption date, discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points,

plus, in either case, accrued and unpaid interest, including Special Interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Any notice to holders of notes of such a redemption needs to include the appropriate calculation of the redemption price, but does not need to include the redemption price itself. The actual redemption price, calculated as described above, must be set forth in an Officers' Certificate delivered to the trustee no later than two business days prior to the redemption date (unless clause (b) of the definition of "Comparable Treasury Price" is applicable, in which case such Officer's Certificate will be delivered on the redemption date).

At any time and from time to time, prior to August 1, 2005, the Company may redeem up to a maximum of 35% of the original aggregate principal amount of the notes (including any additional notes) that have been issued on or after the Issue Date with the proceeds of one or more Public Equity Offerings, at a redemption price equal to 108.875% of the principal amount thereof, plus accrued and unpaid interest, including Special Interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided, however, that after giving effect to any such redemption, at least 65% of the original aggregate principal amount of the notes (including any additional notes) that have been issued on or after the Issue Date remains outstanding. Any such redemption shall be made within 90 days of such Public Equity Offering upon not less than 30 nor more than 60 days' prior notice.

Any notice required to be given in connection with an optional redemption shall be given in accordance with the provisions set forth under "--Notices".

#### Sinking Fund

There will be no mandatory sinking fund payments for the notes.

#### Repurchase at the Option of Holders Upon a Change of Control

Upon the occurrence of a Change of Control, each holder of notes shall have the right to require the Company to repurchase all or any part of such holder's notes pursuant to the offer described below (the "Change of Control Offer") at a purchase price (the "Change of Control Purchase Price") equal to 101% of the principal amount thereof, plus accrued and unpaid interest, including Special Interest, if any, to the purchase date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following any Change of Control, the Company shall:

(a) cause a notice of the Change of Control Offer to be sent at least once to the Dow Jones News Service or similar business news service in the United States, and

(b) send, by first-class mail, with a copy to the trustee, to each holder of notes, at such holder's address appearing in the security register for the notes, a notice stating:

(1) that a Change of Control has occurred and a Change of Control Offer is being made pursuant to the covenant entitled "Repurchase at the Option of Holders Upon a Change of Control" and that all notes timely tendered will be accepted for payment;

(2) the Change of Control Purchase Price and the purchase date, which shall be, subject to any contrary requirements of applicable law, a business day no earlier than 30 days nor later than 60 days from the date such notice is mailed;

(3) the circumstances and relevant facts regarding the Change of Control (including information with respect to pro forma historical income, cash flow and capitalization after giving effect to the Change of Control); and

(4) the procedures that holders of notes must follow in order to tender their notes (or portions thereof) for payment, and the procedures that holders of notes must follow in order to withdraw an election to tender notes (or portions thereof) for payment.

The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the covenant described hereunder by virtue of such compliance.

We will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements of the indenture and purchases all notes validly tendered and not withdrawn or if the Company has exercised its option to redeem all the notes pursuant to the provisions described under "--Optional Redemption."

The Change of Control repurchase feature is a result of negotiations between the Company and the initial purchasers. Management has no present intention to engage in a transaction involving a Change of Control, although it is possible that the Company would decide to do so in the future. Subject to certain covenants described below, the Company could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the indenture, but that could increase the amount of debt outstanding at such time or otherwise affect the Company's capital structure or credit ratings.

The definition of Change of Control includes a phrase relating to the sale, transfer, assignment, lease, conveyance or other disposition of "all or substantially all" the Company's assets. Although there is a developing body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, if the Company disposes of less than all its assets by any of the means described above, the ability of a holder of notes to require the Company to repurchase its notes may be uncertain. In such a case, holders of the notes may not be able to resolve this uncertainty without resorting to legal action.

The Senior Credit Facility will prohibit the Company from purchasing any notes at any time before the notes become due and payable or are otherwise required to be repaid or repurchased under the terms of the indenture. The Senior Credit Facility will also provide that the occurrence of a Change of Control would constitute a default under the Senior Credit Facility. Thus, the Company will, in effect, be unable to repurchase the notes upon a Change of Control unless the lenders under the Senior Credit Facility waive the resulting default thereunder. Other future debt of the Company may contain prohibitions of certain events which would constitute a Change of Control or require such debt to be repurchased upon a Change of Control. To the extent other debt of the Company is both subject to similar repurchase obligations in the event of a Change of Control and ranks senior in right of payment to the notes, all available funds will first be expended for the repurchase of such debt. Moreover, the exercise by holders of notes of their right to require the Company to repurchase such notes could cause a default under existing or future debt of the Company, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Company. Finally, the Company's ability to pay cash to holders of notes upon a repurchase may be limited by the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. The Company's failure to purchase notes in connection with a Change of Control would result in a default under the indenture. Such a default would, in turn, constitute a default under existing debt of the Company, and may constitute a default under future debt as well. If such debt constitutes Designated Senior Debt, the subordination provisions in the indenture would likely restrict payment to holders of notes. The Company's obligation to make an offer to repurchase the notes as a result of a Change of Control may be waived or modified at any time prior to the occurrence of such Change of Control with the written consent of the holders of a majority in principal amount of the notes. See "--Amendments and Waivers."

Any notice required to be given in connection with an optional redemption shall be given in accordance with the provisions set forth under "--Notices".



Certain Covenants

Limitation on Debt. The Company shall not, and shall not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Debt unless, after giving effect to the application of the proceeds thereof, no Default or Event of Default would occur as a consequence of such Incurrence or be continuing following such Incurrence and either:

(1) after giving effect to the Incurrence of such Debt and the application of the proceeds thereof, the Consolidated Interest Coverage Ratio would be greater than 2.00 to 1.00 (in which case such Debt may be incurred by the Company or any Restricted Subsidiary that is a Subsidiary Guarantor, but not by a Restricted Subsidiary that is not a Subsidiary Guarantor), or

(2) such Debt is Permitted Debt.

No Debt Incurred pursuant to the test in clause (1) of the preceding paragraph shall reduce the amount of Debt that may be incurred pursuant to any clause of the definition of Permitted Debt (including, without limitation, Debt under the Senior Credit Facility pursuant to clause (b) of the definition of Permitted Debt below).

The term "Permitted Debt" is defined to include the following:

(a) (i) Debt of the Company evidenced by the notes we are issuing in this offering and the Exchange Notes issued in exchange for those notes in exchange for any additional notes and (ii) Debt of Subsidiary Guarantors evidenced by Subsidiary Guaranties relating to the notes;

(b) Debt of the Company or a Restricted Subsidiary under the Credit Facilities or a Qualified Securitization Transaction, provided that the aggregate principal amount of all such Debt under the Credit Facilities or a Qualified Securitization Transaction at any one time outstanding shall not exceed the greater of (i) \$550.0 million, which amount shall be permanently reduced by the amount of Net Available Cash used to Repay Debt under the Credit Facilities and not subsequently reinvested in Additional Assets or used to purchase notes or Repay other Debt, pursuant to the covenant described under "--Limitation on Asset Sales" or (ii) the sum of (A) 80% of the book value of the accounts receivable of the Company and its Restricted Subsidiaries, plus (B) 50% of the book value of the inventory of the Company and its Restricted Subsidiaries, in each case determined on a consolidated basis;

(c) Debt of the Company or a Restricted Subsidiary in respect of Capital Lease Obligations and Purchase Money Debt, provided that:

(1) the aggregate principal amount of such Debt does not exceed the Fair Market Value (on the date of the Incurrence thereof) of the Property acquired, constructed or leased, and

(2) the aggregate principal amount of all Debt Incurred and then outstanding pursuant to this clause (c) (together with all Permitted Refinancing Debt Incurred and then outstanding in respect of Debt previously Incurred pursuant to this clause (c)) does not exceed 5% of the Company's Consolidated Net Tangible Assets;

(d) Debt of the Company owing to and held by any Restricted Subsidiary and Debt of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary; provided, however, that any subsequent issue or transfer of Capital Stock or other event that results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of any such Debt (except to the Company or a Restricted Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Debt by the issuer thereof;

(e) Debt of a Restricted Subsidiary outstanding on the date on which such Restricted Subsidiary was acquired by the Company or otherwise became a Restricted Subsidiary (other than Debt Incurred as consideration in, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of transactions pursuant to which such Restricted Subsidiary became a Subsidiary of the

Company or was otherwise acquired by the Company), provided that at the time such Restricted Subsidiary was acquired by the Company or otherwise became a Restricted Subsidiary and after giving effect to the Incurrence of such Debt, the Company would have been able to Incur \$1.00 of additional Debt pursuant to clause (1) of the first paragraph of this covenant;

(f) Debt under Interest Rate Agreements entered into by the Company or a Restricted Subsidiary for the purpose of limiting, or otherwise managing, interest rate risk and not for speculative purposes, provided that the obligations under such agreements are directly related to payment obligations on Debt otherwise permitted by the terms of this covenant;

(g) Debt under Currency Exchange Protection Agreements entered into by the Company or a Restricted Subsidiary for the purpose of limiting currency exchange rate risks directly related to transactions entered into by the Company or such Restricted Subsidiary and not for speculative purposes;

(h) Debt under Commodity Price Protection Agreements entered into by the Company or a Restricted Subsidiary for the purpose of limiting risk in connection with certain commodity transactions of the Company or such Restricted Subsidiary and not for speculative purposes;

(i) Debt in connection with one or more standby letters of credit or performance or surety bonds or completion guaranties issued by the Company or a Restricted Subsidiary in the ordinary course of business or pursuant to self-insurance obligations, workmen's compensation and similar arrangements and not in connection with the borrowing of money or the obtaining of advances or credit;

(j) Debt of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding at any one time not to exceed \$40.0 million, provided that of that amount not more than \$25.0 million may be Incurred by Restricted Subsidiaries that are not Subsidiary Guarantors;

(k) Debt arising from agreements of the Company or a Restricted Subsidiary of the Company providing for indemnification, adjustment of purchase price, earn-out or other similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets or a Subsidiary of the Company;

(l) Guarantees by the Company or any of its Restricted Subsidiaries of Debt of the Company or any Restricted Subsidiary otherwise permitted to be Incurred under the provisions of this covenant;

(m) Debt consisting of take-or-pay obligations contained in supply agreements entered into by the Company or its Restricted Subsidiaries in the ordinary course of business;

(n) Preferred Stock of Restricted Subsidiaries issued to the Company or any of its Restricted Subsidiaries;

(o) Debt outstanding on the Issue Date not otherwise described in clauses (a) through (o) above; and

(p) Permitted Refinancing Debt Incurred in of Debt Incurred pursuant to clause (1) of the first paragraph of this covenant and clauses (a), (c), (e), (j) and (o) above.

For purposes of determining compliance with this covenant, in the event that an item of Debt meets the criteria of more than one of the categories of Permitted Debt described in clauses (a) through (q) above or is entitled to be incurred pursuant to clause (1) of the first paragraph of this covenant, the Company shall, in its sole discretion, classify such item of Debt on the date of its Incurrence, or later reclassify all or a portion of such item of Debt, in any manner that complies with this covenant and such item of Debt will be treated as having been incurred pursuant to one or more of such clauses or pursuant to clause (1) of the first paragraph of this covenant.

For purposes of determining compliance with any U.S. dollar-denominated restriction or amount, the U.S. dollar-equivalent principal amount thereof denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date the Debt or other transaction was incurred or entered into, or

first committed, in the case of revolving credit Debt; provided that if any Permitted Refinancing Debt is incurred to refinance Debt denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Permitted Refinancing Debt does not exceed the principal amount of such Debt being refinanced. Notwithstanding any other provision in the indenture, no restriction or amount shall be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies.

Limitation on Restricted Payments. The Company shall not make, and shall not permit any Restricted Subsidiary to make, directly or indirectly, any Restricted Payment if at the time of, and after giving effect to, such proposed Restricted Payment,

(a) a Default or Event of Default shall have occurred and be continuing,

(b) the Company could not Incur at least \$1.00 of additional Debt pursuant to clause (1) of the first paragraph of the covenant described under "--Limitation on Debt" or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments declared or made since the Issue Date (the amount of any Restricted Payment, if made other than in cash, to be based upon Fair Market Value) would exceed an amount equal to the sum of:

(1) 50% of the aggregate amount of Consolidated Net Income accrued during the period (treated as one accounting period) from the beginning of the fiscal quarter ending July 31, 2002 to the end of the most recent fiscal quarter ending at least 45 days prior to the date of such Restricted Payment (or if the aggregate amount of Consolidated Net Income for such period shall be a deficit, minus 100% of such deficit), plus

(2) 100% of the Capital Stock Sale Proceeds, plus

(3) the sum of:

(A) the aggregate net cash proceeds received by the Company or any Restricted Subsidiary from the issuance or sale after the Issue Date of convertible or exchangeable Debt that has been converted into or exchanged for Capital Stock (other than Disqualified Stock) of the Company, and

(B) the aggregate amount by which Debt (other than Subordinated Obligations) of the Company or any Restricted Subsidiary is reduced on the Company's consolidated balance sheet on or after the Issue Date upon the conversion or exchange of any Debt issued or sold on or prior to the Issue Date that is convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Company,

excluding, in the case of clause (A) or (B):

(x) any such Debt issued or sold to the Company or a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees, and

(y) the aggregate amount of any cash or other Property distributed by the Company or any Restricted Subsidiary upon any such conversion or exchange,

plus

(4) an amount equal to the sum of:

(A) the net reduction in Investments in any Person other than the Company or a Restricted Subsidiary resulting from dividends, repayments of loans or advances or other transfers of Property, in each case to the Company or any Restricted Subsidiary from such Person,

(B) the portion (proportionate to the Company's equity interest in such Unrestricted Subsidiary) of the Fair Market Value of the net assets of an Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary; provided, however, that the foregoing sum shall not exceed, in the case of any Person, the amount of Investments previously made (and treated as a Restricted Payment) by the Company or any Restricted Subsidiary in such Person,

(C) without duplication of any amounts included in clause (2) above, 100% of the Fair Market Value of the net proceeds of any contribution to the common equity capital of the Company received by the Company from a holder of the Company's Capital Stock (excluding any Capital Stock Sale Proceeds to the extent used to redeem the notes) subsequent to the Issue Date,

(D) to the extent that any Investment (other than a Permitted Investment) that was made after the Issue Date is sold for cash or otherwise liquidated or repaid for cash, the lesser of (i) the cash return of capital with respect to such Investment (less the cost of disposition, if any) and (ii) the initial amount of such Investment, and

(E) \$10.0 million.

Notwithstanding the foregoing limitation, the Company may:

(a) make Restricted Payments as described in clauses (a) and (b) of the definition of Restricted Payment in an aggregate amount of up to \$25.0 million in any fiscal year; provided, however, that at the time of such Restricted Payment, no Event of Default under clauses (1), (2) or (7) under "Events of Default" shall have occurred and be continuing, and provided further, however, that such Restricted Payments paid pursuant to this clause (a) shall be included in the calculation of the amount of Restricted Payments pursuant to clause (c) above;

(b) pay dividends on its Class A Common Stock of up to the lesser of (1) \$0.01 per share of Class A Common Stock for each of four consecutive fiscal quarters and (2) \$250,000 for each consecutive fiscal quarter provided, however, that such dividends paid pursuant to this clause (b) shall be included in the calculation of the amount of Restricted Payments pursuant to clause (c) above;

(c) pay dividends on its Capital Stock within 60 days of the declaration thereof if, on said declaration date, such dividends could have been paid in compliance with the indenture; provided, however, that such dividends paid pursuant to this clause (c) shall be included in the calculation of the amount of Restricted Payments pursuant to clause (c) above;

(d) purchase, repurchase, redeem, legally defease, acquire or retire for value Capital Stock of the Company or Subordinated Obligations in exchange for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees); provided, however, that

(1) such purchase, repurchase, redemption, legal defeasance, acquisition or retirement shall be excluded in the calculation of the amount of Restricted Payments and

(2) the Capital Stock Sale Proceeds from such exchange or sale shall be excluded from the calculation pursuant to clause (c)(2) above; and

(e) purchase, repurchase, redeem, legally defease, acquire or retire for value any Subordinated Obligations in exchange for, or out of the proceeds of the substantially concurrent sale of, Permitted Refinancing Debt; provided, however, that such purchase, repurchase, redemption, legal defeasance, acquisition or retirement shall be excluded in the calculation of the amount of Restricted Payments;

(f) repurchase shares of, or options to purchase shares of, common stock of the Company or any of its Subsidiaries from current or former officers, directors or employees of the Company or any of its Subsidiaries (or permitted transferees of such current or former officers, directors or employees), pursuant to the terms of agreements (including employment agreements, management agreements and employee stock options or restricted stock agreements) or plans (or amendments thereto) approved by the Board of Directors under which such individuals purchase or sell, or are granted the option to purchase or sell, shares of such common stock; provided, however, that:

(1) the aggregate amount of such repurchases shall not exceed \$2.5 million in any calendar year and

(2) at the time of such repurchase, no Default or Event of Default shall have occurred and be continuing (or result therefrom);

provided further, however, that such repurchases shall be included in the calculation of the amount of Restricted Payments pursuant to clause (c);

(g) acquire its Capital Stock in connection with the exercise of stock options and stock appreciation rights by way of cashless exercise; and

(h) distribute the Capital Stock of any Unrestricted Subsidiary to the Company's shareholders as dividends or other distributions.

Limitation on Liens. The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, Incur or suffer to exist, any Lien (other than Permitted Liens or Liens securing Senior Debt) upon any of its Property (including Capital Stock of a Restricted Subsidiary), whether owned at the Issue Date or thereafter acquired, or any interest therein or any income or profits therefrom, unless:

(a) if such Lien secures Senior Subordinated Debt, the notes or the applicable Subsidiary Guaranty are secured on an equal and ratable basis with such Debt and

(b) if such Lien secures Subordinated Obligations, such Lien shall be subordinated to a Lien securing the notes or the applicable Subsidiary Guaranty in the same Property as that securing such Lien to the same extent as such Subordinated Obligations are subordinated to the notes and the Subsidiary Guaranties.

Limitation on Issuance or Sale of Capital Stock of Restricted Subsidiaries. The Company shall not:

(a) sell, or otherwise dispose of any shares of Capital Stock of a Restricted Subsidiary, or

(b) permit any Restricted Subsidiary to, directly or indirectly, issue or sell or otherwise dispose of any shares of its Capital Stock,

other than, in the case of either (a) or (b):

(1) directors' qualifying shares, and shares issued to non-U.S. persons required by applicable law,

(2) pledges of Capital Stock of Subsidiaries of the Company that constitute Permitted Liens or Liens securing Senior Debt,

(3) to the Company or a Wholly Owned Restricted Subsidiary, or

(4) a disposition of 100% of the shares of Capital Stock of such Restricted Subsidiary; provided, however, that, in the case of this clause (4),

(A) such disposition is effected in compliance with the covenant described under "--Limitation on Asset Sales", and

(B) upon consummation of such disposition and execution and delivery of a supplemental indenture in form satisfactory to the trustee, such Restricted Subsidiary shall be released from any Subsidiary Guaranty previously made by such Restricted Subsidiary, or

(5) issuances of Capital Stock of a Restricted Subsidiary if, immediately after giving effect thereto, (i) neither the Company nor any Restricted Subsidiary owns any Capital Stock of such Restricted Subsidiary or (ii) such Restricted Subsidiary would no longer be a Restricted Subsidiary and any Investment in such Person remaining after giving effect thereto would have been permitted and shall be deemed to have been made under the covenant captioned "Limitation on Restricted Payments" if made on the date of such issuance provided, however, that, in the case of this clause (5),

(A) if applicable, such disposition is effected in compliance with the covenant described under "--Limitation on Asset Sales", and

(B) upon consummation of such disposition and execution and delivery of a supplemental indenture, such Restricted Subsidiary shall be released from any Subsidiary Guaranty previously made by such Restricted Subsidiary.

Limitation on Asset Sales. The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, consummate any Asset Sale unless:

(a) the Company or such Restricted Subsidiary receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the Property subject to such Asset Sale;

(b) at least 75% of the consideration paid to the Company or such Restricted Subsidiary in connection with such Asset Sale is in the form of cash or Cash Equivalents or the assumption by the purchaser of liabilities of the Company or any Restricted Subsidiary (other than liabilities that are by their terms subordinated to the notes or the applicable Subsidiary Guaranty) as a result of which the Company and the Restricted Subsidiaries are no longer obligated with respect to such liabilities; and

(c) if the Fair Market Value of the Property is greater than \$2,500,000, the Company delivers an Officers' Certificate to the trustee certifying that such Asset Sale complies with the foregoing clauses (a) and (b).

Notwithstanding the foregoing, clauses (a), (b) and (c) above shall not apply to a split-off or spin-off of any Unrestricted Subsidiary by the Company or a Restricted Subsidiary.

The Net Available Cash (or any portion thereof) from Asset Sales may be applied by the Company or a Restricted Subsidiary, to the extent the Company or such Restricted Subsidiary elects (or is required by the terms of any Debt):

(a) to Repay Senior Debt of the Company or any Subsidiary Guarantor (including Debt under the Senior Credit Facility) or Debt of any Restricted Subsidiary that is not a Subsidiary Guarantor (excluding, in any such case, any Debt owed to the Company or an Affiliate of the Company); or

(b) to reinvest in Additional Assets (including by means of an Investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary).

Any Net Available Cash from an Asset Sale not applied in accordance with the preceding paragraph within 360 days from the date of the receipt of such Net Available Cash or that is not segregated from the general funds of the Company for investment in identified Additional Assets in respect of a project that shall have been commenced, and for which binding contractual commitments have been entered into, prior to the end of such 360-day period and that shall not have been completed or abandoned shall constitute "Excess Proceeds"; provided, however, that the amount of any Net Available Cash that ceases to be so segregated as contemplated above and any Net Available Cash that is segregated in respect of a project that is abandoned or completed shall also constitute "Excess Proceeds" at the time any such Net Available Cash ceases to be so segregated or at the time the relevant project is so abandoned or completed, as applicable; provided further, however, that the amount of any Net Available Cash that continues to be segregated for investment and that is not actually reinvested within twenty-four months from the date of the receipt of such Net Available Cash shall also constitute "Excess Proceeds." Notwithstanding the foregoing provision, the Company and its Restricted Subsidiaries will not be required to apply any Net Available Cash in accordance with this covenant except to the extent that the aggregate Net Available Cash from all Asset Sales in each fiscal year that are not applied in accordance with this covenant exceeds \$5.0 million.

When the aggregate amount of Excess Proceeds exceeds \$15.0 million (taking into account income earned on such Excess Proceeds, if any), the Company will be required to make an offer to purchase (the "Prepayment Offer") the notes, together with any other Debt that ranks pari passu in right of payment with the notes (so long as such payment is permitted by the terms of any instrument evidencing Senior Debt), which offer shall be in the amount of the Allocable Excess Proceeds, on a pro rata basis according to principal amount, at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the purchase date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), in accordance with the procedures (including prorating in the event of oversubscription) set forth in the indenture. To the extent that any portion of the amount of Net Available Cash remains after compliance with the preceding sentence and provided that all holders of notes have been given the opportunity to tender their notes for purchase in accordance with the indenture, the Company or such Restricted Subsidiary may use such remaining amount for any purpose permitted by the indenture and the amount of Excess Proceeds will be reset to zero.

The term "Allocable Excess Proceeds" will mean the product of:

(a) the Excess Proceeds and

(b) a fraction,

(1) the numerator of which is the aggregate principal amount of the notes outstanding on the date of the Prepayment Offer, and

(2) the denominator of which is the sum of the aggregate principal amount of the notes outstanding on the date of the Prepayment Offer and the aggregate principal amount of other Debt of the Company outstanding on the date of the Prepayment Offer that is pari passu in right of payment with the notes and subject to terms and conditions in respect of Asset Sales similar in all material respects to the covenant described hereunder and requiring the Company to make an offer to purchase such Debt at substantially the same time as the Prepayment Offer.

Within five business days after the Company is obligated to make a Prepayment Offer as described in the preceding paragraph, the Company shall send a written notice, by first-class mail, to the holders of notes, accompanied by such information regarding the Company and its Subsidiaries as the Company in good faith believes will enable such holders to make an informed decision with respect to such Prepayment Offer. Such notice shall state, among other things, the purchase price and the purchase date, which shall be, subject to any contrary requirements of applicable law, a business day no earlier than 30 days nor later than 60 days from the date such notice is mailed.

The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of notes pursuant to the covenant described hereunder. To the extent that the provisions of any securities laws or regulations conflict with provisions of the covenant described hereunder, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the covenant described hereunder by virtue thereof.

**Limitation on Restrictions on Distributions from Restricted Subsidiaries.**  
The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist any consensual restriction on the right of any Restricted Subsidiary to:

(a) pay dividends, in cash or otherwise, or make any other distributions on or in respect of its Capital Stock, or pay any Debt or other obligation owed, to the Company or any other Restricted Subsidiary,

(b) make any loans or advances to the Company or any other Restricted Subsidiary or

(c) transfer any of its Property to the Company or any other Restricted Subsidiary.

The foregoing limitations will not apply:

(1) with respect to clauses (a), (b) and (c), to restrictions:

(A) in effect on the Issue Date (including, without limitation, restrictions pursuant to the Senior Credit Facility and the indenture),

(B) relating to Debt of a Restricted Subsidiary and existing at the time it became a Restricted Subsidiary if such restriction was not created in connection with or in anticipation of the transaction or series of transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was acquired by the Company, or

(C) that result from the Refinancing of Debt Incurred pursuant to an agreement referred to in clause (1)(A) or (B) above or this clause (C) or in clause (2)(A) or (B) below, provided such restriction is no less favorable to the holders of notes than those under the agreement evidencing the Debt so Refinanced,

(D) under applicable laws or orders,

(E) arising in connection with a Qualified Securitization Transaction (including limitations set forth in the governing documents of a Special Purpose Vehicle),

(F) that are customary on the transfer of any Property arising under a security agreement or similar agreement or instrument governing a Lien permitted under the indenture, and

(2) with respect to clause (c) only, to restrictions:

(A) relating to Debt that is permitted to be Incurred and secured without also securing the notes or the applicable Subsidiary Guaranty pursuant to the covenants described under "--Limitation on Debt" and "--Limitation on Liens" that limit the right of the debtor to dispose of the Property securing such Debt,

(B) encumbering Property at the time such Property was acquired by the Company or any Restricted Subsidiary, so long as such restriction relates solely to the Property so acquired and was not created in connection with or in anticipation of such acquisition,



(C) resulting from customary provisions restricting subletting or assignment of leases or customary provisions in licenses or other agreements that restrict assignment of such agreements, Property or rights thereunder,

(D) that constitute customary restrictions contained in sale agreements limiting the transfer of Capital Stock or Property pending the closing of such sale,

(E) that constitute customary restrictions contained in joint venture agreements entered into in the ordinary course of business and in good faith, or

(F) existing by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any Property of the Company or any Restricted Subsidiary not otherwise prohibited by the indenture.

Nothing contained in this covenant shall prevent the Company or any Restricted Subsidiary from (1) Incurring or assuming any Lien otherwise permitted by the indenture, or (2) restricting the sale or other disposition of Property of the Company or any of its Restricted Subsidiaries that secure Debt of the Company or any of its Restricted Subsidiaries.

Limitation on Transactions with Affiliates. The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, conduct any business or enter into or suffer to exist any transaction or series of transactions (including the purchase, sale, transfer, assignment, lease, conveyance or exchange of any Property or the rendering of any service) with, or for the benefit of, any Affiliate of the Company (an "Affiliate Transaction"), unless:

(a) the terms of such Affiliate Transaction are:

(1) set forth in writing, and

(2) no less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable arm's-length transaction with a Person that is not an Affiliate of the Company,

(b) if such Affiliate Transaction involves aggregate payments or value in excess of \$5.0 million, the Board of Directors (including a majority of the disinterested members of the Board of Directors) approves such Affiliate Transaction and, in its good faith judgment, believes that such Affiliate Transaction complies with clauses (a)(2) of this paragraph as evidenced by a Board Resolution promptly delivered to the trustee, and

(c) if such Affiliate Transaction involves aggregate payments or value in excess of \$20.0 million, the Company obtains a written opinion from an Independent Financial Advisor to the effect that the consideration to be paid or received in connection with such Affiliate Transaction is fair, from a financial point of view, to the Company and the Restricted Subsidiaries.

Notwithstanding the foregoing limitation, the Company or any Restricted Subsidiary may enter into or suffer to exist the following:

(a) any transaction or series of transactions between the Company and one or more Restricted Subsidiaries or between two or more Restricted Subsidiaries in the ordinary course of business;

(b) any Restricted Payment permitted to be made pursuant to the covenant described under "--Limitation on Restricted Payments" or any Permitted Investment;

(c) the payment of compensation and fees (including amounts paid pursuant to employee benefit plans or other arrangements, whether in cash, securities or other property) for the services of officers, directors and employees of the Company or any of the Restricted Subsidiaries who are Affiliates of the Company, so long

as the Board of Directors in good faith shall have approved the terms thereof and deemed the services theretofore or thereafter to be performed for such compensation to be fair consideration therefor;

(d) loans and advances to employees made in the ordinary course of business and consistent with the past practices of the Company or such Restricted Subsidiary, as the case may be; and

(e) agreements in existence on the Issue Date and listed on a schedule to the indenture,

(f) the disposition or transfer of Soterra or any Unrestricted Subsidiary in a transaction that satisfies the applicable requirements contained within the covenant below captioned "--Limitation on Asset Sales",

(g) any payments or other transactions pursuant to any tax-sharing agreement between the Company and any other Person approved by the Board of Directors with which the Company files a consolidated tax return or with which the Company is a part of a consolidated group for tax purposes;

(h) the issuance or sale of any Capital Stock of the Company other than Disqualified Stock; and

(i) any sale, conveyance or other transfer of Receivables and other related assets customarily transferred in a Qualified Securitization Transaction.

Limitation on Layered Debt. The Company shall not, and shall not permit any Restricted Subsidiary that is a Subsidiary Guarantor to, Incur, directly or indirectly, any Debt that is subordinate or junior in right of payment to any Senior Debt unless such Debt is Senior Subordinated Debt or is expressly subordinated in right of payment to Senior Subordinated Debt. In addition, no Restricted Subsidiary that is a Subsidiary Guarantor shall Guarantee, directly or indirectly, any Debt of the Company that is subordinate or junior in right of payment to any Senior Debt unless such Guarantee is expressly subordinate in right of payment to, or ranks pari passu with, the Subsidiary Guaranty of such Subsidiary Guarantor.

#### Designation of Restricted and Unrestricted Subsidiaries.

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation (which would constitute an Investment in such Subsidiary) would not result in a breach of the covenant described under "--Limitation on Restricted Payments" or otherwise cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary properly designated will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the first paragraph of the "--Restricted Payments" covenant or Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

The Board of Directors also may designate any Subsidiary of the Company to be an Unrestricted Subsidiary if:

(a) the Subsidiary to be so designated does not own any Capital Stock or Debt of, or own or hold any Lien on any Property of, the Company or any other Restricted Subsidiary, and

(b) either:

(1) the Subsidiary to be so designated has total assets of \$5,000 or less, or

(2) such designation is effective immediately upon such entity becoming a Subsidiary of the Company.

Unless so designated as an Unrestricted Subsidiary, any Person that becomes a Subsidiary of the Company will be classified as a Restricted Subsidiary; provided, however, that such Subsidiary shall not be designated a Restricted Subsidiary and shall be automatically classified as an Unrestricted Subsidiary if either of the requirements set forth in clauses (x) and (y) of the immediately following paragraph will not be satisfied after giving pro forma effect to such classification or if such Person is a Subsidiary of an Unrestricted Subsidiary.

Our Board of Directors may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if, immediately after giving pro forma effect to such designation,

(x) the Company could Incur at least \$1.00 of additional Debt pursuant to clause (1) of the first paragraph of the covenant described under "--Limitation on Debt", and

(y) no Default or Event of Default shall have occurred and be continuing or would result therefrom.

Any such designation or redesignation by the Board of Directors will be evidenced to the trustee by filing with the trustee a Board Resolution giving effect to such designation or redesignation and an Officers' Certificate that:

(a) certifies that such designation or redesignation complies with the foregoing provisions, and

(b) gives the effective date of such designation or redesignation, such filing with the trustee to occur within 45 days after the end of the fiscal quarter of the Company in which such designation or redesignation is made (or, in the case of a designation or redesignation made during the last fiscal quarter of the Company's fiscal year, within 90 days after the end of such fiscal year).

Future Subsidiary Guarantors. The Company shall cause (a) each Person that becomes a Domestic Restricted Subsidiary following the Issue Date to execute and deliver to the trustee a Subsidiary Guaranty at the time such Person becomes a Domestic Restricted Subsidiary, excluding any Special Purpose Vehicle, and (b) any Foreign Restricted Subsidiary that Guarantees any Debt of the Company or of any Domestic Restricted Subsidiary following the Issue Date to execute and deliver to the trustee a Subsidiary Guaranty at the time of such guaranty.

Payments for Consents. The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any holder of any notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the indentures or the notes unless such consideration is offered to be paid or is paid all holders of the notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

#### Merger, Consolidation and Sale of Property

The Company shall not merge, consolidate or amalgamate with or into any other Person (other than a merger of a Wholly Owned Restricted Subsidiary into the Company) or sell, transfer, assign, lease, convey or otherwise dispose of all or substantially all its Property in any one transaction or series of transactions unless:

(a) the Company shall be the surviving Person (the "Surviving Person") or the Surviving Person (if other than the Company) formed by such merger, consolidation or amalgamation or to which such sale, transfer, assignment, lease, conveyance or disposition is made shall be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia;

(b) the Surviving Person (if other than the Company) expressly assumes, by supplemental indenture, executed and delivered to the trustee by such Surviving Person, the due and punctual payment of the principal of, and premium, if any, and interest on, all the notes, according to their tenor, and the due and punctual performance and observance of all the covenants and conditions of the indenture to be performed by the Company;

(c) in the case of a sale, transfer, assignment, lease, conveyance or other disposition of all or substantially all the Property of the Company, such Property shall have been transferred as an entirety or virtually as an entirety to one Person;

(d) immediately after giving effect to such transaction or series of transactions on a pro forma basis (and treating, for purposes of this clause (d) and clauses (e) and (f) below, any Debt that becomes, or is anticipated to become, an obligation of the Surviving Person or any Restricted Subsidiary as a result of such transaction or series of transactions as having been Incurred by the Surviving Person or such Restricted Subsidiary at the time of such transaction or series of transactions), no Default or Event of Default shall have occurred and be continuing;

(e) immediately after giving effect to such transaction or series of transactions on a pro forma basis, the Company or the Surviving Person, as the case may be, would be able to Incur at least \$1.00 of additional Debt under clause (1) of the first paragraph of the covenant described under "--Certain Covenants--Limitation on Debt"; and

(f) the Company shall deliver, or cause to be delivered, to the trustee, in form and substance reasonably satisfactory to the trustee, an Officers' Certificate and an Opinion of Counsel, each stating that such transaction and the supplemental indenture, if any, in respect thereto comply with this covenant and that all conditions precedent herein provided for relating to such transaction have been satisfied.

The Company shall not permit any Restricted Subsidiary that is a Subsidiary Guarantor to merge, consolidate or amalgamate with or into any other Person (other than a merger of a Wholly Owned Restricted Subsidiary into such Subsidiary Guarantor) or sell, transfer, assign, lease, convey or otherwise dispose of all or substantially all its Property in any one transaction or series of transactions unless:

(a) in the case of the Subsidiary Guarantor that is a Domestic Restricted Subsidiary, the Surviving Person (if not such Subsidiary Guarantor) formed by such merger, consolidation or amalgamation or to which such sale, transfer, assignment, lease, conveyance or disposition is made shall be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia;

(b) the Surviving Person (if other than such Subsidiary Guarantor) expressly assumes, by Subsidiary Guaranty, executed and delivered to the trustee by such Surviving Person, the due and punctual performance and observance of all the obligations of such Subsidiary Guarantor under its Subsidiary Guaranty;

(c) in the case of a sale, transfer, assignment, lease, conveyance or other disposition of all or substantially all the Property of such Subsidiary Guarantor, such Property shall have been transferred as an entirety or virtually as an entirety to one Person;

(d) immediately after giving effect to such transaction or series of transactions on a pro forma basis (and treating, for purposes of this clause (d) and clauses (e) and (f) below, any Debt that becomes, or is anticipated to become, an obligation of the Surviving Person, the Company or any Restricted Subsidiary as a result of such transaction or series of transactions as having been Incurred by the Surviving Person, the Company or such Restricted Subsidiary at the time of such transaction or series of transactions), no Default or Event of Default shall have occurred and be continuing;

(e) immediately after giving effect to such transaction or series of transactions on a pro forma basis, the Company would be able to Incur at least \$1.00 of additional Debt under clause (1) of the first paragraph of the covenant described under "--Certain Covenants--Limitation on Debt"; and

(f) the Company shall deliver, or cause to be delivered, to the trustee, in form and substance reasonably satisfactory to the trustee, an Officers' Certificate and an Opinion of Counsel, each stating that such transaction and such Subsidiary Guaranty, if any, in respect thereto comply with this covenant and that all conditions precedent herein provided for relating to such transaction have been satisfied.

The foregoing provisions (other than clause (d)) shall not apply to any transactions which constitute an Asset Sale if the Company has complied with the covenant described under "--Certain Covenants--Limitation on Asset Sales."

The Surviving Person shall succeed to, and be substituted for, and may exercise every right and power of the Company under the indenture (or of the Subsidiary Guarantor under the Subsidiary Guaranty, as the case may be), but the predecessor Company in the case of:

(a) a sale, transfer, assignment, conveyance or other disposition (unless such sale, transfer, assignment, conveyance or other disposition is of all or substantially all of the assets of the Company as an entirety or virtually as an entirety), or

(b) a lease,

shall not be released from any of the obligations or covenants under the indenture, including with respect to the payment of the notes.

#### SEC Reports

Notwithstanding that the Company or the Guarantors may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and so long as any notes remain outstanding, the Company shall file with the SEC and provide the trustee and holders of notes with such annual reports and such information, documents and other reports as are specified in Sections 13 and 15(d) of the Exchange Act and applicable to a U.S. corporation subject to such Sections, such information, documents and reports to be so filed and provided at the times specified for the filing of such information, documents and reports under such Sections; provided, however, that the Company shall not be so obligated to file such information, documents and reports with the SEC if the SEC does not permit such filings.

#### Events of Default

Events of Default in respect of the notes include:

(1) failure to make the payment of any interest or Special Interest, if any, on the notes when the same becomes due and payable, and such failure continues for a period of 30 days;

(2) failure to make the payment of any principal of, or premium, if any, on, any of the notes when the same becomes due and payable at its Stated Maturity, upon acceleration, redemption, optional redemption, required repurchase or otherwise;

(3) failure to comply with the covenant described under "--Merger, Consolidation and Sale of Property";

(4) failure to comply with any other covenant or agreement in the notes or in the indenture (other than a failure that is the subject of the foregoing clause (1), (2) or (3)) and such failure continues for 30 days after written notice is given to the Company as provided below;

(5) a default under any Debt by the Company or any Restricted Subsidiary that results in acceleration of the maturity of such Debt, or failure to pay any such Debt at maturity, in an aggregate amount greater than \$20.0 million or its foreign currency equivalent at the time (the "cross acceleration provisions");

(6) any judgment or judgments for the payment of money in an aggregate amount in excess of \$20.0 million (or its foreign currency equivalent at the time) (net of applicable insurance coverage) that shall be rendered against the Company or any Restricted Subsidiary by a court of competent jurisdiction and that judgment shall not be vacated, waived, satisfied or discharged for any period of 60 consecutive days during which a stay of enforcement shall not be in effect (the "judgment default provisions");

(7) certain events involving bankruptcy, insolvency or reorganization of the Company or any Restricted Subsidiary that is a Significant Subsidiary (the "bankruptcy provisions"); and

(8) any Subsidiary Guaranty of one or more Restricted Subsidiaries that are Subsidiary Guarantors which by themselves or taken together would constitute a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Subsidiary Guaranty or the indenture) or any Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guaranty (the "guaranty provisions").

A Default under clause (4) is not an Event of Default until the trustee or the holders of not less than 25% in aggregate principal amount of the notes then outstanding, as applicable, notify the Company of the Default and the Company does not cure such Default within the time specified after receipt of such notice. Such notice must specify the Default, demand that it be remedied and state that such notice is a "Notice of Default."

The Company shall deliver to the trustee, within 30 days after the occurrence thereof, written notice in the form of an Officers' Certificate of any event that with the giving of notice and the lapse of time would become an Event of Default, its status and what action the Company is taking or proposes to take with respect thereto.

If an Event of Default with respect to the notes (other than an Event of Default resulting from certain events involving bankruptcy, insolvency or reorganization with respect to the Company) shall have occurred and be continuing, the trustee or the registered holders of not less than 25% in aggregate principal amount of the notes then outstanding may declare to be immediately due and payable the principal amount of all the applicable notes then outstanding, plus accrued but unpaid interest to the date of acceleration. In case an Event of Default resulting from certain events of bankruptcy, insolvency or reorganization with respect to the Company shall occur, such amount with respect to all the applicable notes shall be due and payable immediately without any declaration or other act on the part of the trustee or the holders of those notes. After any such acceleration, but before a judgment or decree based on acceleration is obtained by the trustee, the registered holders of a majority in aggregate principal amount of the notes then outstanding may, under certain circumstances, rescind and annul such acceleration if all Events of Default, other than the nonpayment of accelerated principal, premium or interest, have been cured or waived as provided in the indenture.

Subject to the provisions of the indenture relating to the duties of the trustee, in case an Event of Default shall occur and be continuing, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any of the holders of the notes, unless such holders shall have offered to the trustee reasonable indemnity. Subject to such provisions for the indemnification of the trustee, the holders of a majority in aggregate principal amount of the applicable notes then outstanding will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the notes.

No holder of notes will have any right to institute any proceeding with respect to the indenture, or for the appointment of a receiver or trustee, or for any remedy thereunder, unless:

(a) such holder has previously given to the trustee written notice of a continuing Event of Default,

(b) the registered holders of at least 25% in aggregate principal amount of the notes then outstanding, as applicable, have made written request and offered reasonable indemnity to the trustee to institute such proceeding as trustee, and

(c) the trustee shall not have received from the registered holders of a majority in aggregate principal amount of the notes then outstanding a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days.

However, such limitations do not apply to a suit instituted by a holder of any note for enforcement of payment of the principal of, and premium, if any, or interest on, such note on or after the respective due dates expressed in such note.

## Amendments and Waivers

Subject to certain exceptions, the indenture may be amended with the consent of the registered holders of a majority in aggregate principal amount of the notes then outstanding (including consents obtained in connection with a tender offer or exchange offer for the notes) and any past default or compliance with any provisions may also be waived (except a default in the payment of principal, premium, interest or Special Interest, if any, and certain covenants and provisions of the indenture which cannot be amended without the consent of each holder of an outstanding note) with the consent of the registered holders of at least a majority in aggregate principal amount of the notes then outstanding. However, without the consent of each holder of an outstanding note, no amendment may, among other things,

(1) reduce the amount of notes whose holders must consent to an amendment or waiver,

(2) reduce the rate of or extend the time for payment of interest or Special Interest, if any, on any note,

(3) reduce the principal of or extend the Stated Maturity of any note,

(4) make any note payable in money other than that stated in the note,

(5) impair the right of any holder of the notes to receive payment of principal of and interest on such holder's notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's notes or any Subsidiary Guaranty,

(6) release any security interest that may have been granted in favor of the holders of the notes other than pursuant to the terms of such security interest,

(7) reduce the premium payable upon the redemption of any note nor change the time at which any note may be redeemed, as described under "--Optional Redemption",

(8) reduce the premium payable upon a Change of Control or, at any time after a Change of Control has occurred, change the time at which the Change of Control Offer relating thereto must be made or at which the notes must be repurchased pursuant to such Change of Control Offer,

(9) at any time after the Company is obligated to make a Prepayment Offer with the Excess Proceeds from Asset Sales, change the time at which such Prepayment Offer must be made or at which the notes must be repurchased pursuant thereto,

(10) make any change to the subordination provisions of the indenture that would adversely affect the holders of the applicable notes, or

(11) make any change in any Subsidiary Guaranty that would adversely affect the holders of the notes.

Without the consent of any holder of the notes, the Company and the trustee may amend the indenture to:

(1) cure any ambiguity, omission, defect or inconsistency,

(2) provide for the assumption by a successor corporation of the obligations of the Company under the indenture,

(3) provide for uncertificated notes in addition to or in place of certificated notes (provided that the uncertificated notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated notes are described in Section 163(f)(2)(B) of the Code),

(4) add additional Guarantees with respect to the notes or to release Subsidiary Guarantors from Subsidiary Guaranties as provided by the terms of the indenture,

(5) secure the notes, to add to the covenants of the Company for the benefit of the holders of the notes or to surrender any right or power conferred upon the Company,

(6) make any change that does not adversely affect the rights of any holder of the notes,

(7) make any change to the subordination provisions of the indenture that would limit or terminate the benefits available to any holder of Senior Debt under such provisions,

(8) to comply with any requirement of the Commission in connection with the qualification of the indenture under the Trust Indenture Act, or

(9) provide for the issuance of additional notes in accordance with the indenture.

No amendment may be made to the subordination provisions of the indenture that adversely affects the rights of any holder of Senior Debt then outstanding unless the holders of such Senior Debt (or their Representative) consent to such change. The consent of the holders of the notes is not necessary to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. After an amendment becomes effective, the Company is required to mail to each registered holder of the notes at such holder's address appearing in the Security Register a notice briefly describing such amendment. However, the failure to give such notice to all holders of the notes, or any defect therein, will not impair or affect the validity of the amendment.

#### Defeasance

The Company at any time may terminate all its obligations under the notes and the indenture ("legal defeasance"), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the notes, to replace mutilated, destroyed, lost or stolen notes and to maintain a registrar and paying agent in respect of the notes. The Company at any time may terminate:

(1) its obligations under the covenants described under "--Repurchase at the Option of Holders Upon a Change of Control" and "--Certain Covenants",

(2) the operation of the cross acceleration provisions, the judgment default provisions, the bankruptcy provisions with respect to Significant Subsidiaries and the guaranty provisions described under "--Events of Default" above, and

(3) the limitations contained in clause (e) under the first paragraph of, and in the second paragraph of, "--Merger, Consolidation and Sale of Property" above ("covenant defeasance").

The Company may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option.

If the Company exercises its legal defeasance option, payment of the notes may not be accelerated because of an Event of Default with respect thereto. If the Company exercises its covenant defeasance option, payment of the notes may not be accelerated because of an Event of Default specified in clause (4) (with respect to the covenants described under "--Certain Covenants"), (5), (6), (7) (with respect only to Restricted Subsidiaries that are Significant Subsidiaries) or (8) under "--Events of Default" above or because of the failure of the Company to comply with clauses (e) and (f) under the first paragraph of, or with the second paragraph of, "--Merger, Consolidation and Sale of Property" above. If the Company exercises its legal defeasance option or its covenant defeasance option, each Subsidiary Guarantor will be released from all its obligations under its Subsidiary Guaranty.

The legal defeasance option or the covenant defeasance option may be exercised only if:



(a) the Company irrevocably deposits in trust with the trustee money or U.S. Government Obligations for the payment of principal of and interest or Special Interest, if any, on the notes to maturity or redemption, as the case may be;

(b) the Company delivers to the trustee a certificate from a nationally recognized firm of independent certified public accountants expressing their opinion that the payments of principal and interest when due and without reinvestment on the deposited U.S. Government Obligations plus any deposited money without investment will provide cash at such times and in such amounts as will be sufficient to pay principal and interest when due on all the notes to maturity or redemption, as the case may be;

(c) no Default or Event of Default has occurred and is continuing on the date of such deposit and after giving effect thereto;

(d) such deposit does not constitute a default under any other agreement or instrument binding on the Company;

(e) the Company delivers to the trustee an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the Investment Company Act of 1940;

(f) in the case of the legal defeasance option, the Company delivers to the trustee an Opinion of Counsel stating that:

(1) the Company has received from the Internal Revenue Service a ruling, or

(2) since the date of the indenture there has been a change in the applicable Federal income tax law, to the effect, in either case, that, and based thereon such Opinion of Counsel shall confirm that, the holders of the notes will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same time as would have been the case if such defeasance has not occurred;

(h) in the case of the covenant defeasance option, the Company delivers to the trustee an Opinion of Counsel to the effect that the holders of the notes will not recognize income, gain or loss for federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred; and

(i) the Company delivers to the trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent to the defeasance and discharge of the notes have been complied with as required by the indenture.

#### Governing Law

The indenture and the notes are governed by the internal laws of the State of New York without reference to principles of conflicts of law.

#### The Trustee

J.P. Morgan Trust Company, National Association is the trustee under the indenture.

Except during the continuance of an Event of Default, the trustee will perform only such duties as are specifically set forth in the indenture. During the existence of an Event of Default, the trustee will exercise such of

the rights and powers vested in it under the indenture and use the same degree of care and skill in its exercise as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

#### Certain Definitions

Set forth below is a summary of certain of the defined terms used in the indenture. Reference is made to the indenture for the full definition of all such terms as well as any other capitalized terms used herein for which no definition is provided. Unless the context otherwise requires, an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP.

"Additional Assets" means:

(a) any Property (other than cash, Cash Equivalents and securities) to be owned by the Company or any Restricted Subsidiary and used in a Permitted Business; or

(b) Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or another Restricted Subsidiary from any Person other than the Company or a Subsidiary of the Company; provided, however, that, in the case of clause (b), such Restricted Subsidiary is primarily engaged in a Permitted Business.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. For purposes of the covenants described under "--Certain Covenants--Limitation on Transactions with Affiliates," "--Limitation on Asset Sales" and the definition of "Additional Assets" only, "Affiliate" shall also mean any beneficial owner of shares representing 10% or more of the total voting power of the Voting Stock (on a fully diluted basis) of the Company or of rights or warrants to purchase such Voting Stock (whether or not currently exercisable) and any Person who would be an Affiliate of any such beneficial owner pursuant to the first sentence hereof.

"Asset Sale" means any sale, lease (other than operating leases entered into in the ordinary course of business), transfer, issuance or other disposition (or series of related sales, leases, transfers, issuances or dispositions) by the Company or any Restricted Subsidiary, including any disposition by means of a merger, consolidation or similar transaction (each referred to for the purposes of this definition as a "disposition"), of

(a) any shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares or shares of non-US persons required by applicable law), or

(b) any other assets of the Company or any Restricted Subsidiary outside of the ordinary course of business of the Company or such Restricted Subsidiary,

other than, in the case of clause (a) or (b) above,

(1) any disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Wholly Owned Restricted Subsidiary,

(2) any disposition that constitutes a Permitted Investment or Restricted Payment permitted by the covenant described under "--Certain Covenants--Limitation on Restricted Payments",

(3) any disposition effected in compliance with the first paragraph of the covenant described under "--Merger, Consolidation and Sale of Property", and

(4) any disposition or series of related dispositions of Property with an aggregate Fair Market Value and for net proceeds of less than \$2.5 million,

(5) a disposition of obsolete or worn out property or property that is no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries and that is disposed of in each case in the ordinary course of business,

(6) an issuance of Capital Stock by a Restricted Subsidiary of the Company to the Company or to a Restricted Subsidiary,

(7) the granting of any Lien (or foreclosure thereon) securing Debt to the extent that such Lien is granted in compliance with "Limitation on Liens" above and dispositions in connection with Permitted Liens, and

(8) sales, conveyances or other dispositions in connection with any Qualified Securitization Transaction.

"Attributable Debt" in respect of a sale and leaseback transaction means, at the time of determination, the greater of (a) the fair value of the property subject to such arrangement (as determined in good faith by our Board of Directors) or (b) the present value (discounted at the interest rate borne by the notes, compounded annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such sale and leaseback transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended.

"Average Life" means, as of any date of determination, with respect to any Debt or Preferred Stock, the quotient obtained by dividing:

(a) the sum of the product of the numbers of years (rounded to the nearest one-twelfth of one year) from the date of determination to the dates of each successive scheduled principal payment of such Debt or redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment by

(b) the sum of all such payments.

"Board of Directors" means the Board of Directors of the Company or any committee thereof authorized with respect to any particular matter to exercise the power of Board of Directors of the Company.

"Capital Lease Obligations" means any obligation under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP; and the amount of Debt represented by such obligation shall be the capitalized amount of such obligations determined in accordance with GAAP; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty. For purposes of "--Certain Covenants--Limitation on Liens", a Capital Lease Obligation shall be deemed secured by a Lien on the Property being leased.

"Capital Stock" means, with respect to any Person, any shares or other equivalents (however designated) of any class of corporate stock, partnership interests or membership interests in a limited liability company or any other participations, rights, warrants, options or other interests in the nature of an equity interest in such Person, including Preferred Stock, but excluding any debt security convertible or exchangeable into such equity interest.

"Capital Stock Sale Proceeds" means the aggregate cash proceeds received by the Company from the issuance or sale (other than to a Subsidiary of the Company or a Person in connection with a stock ownership plan or trust or other arrangement established by the Company or any such Subsidiary for the benefit of their employees or directors) by the Company of its Capital Stock (other than Disqualified Stock) after the Issue Date, net of attorneys' fees, accountants' fees, underwriters', investment bankers' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees and expenses actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Cash Equivalents" means any of the following:

(a) Investments in U.S. Government Obligations maturing within 365 days of the date of acquisition thereof;

(b) Investments in time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued or bankers acceptances, by a bank or trust company organized under the laws of the United States of America or any state thereof or the District of Columbia having capital, surplus and undivided profits aggregating in excess of \$500 million and whose long-term debt is rated "A-3" or "A-" or higher according to Moody's or S&P (or such similar equivalent rating by at least one "nationally recognized statistical rating organization" (as defined in Rule 436 under the Securities Act));

(c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (a) entered into with:

(1) a bank meeting the qualifications described in clause (b) above, or

(2) any primary government securities dealer reporting to the Market Reports Division of the Federal Reserve Bank of New York;

(d) Investments in commercial paper, maturing not more than 365 days after the date of acquisition, issued by a corporation (other than an Affiliate of the Company) or financial institution organized and in existence under the laws of the United States of America or any state thereof or the District of Columbia with a rating at the time as of which any Investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P (or such similar equivalent rating by at least one "nationally recognized statistical rating organization" (as defined in Rule 436 under the Securities Act));

(e) direct obligations (or certificates representing an ownership interest in such obligations) of any state of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of such state is pledged and which are not callable or redeemable at the issuer's option, provided that:

(1) the long-term debt of such state is rated "A-3" or "A-" or higher according to Moody's or S&P (or such similar equivalent rating by at least one "nationally recognized statistical rating organization" (as defined in Rule 436 under the Securities Act)), and

(2) such obligations mature within 180 days of the date of acquisition thereof; and

(f) interests in any money market fund substantially all of the assets of which are of the type specified in clauses (a) through (e) above.

"Change of Control" means the occurrence of any of the following events:

(a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act or any successor provisions to either of the foregoing) of persons, other than the Permitted Holders, become the "beneficial owners" (as defined in Rule 13d-3 under the Exchange Act, except that a person will be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 35% of the total voting power of the Voting Stock of the Company, whether as a result of the issuance of securities of the Company, any merger, consolidation, liquidation or dissolution of the Company, any direct or indirect transfer of securities by the Permitted Holders or otherwise (for purposes of this clause (a), the Permitted Holders will be deemed to beneficially own any Voting Stock of a specified corporation held by a parent corporation so long as the Permitted Holders beneficially own, directly or indirectly, in the aggregate a majority of the total voting power of the Voting Stock of such parent corporation); or

(b) the sale, transfer, assignment, lease, conveyance or other disposition, directly or indirectly, of all or substantially all the assets of the Company and the Restricted Subsidiaries, considered as a whole (other than a

disposition of such assets as an entirety or virtually as an entirety to a Wholly Owned Restricted Subsidiary or one or more Permitted Holders or a Person of which one or more of the Permitted Holders own more than 50% of the voting power) shall have occurred, or the Company merges, consolidates or amalgamates with or into any other Person (other than one or more Permitted Holders) or any other Person (other than one or more Permitted Holders or a Person of which one or more of the Permitted Holders own more than 50% of the voting power) merges, consolidates or amalgamates with or into the Company, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company is reclassified into or exchanged for cash, securities or other Property, other than any such transaction where:

(1) the outstanding Voting Stock of the Company is reclassified into or exchanged for other Voting Stock of the Company or for Voting Stock of the surviving corporation, and

(2) the holders of the Voting Stock of the Company immediately prior to such transaction own, directly or indirectly, not less than a majority of the Voting Stock of the Company or the surviving corporation immediately after such transaction and in substantially the same proportion as before the transaction; or

(c) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors (together with any new directors whose election or appointment by such Board or whose nomination for election by the stockholders of the Company was approved by a vote of not less than a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors then in office; or

(d) the stockholders of the Company shall have approved any plan of liquidation or dissolution of the Company.

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

"Commodity Price Protection Agreement" means, in respect of a Person, any forward contract, commodity swap agreement, commodity option agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in commodity prices.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes. "Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the trustee after consultation with the Company.

"Comparable Treasury Price" means, with respect to any redemption date:

(a) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as set forth in the most recently published statistical release designated "H.15(519)" (or any successor release) published by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities" or

(b) if such release (or any successor release) is not published or does not contain such prices on such business day, the average of the Reference Treasury Dealer Quotations for such redemption date.

"Consolidated Current Liabilities" means, as of any date of determination, the aggregate amount of liabilities of the Company and its consolidated Restricted Subsidiaries which may properly be classified as current liabilities (including taxes accrued as estimated), after eliminating all current maturities of long-term Debt.

"Consolidated Interest Coverage Ratio" means, as of any date of determination, the ratio of:

(a) the aggregate amount of EBITDA for the most recent four consecutive fiscal quarters ending at least 45 days prior to such determination date to

(b) Consolidated Interest Expense for such four fiscal quarters;

provided, however, that:

(1) if

(A) since the beginning of such period the Company or any Restricted Subsidiary has Incurred any Debt that remains outstanding or Repaid any Debt, or

(B) the transaction giving rise to the need to calculate the Consolidated Interest Coverage Ratio is an Incurrence or Repayment of Debt,

Consolidated Interest Expense for such period shall be calculated after giving effect on a pro forma basis to such Incurrence or Repayment as if such Debt was Incurred or Repaid on the first day of such period, provided that, in the event of any such Repayment of Debt, EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to Repay such Debt, and

(2) if

(A) since the beginning of such period the Company or any Restricted Subsidiary shall have made any Asset Sale or an Investment (by merger or otherwise) in any Restricted Subsidiary (or any Person which becomes a Restricted Subsidiary) or an acquisition of Property which constitutes all or substantially all of an operating unit of a business,

(B) the transaction giving rise to the need to calculate the Consolidated Interest Coverage Ratio is such an Asset Sale, Investment or acquisition, or

(C) since the beginning of such period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary since the beginning of such period) shall have made such an Asset Sale, Investment or acquisition, then EBITDA for such period shall be calculated after giving pro forma effect to such Asset Sale, Investment or acquisition as if such Asset Sale, Investment or acquisition had occurred on the first day of such period.

If any Debt bears a floating rate of interest and is being given pro forma effect, the interest expense on such Debt shall be calculated as if the base interest rate in effect for such floating rate of interest on the date of determination had been the applicable base interest rate for the entire period (taking into account any Interest Rate Agreement applicable to such Debt if such Interest Rate Agreement has a remaining term in excess of 12 months). In the event the Capital Stock of any Restricted Subsidiary is sold during the period, the Company shall be deemed, for purposes of clause (1) above, to have Repaid during such period the Debt of such Restricted Subsidiary to the extent the Company and its continuing Restricted Subsidiaries are no longer liable for such Debt after such sale.

"Consolidated Interest Expense" means, for any period, the total interest expense of the Company and its consolidated Restricted Subsidiaries, plus, to the extent not included in such total interest expense, and to the extent Incurred by the Company or its Restricted Subsidiaries,

(a) interest expense attributable to Capital Lease Obligations,

(b) amortization of debt discount and debt issuance cost, including commitment fees,

(c) capitalized interest,

(d) non-cash interest expense,

(e) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing,

(f) net costs associated with Hedging Obligations (including amortization of fees),

(g) Disqualified Stock Dividends to a Person other than the Company or a Restricted Subsidiary,

(h) Preferred Stock Dividends to a Person other than the Company or a Restricted Subsidiary,

(i) interest Incurred in connection with Investments in discontinued operations,

(j) interest accruing on any Debt of any other Person to the extent such Debt is Guaranteed by the Company or any Restricted Subsidiary, and

(k) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest or fees to any Person (other than the Company) in connection with Debt Incurred by such plan or trust.

"Consolidated Net Income" means, for any period, the net income (loss) of the Company and its consolidated Subsidiaries; provided, however, that there shall not be included in such Consolidated Net Income:

(a) any net income (loss) of any Person (other than the Company) if such Person is not a Restricted Subsidiary, except that:

(1) subject to the exclusion contained in clause (d) below, the net income of any Person that is not a Restricted Subsidiary shall be included only to the extent of the aggregate amount of cash distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in clause (c) below), and

(2) the equity of the Company and its consolidated Restricted Subsidiaries in a net loss of any such Person other than an Unrestricted Subsidiary for such period shall be included in determining such Consolidated Net Income,

(b) for purposes of the covenant described under "--Certain Covenants--Limitation on Restricted Payments" only, any net income (loss) of any Person acquired by the Company or any of its consolidated Subsidiaries in a pooling of interests transaction for any period prior to the date of such acquisition,

(c) any net income (loss) of any Restricted Subsidiary if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions, directly or indirectly, to the Company, except that:

(1) subject to the exclusion contained in clause (d) below, the equity of the Company and its Consolidated Restricted Subsidiaries in the net income of any such Restricted Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to another Restricted Subsidiary, to the limitation contained in this clause), and

(2) the equity of the Company and its Consolidated Restricted Subsidiaries in a net loss of any such Restricted Subsidiary for such period shall be included in determining such Consolidated Net Income,

(d) any gain or loss realized upon the sale or other disposition of any Property of the Company or any of its consolidated Subsidiaries that is not sold or otherwise disposed of in the ordinary course of business (provided that sales or other dispositions of assets in connection with any Qualified Securitization Transaction shall be deemed to be in the ordinary course),

(e) any extraordinary gain or loss,

(f) the cumulative effect of a change in accounting principles and

(g) any non-cash compensation expense realized for grants of performance shares, stock options or other rights to officers, directors and employees of the Company or any Restricted Subsidiary, provided that such shares, options or other rights can be redeemed at the option of the holder only for Capital Stock of the Company (other than Disqualified Stock).

Notwithstanding the foregoing, for purposes of the covenant described under "--Certain Covenants--Limitation on Restricted Payments" only, there shall be excluded from Consolidated Net Income any dividends, repayments of loans or advances or other transfers of Property from Unrestricted Subsidiaries to the Company or a Restricted Subsidiary to the extent such dividends, repayments or transfers increase the amount of Restricted Payments permitted under such covenant pursuant to clause (c)(4) thereof.

"Consolidated Net Tangible Assets" means, as of any date of determination, the sum of the amounts that would appear on a consolidated balance sheet of the Company and its consolidated Restricted Subsidiaries as the total assets (less accumulated depreciation, depletion and amortization, allowances for doubtful receivables, other applicable reserves and other properly deductible items) of the Company and its Restricted Subsidiaries, after giving effect to purchase accounting and after deducting therefrom Consolidated Current Liabilities and, to the extent otherwise included, the amounts of (without duplication):

(a) the excess of cost over fair market value of assets or businesses acquired;

(b) any revaluation or other write-up in book value of assets subsequent to the last day of the fiscal quarter of the Company immediately preceding the Issue Date as a result of a change in the method of valuation in accordance with GAAP;

(c) unamortized debt discount and expenses and other unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights, licenses, organization or developmental expenses and other intangible items;

(d) minority interests in consolidated Subsidiaries held by Persons other than the Company or any Restricted Subsidiary;

(e) treasury stock;

(f) cash or securities set aside and held in a sinking or other analogous fund established for the purpose of redemption or other retirement of Capital Stock to the extent such obligation is not reflected in Consolidated Current Liabilities; and

(g) Investments in and assets of Unrestricted Subsidiaries.

"CorrChoice" means CorrChoice, Inc., an Ohio corporation and the joint venture entered into by the Company with RDJ Holdings Inc. and a minority shareholder of a subsidiary of Ohio Packaging Corporation in November 1998 for the purpose of manufacturing corrugated sheets.

"Credit Facilities" means, with respect to the Company or any Restricted Subsidiary, one or more debt or commercial paper facilities with banks or other institutional lenders (including the Senior Credit Facility) providing for revolving credit loans, term loans, receivables or inventory financing (including through the sale of receivables or inventory to such lenders or to special purpose, bankruptcy remote entities formed to borrow from such lenders



against such receivables or inventory) or trade letters of credit, in each case together with any extensions, revisions, refinancings or replacements thereof by a lender or syndicate of lenders.

"Currency Exchange Protection Agreement" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency option or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates.

"Debt" means, with respect to any Person on any date of determination (without duplication):

(a) the principal of and premium (if any) in respect of:

(1) debt of such Person for money borrowed, and

(2) debt evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable;

(b) all Capital Lease Obligations of such Person;

(c) all obligations of such Person issued or assumed as the deferred purchase price of Property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable arising in the ordinary course of business);

(d) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction (other than obligations with respect to letters of credit securing obligations (other than obligations described in (a) through (c) above) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the third Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit);

(e) the amount of all obligations of such Person with respect to the Repayment of any Disqualified Stock or, with respect to any Subsidiary of such Person, any Preferred Stock (but excluding, in each case, any accrued dividends);

(f) all obligations of the type referred to in clauses (a) through (e) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee;

(g) all obligations of the type referred to in clauses (a) through (f) of other Persons secured by any Lien on any Property of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the value of such Property or the amount of the obligation so secured; and

(h) to the extent not otherwise included in this definition, Hedging Obligations of such Person.

The amount of Debt of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date. The amount of Debt represented by a Hedging Obligation shall be equal to:

(1) zero if such Hedging Obligation has been Incurred pursuant to clause (f), (g) or (h) of the second paragraph of the covenant described under "--Certain Covenants--Limitation on Debt", or

(2) the notional amount of such Hedging Obligation if not Incurred pursuant to such clauses.

Notwithstanding anything to the contrary contained herein, accrual of interest, accretion or amortization of original issue discount and the payment of interest or dividends in the form of additional Debt, will be deemed not to be an Incurrence of Debt for purpose of the covenant entitled "Limitation on Debt."

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Designated Senior Debt" means:

(a) any Senior Debt that has, at the time of determination, an aggregate principal amount outstanding of at least \$25.0 million (including the amount of all undrawn commitments and matured and contingent reimbursement obligations pursuant to letters of credit thereunder) that is specifically designated in the instrument evidencing such Senior Debt and is designated in a notice delivered by the Company to the holders or a Representative of the holders of such Senior Debt and in an Officers' Certificate delivered to the trustee as "Designated Senior Debt" of the Company for purposes of the indenture, and

(b) the Credit Facilities.

"Disqualified Stock" means any Capital Stock of the Company or any of its Restricted Subsidiaries that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in either case at the option of the holder thereof) or otherwise:

(a) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise,

(b) is or may become redeemable or repurchaseable at the option of the holder thereof, in whole or in part, or

(c) is convertible or exchangeable at the option of the holder thereof for Debt or Disqualified Stock,

on or prior to, in the case of clause (a), (b) or (c), the first anniversary of the Stated Maturity of the notes.

"Disqualified Stock Dividends" means all dividends with respect to Disqualified Stock of the Company held by Persons other than a Wholly Owned Restricted Subsidiary. The amount of any such dividend shall be equal to the quotient of such dividend divided by the difference between one and the maximum statutory federal income tax rate (expressed as a decimal number between 1 and 0) then applicable to the Company.

"Domestic Restricted Subsidiary" means any Restricted Subsidiary other than (a) Soterra or a Foreign Restricted Subsidiary, (b) a Subsidiary of Soterra or a Foreign Restricted Subsidiary or (c) any domestic subsidiary that is or becomes an Unrestricted Subsidiary.

"EBITDA" means, for any period, an amount equal to, with respect to the Company and its consolidated Restricted Subsidiaries:

(a) the sum of Consolidated Net Income for such period, plus the following to the extent reducing Consolidated Net Income for such period:

(1) the provision for taxes based on income or profits or utilized in computing net loss,

(2) Consolidated Interest Expense,

(3) depreciation and depletion,

(4) amortization of intangibles,

(5) any other non-cash items (other than any such non-cash item to the extent that it represents an accrual of or reserve for cash expenditures in any future period or amortization of a prepaid expense)

and any one-time, non-recurring expenses relating to, or arising from, any closures of manufacturing facilities on or after the Issue Date, in each case incurred within 12 months after such closure, minus

(b) all non-cash items increasing Consolidated Net Income for such period; provided that, if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the quotient of (1) the number of shares of outstanding Capital Stock of such Restricted Subsidiary not owned on the last day of such period by the Company or any of its Restricted Subsidiaries divided by (2) the total number of shares of outstanding Capital Stock of such Restricted Subsidiary on the last day of such period.

Notwithstanding the foregoing clause (a), the provision for taxes and the depreciation, amortization and non-cash items of a Restricted Subsidiary shall be added to Consolidated Net Income to compute EBITDA only to the extent (and in the same proportion) that the net income of such Restricted Subsidiary was included in calculating Consolidated Net Income and only if a corresponding amount would be permitted at the date of determination to be dividended to the Company by such Restricted Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to such Restricted Subsidiary or its shareholders.

"Event of Default" has the meaning set forth under "--Events of Default."

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

"Exchange Notes" means the notes issued in exchange for the notes issued in this offering as described under "Exchange Offer; Registration Rights."

"Fair Market Value" means, with respect to any Property, the price that could be negotiated in an arm's-length free market transaction, for cash, between a willing seller and a willing buyer, neither of whom is under undue pressure or compulsion to complete the transaction. Fair Market Value shall be determined, except as otherwise provided,

(a) if such Property has a Fair Market Value equal to or less than \$5.0 million, by any Officer of the Company, or

(b) if such Property has a Fair Market Value in excess of \$5.0 million, by a majority of the Board of Directors and evidenced by a Board Resolution, certified by the secretary or assistant secretary of the Company in a Certificate dated within 30 days of the relevant transaction, delivered to the trustee.

"Foreign Restricted Subsidiary" means any Restricted Subsidiary which is not organized under the laws of the United States of America or any State thereof or the District of Columbia.

"GAAP" means United States generally accepted accounting principles as in effect on the Issue Date, including those set forth:

(a) in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants,

(b) in the statements and pronouncements of the Financial Accounting Standards Board,

(c) in such other statements by such other entity as approved by a significant segment of the accounting profession, and

(d) the rules and regulations of the Commission governing the inclusion of financial statements (including pro forma financial statements) in periodic reports required to be filed pursuant to Section 13 of the

Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the Commission.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Debt of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise), or

(b) entered into for the purpose of assuring in any other manner the obligee against loss in respect thereof (in whole or in part);

provided, however, that the term "Guarantee" shall not include:

(1) endorsements for collection or deposit in the ordinary course of business, or

(2) a contractual commitment or undertaking by one Person to invest in another Person for so long as such Investment is reasonably expected to constitute a Permitted Investment under clause (b) of the definition of "Permitted Investment."

The term "Guarantee" used as a verb has a corresponding meaning. The term "Guarantor" shall mean any Person Guaranteeing any obligation.

"Hedging Obligation" of any Person means any obligation of such Person pursuant to any Interest Rate Agreement, Currency Exchange Protection Agreement, Commodity Price Protection Agreement or any other similar agreement or arrangement.

"Incur" means, with respect to any Debt or other obligation of any Person, to create, issue, incur (by merger, conversion, exchange or otherwise), extend, assume, Guarantee or become liable in respect of such Debt or other obligation or the recording, as required pursuant to GAAP or otherwise, of any such Debt or obligation on the balance sheet of such Person (and "Incurrence" and "Incurred" shall have meanings correlative to the foregoing); provided, however, that a change in GAAP that results in an obligation of such Person that exists at such time, and is not theretofore classified as Debt, becoming Debt shall not be deemed an Incurrence of such Debt and the accrual of interest (whether such interest is payable in cash or in kind) and the accretion of original issue discount and an amendment, modification or waiver (to the extent that it does not increase the principal of or premium or interest on the applicable Debt) shall not be deemed an incurrence of Debt; provided further, however, that any Debt or other obligations of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary; and provided further, however, that solely for purposes of determining compliance with "--Certain Covenants--Limitation on Debt", amortization of debt discount shall not be deemed to be the Incurrence of Debt, provided that in the case of Debt sold at a discount, the amount of such Debt Incurred shall at all times be the aggregate principal amount at Stated Maturity.

"Independent Financial Advisor" means an investment banking firm of national standing or any third party appraiser of national standing, provided that such firm or appraiser is not an Affiliate of the Company.

"Interest Rate Agreement" means, for any Person, any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or other similar agreement designed to protect against fluctuations in, or otherwise manage, interest rates.

"Investment" by any Person means any direct or indirect loan (other than advances to customers in the ordinary course of business), advance or other extension of credit or capital contribution (by means of transfers of cash or other Property to others or payments for Property or services for the account or use of others, or otherwise) to, or Incurrence of a Guarantee of any obligation of, or purchase or acquisition of Capital Stock, bonds, notes,

debentures or other securities or evidence of Debt issued by, any other Person. For purposes of the covenant described under "--Certain Covenants--Limitation on Restricted Payments", "--Designation of Restricted and Unrestricted Subsidiaries" and the definition of "Restricted Payment", "Investment" shall include the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Company at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary of an amount (if positive) equal to:

(a) the Company's "Investment" in such Subsidiary at the time of such redesignation, less

(b) the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation.

In determining the amount of any Investment made by transfer of any Property other than cash, such Property shall be valued at its Fair Market Value at the time of such Investment. Investment shall not include endorsements of negotiable instruments and documents in the ordinary course of business and the acquisition of assets (other than stock or other securities) by the Company or a Restricted Subsidiary for consideration.

"Issue Date" means the date on which the notes are initially issued.

"Lien" means, with respect to any Property of any Person, any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, security interest, lien, charge, easement (other than any easement not materially impairing usefulness or marketability), encumbrance, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever on or with respect to such Property (including any Capital Lease Obligation, conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing).

"Moody's" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"Net Available Cash" from any Asset Sale means cash payments received therefrom (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Debt or other obligations relating to the Property that is the subject of such Asset Sale or received in any other non-cash form), in each case net of:

(a) all legal, title and recording tax expenses, commissions and other fees and expenses incurred, and all Federal, state, provincial, foreign and local taxes required to be accrued as a liability under GAAP, as a consequence of such Asset Sale,

(b) all payments made on any Debt that is secured by any Property subject to such Asset Sale, in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such Property, or which must by its terms, or in order to obtain a necessary consent to such Asset Sale, or by applicable law, be repaid out of the proceeds from such Asset Sale, and all payments made with respect to liabilities associated with the assets which are the subject of the Asset Sale, including, without limitation, trade payables and other accrued liabilities,

(c) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Sale, and

(d) the deduction of appropriate amounts provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the Property disposed in such Asset Sale and retained by the Company or any Restricted Subsidiary after such Asset Sale.

"Non-recourse Debt" means Debt:

(a) as to which neither the Company nor any Restricted Subsidiary (i) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Debt), (ii) is directly or indirectly liable as a guarantor or otherwise, or (iii) constitutes the lender;

(b) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Debt (other than the notes) of the Company or any Restricted Subsidiary to declare a default on such other Debt or cause the payment thereof to be accelerated or payable prior to its stated maturity; and

(c) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Company or any of Restricted Subsidiary.

"Officer" means the Chief Executive Officer, the President, the Chief Financial Officer or any Vice President of the Company.

"Officers' Certificate" means a certificate signed by any of the chief executive officer, chief operating officer or chief financial officer of the Company, and delivered to the trustee.

"Opinion of Counsel" means a written opinion from legal counsel who is acceptable to the trustee. The counsel may be an employee of or counsel to the Company or the trustee.

"Permitted Business" means any business that is related, ancillary or complementary to, or a reasonable extension, development or expansion of, the businesses of the Company and the Restricted Subsidiaries, taken as a whole, on the Issue Date.

"Permitted Holders" means (i) All Life Foundation, John C. Dempsey Trust, Naomi A. Coyle Trust, Michael H. Dempsey, Michael H. Dempsey Living Trust, Naomi C. Dempsey Charitable Lead Annuity Trust, Naomi C. Dempsey, Naomi C. Dempsey Living Trust, Patricia M. Dempsey, Patricia M. Dempsey Living Trust, Judith D. Hook, Judith D. Hook Living Trust, Mary T. McAlpin, Mary T. McAlpin Living Trust, Mary T. McAlpin Charitable Remainder Annuity Trust, John McNamara, Virginia D. Ragan and Virginia D. Ragan Living Trust; (ii) the spouses, heirs, legatees, descendants and blood relatives to the third degree of consanguinity of any person in clause (i); (iii) the executors and administrators of the estate of any such person, and any court appointed guardian of any person in clause (i) or (ii); (iv) any trust, family partnership or similar investment entity for the benefit of any such person referred to in the foregoing clause (i) or (ii) or any persons (including for charitable purposes), so long as one or more members of the group consisting of the Permitted Holders have the exclusive or a joint right to control the voting and disposition of securities held by such trust, family partnership or other investment entity; and (v) any employee or retiree benefit plan sponsored by the Company.

"Permitted Investment" means any Investment by the Company or a Restricted Subsidiary in:

(a) the Company (including any investment in the notes), any Restricted Subsidiary or any Person that will, upon the making of such Investment, become a Restricted Subsidiary, provided that the primary business of such Restricted Subsidiary is a Permitted Business;

(b) any Person if as a result of such Investment such Person is merged or consolidated with or into, or transfers or conveys all or substantially all its Property to, the Company or a Restricted Subsidiary, provided that such Person's primary business is a Permitted Business;

(c) cash and Cash Equivalents;

(d) receivables owing to the Company or a Restricted Subsidiary, if created or acquired in the ordinary course of business and Investments by a Restricted Subsidiary in the Company or another Restricted Subsidiary;

(e) payroll, travel, relocation and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(f) loans and advances to employees made in the ordinary course of business consistent with past practices of the Company or such Restricted Subsidiary;

(g) stock, obligations or other securities received in settlement of debts created in the ordinary course of business and owing to the Company or a Restricted Subsidiary, whether pursuant to a plan of reorganization or otherwise, or in satisfaction of judgments;

(h) any Person to the extent such Investment represents the non-cash portion of the consideration received in connection with an Asset Sale consummated in compliance with the covenant described under "--Certain Covenants--Limitation on Asset Sales";

(i) other Investments made for Fair Market Value that do not exceed \$35.0 million outstanding at any one time in the aggregate;

(j) endorsements for collection or deposit in the ordinary course of business by such Person of bank drafts and similar negotiable instruments of such other Person received as payment for ordinary course of business trade receivables; and

(k) any Investment made in a Special Purpose Vehicle in connection with a Qualified Securitization Transaction or to provide adequate capital to a Special Purpose Vehicle in anticipation of one or more Qualified Securitization Transactions.

"Permitted Junior Securities" means:

(a) Capital Stock in the Company or any Subsidiary Guarantor; or

(b) debt securities that are subordinated to all Senior Debt and any debt securities issued in exchange for Senior Debt to substantially the same extent as, or to a greater extent than, the notes and the Subsidiary Guaranties are subordinated to Senior Debt under the indenture and have a Stated Maturity after (and do not provide for scheduled principal payments prior to) the stated maturity of any Senior Debt and any debt securities issued in exchange for Senior Debt;

provided, however, that, if such Capital Stock or debt securities are distributed in a bankruptcy or insolvency proceeding of the Company or any Subsidiary Guarantor, such Capital Stock or debt securities are distributed pursuant to a plan of reorganization consented to by each class of Designated Senior Debt.

"Permitted Liens" means:

(a) Liens to secure Debt and other obligations permitted to be Incurred under clause (b) of the second paragraph of the covenant described under "--Certain Covenants--Limitation on Debt";

(b) Liens to secure Debt permitted to be Incurred under clause (c) of the second paragraph of the covenant described under "--Certain Covenants--Limitation on Debt", provided that any such Lien may not extend to any Property of the Company or any Restricted Subsidiary, other than the Property acquired, constructed or leased with the proceeds of such Debt and any improvements or accessions to such Property;

(c) Liens for taxes, assessments or governmental charges or levies on the Property of the Company or any Restricted Subsidiary if the same shall not at the time be delinquent or thereafter can be paid without

penalty, or are being contested in good faith and by appropriate proceedings promptly instituted and diligently concluded, provided that any reserve or other appropriate provision that shall be required in conformity with GAAP shall have been made therefor;

(d) Liens imposed by law, such as carriers', warehousemen's, workmen's, landlord's, repairmen's, operator's and mechanics' Liens and other similar Liens, on the Property of the Company or any Restricted Subsidiary arising in the ordinary course of business and securing payment of obligations that are not more than 60 days past due or are being contested in good faith and by appropriate proceedings;

(e) Liens on the Property of the Company or any Restricted Subsidiary Incurred in the ordinary course of business to secure performance of obligations with respect to statutory or regulatory requirements, performance or return-of-money bonds, surety or appeal bonds or other obligations of a like nature and government contracts and Incurred in a manner not inconsistent with industry practice, in each case which are not Incurred in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of Property and which do not in the aggregate impair in any material respect the use of Property in the operation of the business of the Company and the Restricted Subsidiaries taken as a whole;

(f) Liens on Property at the time the Company or any Restricted Subsidiary acquired such Property, including any acquisition by means of a merger or consolidation with or into the Company or any Restricted Subsidiary; provided, however, that any such Lien may not extend to any other Property of the Company or any Restricted Subsidiary; provided further, however, that such Liens shall not have been Incurred in anticipation of or in connection with the transaction or series of transactions pursuant to which such Property was acquired by the Company or any Restricted Subsidiary;

(g) Liens on the Property of a Person at the time such Person becomes a Restricted Subsidiary; provided, however, that any such Lien may not extend to any other Property of the Company or any other Restricted Subsidiary that is not a direct Subsidiary of such Person; provided further, however, that any such Lien was not Incurred in anticipation of or in connection with the transaction or series of transactions pursuant to which such Person became a Restricted Subsidiary;

(h) pledges or deposits by the Company or any Restricted Subsidiary under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Debt) or leases to which the Company or any Restricted Subsidiary is party, or deposits to secure public or statutory or regulatory or contractual or warranty obligations of the Company, or deposits for the payment of rent, in each case Incurred in the ordinary course of business;

(i) utility easements, building restrictions and such other encumbrances or charges against real Property as are of a nature generally existing with respect to properties of a similar character, and easements, rights-of-way, municipal and zoning ordinances and similar charges, encumbrances, title defects or other irregularities that do not materially interfere with the ordinary course of business of the Company or of any of its Restricted Subsidiaries;

(j) financing statements under the Uniform Commercial Code (or equivalent statute or statutes) of any jurisdiction which reflects ownership by a third party of property leased to that Person or any of its Restricted Subsidiaries under a lease that is not in the nature of a conditional sale or title retention agreement or accounts, general intangibles or chattel paper sold to that Person;

(k) Liens existing on the Issue Date not otherwise described in clauses (a) through (s) herein;

(l) Liens on the Property of the Company or any Restricted Subsidiary to secure any Refinancing, in whole or in part, of any Debt secured by Liens referred to in clause (a), (b), (f), (g) or (j) above; provided, however, that any such Lien shall be limited to all or part of the same Property that secured the original Lien (together with improvements and accessions to such Property) and the aggregate principal amount of Debt that is secured by such Lien shall not be increased to an amount greater than the sum of:



(1) the outstanding principal amount, or, if greater, the committed amount, of the Debt secured by Liens described under clause (b), (f), (g) or (j) above, as the case may be, at the time the original Lien became a Permitted Lien under the indenture, and

(2) an amount necessary to pay any fees and expenses, including premiums and defeasance costs, incurred by the Company or such Restricted Subsidiary in connection with such Refinancing; and

(m) Liens arising from the rendering of a final judgment or order against the Company or any Restricted Subsidiary of the Company that does not give rise to an Event of Default;

(n) Liens securing reimbursement obligations with respect to letters of credit incurred in accordance with the indenture that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(o) Liens in favor of custom and revenue authorities arising as a matter of law to secure payment of nondelinquent customs duties in connection with the importation of goods;

(p) Liens arising out of consignment or similar arrangements for the sale of goods entered into by the Company or any Restricted Subsidiary in the ordinary course of business;

(q) Liens granted in connection with a Qualified Securitization Transaction;

(r) Liens on the outstanding Capital Stock or assets of Foreign Restricted Subsidiaries to secure any intercompany notes issued by a Foreign Restricted Subsidiary to the Company evidencing a loan by the Company to such Foreign Restricted Subsidiary of proceeds from the Senior Credit Facilities and to secure any guarantee of such intercompany notes by a Foreign Restricted Subsidiary;

(s) Liens in favor of the trustee for the benefit of the holders of the notes; and

(t) Liens not otherwise permitted by clauses (a) through (s) above encumbering Property having an aggregate Fair Market Value not in excess of 5.0% of Consolidated Net Tangible Assets, as determined based on the consolidated balance sheet of the Company as of the end of the most recent fiscal quarter ending at least 45 days prior to the date any such Lien shall be incurred.

"Permitted Refinancing Debt" means any Debt that Refinances any other Debt, including any successive Refinancings, so long as:

(a) such Debt is in an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) not in excess of the sum of:

(1) the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding of the Debt being Refinanced, and

(2) an amount necessary to pay any fees and expenses, including premiums and defeasance costs, related to such Refinancing,

(b) the Average Life of such Debt is equal to or greater than the Average Life of the Debt being Refinanced,

(c) the Stated Maturity of such Debt is no earlier than the Stated Maturity of the Debt being Refinanced, and

(d) the new Debt shall not be senior in right of payment to the Debt that is being Refinanced;

provided, however, that Permitted Refinancing Debt shall not include:

(x) Debt of a Restricted Subsidiary that is not a Subsidiary Guarantor that Refinances Debt of the Company or a Subsidiary Guarantor, or

(y) Debt of the Company or a Restricted Subsidiary that Refinances Debt of an Unrestricted Subsidiary.

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

"Preferred Stock" means any Capital Stock of a Person, however designated, which entitles the holder thereof to a preference with respect to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of any other class of Capital Stock issued by such Person.

"Preferred Stock Dividends" means all dividends with respect to Preferred Stock of Restricted Subsidiaries held by Persons other than the Company or a Wholly Owned Restricted Subsidiary. The amount of any such dividend shall be equal to the quotient of such dividend divided by the difference between one and the maximum statutory federal income rate (expressed as a decimal number between 1 and 0) then applicable to the issuer of such Preferred Stock.

"pro forma" means, with respect to any calculation made or required to be made pursuant to the terms hereof, a calculation performed in accordance with Article 11 of Regulation S-X promulgated under the Securities Act, as interpreted in good faith by the Company after consultation with the independent certified public accountants of the Company, or otherwise a calculation made in good faith by the Company after consultation with the independent certified public accountants of the Company, as the case may be.

"Property" means, with respect to any Person, any interest of such Person in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including Capital Stock in, and other securities of, any other Person. For purposes of any calculation required pursuant to the indenture, the value of any Property shall be its Fair Market Value.

"Public Equity Offering" means an underwritten public offering of common stock of the Company pursuant to an effective registration statement under the Securities Act.

"Purchase Money Debt" means Debt:

(a) consisting of the deferred purchase price of property, conditional sale obligations, obligations under any title retention agreement, other purchase money obligations and obligations in respect of industrial revenue bonds, in each case where the maturity of such Debt does not exceed the anticipated useful life of the Property being financed, and

(b) Incurred to finance the acquisition, construction or lease by the Company or a Restricted Subsidiary of such Property, including additions and improvements thereto;

provided, however, that such Debt is Incurred within 180 days after the acquisition, construction or lease of such Property by the Company or such Restricted Subsidiary.

"Qualified Securitization Transaction" means any transaction or series of transactions that may be entered into by the Company or any of the Restricted Subsidiaries of the Company in connection with or reasonably related to a transaction or series of transactions in which the Company or any of the Restricted Subsidiaries of the Company may sell, convey or otherwise transfer to (1) a Special Purpose Vehicle or (2) any other Person, or may grant a security interest in, any equipment and related assets (including contract rights) or Receivables or interests therein secured by goods or services financed thereby (whether such Receivables are then existing or arising in the future) of the Company or any of the Restricted Subsidiaries of the Company, and any assets relating thereto including,

without limitation, all security or ownership interests in goods or services financed thereby, the proceeds of such Receivables, and other assets which are customarily sold or in respect of which security interests are customarily granted in connection with securitization transactions involving such assets, as any agreement governing any such transactions may be renewed, refinanced, amended, restated or modified from time to time.

"Receivables" means any right of payment from or on behalf of any obligor, whether constituting an account, chattel paper, instrument, general intangible or otherwise, arising from the financing by the Company or any Restricted Subsidiary of the Company of goods or services, and monies due thereunder, security or ownership interests in the goods and services financed thereby, records relating thereto, and the right to payment of any interest or finance charges and other obligations with respect thereto, proceeds from claims on insurance policies related thereto, any other proceeds related thereto, and other related rights.

"Reference Treasury Dealer" means Salomon Smith Barney, Inc., Deutsche Bank Securities Inc. and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Company shall substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 5:00 p.m. on the third business day preceding such redemption date.

"Refinance" means, in respect of any Debt, to refinance, extend, renew, refund, or Repay, or to issue other Debt, in exchange or replacement for, such Debt. "Refinanced" and "Refinancing" shall have correlative meanings.

"Repay" means, in respect of any Debt, to repay, prepay, repurchase, redeem, legally defease or otherwise retire such Debt. "Repayment" and "Repaid" shall have correlative meanings. For purposes of the covenant described under "--Certain Covenants--Limitation on Asset Sales" and the definition of "Consolidated Interest Coverage Ratio", Debt shall be considered to have been Repaid only to the extent the related loan commitment, if any, shall have been permanently reduced in connection therewith.

"Representative" means the trustee, agent or representative expressly authorized to act in such capacity, if any, for an issue of Senior Debt.

"Restricted Payment" means:

(a) any dividend or distribution (whether made in cash, securities or other Property) declared or paid on or with respect to any shares of Capital Stock of the Company or any Restricted Subsidiary (including any payment in connection with any merger or consolidation with or into the Company or any Restricted Subsidiary), except for any dividend or distribution that is made solely to the Company or a Restricted Subsidiary (and, if such Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, to the other shareholders of such Restricted Subsidiary on a pro rata basis or on a basis that results in the receipt by the Company or a Restricted Subsidiary of dividends or distributions of greater value than it would receive on a pro rata basis) or any dividend or distribution payable solely in shares of Capital Stock (other than Disqualified Stock) of the Company;

(b) the purchase, repurchase, redemption, acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary (other than from the Company or a Restricted Subsidiary) or any securities exchangeable for or convertible into any such Capital Stock, including the exercise of any option to exchange any Capital Stock (other than for or into Capital Stock of the Company that is not Disqualified Stock);

(c) the purchase, repurchase, redemption, acquisition or retirement for value, prior to the date for any scheduled maturity, sinking fund or amortization or other installment payment, of any Subordinated Obligation (other than the purchase, repurchase or other acquisition of any Subordinated Obligation purchased

in anticipation of satisfying a scheduled maturity, sinking fund or amortization or other installment obligation, in each case due within one year of the date of acquisition); or

(d) any Investment (other than a Permitted Investment) in any Person.

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"S&P" means Standard & Poor's Ratings Service or any successor to the rating agency business thereof.

"Securities Act" means the Securities Act of 1933, as amended.

"Senior Credit Facility" Amended and Restated Senior Secured Credit Facility, dated as of August 23, 2002, among the Company, Greif Spain Holdings, S.L., Greif Canada, Van Leer (UK) Ltd., Royal Packaging Industries Van Leer NV, and Van Leer Australia PTY. Ltd., 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, including any related notes, collateral documents, letters of credit and documentation and guarantees and any appendices, exhibits or schedules to any of the foregoing, as any or all of such agreements may be in effect from time to time, in each case, as any or all of such agreements (or any other agreement that renews, refunds, refinances, restructures, replaces, repays or extends any or all of such agreements or any of the foregoing other agreements) may be amended, restated, modified or supplemented from time to time, or renewed, refunded, refinanced, restructured, replaced, repaid or extended from time to time, whether with the original agents and lenders or other agents and lenders or otherwise, and whether provided under the original credit agreement or one or more other credit agreements or otherwise.

"Senior Debt" of the Company means:

(a) all obligations consisting of the principal, premium, if any, and accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company whether or not post-filing interest is allowed in such proceeding) in respect of:

(1) Debt of the Company for borrowed money, and

(2) Debt of the Company evidenced by notes, debentures, bonds or other similar instruments permitted under the indenture for the payment of which the Company is responsible or liable;

(b) all Capital Lease Obligations of the Company and all Attributable Debt in respect of sale and leaseback transactions entered into by the Company;

(c) all obligations of the Company

(1) for the reimbursement of any obligor on any letter of credit, bankers' acceptance or similar credit transaction,

(2) under Hedging Obligations, or

(3) issued or assumed as the deferred purchase price of Property and all conditional sale obligations of the Company and all obligations under any title retention agreement permitted under the indenture; and

(d) all obligations of other Persons of the type referred to in clauses (a), (b) and (c) for the payment of which the Company is responsible or liable as Guarantor;

provided, however, that Senior Debt shall not include:

(A) Debt of the Company that is by its terms subordinate or pari passu in right of payment to the notes, including any Senior Subordinated Debt or any Subordinated Obligations;

(B) any Debt Incurred in violation of the provisions of the indenture;

(C) accounts payable or any other obligations of the Company to trade creditors created or assumed by the Company in the ordinary course of business in connection with the obtaining of materials or services (including Guarantees thereof or instruments evidencing such liabilities);

(D) any liability for federal, state, local or other taxes owed or owing by the Company;

(E) any obligation of the Company to any Subsidiary; or

(F) any obligations with respect to any Capital Stock of the Company.

"Senior Debt" of any Subsidiary Guarantor has a correlative meaning.

"Senior Subordinated Debt" of the Company means the notes and any other subordinated Debt of the Company that specifically provides that such Debt is to rank pari passu with the notes and is not subordinated by its terms to any other subordinated Debt or other obligation of the Company which is not Senior Debt. "Senior Subordinated Debt" of any Subsidiary Guarantor has a correlative meaning.

"Significant Subsidiary" means any Subsidiary that would be a "Significant Subsidiary" of the Company within the meaning of Rule 1-02 under Regulation S-X promulgated by the Commission.

"Special Purpose Vehicle" means a bankruptcy-remote entity or trust or other special purpose entity which is formed by us, any Subsidiary of ours or any other Person for the purpose of, and engages in no material business other than in connection with a Qualified Securitization Transaction or other similar transactions of Receivables or other similar or related assets.

"Special Interest" means the additional interest, if any, to be paid on the notes as described under "Exchange Offer; Registration Rights."

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency beyond the control of the issuer unless such contingency has occurred).

"Subordinated Obligation" means any Debt of the Company or any Subsidiary Guarantor (whether outstanding on the Issue Date or thereafter Incurred) that is subordinate or junior in right of payment to the notes or the applicable Subsidiary Guaranty pursuant to a written agreement to that effect.

"Subsidiary" means, in respect of any Person, any corporation, company (including any limited liability company), association, partnership, joint venture or other business entity of which a majority of the total voting power of the Voting Stock is at the time owned or controlled, directly or indirectly, by:

(a) such Person,

(b) such Person and one or more Subsidiaries of such Person, or

(c) one or more Subsidiaries of such Person.

Notwithstanding the foregoing, CorrChoice shall not be deemed a Subsidiary unless and until its financial results are required to be consolidated with the Company's financial results under generally accepted accounting principles.

"Subsidiary Guarantor" means each Domestic Restricted Subsidiary and Soterra and any other Person that becomes a Subsidiary Guarantor pursuant to the covenant described under "--Certain Covenants--Future Subsidiary Guarantors."

"Subsidiary Guaranty" means a Guarantee on the terms set forth in the indenture by a Subsidiary Guarantor of the Company's obligations with respect to the notes.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the yield to maturity of the Comparable Treasury Issue, compounded semi-annually, assuming a price for such Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Unrestricted Subsidiary" means Soterra LLC and any other Subsidiary of the Company (or any successor to any of them) that is designated by our Board of Directors as an Unrestricted Subsidiary pursuant to a board resolution, but only to the extent that such Subsidiary (including Soterra):

(a) has no Debt other than Non-Recourse Debt (it being understood that, in the case of Soterra, the Guarantee by Soterra of the notes and the Senior Credit Facility shall be deemed to constitute the Incurrence by Soterra of Debt that is Non-Recourse Debt);

(b) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to us or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;

(c) is a Person with respect to which neither the Company nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests from such Person or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results;

(d) does not guarantee or otherwise directly or indirectly provide credit support for any Indebtedness of the Company or any Restricted Subsidiary, excluding the notes; and

(e) has at least one director on its Board of Directors that is not a director or executive officer of the Company or any Restricted Subsidiary and has at least one executive officer that is not a director or executive officer of the Company or any Restricted Subsidiary.

Notwithstanding the foregoing, Soterra shall only be required to comply with clauses (a) and (c) above to be deemed an Unrestricted Subsidiary and CorChoice, if it becomes a Subsidiary, shall only be required to comply with clauses (a), (c), (d) and (e) to be deemed an Unrestricted Subsidiary.

Any designation of a Subsidiary as an Unrestricted Subsidiary will be evidenced to the trustee by filing with the trustee a certified copy of the board resolution giving effect to such designation and an officers' certificate certifying that such designation complied with the preceding conditions and was permitted by the "--Restricted Payments" covenant. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the indenture and any Debt of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the "--Limitation on Debt" covenant, we will be in default of such covenant. Our Board of Directors may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation will be deemed to be an incurrence of Debt by one of our Restricted Subsidiaries of any outstanding Debt of such Unrestricted Subsidiary and such designation will only be permitted if (1) such Debt is permitted under the "--Limitation on Debt" covenant, calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; (2) no Default or Event of Default would be in existence following such designation; and (3) if such Subsidiary is a Domestic Subsidiary, such Subsidiary executes and delivers to the trustee a supplemental indenture providing for a Subsidiary Guarantee.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) issued or guaranteed by the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the issuer's option.

"Voting Stock" of any Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

"Wholly Owned Restricted Subsidiary" means, at any time, a Restricted Subsidiary all the Voting Stock of which (except directors' qualifying shares) is at such time owned, directly or indirectly, by the Company and its other Wholly Owned Subsidiaries.

The Global Notes

We will initially issue the exchange notes in the form of one or more registered notes in global form, without interest coupons (collectively, the "Global Notes"). The Global Notes will be deposited with, or on behalf of, The Depository Trust Company ("DTC") and registered in the name of Cede & Co as nominee of DTC, or will remain in the custody of the Trustee pursuant to the FAST Balance Certificate between DTC and the Trustee. Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. You may hold your beneficial interests in a Global Note directly through DTC if you have an account with DTC or indirectly through organizations which have accounts with DTC. Beneficial interest in a Global Note may not be exchanged for notes in physical, certificated form ("Certificated Notes") except in the limited circumstances described below. All interests in a Global Note may be subject to the procedures and requirements of DTC.

Exchange Among the Global Notes

Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest on another Global Note will, upon transfer, cease to be an interest in such Global Notes and become an interest on the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

Certain Book-Entry Procedures for the Global Notes

The descriptions of the operations and procedures of DTC set forth below are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. We do not take any responsibility for these operations or procedures, and investors are urged to contact the system or its participants directly to discuss these matter.

DTC has advised us that it is:

- . a limited-purpose trust company organized under the laws of the State of New York;
- . a "banking organization" within the meaning of the New York Banking Law;
- . a member of the Federal Reserve System;
- . a "clearing corporation" within the meaning of the Uniform Commercial Code, as amended; and
- . "a clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act.

DTC was created to hold securities of institutions that have accounts with the DTC (collectively, the "participants") and to facilitate the clearance and settlement of securities transactions amongst its participants in such securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Indirect access to DTC's book-entry system is also available to others such as banks, brokers, dealers and trust companies (collectively, the "indirect participants") that clear through or maintain a custodial relationship with a participant, whether directly or indirectly. Investors who are not participants may beneficially own securities held by or on behalf of DTC only through participants or indirect participants.

We expect that pursuant to procedures established by DTC, upon the deposit of a Global Note with DTC, DTC will credit, on its book-entry registration and transfer system, the amount represented by such Global Note to the accounts of participants. The accounts to be credited shall be designated by the purchasers. Ownership of beneficial interests in a Global Note will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests in a Global Note will be shown on, and the transfer of those



ownership interests will be effected only through, records maintained by DTC (with respect to participant's interests), the participants and the indirect participants (with respect to the owners of beneficial interests in the Global Note other than participants).

The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Accordingly, the ability to transfer interests in the exchange notes represented by a Global Note to such persons may be limited. In addition, because DTC can act on behalf of its participants, who in turn act on behalf of persons who hold interest through participants, the ability of a person having an interest in exchange notes represented by a Global Note to pledge or transfer such interest to persons or entities that do not participate in DTC's system, or to otherwise take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

So long as DTC, or its nominee, is the registered holder and owner of the Global Notes, DTC or such nominee, as the case may be, will be considered the sole legal owner and holder of the exchange notes evidenced by the Global Note for all purposes under the indenture. Except as set forth below, as an owner of a beneficial interest in a Global Note, you will not be entitled to have the exchange note represented by such Global Note registered in your name, will not receive or be entitled to receive physical delivery of Certificated Notes and will not be considered to be the owner or holder thereof under the indenture for any purpose, including with respect to giving direction, instruction or approval to the Trustee thereunder. Accordingly, each holder owning a beneficial interest in a Global Note must rely on the procedures of DTC and, if such holder is not a participant or indirect participant, on the procedures of the participant through which such holder owns its interest, to exercise any rights of a holder of exchange notes under the indenture or such Global Note. We understand that under existing industry practice, in the event an owner of a beneficial interest in a Global Note desires to take any action that DTC, as the holder of such Global Note, is entitled to take, DTC would authorize the participants to take such action, and the participants would authorize beneficial owners owning through such participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them. Neither we nor the trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of exchange notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to such notes.

We will make payments of principal of, premium, if any, and interest on exchange notes represented by a Global Note registered in the name of and held by DTC or its nominee on the applicable record date to or at the direction of DTC or its nominee, as the case may be, as the registered owner and holder of the Global Notes representing such exchange notes under the indenture. Under the terms of the indenture, we and the trustee may treat the persons in whose names the exchange notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving payment thereon and for any and all other purposes whatsoever. We expect that DTC or its nominee, upon receipt of any payment of principal of, premium, if any, or interest on the exchange notes will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such exchange notes, as shown on the records of DTC or its nominee. We also expect that payments by participants or indirect participants to owners of beneficial interests in a Global Note held through such participants or indirect participants be governed by standing instructions and customary practices and will be the responsibility of such participants or indirect participants. We will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Notes or for other aspects of the relationship between DTC and its participants or indirect participants or the participants or indirect participants and the owners of beneficial interests in a Global Note owning through such participants.

Transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds.

#### Certificated Notes

Subject to certain conditions, the exchange notes represented by the Global Note are exchangeable for Certificated Notes in definitive form of like tenor only if:

- . DTC notifies us that it is unwilling or unable to continue to act as a depository or DTC ceases to be a clearing agency registered under the Exchange Act for the Global Notes and, in either case, a qualified successor depository for the Global Notes is not appointed within 90 days of such notice or cessation;
- . we, in our discretion, at any time notify the trustee that we elect to cause the issuance of the Certificated Notes in exchange for all or any part of the notes represented by a Global Note of Global Notes; or
- . a default entitling the holders of the notes to accelerate the maturity thereof has occurred and is continuing and the registrar has received a request from DTC.

In the event of any of the foregoing, DTC shall surrender such Global Note or Global Notes to the trustee for cancellation and we shall execute, and the trustee shall authenticate and deliver, Certificated Notes in exchange for such Global Note or Global Notes. Upon any such issuance, the trustee is required to register such Certificate Notes in the name of such person or persons (or nominees of any thereof) and cause the same to be delivered thereto.

Neither we nor the trustee shall be liable for any delay by DTC or any participant or indirect participant in identifying the beneficial owners of the related exchange notes and each such person may conclusively rely on, and shall be protected in relying on, instructions from DTC for all purposes (including with respect to the registration and delivery, and the respective principal amounts, of the exchange notes to be issued).

## CERTAIN UNITED STATES FEDERAL TAX CONSIDERATIONS

The following general discussion summarizes certain material U.S. federal income tax aspects of the acquisition, ownership and disposition of the notes. This discussion is a summary for general information only and does not consider all aspects of U.S. federal income taxation that may be relevant to the acquisition, ownership and disposition of the notes by a prospective investor in light of his, her or its personal circumstances. This discussion is limited to the U.S. federal income tax consequences to persons who are beneficial owners of the notes and who hold the notes as capital assets within the meaning of Section 1221 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). This discussion does not address the U.S. federal income tax consequences to investors subject to special treatment under the federal income tax laws, such as dealers in securities or foreign currency, tax-exempt entities, banks, thrifts, insurance companies, persons that hold the notes as part of a "straddle," as part of a "hedge" against currency risk, or as part of a "conversion transaction," persons that have a "functional currency" other than the U.S. dollar, and investors in pass-through entities that hold the notes. In addition, this discussion is generally limited to the tax consequences to initial holders that purchase the notes at the "issue price," which for this purpose is the first price at which a substantial amount of the notes are sold to the public for money, excluding sales to bond houses, brokers or similar persons acting in the capacity of underwriters, placement agents or wholesalers. This discussion does not describe any tax consequences arising out of the tax laws of any state, local or foreign jurisdiction, or, except to a limited extent under the caption "Non-U.S. Holders," any possible applicability of U.S. federal gift or estate tax.

This summary is based upon the Code, existing and proposed regulations thereunder, and current administrative rulings and court decisions, all as in effect on the date of this prospectus. All of the foregoing are subject to change, possibly on a retroactive basis, and any such change could affect the continuing validity of this discussion.

Persons considering the purchase of notes should consult their own tax advisors concerning the application of U.S. federal income tax laws, as well as the law of any state, local or foreign taxing jurisdiction, to their particular situations.

### U.S. Holders

The following discussion is limited to the U.S. federal income tax consequences to a holder of a note that is:

- . a citizen or resident of the United States, including an alien resident who is a lawful permanent resident of the United States or meets the "substantial presence" test under Section 7701(b) of the Code;
- . a corporation created or organized in the United States or under the laws of the United States or any political subdivision thereof;
- . an estate whose income is includible in gross income for United States federal income tax purposes regardless of its source; or
- . a trust, if a U.S. court is able to exercise primary supervision over administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust (each a "U.S. Holder").

**Stated Interest.** Interest on the notes will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with such holder's method of accounting for U.S. federal income tax purposes. The notes are not expected to be issued to investors with "original issues discount" for U.S. federal income tax purposes.

**Special Interest.** Our failure to cause to be declared effective an Exchange Offer Registration Statement or a Shelf Registration Statement, as described under "Exchange Offer; Registration Rights," will cause Special Interest to accrue on the notes in the manner described therein. According to the applicable Treasury Regulations, the possibility of a change in the interest rate on the notes will not affect the amount or timing of interest income recognized by a holder of notes if the likelihood of the change, as of the date the notes are issued, is remote. We intend to take the position that the likelihood of the payment of Special Interest with respect to the notes is remote

and do not intend to treat the possibility of a change in the interest rate as affecting the yield to maturity of the notes. Accordingly, any Special Interest payable to the holders of the notes in this event should be includible in gross income by a U.S. Holder at the time the payment is paid or accrues in accordance with the U.S. Holder's regular method of tax accounting. Similarly, we intend to take the position that the likelihood of a redemption or repurchase is remote under applicable Treasury regulations and similarly do not intend to treat those possibilities as affecting the yield to maturity of the notes.

**Sale, Exchange or Redemption of the Notes.** Unless a nonrecognition provision applies, upon the disposition of a note by sale, exchange or redemption, a U.S. Holder generally will recognize gain or loss equal to the difference between (i) the amount realized on the disposition (other than amounts attributable to accrued interest not yet taken into income) and (ii) the U.S. Holder's adjusted tax basis in the notes. A U.S. Holder's adjusted tax basis in a note generally will equal the cost of the notes (net of accrued interest) to the U.S. Holder.

Such gain or loss generally will constitute capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held the notes for longer than one year. If the U.S. Holder is an individual, any capital gain generally will be subject to U.S. federal income tax at preferential rates if specified minimum holding periods are met. The deductibility of capital losses is subject to certain limitations. Any gain or loss recognized by a U.S. Holder on the sale, exchange or disposition of a note will generally be treated as U.S. source for purposes of computing the U.S. foreign tax credit limitation.

**Exchange Offer.** The exchange of the privately placed notes for publicly registered notes pursuant to the Exchange Offer should not constitute a material modification of the terms of the notes and therefore should not constitute a taxable event for U.S. federal income tax purposes. In that event, the exchange would have no U.S. federal income tax consequences to a U.S. Holder, so that the U.S. Holder's holding period and adjusted tax basis for a note would not be affected, and the U.S. Holder would continue to take into account income in respect of a note in the same manner as before the exchange.

**Backup Withholding.** A U.S. Holder of notes may be subject, under certain circumstances, to backup withholding at a rate (currently 30%) with respect to payments of interest on, and gross proceeds from a sale or other disposition of, the notes. These backup withholding rules apply if the U.S. Holder, among other things:

- . fails to furnish a social security number or other taxpayer identification number ("TIN") certified under penalties of perjury within a reasonable time after the request therefor;
- . furnishes an incorrect TIN;
- . fails to properly report interest; or
- . under certain circumstances, fails to provide a certified statement, signed under penalties of perjury, that the TIN furnished is the correct number and that such U.S. Holder is not subject to backup withholding.

A U.S. Holder of notes who does not provide his, her or its correct TIN may be subject to penalties imposed by the U.S. Internal Revenue Service (the "IRS"). Any amount paid as backup withholding is creditable against the U.S. Holder's federal income tax liability, provided the requisite information is provided to the IRS. Certain persons are exempt from backup withholding, including corporations and tax-exempt entities, provided their exemption from backup withholding is properly established. U.S. Holders of notes should consult their tax advisors as to their qualifications for exemption from withholding and the procedure for obtaining such exemption.

We will report to the holders of the notes and the IRS the amount of any "reportable payments" made by us and any amount withheld with respect to the notes during the calendar year.

#### Non-U.S. Holders

The following discussion is limited to the U.S. federal income and estate tax consequences to a holder of notes that is an individual, corporation, estate or trust other than a U.S. Holder (a "Non-U.S. Holder"). For purposes of the discussion below, interest and gain on the sale, exchange or other disposition of notes will be considered to be "U.S. trade or business income" if such income or gain is:

- . effectively connected with the conduct of a U.S. trade or business or
- . in the case of a treaty resident, attributable to a U.S. permanent establishment (or, in the case of an individual, a fixed base) in the United States.

Stated Interest. Generally, interest (including Special Interest) paid to a Non-U.S. Holder of a notes will not be subject to United States federal income or withholding tax if such interest is not U.S. trade or business income and is "portfolio interest." Generally, interest on the notes will qualify as portfolio interest if the Non-U.S. Holder:

- . does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock;
- . is not a controlled foreign corporation with respect to which we are a "related person" within the meaning of the Code; and
- . certifies, under penalties of perjury, that such holder is not a United States person and provides such holder's name and address.

The gross amount of payments of interest that do not qualify for the portfolio interest exception and that are not U.S. trade or business income will be subject to U.S. withholding tax at a rate of 30% unless a treaty applies to reduce or eliminate withholding. U.S. trade or business income will be taxed at regular graduated U.S. rates rather than the 30% gross rate. In the case of a Non-U.S. Holder that is a corporation, such U.S. trade or business income also may be subject to the branch profits tax. To claim an exemption from withholding, or to claim the benefits of a treaty, a Non-U.S. Holder must provide a properly executed Form W-8BEN or W-8ECI, as applicable, prior to the payment of interest. These forms must be periodically updated. A Non-U.S. Holder who is claiming the benefits of a treaty may be required, in certain instances, to obtain a U.S. taxpayer identification number and to provide certain documentary evidence issued by foreign governmental authorities to prove residence in the foreign country. Also, special procedures are provided under applicable regulations for payments through qualified intermediaries.

Sale, Exchange or Redemption of Notes. Except as described below and subject to the discussion concerning backup withholding, any gain realized by a Non-U.S. Holder on the sale, exchange or redemption of a notes generally will not be subject to U.S. federal income tax, unless:

- . such gain is U.S. trade or business income;
- . subject to certain exceptions, the Non-U.S. Holder is an individual who holds the notes as a capital asset and is present in the United States for 183 days or more in the taxable year of the disposition; or
- . the Non-U.S. Holder is subject to tax pursuant to the provisions of U.S. tax law applicable to certain U.S. expatriates.

Federal Estate Tax. Notes held (or treated as held) by an individual who is a Non-U.S. Holder at the time of his death will not be subject to U.S. federal estate tax, provided that the individual does not actually or constructively own 10% or more of the total voting power of our voting stock and income on the notes was not U.S. trade or business income.

Information Reporting and Backup Withholding. We must report annually to the IRS and to each Non-U.S. Holder any interest that is paid to the Non-U.S. Holder. Copies of these information returns also may be made available under the provisions of a specific treaty or other agreement to the tax authorities of the country in which the Non-U.S. Holder resides.

Treasury regulations provide that the backup withholding tax (currently 30%) and certain information reporting will not apply to such payments of interest with respect to which either the requisite certification, as described above, has been received or an exemption otherwise has been established, provided that neither we nor our paying agent have actual knowledge that the holder is a United States person or that the conditions of any other exemption are not, in fact, satisfied.

The payment of the proceeds from the disposition of the notes to or through the United States office of any broker, U.S. or foreign, will be subject to information reporting and possible backup withholding unless the owner certifies as to its non-U.S. status under penalties of perjury or otherwise establishes an exemption, provided that the broker does not have actual knowledge that the holder is a United States person or that the conditions of any other exemption are not, in fact, satisfied. The payment of the proceeds from the disposition of the notes to or through a non-U.S. office of a non-U.S. broker will not be subject to information reporting or backup withholding unless the non-U.S. broker has certain types of relationships with the United States (a "U.S. related person"). In the case of the payment of the proceeds from the disposition of the notes to or through a non-U.S. office of a broker that is either a U.S. person or a U.S. related person, the Treasury regulations require information reporting (but not back-up withholding) on the payment unless the broker has documentary evidence in its files that the owner is a Non-U.S. Holder and the broker has no knowledge to the contrary.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against the Non-U.S. Holder's United States federal income tax liability, provided that the required information is provided to the IRS.

THE PRECEDING DISCUSSION OF THE MATERIAL FEDERAL INCOME TAX CONSEQUENCES IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN TAX ADVISOR AS TO PARTICULAR TAX CONSEQUENCES TO IT OF PURCHASING, HOLDING AND DISPOSING OF NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, AND OF ANY PROPOSED CHANGES IN APPLICABLE LAW.

## PLAN OF DISTRIBUTION

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired as a result of market-making activities or other trading activities. We have agreed that, starting on the expiration date of the exchange offer and ending on the close of business one year after the expiration date, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until \_\_\_\_\_, 200\_\_, all dealers effecting transactions in the exchange notes may be required to deliver a prospectus.

We will not receive any proceeds from any sale of exchange notes by brokers-dealers. Exchange notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer and/or the purchasers of any such exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of such exchange notes may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit of any such resale of exchange notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of one year after the expiration date, we will promptly send additional copies of this prospectus and any amendment of the exchange offer supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal. We have agreed to pay all expenses incident to this exchange offer (including the expenses of one counsel for the holder of the original notes) other than commissions or concessions of any brokers or dealers and will indemnify the holders of the original notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

### WHERE YOU CAN FIND MORE INFORMATION

Because the original notes were sold pursuant to exemptions from registration under the Securities Act, they are subject to transfer restrictions. In connection with the issuance of the original notes, we entered into a registration rights agreement with the initial purchasers in which we agreed to either: (a) file with the SEC a registration statement covering the exchange notes, use our best efforts to cause the registration statement to become effective under the Securities Act, and upon effectiveness of the registration statement, to complete the exchange offer; or (b) cause the resale of the original notes to be registered under the Securities Act pursuant to a resale shelf registration statement. Pursuant to the registration rights agreement, we have filed a registration statement on Form S-4 with the SEC under the Securities Act with respect to the exchange notes. This prospectus, which constitutes a part of the registration statement on Form S-4, does not contain all the information set forth in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. We are referring you to the registration statement and to the exhibits for further information with respect to us and the exchange notes. The statements contained in this prospectus concerning the provisions of any document are not necessarily complete, and, in each instance, we refer you to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

We are subject to the informational requirements of the Exchange Act and, in accordance therewith, we file annual, quarterly and current reports, proxy statements and other information with the SEC. Such reports, proxy statements and other information may be inspected and copied at the public reference facilities maintained by the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. You may also obtain copies

of such material by mail from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Please call the SEC at 1-800-SEC-0330 for more information on the public reference rooms. You can also find our SEC reports at the SEC website (<http://www.sec.gov>). Such reports, proxy statements and other documents and information concerning us are also available for inspection at the offices of Nasdaq, 1735 K Street, N.W., Washington D.C. 20006.

#### LEGAL MATTERS

The validity of the exchange notes will be passed upon for us by Baker & Hostetler LLP, Columbus, Ohio. Daniel J. Gunsett, a partner of Baker & Hostetler LLP, is a director of our company. As of September 1, 2002, Mr. Gunsett beneficially owned 14,000 shares of our Class A Common Stock and 1,000 shares of our Class B Common Stock.

#### EXPERTS

Our consolidated financial statements as of October 31, 2001 and 2000 and for each of the three years in the period ended October 31, 2001, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.



UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

In March 2001, we acquired Van Leer Industrial Packaging. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--General-Recent Acquisitions." The following unaudited pro forma condensed combined statement of income for the year ended October 31, 2001, was prepared to illustrate the pro forma effects of the Van Leer Industrial Packaging acquisition as if that transaction had occurred as of November 1, 2000. Our historical consolidated statement of income for the year ended October 31, 2001, includes the operating results of Van Leer Industrial Packaging from March 1, 2001.

Because we consummated the Van Leer Industrial Packaging acquisition in March 2001, our October 31, 2001 historical balance sheet includes the acquired Van Leer Industrial Packaging assets and liabilities, and the financing effects of the acquisition. See Note 2 (Van Leer Industrial Packaging Acquisition) included in the Notes to Consolidated Financial Statements for the Years Ended October 31, 2001, 2000 and 1999 included elsewhere in this prospectus. See also the combined financial statements and related notes for Van Leer Industrial Packaging included elsewhere in this prospectus.

The pro forma adjustments reflect the acquisition of Van Leer Industrial Packaging and are based upon certain assumptions that we believe are reasonable. The pro forma amounts do not include anticipated synergies from the acquisition, nor do they include the anticipated savings associated with the consolidated activities of Van Leer Industrial Packaging and our other locations existing prior to the acquisition date. All of the consolidation activities result from our acquisition of Van Leer Industrial Packaging. The unaudited pro forma condensed combined statement of income and accompanying notes should be read in conjunction with the historical financial statements of Van Leer Industrial Packaging and us and the related notes thereto included elsewhere in this prospectus.

We are providing this unaudited pro forma condensed combined statement of income because we believe it provides useful information as to pro forma results, including the results of Van Leer Industrial Packaging for the 12-month period ended October 31, 2001. However, the unaudited pro forma condensed combined statement of income is provided for informational purposes only and does not purport to represent what our results of operations would actually have been if the Van Leer Industrial Packaging acquisition had in fact occurred on November 1, 2000, or to project our results of operations for any future period of time.

## GREIF BROS. CORPORATION

## PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME

For the Year Ended October 31, 2001  
(U.S. dollars in millions, except per share amounts)  
(Unaudited)

	Greif Bros. Corporation(a)	Van Leer(b)	Pro Forma Adjustment	Pro Forma Results
Net sales .....	\$1,456.0	\$291.3	\$ (1.0)(c)	\$1,746.3
Gain on sale of timberland .....	79.7	--	--	79.7
Other income, net .....	6.3	(1.7)	--	4.6
	-----	-----	-----	-----
	1,542.0	289.6	(1.0)	1,830.6
	-----	-----	-----	-----
Cost of products sold .....	1,152.6	246.8	0.3(c), (d), (e)	1,399.7
Selling, general and administrative expenses .....	204.7	48.0	2.7(f)	255.4
Restructuring charge .....	11.5	--	--	11.5
Interest expense, net .....	45.2	(2.0)	18.5(g)	61.7
	-----	-----	-----	-----
	1,414.0	292.8	21.5	1,728.3
	-----	-----	-----	-----
Income before income taxes, minority interest in income of consolidated subsidiaries and equity in earnings of affiliates .....	128.0	(3.2)	(22.5)	102.3
Income taxes .....	48.5	--	(9.7)(h)	38.8
	-----	-----	-----	-----
Income before minority interest in income of consolidated subsidiaries and equity in earnings of affiliates .....	79.5	(3.2)	(12.8)	63.5
Minority interest in income of consolidated subsidiaries .....	(0.6)	--	--	(0.6)
Equity in earnings of affiliates .....	9.9	--	--	9.9
	-----	-----	-----	-----
Net income .....	\$ 88.8	\$ (3.2)	\$(12.8)	\$ 72.8
	=====	=====	=====	=====
Basic earnings per share:				
Class A Common Stock .....	\$ 3.14			\$ 2.58
Class B Common Stock .....	\$ 4.70			\$ 3.85
Diluted earnings per share:				
Class A Common Stock .....	\$ 3.14			\$ 2.57
Class B Common Stock .....	\$ 4.70			\$ 3.85

See accompanying Notes to Pro Forma Condensed Combined Statement of Income.

GREIF BROS. CORPORATION

NOTES TO PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME

- (a) Includes the results of operations of Van Leer Industrial Packaging from date of acquisition (March 2, 2001) through October 31, 2001.
- (b) Represents the results of operations of Van Leer Industrial Packaging from November 1, 2000, through March 1, 2001.
- (c) Adjustment of \$1.0 million to eliminate intercompany sales from American Flange & Manufacturing Company, Inc. to us.
- (d) Adjustment of \$1.0 million results from an increase in depreciation expense related to the fair value adjustment of the properties, plants and equipment acquired from Van Leer Industrial Packaging using the straight-line method over the estimated useful life of the respective asset.
- (e) Adjustment of \$0.3 million for the appropriate portion of expense related to a 10-year environmental insurance policy.
- (f) Adjustments related to the amortization expense for goodwill and other intangible assets that would have been incurred had the transaction been completed on November 1, 2000. Goodwill is amortized on a straight-line basis over a 25-year period, and the cost of acquired intangible assets is amortized on a straight-line method over the economic useful lives of 2 to 25 years.
- (g) Adjustment relates to the incremental interest expense related to long-term obligations incurred to purchase Van Leer Industrial Packaging and refinance our then existing debt and other debt assumed. This adjustment includes amortization of deferred financing fees over the weighted average life of the new long-term debt (six years).
- (h) To adjust the income tax expense related to the pretax income of Van Leer Industrial Packaging, as well as the pro forma adjustments described in (d) through (g) above. The income tax expense assumes an effective tax rate of 37.9%.

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Industrial Packaging Division of Royal Packaging Industries Van Leer N.V.,  
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REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and the  
Board of Directors of Greif Bros. Corporation

We have audited the consolidated balance sheets of Greif Bros. Corporation and subsidiaries as of October 31, 2001 and 2000, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended October 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements 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 Bros. Corporation and subsidiaries at October 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for each of the three years in the period ended October 31, 2001 in conformity with accounting principles generally accepted in the United States.

/s/ ERNST & YOUNG LLP

Columbus, Ohio  
December 12, 2001,  
except for Note 16, as to which  
the date is July 31, 2002

## GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF INCOME  
(U.S. dollars in thousands, except per share amounts)

	For the years ended October 31,		
	2001	2000	1999
	-----	-----	-----
Net sales .....	\$ 1,456,000	\$ 963,956	\$ 853,438
Gain on sale of timberland .....	79,663	9,255	4,541
Other income, net .....	6,358	4,872	10,441
	-----	-----	-----
	1,542,021	978,083	868,420
	-----	-----	-----
Cost of products sold .....	1,152,616	737,486	675,084
Selling, general and administrative expenses .....	204,716	128,301	112,995
Restructuring costs .....	11,534	--	--
Interest expense, net .....	45,149	11,842	12,983
	-----	-----	-----
	1,414,015	877,629	801,062
	-----	-----	-----
Income before income taxes, minority interest in income of consolidated subsidiaries and equity in earnings of affiliates .....	128,006	100,454	67,358
Income taxes .....	48,514	38,027	26,740
	-----	-----	-----
Income before minority interest in income of consolidated subsidiaries and equity in earnings of affiliates .....	79,492	62,427	40,618
Minority interest in income of consolidated subsidiaries .....	(594)	--	--
Equity in earnings of affiliates .....	9,876	13,367	10,755
	-----	-----	-----
Net income .....	\$ 88,774	\$ 75,794	\$ 51,373
	=====	=====	=====
Basic earnings per share:			
Class A Common Stock .....	\$ 3.14	\$ 2.68	\$ 1.78
Class B Common Stock .....	\$ 4.70	\$ 4.01	\$ 2.67
Diluted earnings per share:			
Class A Common Stock .....	\$ 3.14	\$ 2.67	\$ 1.78
Class B Common Stock .....	\$ 4.70	\$ 4.01	\$ 2.67

See accompanying Notes to Consolidated Financial Statements.

## GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS  
(U.S. dollars in thousands)

	As of October 31,	
	2001	2000
	----	----
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents .....	\$ 29,720	\$ 13,388
Trade accounts receivable--less allowance of \$10,596 (\$2,293 in 2000) ...	282,982	119,645
Income tax receivable .....	--	14,343
Inventories .....	123,363	42,741
Deferred tax asset .....	9,697	2,216
Net assets held for sale .....	12,530	8,495
Prepaid expenses and other .....	45,904	12,315
	-----	-----
	504,196	213,143
	-----	-----
LONG-TERM ASSETS		
Goodwill--less amortization .....	236,623	136,284
Other intangible assets .....	33,179	1,816
Investment in affiliates .....	144,071	136,374
Other long-term assets .....	44,282	16,052
	-----	-----
	458,155	290,526
	-----	-----
PROPERTIES, PLANTS AND EQUIPMENT--at cost		
Timber properties--less depletion .....	74,851	21,518
Land .....	81,048	12,330
Buildings .....	235,980	133,591
Machinery and equipment .....	689,637	521,685
Capital projects in progress .....	43,200	23,354
	-----	-----
	1,124,716	712,478
Accumulated depreciation .....	(315,879)	(276,816)
	-----	-----
	808,837	435,662
	-----	-----
	\$ 1,771,188	\$ 939,331
	=====	=====

See accompanying Notes to Consolidated Financial Statements.

## GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS  
(U.S. dollars in thousands)

	As of October 31,	
	2001	2000
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable .....	\$ 117,117	\$ 42,855
Accrued payrolls and employee benefits .....	27,604	11,216
Income tax payable .....	5,778	--
Restructuring reserves .....	15,109	--
Short-term borrowings .....	16,533	--
Current portion of long-term debt .....	43,140	--
Other current liabilities .....	68,238	10,876
	-----	-----
	293,519	64,947
	-----	-----
LONG-TERM LIABILITIES		
Long-term debt .....	654,374	235,000
Deferred tax liability .....	124,346	58,895
Postretirement benefit liability .....	50,028	20,095
Other long-term liabilities .....	62,015	17,880
	-----	-----
	890,763	331,870
	-----	-----
MINORITY INTEREST .....	560	--
	-----	-----
SHAREHOLDERS' EQUITY		
Common stock, without par value .....	10,446	10,383
Treasury stock, at cost .....	(58,812)	(57,894)
Retained earnings .....	671,917	598,301
Accumulated other comprehensive loss		
foreign currency translation .....	(21,378)	(8,276)
interest rate swaps .....	(13,071)	--
minimum pension liability .....	(2,756)	--
	-----	-----
	586,346	542,514
	-----	-----
	\$1,771,188	\$939,331
	=====	=====

See accompanying Notes to Consolidated Financial Statements.



## GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(U.S. dollars in thousands)

	For the years ended October 31,		
	2001	2000	1999
Cash flows from operating activities:			
Net income .....	\$ 88,774	\$75,794	\$ 51,373
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization .....	81,507	45,222	42,360
Equity in earnings of affiliates, net of dividends received .....	(7,007)	(10,976)	(10,755)
Minority interest in income of consolidated subsidiaries .....	560	--	--
Deferred income taxes .....	29,127	13,548	15,815
Gain on disposals of properties, plants and equipment, net .....	(84,661)	(502)	(7,962)
Increase (decrease) in cash from changes in certain assets and liabilities, net of effects from acquisitions:			
Trade accounts receivable .....	(7,613)	5,109	(21,578)
Inventories .....	23,526	7,965	11,046
Prepaid expenses and other .....	24,243	1,955	2,846
Other long-term assets .....	(4,052)	6,579	2,597
Accounts payable .....	(15,734)	(1,628)	3,534
Accrued payrolls and employee benefits .....	(776)	1,062	307
Income tax payable .....	(789)	(14,343)	(1,968)
Restructuring reserves .....	(4,241)	(5,157)	(23,882)
Other current liabilities .....	(27,756)	(1,361)	110
Postretirement benefit liability .....	3,315	(1,059)	591
Other long-term liabilities .....	442	(4,979)	7,332
Net cash provided by operating activities .....	98,865	117,229	71,766
Cash flows from investing activities:			
Acquisitions of companies, net of cash acquired .....	(312,892)	--	(74,233)
Disposals of investments in government securities .....	--	5,314	1,340
Purchases of properties, plants and equipment .....	(132,217)	(78,833)	(49,253)
Proceeds on disposals of properties, plants and equipment .....	92,403	4,672	18,874
Net cash used in investing activities .....	(352,706)	(68,847)	(103,272)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt .....	760,000	--	54,500
Payments on long-term debt .....	(464,542)	(23,000)	(31,500)
Payments on short-term borrowings .....	(7,062)	--	--
Acquisitions of treasury stock .....	(924)	(4,968)	(11,102)
Exercise of stock options .....	69	190	291
Dividends paid .....	(15,158)	(14,619)	(14,315)
Net cash provided by (used in) financing activities .....	272,383	(42,397)	(2,126)
Effects of exchange rates on cash .....	(2,210)	(1,532)	1,238
Net increase (decrease) in cash and cash equivalents .....	16,332	4,453	(32,394)
Cash and cash equivalents at beginning of year .....	13,388	8,935	41,329
Cash and cash equivalents at end of year .....	\$ 29,720	\$ 13,388	\$ 8,935

See accompanying Notes to Consolidated Financial Statements.

## GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
(U.S. 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 November 1, 1998.....	22,911	\$ 9,936	15,510	\$ (41,858)	\$ 500,068	\$ (8,044)	\$ 460,102
Net income.....					51,373		51,373
Other comprehensive income-foreign currency translation.....						1,633	1,633
Comprehensive income.....							53,006
Dividends paid (Note 8):							
Class A--\$0.50.....					(5,435)		(5,435)
Class B--\$0.74.....					(8,880)		(8,880)
Treasury shares acquired.....	(396)		396	(11,102)			(11,102)
Stock options exercised.....	12	271	(12)	20			291
As of October 31, 1999.....	22,527	\$ 10,207	15,894	\$ (52,940)	\$ 537,126	\$ (6,411)	\$ 487,982
Net income.....					75,794		75,794
Other comprehensive income-foreign currency translation.....						(1,865)	(1,865)
Comprehensive income.....							73,929
Dividends paid (Note 8):							
Class A--\$0.52.....					(5,492)		(5,492)
Class B--\$0.77.....					(9,127)		(9,127)
Treasury shares acquired.....	(163)		163	(4,968)			(4,968)
Stock options exercised.....	7	176	(7)	14			190
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 income:							
foreign currency translation.....						(13,102)	(13,102)
interest rate swaps.....						(13,071)	(13,071)
minimum pension liability adjustment.....						(2,756)	(2,756)
Comprehensive income.....							59,845
Dividends paid (Note 8):							
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

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1--DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Business

Greif Bros. Corporation and its subsidiaries (the "Company") principally manufacture industrial shipping containers and containerboard and corrugated products that it sells to customers in many industries throughout the world. In March 2001, the Company acquired Van Leer Industrial Packaging (see Note 2), which significantly increased the operations of the Company. The Company has 185 operating locations in over 40 countries. In addition, the Company owns timber properties, primarily in the southeastern United States, which are harvested and regenerated.

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.

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 pulpwood, waste paper for recycling, paper, steel and resins.

There are approximately 10,000 employees of the Company at October 31, 2001.

Basis of Consolidation

The Consolidated Financial Statements include the accounts of Greif Bros. Corporation and its subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of 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 financial statements and accompanying notes. The most significant estimates are related to the allowance for doubtful accounts, expected useful lives assigned to properties, plants and equipment, goodwill and other intangible assets, restructuring reserves, postretirement benefits, income taxes and contingencies. Actual amounts could differ from those estimates.

Revenue Recognition

In December 1999, the Securities and Exchange Commission staff issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements." SAB No. 101 further defines the basic principles of revenue recognition and was adopted by the Company during 2001. The Company recognizes revenue when title passes to customers or services have been rendered, with appropriate provision for returns and allowances. The adoption of SAB No. 101 did not have a material effect on the Company's financial statements.

#### Shipping and Handling Fees and Costs

The Emerging Issues Task Force ("EITF") reached a consensus in September 2000 that all amounts billed to a customer in a sale transaction related to shipping and handling, if any, represent revenues earned for the goods provided and should be classified as revenue. The EITF also concluded that the classification of shipping and handling costs is an accounting policy decision. In accordance with EITF No. 00-10, "Accounting for Shipping and Handling Fees and Costs," the Company includes shipping and handling costs in cost of products sold. Prior to the issuance of EITF No. 00-10, the Company's shipping and handling costs were netted in net sales. All prior period amounts have been reclassified to conform to EITF No. 00-10. The adoption of EITF No. 00-10 had no effect on reported net income.

#### 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 which the deferred tax liabilities and assets are expected to be settled or realized.

#### 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. Included in these amounts are repurchase agreements of \$1.9 million in 2001 (\$3.6 million in 2000).

#### 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 that 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, principally on the last-in, first-out basis in the United States (approximately 30% of consolidated inventories) and on the first-in, first-out basis in other parts of the world (approximately 70% of consolidated inventories). The inventories are comprised as follows at October 31 (U.S. dollars in thousands):

	2001	2000
	----	----
Finished goods .....	\$ 40,881	\$ 16,494
Raw materials and work-in-process .....	120,510	63,630
	-----	-----
	161,391	80,124
Reduction to state inventories on last-in, first-out basis .....	(38,028)	(37,383)
	-----	-----
	\$123,363	\$ 42,741
	=====	=====

## Properties, Plants and Equipment

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 \$63.8 million in 2001, \$37.3 million in 2000 and \$35.2 million in 1999. Expenditures for repairs and maintenance are charged to expense as incurred.

Depletion on timber properties is computed on the basis of cost and the estimated recoverable timber acquired.

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.

## 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 restructuring plans in the Industrial Shipping Containers segment (see Note 5-Restructuring Reserves). As of October 31, 2001 and 2000, there were 14 and 12 locations held for sale, respectively. The net sales and loss before income tax benefit of these locations were \$35.6 million and \$0.8 million, respectively, during 2001. The net sales and loss before income tax benefit of these locations were \$16.0 million and \$2.6 million, respectively, during 2000. 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 the 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, upgrades and enhancements that provide additional functionality are capitalized.

## Goodwill and Other Intangible Assets

Goodwill is amortized on a straight-line basis over 15- or 25-year periods. The cost of acquired intangible assets is amortized on a straight-line basis over their estimated economic lives of 2 to 25 years. The weighted average period of goodwill and intangible assets amortization is 21 years. Amortization expense was \$13.1 million in 2001, \$7.0 million in 2000 and \$6.5 million in 1999. Accumulated amortization was \$31.2 million at October 31, 2001 (\$18.1 million at October 31, 2000).

The Company's policy is to periodically review its goodwill, other intangible assets 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 businesses.

## Derivative Financial Instruments

On November 1, 2000, the Company adopted 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." These statements require that all derivatives be recorded in the balance sheet as either assets or liabilities and measured at fair value. The accounting for changes in fair value of the derivative depends on the intended use of the derivative and the resulting designation.

The Company enters into interest rate swap agreements for the purpose of hedging its exposure to fluctuations in interest rates. Under SFAS No. 133, the Company's interest rate swap contracts are considered cash flow hedges. The interest rate swap contracts were entered into to assist the Company in its management of exposure to variable rate debt. The differentials payable or receivable under these agreements are recorded as an adjustment to interest expense and are included in interest receivable or payable. An asset or liability is recorded on the Company's balance sheet for the fair value of the interest rate swap agreements. A corresponding charge or credit is reflected, net of tax, in other comprehensive income (loss).

The Company enters into foreign currency forward contracts to hedge certain short-term intercompany loan transactions with its foreign 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.

## Foreign Currency Translation

In accordance with SFAS No. 52, "Foreign Currency Translation," the assets and liabilities denominated in foreign currency are translated into U.S. 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 foreign operations, are presented in the Consolidated Statements of Changes in Shareholders' Equity in "Accumulated Other Comprehensive Income (Loss)." The transaction gains and losses included in income are immaterial.

The functional currency for foreign operations in highly inflationary economies is the U.S. 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,		
	2001	2000	1999
	----	----	----
Class A Common Stock:			
Basic earnings per share .....	10,523,476	10,557,935	10,882,081
Assumed conversion of stock options .....	26,603	41,600	19,229
	-----	-----	-----
Diluted earnings per share .....	10,550,079	10,599,535	10,901,310
	=====	=====	=====
Class B Common Stock:			
Basic and diluted earnings per share .....	11,842,656	11,852,602	11,989,605
	=====	=====	=====

There are 1,172,248 options that are antidilutive for 2001 (370,090 for 2000 and 496,789 for 1999).

## 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 2001 presentation.

## Recent Accounting Standards

In June 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires use of the purchase method for business combinations initiated after June 30, 2001. SFAS No. 142 requires that goodwill no longer be amortized, but instead be periodically reviewed for impairment. The provisions of SFAS No. 142 will be effective for fiscal years beginning after December 15, 2001. However, earlier application is permitted for entities with fiscal years beginning after March 15, 2001, provided that the first interim financial statements have not been issued previously. In all cases, the provisions of SFAS No. 142 shall be initially applied at the beginning of a fiscal year.

The application of the non-amortization provisions of SFAS No. 142 will increase net income of the Company upon adoption. The effect of the non-amortization provisions of SFAS No. 142 on net income is subject to finalization of the allocation of the purchase price for the Van Leer Industrial Packaging acquisition (see Note 2) including further evaluation of all intangible assets in relation to the provisions of SFAS No. 142.

At this time, the effect of the impairment provisions provided by SFAS No. 142 is not known.

## NOTE 2--ACQUISITIONS AND OTHER INVESTMENTS

### 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 Huhtamaki Van Leer Oyj, a Finnish corporation ("Huhtamaki"), the Company acquired all of the issued share capital of Royal Packaging Industries Van Leer N.V., a Dutch limited liability company, Huhtamaki 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 U.S. corporation, and American Flange & Manufacturing Co., Inc., a U.S. corporation (collectively, "Van Leer Industrial Packaging"). Van Leer Industrial Packaging is a worldwide provider of industrial packaging and components, including steel, fibre and plastic drums, polycarbonate water bottles, intermediate bulk containers and closure systems, with operations in over 40 countries.

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) as of the closing date. In addition, the Company paid \$15.0 million in legal and professional fees related to the acquisition. The acquisition was funded by long-term debt borrowed against a \$900 million Senior Secured Credit Agreement (see Note 6).

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 \$642.7 million and \$423.9 million, respectively. The final allocation of the purchase price may differ due to additional refinements in the fair values of the net assets acquired. 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 \$110.7 million was recorded as goodwill.

The goodwill is being amortized on a straight-line basis over 25 years based on consideration regarding the age of the acquired companies, their customers and the risk of obsolescence of their products. The intangible assets are being amortized on a straight-line basis over their estimated economic lives of 2 to 25 years.

#### Abzac-Greif Investment

During June 1999, Greif Bros. Canada Inc., a wholly-owned Canadian subsidiary of the Company, exchanged its spiral core manufacturing assets with Abzac S.A., a privately held company in France ("Abzac"), for a 49% equity interest in Abzac's fibre drum business (known as "Abzac-Greif"). The effective date of the transaction was January 1, 1999. The investment in Abzac-Greif of \$2.0 million has been recorded using the equity method of accounting.

#### Great Lakes and Trend Pak Acquisitions

On April 5, 1999, the Company purchased the common stock of Great Lakes Corrugated Corp. ("Great Lakes") and Trend Pak, Inc. ("Trend Pak") from their shareholders for \$20.8 million in cash. In addition, the Company paid \$0.1 million in legal and professional fees related to the acquisition.

The acquisitions of Great Lakes and Trend Pak, included in operating results from the acquisition date, were 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 liabilities assumed were \$14.8 million and \$5.9 million, respectively. The excess of the purchase price over the fair values of the net assets acquired of \$12.0 million was recorded as goodwill. The goodwill is being amortized on a straight-line basis over 15 years based on consideration regarding the age of the acquired businesses, their customers and the risk of obsolescence of their products.

#### Intermediate Bulk Containers ("IBC") Acquisition

On January 11, 1999, the Company purchased the assets of the IBC business from Sonoco Products Company ("Sonoco") for \$38.0 million in cash. In addition, the Company paid \$0.2 million in legal and professional fees related to the acquisition. Prior to the acquisition date, and subsequent to March 30, 1998, the Company marketed and sold IBCs under a distributorship agreement with Sonoco.

The acquisition of the IBC business, 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 liabilities assumed were \$15.7 million and \$1.3 million, respectively. The excess of the purchase price over the fair values of the net assets acquired of \$23.8 million was recorded as goodwill. The goodwill is being amortized on a straight-line basis over 25 years based on consideration regarding the age of the acquired business, its customers and the risk of obsolescence of its products.



CorrChoice Joint Venture

On November 1, 1998, the Company entered into a Joint Venture Agreement with RDJ Holdings Inc. ("RDJ") and a minority shareholder of a subsidiary of Ohio Packaging Corporation (the "Minority Shareholder") to form CorrChoice, Inc. ("CorrChoice"). Pursuant to the terms of the Joint Venture Agreement, the Company contributed all of its stock of Michigan Packaging Company ("Michigan Packaging") and Ohio Packaging Corporation ("Ohio Packaging") in exchange for a 63.24% ownership interest in CorrChoice. RDJ and the Minority Shareholder contributed all of their stock of Ohio Packaging and its subsidiaries in exchange for a 36.76% ownership interest in CorrChoice. The contribution of the Michigan Packaging stock and the Ohio Packaging stock was recorded by the Company at book value with no gain or loss recognized in accordance with EITF No. 86-29, "Nonmonetary Transactions: Magnitude of Boot and the Exceptions to the Use of Fair Value."

In connection with the closing of the CorrChoice joint venture, the Company and RDJ entered into a voting agreement that enables the Company and RDJ to be equally represented on CorrChoice's Board of Directors. As such, the Company does not control CorrChoice. Therefore, in accordance with accounting principles generally accepted in the United States, the Company has recorded its investment in CorrChoice using the equity method of accounting.

Prior to the formation of the CorrChoice joint venture, the Company accounted for its investment in Ohio Packaging's non-voting stock under the cost method of accounting because the Company did not have significant influence over the operations of Ohio Packaging. Because the Company's investment in the common stock of Ohio Packaging that previously was accounted for by the cost method became qualified for use of the equity method (through the Company's ownership interest in CorrChoice), effective November 1, 1998 the Company's investment in Ohio Packaging, results of operations and retained earnings were retroactively restated in the Company's 1999 Annual Report in accordance with Accounting Principles Board Opinion ("APBO") No. 18, "The Equity Method of Accounting for Investments in Common Stock."

The Company sells containerboard to CorrChoice, which it uses to produce corrugated sheets, and the Company purchases corrugated sheets from CorrChoice, with all transactions effected at prevailing market prices. The Company's profit in CorrChoice inventory is eliminated in the Company's consolidated financial statements.

Pro Forma Information

The following pro forma (unaudited) information assumes that the Van Leer Industrial Packaging acquisition had occurred on November 1, 1999 (U.S. dollars in thousands, except per share amounts):

	For the years ended October 31,	
	2001	2000
	----	----
Net sales .....	\$1,746,255	\$1,914,846
Net income .....	\$ 72,805	\$ 73,058
Basic earnings per share:		
Class A Common Stock .....	\$ 2.58	\$ 2.58
Class B Common Stock .....	\$ 3.85	\$ 3.86
Diluted earnings per share:		
Class A Common Stock .....	\$ 2.57	\$ 2.57
Class B Common Stock .....	\$ 3.85	\$ 3.86

The amounts reflect adjustments for interest expense related to the debt issued for the purchase, amortization of goodwill and other intangible assets and depreciation expense on the revalued properties, plants and equipment.

The pro forma information, as presented above, is not necessarily indicative of the results which would have been obtained had the transaction occurred on November 1, 1999, nor are they necessarily indicative of future results.

NOTE 3--INVESTMENT IN AFFILIATES

The Company has investments in CorrChoice (63.24%), Abzac-Greif (49%), Socer-Embalagens, Lda. (25%) and Balmer Lawrie-Van Leer (40.06%) that are accounted for on the equity method. The Company's share of earnings of these affiliates is included in income as earned. The Company received dividends from affiliates of \$2.9 million in 2001 and \$2.4 million in 2000.

The difference between the cost basis of the Company's investment in the underlying equity of affiliates of \$4.8 million at October 31, 2001 (\$5.2 million at October 31, 2000) is being amortized over 15 years.

The summarized unaudited financial information below represents the combined financial position and results of the Company's unconsolidated affiliates accounted for by the equity method (U.S. dollars in thousands):

	As of and for the years ended October 31,		
	2001	2000	1999
	----	----	----
Current assets .....	\$140,752	\$127,106	\$118,821
Long-term assets .....	\$108,639	\$102,901	\$ 97,225
Current liabilities .....	\$ 16,489	\$ 14,653	\$ 19,501
Long-term liabilities .....	\$ 11,266	\$ 8,790	\$ 8,238
Net sales .....	\$282,277	\$299,086	\$251,638
Gross profit .....	\$ 45,444	\$ 54,399	\$ 43,433
Operating income .....	\$ 28,338	\$ 34,590	\$ 31,090
Net income .....	\$ 18,606	\$ 22,964	\$ 17,570

NOTE 4--TIMBERLAND TRANSACTIONS

Sale of Timber Properties

In December 2000, the Company sold certain hardwood timberland for \$44.4 million. As such, the Company recognized a gain of \$43.0 million during the first quarter of 2001 related to this transaction. In a related agreement, the Company sold other hardwood timberland for \$30.0 million in March 2001, and recognized an additional gain of \$27.7 million during the second quarter of 2001.

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 December 2000, the Company purchased certain pine timberland for \$42.8 million. In a related agreement, the Company purchased other pine timberland for \$43.1 million in March 2001.

A total of approximately 63,000 acres of timber properties situated in Louisiana were purchased as a result of these transactions.

NOTE 5--RESTRUCTURING RESERVES

During the second quarter of 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 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 identified to be closed. These plants are located in North America. In addition, certain redundant administrative functions are being eliminated. As a result of this plan, during the second quarter of 2001, the Company recognized a pretax restructuring charge of \$11.5

million, consisting of \$8.0 million in employee separation costs (approximately 400 employees) and a \$3.5 million loss on disposal of equipment and facilities. The Company is planning to sell its six owned facilities. The Company expects to complete these restructuring activities during the first half of 2002. Subsequent to the recognition of the restructuring charge, the Company has and will continue to recognize expense related to additional costs to relocate machinery and equipment and employees upon the closure of these plants. The amounts charged against this restructuring reserve during the period ended October 31, 2001 are as follows (U.S. dollars in thousands):

	Beginning Balance	Activity	Ending Balance
	-----	-----	-----
Cash charges:			
Employee separation costs .....	\$ 8,000	\$4,009	\$3,991
Cash and non-cash charges:			
Other exit costs .....	3,534	3,222	312
	-----	-----	-----
	\$11,534	\$7,231	\$4,303
	=====	=====	=====

As of October 31, 2001, there were a total of 170 employees that had been terminated and provided severance benefits under this restructuring plan.

In addition, in connection with the 2001 acquisition of Van Leer Industrial Packaging from Huhtamaki and the consolidation plan, five facilities purchased as part of the acquisition have been or will be closed. Four of these facilities are Company-owned and one is leased. The facilities are located in North America, South America, United Kingdom and Asia Pacific. In addition, certain redundant administrative functions will be eliminated. Accordingly, the Company recognized a \$19.7 million restructuring liability in its purchase price allocation related to these locations. This liability was accounted for under EITF No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination." The liability consisted of \$16.5 million in employee separation costs (approximately 375 employees), \$0.9 million in lease termination costs and \$2.3 million in other exit costs. The Company is planning to sell the four Company-owned facilities. The lease will be terminated on the remaining facility. The amounts charged against this restructuring reserve during the period ended October 31, 2001 are as follows (U.S. dollars in thousands):

	Balance at Acquisition	Activity	Ending Balance
	-----	-----	-----
Cash charges:			
Employee separation costs .....	\$16,480	\$6,962	\$ 9,518
Cash and non-cash charges:			
Other exit costs .....	3,203	1,915	1,288
	-----	-----	-----
	\$19,683	\$8,877	\$10,806
	=====	=====	=====

As of October 31, 2001, there were a total of 180 employees that had been terminated and provided severance benefits under this restructuring plan.

#### NOTE 6--LONG-TERM DEBT

On March 2, 2001, the Company and Greif Spain Holdings, S.L. entered into a \$900 million Senior Secured Credit Agreement with a syndicate of lenders, and Merrill Lynch & Co. and KeyBank National Association, as co-agents. A portion of the proceeds from the Senior Secured Credit Agreement was used to fund the Van Leer Industrial Packaging acquisition and to refinance amounts outstanding under the Company's then existing revolving credit facility (as described below). The Senior Secured Credit Agreement provides for three term loans, a \$150 million U.S. Dollar Term Loan A, a \$200 million Euro Term Loan A and a \$400 million U.S. Dollar Term Loan B, and a \$150 million revolving multicurrency credit facility. The revolving multicurrency credit facility is available for working capital and general corporate purposes.

The Term Loan A (both U.S. Dollar and Euro) and Term Loan B amortize quarterly through the maturity dates of February 28, 2006 and February 29, 2008, respectively. The revolving multicurrency credit facility matures on February 28, 2006. The Company is required to pay a commitment fee each quarter equal to 0.375% to 0.500% of the total unused revolver commitment amount, based upon the Company's leverage ratio. Interest is based on

either a LIBOR rate or an alternative base rate that resets periodically plus a calculated margin amount. The amounts outstanding, as well as the base rates and margins, at October 31, 2001, are as follows (U.S. dollars and euros in thousands):

	Amount -----	Base Rate -----	Margin -----
Term Loan A (U.S. Dollar) .....	\$131,526	2.27%	2.50%
Term Loan A (Euro) .....	(euro)187,660	3.59%	2.50%
Term Loan B .....	\$377,256	2.27%	3.25%
Multicurrency revolver .....	\$ 20,000	2.34%	2.50%

As of October 31, 2001, the Company had \$696.3 million outstanding under the Senior Secured Credit Agreement with a weighted average interest rate of 5.50%.

As part of the Senior Secured Credit Agreement, the Company incurred financing fees of \$16.3 million. The amount has been deferred and is being amortized over the life of the agreement of six years. The charge is recorded in interest expense.

The Senior Secured Credit Agreement contains certain covenants, including financial covenants that require the Company to maintain a certain leverage ratio, sufficient coverage of interest expense and fixed charges, and a minimum net worth. In addition, the Company is limited with respect to the incurrence of additional debt. 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 the Company. Standard & Poor's and Moody's Investors Service have assigned a "BB" rating and a "Ba3" rating, respectively, both with favorable outlook, to the loan obligations of the Company under the Senior Secured Credit Agreement. At October 31, 2001, the Company was in compliance with these covenants.

The \$150 million revolving multicurrency credit facility may also be used to issue letters of credit. At October 31, 2001, the Company had outstanding \$13.0 million in letters of credit under the credit agreement. The quarterly fronting fee related to these letters of credit is 0.125% of the outstanding amount plus a calculated margin (2.50% at October 31, 2001) for the use of this facility.

In addition to the amounts borrowed against the Senior Secured Credit Agreement, the Company had outstanding debt of \$17.7 million, comprised of \$1.2 million in long-term debt and \$16.5 million in short-term borrowings at October 31, 2001.

On March 30, 1998, the Company had entered into a credit agreement with various financial institutions, as banks, and KeyBank National Association, as agent, which provided a revolving credit facility of up to \$325 million. The Company was required to pay a facility fee each quarter equal to 0.025% to 0.050% of the total commitment amount based upon the Company's leverage ratio. The interest rate was either based on the prime rate or LIBOR rate plus a calculated margin amount (0.275% at October 31, 2000). Interest was reset on a quarterly basis. At October 31, 2000, the interest rate was 6.99%. The revolving credit loans were due on March 31, 2003; however, the amounts remaining were repaid from proceeds of the Senior Secured Credit Agreement.

Annual maturities of the Company's long-term debt are \$43.1 million in 2002, \$58.9 million in 2003, \$74.6 million in 2004, \$90.4 million in 2005, \$71.0 million in 2006 and \$359.5 million thereafter.

During 2001, the Company paid \$44.8 million of interest (\$16.6 million in 2000 and \$15.4 million in 1999) related to its long-term obligations. Interest of \$2.5 million in 2001, \$2.5 million in 2000 and \$0.4 million in 1999 was capitalized.

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 \$8.8 million in 2002, \$7.3 million in 2003, \$5.9 million in 2004, \$5.1 million in 2005, \$3.8 million in 2006 and \$17.8 million thereafter. Rent expense was \$19.8 million in 2001, \$14.0 million in 2000 and \$12.5 million in 1999.

#### NOTE 7--FINANCIAL INSTRUMENTS

The Company had interest rate swap agreements with an aggregate notional amount of \$320 million and EUR 65 million at October 31, 2001 with various maturities through 2008. Under these agreements, the Company receives interest quarterly from the counterparties equal to the LIBOR rate and pays interest at a weighted average rate of 5.56% over the life of the contracts. At October 31, 2001, a liability for the interest rate swap contracts, which represented their fair values at that time, in the amount of \$21.0 million (\$13.1 million net of tax) was recorded with an offsetting amount in accumulated other comprehensive income (loss). At October 31, 2000, the Company had interest rate swap agreements with an aggregate notional amount of \$130 million. Under the agreements, the Company received interest quarterly from the counterparty equal to the LIBOR rate and paid interest quarterly to the counterparty at a weighted average rate of 6.01%.

At October 31, 2001, the Company had outstanding foreign currency forward contracts in the notional amount of \$33.4 million. The fair value of these contracts at October 31, 2001 resulted in a gain of \$0.3 million. The purpose of these contracts is to hedge short-term intercompany loan balances with its foreign 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.

#### NOTE 8--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 shall have no voting power nor shall it be entitled to notice of meetings of the shareholders, all rights to vote and all voting power being vested exclusively in the Class B Common Stock unless four quarterly cumulative dividends upon the Class A Common Stock are in arrears. There is no cumulative voting.

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, 2001:				
Class A Common Stock .....	32,000,000	21,140,960	10,516,196	10,624,764
Class B Common Stock .....	17,280,000	17,280,000	11,822,859	5,457,141
October 31, 2000:				
Class A Common Stock .....	32,000,000	21,140,960	10,523,196	10,617,764
Class B Common Stock .....	17,280,000	17,280,000	11,847,359	5,432,641

#### NOTE 9--STOCK OPTIONS

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

In 2000, 142,000 stock options and 163,730 stock options were granted under the Option Plan and 2000 Plan, respectively, at option prices ranging from \$29.00 to \$29.88 per share. Under the Directors' Plan, 10,000 options were granted to outside directors with option prices of \$29.88 per share.

In 1999, 225,452 stock options were granted under the Option Plan with option prices of \$24.25 per share. Under the Directors' Plan, 10,000 options were granted to outside directors with option prices of \$26.81 per share.

The Company applies APBO No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its stock option plans. If compensation cost would have been determined based on the fair values at the date of grant under SFAS No. 123, "Accounting for Stock-Based Compensation," pro forma net income and earnings per share would have been as follows (U.S. dollars in thousands, except per share amounts):

	For the years ended October 31,		
	2001	2000	1999
Net income .....	\$86,566	\$73,990	\$49,787
Basic earnings per share:			
Class A Common Stock .....	\$ 3.06	\$ 2.62	\$ 1.73
Class B Common Stock .....	\$ 4.59	\$ 3.91	\$ 2.58
Diluted earnings per share:			
Class A Common Stock .....	\$ 3.06	\$ 2.61	\$ 1.73
Class B Common Stock .....	\$ 4.59	\$ 3.91	\$ 2.58

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:

	2001	2000	1999
Dividend yield .....	1.70%	1.70%	1.90%
Volatility rate .....	27.20%	27.50%	25.10%
Risk-free interest rate .....	4.84%	6.05%	6.15%
Expected option life .....	6 years	6 years	6 years

The fair value of shares granted in 2001, 2000 and 1999 were \$9.12, \$9.49 and \$7.33, respectively, as of grant date.

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

	2001		2000		1999	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Beginning balance .....	1,154	\$28.48	861	\$28.23	659	\$29.56
Granted .....	455	\$30.52	316	\$29.22	236	\$24.36
Forfeited .....	100	\$28.53	16	\$29.76	22	\$29.29
Exercised .....	3	\$22.94	7	\$27.12	12	\$24.26
Ending balance .....	1,506	\$29.11	1,154	\$28.48	861	\$28.23

As of October 31, 2001, the outstanding stock options had exercise prices ranging from \$22.94 to \$36.53 and a remaining weighted average contractual life of eight years.

There are 789,000 options that were exercisable at October 31, 2001 (628,000 options at October 31, 2000 and 432,000 options at October 31, 1999).

NOTE 10--INCOME TAXES

The provision for income taxes consists of the following (U.S. dollars in thousands):

	For the years ended October 31,		
	2001	2000	1999
Current:			
Federal .....	\$12,624	\$21,420	\$ 7,959
State and local .....	550	848	660
Foreign .....	6,213	2,211	2,306
	19,387	24,479	10,925
Deferred .....	29,127	13,548	15,815
	\$48,514	\$38,027	\$26,740
	=====	=====	=====

Foreign income before income taxes amounted to \$13.6 million in 2001 (\$5.8 million in 2000 and \$5.2 million in 1999).

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,		
	2001	2000	1999
U.S. federal tax rate .....	35.0%	35.0%	35.0%
State and local taxes, net of federal tax benefit .....	1.6%	1.7%	3.6%
Other non-deductible expenses and foreign tax rates .....	1.3%	1.2%	1.1%
	37.9%	37.9%	39.7%
	=====	=====	=====

Significant components of the Company's deferred tax assets and liabilities are as follows at October 31 (U.S. dollars in thousands):

	2001	2000
Vacation accrual .....	\$ 1,320	\$ 1,171
Bad debt reserves .....	1,610	871
Restructuring reserves .....	5,439	--
Other .....	1,328	174
Current deferred tax asset .....	\$ 9,697	\$ 2,216
Net operating loss carryforwards .....	\$ 34,019	\$ --
Interest rate swaps .....	7,977	--
Minimum pension liability .....	1,682	--
Deferred compensation .....	1,840	1,823
Accrued environmental reserve .....	2,556	532
Other .....	878	2,212
Valuation allowance for long-term deferred tax assets...	48,952	4,567
	(31,780)	--
Long-term deferred tax asset .....	\$ 17,172	\$ 4,567
Properties, plants and equipment .....	\$ 77,932	\$ 45,951
Equity investments .....	8,843	7,968
Goodwill and other tangible assets .....	4,053	2,926
Timberland transactions .....	35,530	5,053
Pension .....	1,771	--
Other .....	13,389	1,564
Long-term deferred tax liability .....	\$ 141,518	\$ 63,462
	=====	=====

At October 31, 2001, the Company has foreign net operating loss carryforwards of approximately \$95 million for foreign income tax purposes expiring over various future periods.



At October 31, 2001, 2000 and 1999, the Company has provided deferred income taxes on all of its undistributed foreign earnings.

During 2001, the Company paid \$20.2 million in income taxes (\$28.9 million in 2000 and \$14.7 million in 1999).

NOTE 11--RETIREMENT PLANS

In 2001, the Company assumed certain non-contributory defined benefit pension plans in the United States, Australia, Germany, Netherlands, South Africa and United Kingdom as a result of the Van Leer Industrial Packaging acquisition (see Note 2). In addition, the Company already had non-contributory defined benefit pension plans in the United States. 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 nor 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 as follows:

	2001	2000
	----	----
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 (U.S. dollars in thousands):

	For the years ended October 31,		
	2001	2000	1999
	----	----	----
Service cost .....	\$ 7,432	\$ 4,193	\$4,760
Interest cost .....	13,982	5,561	5,279
Expected return on plan assets .....	(17,886)	(6,761)	(6,238)
Amortization of prior service cost .....	1,004	700	662
Amortization of initial net asset .....	(842)	(562)	(562)
Recognized net actuarial (gain) loss .....	(270)	(198)	66
	-----	-----	-----
	\$ 3,420	\$ 2,933	\$ 3,967
	=====	=====	=====

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

	2001	2000	1999
	----	----	----
Discount rate .....	6.75%	7.50%	7.50%
Expected return on plan assets .....	8.00%	9.00%	8.25%
Rate of compensation increase .....	4.25%	4.25%	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 (U.S. dollars in thousands):

	2001	2000
	----	----
Change in benefit obligation:		
Benefit obligation at beginning of year .....	\$ 82,140	\$75,097
Benefit obligation of acquired businesses .....	202,122	--
Service cost .....	7,432	4,193
Interest cost .....	13,982	5,561
Plan participant contributions .....	626	--
Amendments .....	--	325
Actuarial (gain) loss .....	(5,454)	919
Foreign currency effects .....	(1,570)	--
Benefits paid .....	(9,861)	(3,955)
Plan curtailment gain .....	(45)	--
	-----	-----
Benefit obligation at end of year .....	\$289,372	\$82,140
	=====	=====
Change in plan assets:		
Fair value of plan assets at beginning of year .....	\$ 84,802	\$79,613
Fair value of plan assets of acquired businesses .....	204,049	--
Actual return on plan assets .....	(17,660)	7,713
Plan participant contributions .....	626	--
Foreign currency effects .....	(2,169)	--
Employer contributions .....	8,082	1,431
Settlements .....	(45)	--
Benefits paid .....	(9,528)	(3,955)
	-----	-----
Fair value of plan assets at end of year .....	\$268,157	\$84,802
	=====	=====
Funded status .....	\$(21,215)	\$2,698
Unrecognized net actuarial loss (gain) .....	26,677	(3,745)
Unrecognized prior service cost .....	8,507	8,784
Unrecognized initial net asset .....	(4,935)	(5,777)
	-----	-----
Net amount recognized .....	\$ 9,034	\$1,960
	=====	=====
Amounts recognized in the statement of financial position consist of:		
Prepaid benefit cost .....	\$26,721	\$3,662
Accrued benefit liability .....	(30,605)	(1,702)
Intangible asset .....	8,481	--
Accumulated other comprehensive income .....	4,437	--
	-----	-----
Net amount recognized .....	\$ 9,034	\$ 1,960
	=====	=====

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 \$125.6 million, \$112.1 million and \$85.5 million, respectively, as of October 31, 2001.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the foreign pension plans were \$136.3 million, \$129.8 million and \$138.0 million, respectively, as of October 31, 2001.

In addition to the benefits provided under the defined benefit pension plans, the Company has adopted a supplemental retirement plan for certain executive employees. Pension expense of \$0.3 million and \$0.4 million was recorded in 2001 and 2000, respectively.

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 \$0.9 million in 2001, \$0.9 million in 2000 and \$0.5 million in 1999.

#### NOTE 12--POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In 2001, the Company assumed certain postretirement health and life insurance benefit plans in the United States and South Africa as a result of the Van Leer Industrial Packaging acquisition (see Note 2).

In conjunction with the acquisition of the industrial containers business from 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 (U.S. dollars in thousands):

	For the years ended October 31,		
	2001	2000	1999
Service cost .....	\$ 240	\$ --	\$ --
Interest cost .....	3,033	1,453	1,840
	<u>\$3,273</u>	<u>\$1,453</u>	<u>\$1,840</u>

The following table sets forth the plans' change in benefit obligation, change in plan assets and amounts recognized in the Consolidated Financial Statements (U.S. dollars in thousands):

	2001	2000
Change in benefit obligation:		
Benefit obligation at beginning of year .....	\$ 19,573	\$ 21,154
Benefit obligation of acquired businesses .....	31,648	--
Service cost .....	240	--
Interest cost .....	3,033	1,453
Plan participant contributions .....	40	--
Actuarial loss (gain) .....	754	(522)
Foreign currency effects .....	(1,576)	--
Benefits paid .....	(1,393)	(2,512)
Benefit obligation at end of year .....	<u>\$ 52,319</u>	<u>\$ 19,573</u>
Change in plan assets:		
Fair value of plan assets at beginning of year .....	\$ --	\$ --
Employer contributions .....	1,393	2,512
Benefits paid .....	(1,393)	(2,512)
Fair value of plan assets at end of year .....	<u>\$ --</u>	<u>\$ --</u>
Funded status .....	<u>\$(52,319)</u>	<u>\$(19,573)</u>
Unrecognized net actuarial loss (gain) .....	2,291	(522)
Net amount recognized .....	<u>\$(50,028)</u>	<u>\$(20,095)</u>

The accumulated postretirement health and life insurance benefit and fair value of plan assets for the foreign plans were \$7.8 million and zero, respectively, as of October 31, 2001.

The measurements assume a discount rate of 7.00% in the United States and 11.50% 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 .....	5.00%

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

	1-Percentage- Point Increase	1-Percentage- Point Decrease
Effect on total of service and interest cost components .....	\$ 189	\$ (150)
Effect on postretirement benefit obligation .....	\$2,747	\$(2,232)

#### NOTE 13--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, 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.

At October 31, 2001 and 2000, the Company had recorded liabilities of \$7.1 million and \$1.5 million, respectively, for estimated environmental remediation costs 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 recorded liabilities are included in other long-term liabilities. Actual costs to be incurred in future periods at identified sites may vary from the estimates, given the inherent uncertainties in evaluating environmental exposures. Future information and developments will require the Company to continually reassess the expected impact of these environmental matters.

Based upon the facts currently available, management believes that the disposition of matters that are pending or asserted will not have a material adverse affect on the consolidated financial position of the Company.

#### NOTE 14--BUSINESS SEGMENT INFORMATION

The Company operates in three business segments: Industrial Shipping Containers; Containerboard & Corrugated Products; and Timber.

Operations in the Industrial Shipping Containers segment involve the production and sale of shipping containers. These products are manufactured and sold in over 40 countries throughout the world.

Operations in the Containerboard & Corrugated Products segment involve the production and sale of containerboard, both virgin and recycled, and related corrugated sheets, corrugated containers and multiwall bags. The products are manufactured and sold in North America.

Operations in the Timber segment involve the management and sale of timber on approximately 275,000 acres of timberland in the states of Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi and Virginia.

The Company's reportable segments are strategic business units that offer different products. The Company evaluates performance and allocates resources based on earnings before interest, income taxes, depreciation, depletion, amortization, minority interest in income of consolidated subsidiaries and equity in earnings of affiliates ("EBITDA"). 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 except that the Company accounts for inventory on a first-in, first-out basis at the segment level compared to a last-in, first-out basis at the consolidated level in the United States.

Corporate and other includes the costs associated with the Company's corporate headquarters, the Company's long-term debt (see Note 6) and other non-segment items. The segment EBITDA amounts have been adjusted from the amounts previously disclosed in the footnote to the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended October 31, 2001 and the Company's 2001 Annual Report to Shareholders to reflect the allocation of corporate costs consistent with a new allocation basis adopted by the Company in 2002.

The following segment information is presented for the three years ended October 31, 2001, except as to asset information that is as of October 31, 2001, 2000 and 1999 (U.S. dollars in thousands):

	2001 ----	2000 ----	1999 ----
Net sales:			
Industrial Shipping Containers .....	\$1,038,948	\$490,909	\$477,370
Containerboard & Corrugated Products .....	379,302	428,369	351,936
Timber .....	37,750	44,678	24,132
	-----	-----	-----
Total .....	\$1,456,000	\$963,956	\$853,438
	=====	=====	=====
EBITDA:			
Industrial Shipping Containers .....	\$ 88,473	\$ 46,248	\$ 53,684
Containerboard & Corrugated Products .....	82,370	80,499	51,576
Timber .....	111,529	46,717	25,286
	-----	-----	-----
Total segment .....	282,372	173,464	130,546
Restructuring costs .....	(11,534)	--	--
Corporate and other .....	(15,948)	(15,946)	(7,845)
	-----	-----	-----
Total EBITDA .....	254,890	157,518	122,701
Depreciation, depletion and amortization .....	(81,507)	(45,222)	(42,360)
Interest expense, net .....	(45,149)	(11,842)	(12,983)
Foreign currency effects .....	(228)	--	--
	-----	-----	-----
Income before income taxes, minority interest in income of consolidated subsidiaries and equity in earnings of affiliates .....	\$ 128,006	\$100,454	\$ 67,358
	=====	=====	=====
Total assets:			
Industrial Shipping Containers .....	\$1,146,942	\$397,741	\$415,034
Containerboard & Corrugated Products .....	345,155	350,791	354,271
Timber .....	104,105	29,472	16,712
	-----	-----	-----
Total segment .....	1,596,202	778,004	786,017
Corporate and other .....	174,986	161,327	124,969
	-----	-----	-----
Total .....	\$1,771,188	\$939,331	\$910,986
	=====	=====	=====
Depreciation, depletion and amortization expense:			
Industrial Shipping Containers .....	\$ 48,849	\$ 20,394	\$ 20,660
Containerboard & Corrugated Products .....	21,766	20,457	19,335
Timber .....	4,897	771	277
	-----	-----	-----
Total segment .....	75,512	41,622	40,272
Corporate and other .....	5,995	3,600	2,088
	-----	-----	-----
Total .....	\$ 81,507	\$ 45,222	\$ 42,360
	=====	=====	=====
Additions to long-lived assets:			
Industrial Shipping Containers .....	\$ 17,621	\$ 21,442	\$ 12,248
Containerboard & Corrugated Products .....	14,152	33,464	27,608
Timber .....	91,228	10,222	1,285
	-----	-----	-----
Total segment .....	123,001	65,128	41,141
Corporate and other .....	9,216	13,705	8,112
	-----	-----	-----
Total .....	\$ 132,217	\$ 78,833	\$ 49,253
	=====	=====	=====

The following table presents net sales to external customers by geographic region (U.S. dollars in thousands):

	For the years ended October 31,		
	2001 ----	2000 ----	1999 ----
North America .....	\$1,009,789	\$963,956	\$853,438
Europe .....	289,527	--	--
Other .....	156,684	--	--
	-----	-----	-----
.....	\$1,456,000	\$963,956	\$853,438
	=====	=====	=====

The following table presents total assets by geographic region (U.S. dollars in thousands):

	As of October 31,		
	2001 ----	2000 ----	1999 ----
North America .....	\$1,263,260	\$939,331	\$910,986
Europe .....	322,702	--	--
Other .....	185,226	--	--
	-----	-----	-----

..... \$1,771,188 \$939,331 \$910,986  
=====

In 2001, the Company reclassified shipping and handling costs from net sales to cost of products sold in accordance with EITF No. 00-10, "Accounting for Shipping and Handling Fees and Costs." As a result, net sales, as reported above, differ from the amounts previously disclosed in the Company's Quarterly Reports on Form 10-Q.

The Class A and Class B Common Stock are traded on the NASDAQ Stock Market.

As of December 12, 2001, there were 565 shareholders of record of the Class A Common Stock and 156 shareholders of record of the Class B Common Stock.

NOTE 15--QUARTERLY FINANCIAL DATA (UNAUDITED)

The quarterly results of operations for 2001 and 2000 are shown below (U.S. dollars in thousands, except per share amounts):

	Quarter ended,			
	Jan. 31, 2001 ----	Apr. 30, 2001 ----	July 31, 2001 ----	Oct. 31, 2001 ----
Net sales .....	\$ 218,854	\$ 356,628	\$ 435,765	\$ 444,753
Gross profit .....	\$ 50,372	\$ 66,971	\$ 91,241	\$ 94,800
Net income .....	\$ 38,575	\$ 22,958	\$ 12,913	\$ 14,328
Earnings per share:				
Basic:				
Class A Common Stock .....	\$ 1.37	\$ 0.81	\$ 0.46	\$ 0.51
Class B Common Stock .....	\$ 2.04	\$ 1.22	\$ 0.68	\$ 0.76
Diluted:				
Class A Common Stock .....	\$ 1.36	\$ 0.81	\$ 0.46	\$ 0.51
Class B Common Stock .....	\$ 2.04	\$ 1.22	\$ 0.68	\$ 0.76
Earnings per share were calculated using the following number of shares:				
Basic:				
Class A Common Stock .....	10,523,196	10,523,196	10,523,788	10,523,723
Class B Common Stock .....	11,846,778	11,842,859	11,842,859	11,838,128
Diluted:				
Class A Common Stock .....	10,552,723	10,547,231	10,563,081	10,545,847
Class B Common Stock .....	11,846,778	11,842,859	11,842,859	11,838,128
Market price (Class A Common Stock):				
High .....	\$ 32.31	\$ 31.75	\$ 34.49	\$ 33.00
Low .....	\$ 23.00	\$ 25.56	\$ 27.35	\$ 21.80
Close .....	\$ 25.69	\$ 28.92	\$ 32.50	\$ 24.80
Market price (Class B Common Stock):				
High .....	\$ 30.00	\$ 29.75	\$ 30.74	\$ 32.01
Low .....	\$ 23.63	\$ 25.00	\$ 26.50	\$ 24.00
Close .....	\$ 25.50	\$ 26.79	\$ 30.74	\$ 25.00

	Quarter ended,			
	Jan. 31, 2000 ----	Apr. 30, 2000 ----	July 31, 2000 ----	Oct. 31, 2000 ----
Net sales .....	\$ 238,613	\$ 233,837	\$ 243,856	\$ 247,650
Gross profit .....	\$ 59,756	\$ 48,255	\$ 57,130	\$ 61,329
Net income .....	\$ 23,017	\$ 13,961	\$ 18,829	\$ 19,987
Earnings per share:				
Basic:				
Class A Common Stock .....	\$ 0.81	\$ 0.49	\$ 0.67	\$ 0.71
Class B Common Stock .....	\$ 1.21	\$ 0.74	\$ 1.00	\$ 1.06
Diluted:				
Class A Common Stock .....	\$ 0.81	\$ 0.49	\$ 0.66	\$ 0.70
Class B Common Stock .....	\$ 1.21	\$ 0.74	\$ 1.00	\$ 1.06
Earnings per share were calculated using the following number of shares:				
Basic:				
Class A Common Stock .....	10,624,749	10,560,600	10,523,196	10,523,196
Class B Common Stock .....	11,868,046	11,847,644	11,847,359	11,847,359
Diluted:				
Class A Common Stock .....	10,655,985	10,609,258	10,558,690	10,569,713
Class B Common Stock .....	11,868,046	11,847,644	11,847,359	11,847,359
Market price (Class A Common Stock):				
High .....	\$ 30.56	\$ 33.00	\$ 33.00	\$ 33.50
Low .....	\$ 25.75	\$ 27.50	\$ 25.00	\$ 25.00
Close .....	\$ 27.94	\$ 33.00	\$ 25.38	\$ 32.00

Market price (Class B Common Stock):

High .....	\$ 33.00	\$ 32.25	\$ 32.75	\$ 31.75
Low .....	\$ 28.13	\$ 27.88	\$ 26.13	\$ 27.13
Close .....	\$ 28.38	\$ 31.38	\$ 26.13	\$ 30.00

In 2001, the Company reclassified shipping and handling costs from net sales to cost of products sold in accordance with EITF No. 00-10, "Accounting for shipping and Handling Fees and Costs." As a result, net sales, as reported above, differ from the amounts previously disclosed in the Company's Quarterly Reports on Form 10-Q.

The Class A and Class B Common Stock are traded on the NASDAQ Stock Market.

As of December 12, 2001, there were 565 shareholders of record of the Class A Common Stock and 156 shareholders of record of the Class B Common Stock.

NOTE 16--SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

On July 31, 2002, the Company issued \$250 million of senior subordinated notes which mature in 2012. The senior subordinated notes are guaranteed by each of the Company's existing and future domestic subsidiaries (Guarantor Subsidiaries). The Company's foreign subsidiaries do not guarantee the senior subordinated notes (Non-Guarantor Subsidiaries).

Presented below are summarized condensed consolidating financial statements of the Parent (which includes certain of the Company's operating units), the Guarantor Subsidiaries, the Non-Guarantor Subsidiaries and the Company on a consolidated basis as of October 31, 2001 and 2000, and for each of the three years ended October 31, 2001, 2000 and 1999.

These summarized condensed consolidated 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 Balance Sheet  
October 31, 2001

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	-----	-----	-----	-----	-----
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents .....	\$ 1,632	\$ (6,516)	\$ 34,604	\$ --	\$ 29,720
Trade accounts receivable .....	22,591	119,660	140,731	--	282,982
Inventories .....	21,014	20,230	82,119	--	123,363
Other current assets .....	26,402	12,347	29,382	--	68,131
	-----	-----	-----	-----	-----
	71,639	145,721	286,836	--	504,196
	-----	-----	-----	-----	-----
<b>LONG-TERM ASSETS</b>					
Goodwill and other intangible assets .....	116,999	23,775	129,028	--	269,802
Investment in affiliates .....	958,552	511,893	1,545	(1,327,919)	144,071
Other long-term assets .....	41,692	--	20,488	(17,898)	44,282
	-----	-----	-----	-----	-----
	1,117,243	535,668	151,061	(1,345,817)	458,155
	-----	-----	-----	-----	-----
PROPERTIES, PLANTS AND EQUIPMENT, NET .....	270,759	268,865	269,213	--	808,837
	-----	-----	-----	-----	-----
	\$1,459,641	\$950,254	\$707,110	\$(1,345,817)	\$1,771,188
	=====	=====	=====	=====	=====
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable .....	\$21,824	\$ 23,667	\$ 71,626	\$ --	\$ 117,117
Short-term borrowings .....	--	--	16,533	--	16,533
Current portion of long-term debt .....	43,140	--	--	--	43,140
Other current liabilities .....	10,943	34,154	71,632	--	116,729
	-----	-----	-----	-----	-----
	75,907	57,821	159,791	--	293,519
	-----	-----	-----	-----	-----
<b>LONG-TERM LIABILITIES</b>					
Long-term debt .....	653,166	--	1,208	--	654,374
Other long-term liabilities .....	144,222	49,062	61,003	(17,898)	236,389
	-----	-----	-----	-----	-----
	797,388	49,062	62,211	(17,898)	890,763
	-----	-----	-----	-----	-----
MINORITY INTEREST .....	--	--	560	--	560
	-----	-----	-----	-----	-----
SHAREHOLDERS' EQUITY .....	586,346	843,371	484,548	(1,327,919)	586,346
	-----	-----	-----	-----	-----
	\$1,459,641	\$950,254	\$707,110	\$(1,345,817)	\$1,771,188
	=====	=====	=====	=====	=====

Condensed Consolidating Balance Sheet  
October 31, 2000

	Parent -----	Guarantor Subsidiaries -----	Non-Guarantor Subsidiaries -----	Eliminations -----	Consolidated -----
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents .....	\$ 2,956	\$ 3,669	\$ 6,763	\$ --	\$ 13,388
Trade accounts receivable .....	18,932	95,514	5,199	--	119,645
Inventories .....	32,127	4,622	5,992	--	42,741
Other current assets .....	34,081	3,211	77	--	37,369
	-----	-----	-----	-----	-----
	88,096	107,016	18,031	--	213,143
	-----	-----	-----	-----	-----
<b>LONG-TERM ASSETS</b>					
Goodwill and other intangible assets .....	123,169	12,590	2,341	--	138,100
Investment in affiliates .....	149,355	--	1,574	(14,555)	136,374
Other long-term assets .....	609	15,126	317	--	16,052
	-----	-----	-----	-----	-----
	273,133	27,716	4,232	(14,555)	290,526
	-----	-----	-----	-----	-----
<b>PROPERTIES, PLANTS AND EQUIPMENT, NET .....</b>	<b>291,933</b>	<b>133,291</b>	<b>10,438</b>	<b>--</b>	<b>435,662</b>
	-----	-----	-----	-----	-----
	<b>\$ 653,162</b>	<b>\$ 268,023</b>	<b>\$ 32,701</b>	<b>\$ (14,555)</b>	<b>\$ 939,331</b>
	=====	=====	=====	=====	=====
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable .....	\$ 16,306	\$ 24,657	\$ 1,892	\$ --	\$ 42,855
Other current liabilities .....	3,122	15,809	3,161	--	22,092
	-----	-----	-----	-----	-----
	19,428	40,466	5,053	--	64,947
	-----	-----	-----	-----	-----
<b>LONG-TERM LIABILITIES</b>					
Long-term debt .....	--	235,000	--	--	235,000
Other long-term liabilities .....	91,220	5,422	228	--	96,870
	-----	-----	-----	-----	-----
	91,220	240,422	228	--	331,870
	-----	-----	-----	-----	-----
<b>SHAREHOLDERS' EQUITY .....</b>	<b>542,514</b>	<b>(12,865)</b>	<b>27,420</b>	<b>(14,555)</b>	<b>542,514</b>
	-----	-----	-----	-----	-----
	<b>\$ 653,162</b>	<b>\$ 268,023</b>	<b>\$ 32,701</b>	<b>\$ (14,555)</b>	<b>\$ 939,331</b>
	=====	=====	=====	=====	=====

Condensed Consolidating Statement of Operations  
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
Gain on sale of timberland .....	--	79,019	644	--	79,663
Other income (expense), net (1) .....	(44,734)	52,265	(1,173)	--	6,358
	715,642	416,505	553,341	(143,467)	1,542,021
Cost of products sold .....	612,395	221,927	461,761	(143,467)	1,152,616
Selling, general and administrative expenses .....	106,482	37,316	60,918	--	204,716
Restructuring costs .....	11,534	--	--	--	11,534
Interest expense (income), net .....	23,793	(280)	21,636	--	45,149
	754,204	258,963	544,315	(143,467)	1,414,015
Income (loss) before income taxes, minority interest in income of consolidated subsidiaries and equity in earnings of affiliates.....	(38,562)	157,542	9,026	--	128,006
Income taxes .....	(14,615)	59,708	3,421	--	48,514
Income (loss) before minority interest in income of consolidated subsidiaries and equity in earnings of affiliates.....	(23,947)	97,834	5,605	--	79,492
Minority interest in income of consolidated subsidiaries..	--	--	(594)	--	(594)
Equity in earnings of affiliates .....	112,721	--	131	(102,976)	9,876
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.

Condensed Consolidating Statement of Operations  
For the year ended October 31, 2000

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales .....	\$840,546	\$160,438	\$49,071	\$(86,099)	\$963,956
Gain on sale of timberland .....	--	8,773	482	--	9,255
Other income (expense), net (1) .....	(48,549)	53,460	(39)	--	4,872
	791,997	222,671	49,514	(86,099)	978,083
Cost of products sold .....	669,146	114,592	39,847	(86,099)	737,486
Selling, general and administrative expenses .....	104,662	18,665	4,974	--	128,301
Interest expense (income), net .....	(1,167)	14,115	(1,106)	--	11,842
	772,641	147,372	43,715	(86,099)	877,629
Income before income taxes, minority interest in income of consolidated subsidiaries and equity in earnings of affiliates .....	19,356	75,299	5,799	--	100,454
Income taxes .....	7,331	28,501	2,195	--	38,027
Income before minority interest in income of consolidated subsidiaries and equity in earnings of affiliates .....	12,025	46,798	3,604	--	62,427
Minority interest in income of consolidated subsidiaries .....	--	--	--	--	--
Equity in earnings of affiliates .....	63,769	--	119	(50,521)	13,367
Net income (loss) .....	\$ 75,794	\$ 46,798	\$ 3,723	\$(50,521)	\$ 75,794

(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.

Condensed Consolidating Statement of Operations

For the year ended October 31, 1999

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales .....	\$768,857	\$122,632	\$44,262	\$(82,313)	\$853,438
Gain on sale of timberland .....	--	4,193	348	--	4,541
Other income (expense), net .....	(3,762)	14,221	(18)	--	10,441
	-----	-----	-----	-----	-----
	765,095	141,046	44,592	(82,313)	868,420
Cost of products sold .....	628,897	92,248	36,252	(82,313)	675,084
Selling, general and administrative expenses .....	74,862	33,946	4,187	--	112,995
Interest expense (income), net .....	(370)	14,401	(1,048)	--	12,983
	-----	-----	-----	-----	-----
	703,389	140,595	39,391	(82,313)	801,062
	-----	-----	-----	-----	-----
Income before income taxes, minority interest in income of consolidated subsidiaries and equity in earnings of affiliates .....	61,706	451	5,201	--	67,358
Income taxes .....	24,496	179	2,065	--	26,740
	-----	-----	-----	-----	-----
Income before minority interest in income of consolidated subsidiaries and equity in earnings of affiliates .....	37,210	272	3,136	--	40,618
Minority interest in income of consolidated subsidiaries .....	--	--	--	--	--
Equity in earnings of affiliates .....	14,163	--	132	(3,540)	10,755
	-----	-----	-----	-----	-----
Net income (loss) .....	\$ 51,373	\$ 272	\$ 3,268	\$ (3,540)	\$ 51,373
	=====	=====	=====	=====	=====

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 operating activities .....	\$ 67,089	\$ (581)	\$ 32,357	\$ --	\$ 98,865
Cash flows from investing activities:					
Acquisitions of businesses, net of cash acquired .....	(571,829)	257,678	1,259	--	(312,892)
Purchase 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 long-term debt .....	(234,204)	(235,000)	4,662	--	(464,542)
Payments on short-term borrowings .....	--	--	(7,062)	--	(7,062)
Dividends paid .....	(15,158)	--	--	--	(15,158)
Other, net .....	(855)	--	--	--	(855)
Net cash provided by (used in) financing activities .....	509,783	(235,000)	(2,400)	--	272,383
Effect of exchange rate changes on cash .....	--	--	(2,210)	--	(2,210)
Net increase (decrease) 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
	=====	=====	=====	=====	=====

Condensed Consolidating Statement of Cash Flows  
For the year ended October 31, 2000

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net cash provided by operating activities .....	\$ 38,465	\$ 73,041	\$ 5,723	\$ --	\$ 117,229
Cash flows from investing activities:					
Disposals of investments in government securities .....	--	--	5,314	--	5,314
Purchases of properties, plants and equipment .....	(22,538)	(47,270)	(9,025)	--	(78,833)
Proceeds on disposals of properties, plants and equipment .....	4,632	35	5	--	4,672
Net cash used in investing activities .....	(17,906)	(47,235)	(3,706)	--	(68,847)
Cash flows from financing activities:					
Payments on long-term debt .....	--	(23,000)	--	--	(23,000)
Dividends paid .....	(14,619)	--	--	--	(14,619)
Other, net .....	(4,778)	--	--	--	(4,778)
Net cash used in financing activities .....	(19,397)	(23,000)	--	--	(42,397)
Effect of exchange rate changes on cash .....	--	--	(1,532)	--	(1,532)
Net increase in cash and cash equivalents .....	1,162	2,806	485	--	4,453
Cash and cash equivalents at beginning of year .....	1,794	863	6,278	--	8,935
Cash and cash equivalents at end of year .....	\$ 2,956	\$ 3,669	\$ 6,763	\$ --	\$ 13,388

Condensed Consolidating Statement of Cash Flows

For the year ended October 31, 1999

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net cash provided by (used in) operating activities .....	\$ 112,447	\$ (40,251)	\$ (430)	\$ --	\$ 71,766
Cash flows from investing activities:					
Acquisitions of other companies, net of cash .....	(79,626)	7,734	(2,341)	--	(74,233)
Sales of investments in gov't securities .....	--	--	1,340	--	1,340
Purchases of properties, plants and equipment .....	(28,059)	(19,507)	(1,687)	--	(49,253)
Proceeds on disposals of properties, plants and equipment ..	--	18,874	--	--	18,874
Net cash (used in) provided by investing activities .....	(107,685)	7,101	(2,688)	--	(103,272)
Cash flows from financing activities:					
Proceeds from issuance of long-term debt .....	--	54,500	--	--	54,500
Payments on long-term debt .....	--	(31,500)	--	--	(31,500)
Payments on short-term borrowings .....	--	--	--	--	--
Dividends paid .....	(14,315)	--	--	--	(14,315)
Other, net .....	(10,811)	--	--	--	(10,811)
Net cash (used in) provided by financing activities .....	(25,126)	23,000	--	--	(2,126)
Effect of exchange rate changes on cash .....	--	--	1,238	--	1,238
Net decrease in cash and cash equivalents .....	(20,364)	(10,150)	(1,880)	--	(32,394)
Cash and cash equivalents at beginning of year .....	22,158	11,013	8,158	--	41,329
Cash and cash equivalents at end of year .....	\$ 1,794	\$ 863	\$ 6,278	\$ --	\$ 8,935

## GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED INTERIM STATEMENT OF INCOME  
(UNAUDITED)  
(U.S. dollars in thousands, except per share amounts)

	Nine months ended July 31,	
	2002	2001
	-----	-----
Net sales .....	\$ 1,197,251	\$1,011,247
Gain on sale of timberland .....	9,677	78,674
Other income, net .....	4,696	4,288
	-----	-----
	1,211,624	1,094,209
	-----	-----
Cost of products sold .....	957,465	802,663
Selling, general and administrative expenses .....	187,774	141,695
Restructuring charge .....	--	11,534
Debt extinguishment charge .....	4,390	--
Interest expense, net .....	40,949	29,265
	-----	-----
	1,190,578	985,157
	-----	-----
Income before income taxes, minority interest in income of consolidated subsidiaries and equity in earnings of affiliates .....	21,046	109,052
Income taxes .....	7,577	41,331
	-----	-----
Income before minority interest in income of consolidated subsidiaries and equity in earnings of affiliates .....	13,469	67,721
Minority interest in income of consolidated subsidiaries ....	(622)	(358)
Equity in earnings of affiliates .....	5,826	7,083
	-----	-----
Net income .....	\$ 18,673	\$ 74,446
	=====	=====
Basic earnings per share:		
Class A Common Stock .....	\$ 0.67	\$ 2.64
Class B Common Stock .....	\$ 0.99	\$ 3.94
Diluted earnings per share:		
Class A Common Stock .....	\$ 0.66	\$ 2.63
Class B Common Stock .....	\$ 0.99	\$ 3.94

See accompanying Notes to Interim Consolidated Financial Statements.



## GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED INTERIM BALANCE SHEETS  
(U.S. dollars in thousands)

	July 31, 2002 ----- (Unaudited)	October 31, 2001 -----
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents .....	\$ 21,164	\$ 29,720
Trade accounts receivable--less allowance of \$11,681 (\$10,596 in 2001) .....	268,805	282,982
Inventories .....	133,489	123,363
Net assets held for sale .....	14,369	12,530
Deferred tax asset .....	9,648	9,697
Prepaid expenses and other .....	37,726	45,904
	-----	-----
	485,201	504,196
	-----	-----
<b>LONG-TERM ASSETS</b>		
Goodwill--less amortization .....	235,653	236,623
Other intangible assets .....	30,012	33,179
Investment in affiliates .....	146,555	144,071
Other long-term assets .....	45,146	44,282
	-----	-----
	457,366	458,155
	-----	-----
<b>PROPERTIES, PLANTS AND EQUIPMENT--at cost</b>		
Timber properties--less depletion .....	78,698	74,851
Land .....	83,072	81,048
Buildings .....	233,753	235,980
Machinery and equipment .....	721,505	689,637
Capital projects in progress .....	41,375	43,200
	-----	-----
	1,158,403	1,124,716
Accumulated depreciation .....	(374,763)	(315,879)
	-----	-----
	783,640	808,837
	-----	-----
	\$1,726,207	\$1,771,188
	=====	=====

See accompanying Notes to Interim Consolidated Financial Statements.

## GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED INTERIM BALANCE SHEETS  
(U.S. dollars in thousands)

	July 31, 2002 ----	October 31, 2001 ----
	(Unaudited)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable .....	\$ 137,078	\$ 117,117
Accrued payrolls and employee benefits .....	35,308	27,604
Restructuring reserves .....	4,006	15,109
Short-term borrowings .....	24,636	16,533
Current portion of long-term debt .....	17,890	43,140
Other current liabilities .....	72,517	74,016
	-----	-----
	291,435	293,519
	-----	-----
LONG-TERM LIABILITIES		
Long-term debt .....	630,362	654,374
Deferred tax liability .....	119,597	124,346
Postretirement benefit liability .....	47,675	50,028
Other long-term liabilities .....	53,760	62,015
	-----	-----
	851,394	890,763
	-----	-----
MINORITY INTEREST	1,167	560
	-----	-----
SHAREHOLDERS' EQUITY		
Common stock, without par value .....	11,974	10,446
Treasury stock, at cost .....	(60,298)	(58,812)
Retained earnings .....	678,853	671,917
Accumulated other comprehensive loss		
foreign currency translation .....	(34,009)	(21,378)
interest rate swaps .....	(11,469)	(13,071)
minimum pension liability .....	(2,840)	(2,756)
	-----	-----
	582,211	586,346
	-----	-----
	\$1,726,207	\$1,771,188
	=====	=====

See accompanying Notes to Interim Consolidated Financial Statements.

## GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS  
(UNAUDITED)  
(U.S. dollars in thousands)

	Nine months ended July 31,	
	2002	2001
	----	----
Cash flows from operating activities:		
Net income .....	\$ 18,673	\$ 74,446
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization .....	74,896	57,462
Equity in earnings of affiliates, net of dividends received .....	(3,529)	(4,214)
Minority interest in income of consolidated subsidiaries .....	622	358
Deferred income taxes .....	(3,090)	23,671
Gain on disposals of properties, plants and equipment .....	(13,097)	(80,906)
Other, net .....	(17,682)	(33,484)
Changes in current assets and liabilities .....	27,292	50,059
	-----	-----
Net cash provided by operating activities .....	84,085	87,392
	-----	-----
Cash flows from investing activities:		
Acquisition of business, net of cash .....	--	(314,763)
Purchases of properties, plants and equipment .....	(38,805)	(124,435)
Proceeds on disposals of properties, plants and equipment .....	18,498	85,684
	-----	-----
Net cash used in investing activities .....	(20,307)	(353,514)
	-----	-----
Cash flows from financing activities:		
Proceeds from long-term debt .....	242,750	760,000
Payments on long-term debt .....	(305,729)	(433,196)
Payments on short-term borrowings .....	--	(4,902)
Proceeds from short-term borrowings .....	7,476	--
Dividends paid .....	(11,740)	(11,197)
Acquisitions of treasury stock .....	(1,627)	(117)
Exercise of stock options .....	1,669	69
	-----	-----
Net cash (used in) provided by financing activities .....	(67,201)	310,657
	-----	-----
Effects of exchange rates on cash .....	(5,133)	(1,622)
	-----	-----
Net (decrease) increase in cash and cash equivalents .....	(8,556)	42,913
	-----	-----
Cash and cash equivalents at beginning of period .....	29,720	13,388
	-----	-----
Cash and cash equivalents at end of period .....	\$ 21,164	\$ 56,301
	=====	=====

See accompanying Notes to Interim Consolidated Financial Statements.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
JULY 31, 2002

## NOTE 1--BASIS OF PRESENTATION

The information furnished herein reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of the consolidated balance sheets as of July 31, 2002 and October 31, 2001 and the consolidated statements of income and cash flows for the nine-month periods ended July 31, 2002 and 2001. The preparation of 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 financial statements and accompanying notes. Actual amounts could differ from those estimates.

These interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto as of October 31, 2001 and 2000 and for each of the three years in the period ended October 31, 2001 of Greif Bros. Corporation and its subsidiaries (collectively, the "Company") included elsewhere herein.

Certain prior year amounts have been reclassified to conform to the 2002 presentation.

## NOTE 2--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 Huhtamaki Van Leer Oyj, a Finnish corporation ("Huhtamaki"), the Company acquired all of the issued share capital of Royal Packaging Industries Van Leer N.V., a Dutch limited liability company, Huhtamaki 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 U.S. corporation, and American Flange & Manufacturing Co., Inc., a U.S. 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, polycarbonate water bottles, intermediate bulk containers and closure systems, with operations in over 40 countries.

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 new long-term debt borrowed against a \$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 \$636.8 million and \$423.3 million, respectively.

## Pro Forma Information

The following pro forma (unaudited) information for the nine months ended July 31, 2001 assumes the Van Leer Industrial Packaging acquisition had occurred on November 1, 2000 (U.S. dollars in thousands, except per share amounts):

Net sales .....	\$1,302,502
Net income .....	\$ 58,476
Basic and diluted earnings per share:	
Class A Common Stock .....	\$ 2.07
Class B Common Stock .....	\$ 3.10

The above amounts reflect adjustments for interest expense related to the debt issued for the acquisition, amortization of goodwill and intangible assets, and depreciation expense on the revalued properties, plants and equipment. The pro forma amounts do not include anticipated synergies from the acquisition, nor do they include the anticipated savings associated with the restructuring plan of Van Leer Industrial Packaging and the Company's locations existing prior to the acquisition date.

The pro forma information, as presented above, is not indicative of the results which would have been obtained had the transaction occurred on November 1, 2000, nor is it indicative of the Company's future results.

NOTE 3--RESTRUCTURING RESERVES

During the second quarter of 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 identified to be closed. The plants are located in North America. In addition, certain redundant administrative functions were identified to be eliminated. As a result of this plan, during the second quarter of 2001, the Company recognized a pretax restructuring charge of \$11.5 million, consisting of \$8.0 million in employee separation costs (approximately 250 employees) and a \$3.5 million loss on disposal of equipment and facilities. The Company has sold or is in the process of selling these six owned facilities. The Company expects to complete these restructuring activities during 2002. Subsequent to the recognition of the restructuring charge, the Company has and will continue to recognize expense related to additional costs to relocate machinery and equipment and employees upon the closure of these plants. The amounts charged against this restructuring reserve during the period ended July 31, 2002 are as follows (U.S. dollars in thousands):

	Balance at 10/31/01 -----	Activity -----	Balance at 7/31/02 -----
Cash charges:			
Employee separation costs .....	\$ 3,991	\$(3,768)	\$ 223
Cash and non-cash charges:			
Other exit costs .....	312	--	312
	-----	-----	-----
	\$ 4,303	\$(3,768)	\$ 535
	=====	=====	=====

As of July 31, 2002, there were a total of 227 employees that had been terminated and provided severance benefits under this restructuring plan.

In addition, in connection with the March 2001 acquisition of Van Leer Industrial Packaging from Huhtamaki and the consolidation plan, five facilities purchased as part of the acquisition have been or will be closed. These facilities are owned by subsidiaries of the Company. The facilities are located in North America, South America, United Kingdom and Asia Pacific. In addition, certain redundant administrative functions have been or will be eliminated. Accordingly, the Company recognized a \$19.7 million restructuring liability in its purchase price allocation related to these locations. This liability was accounted for under Emerging Issues Task Force ("EITF") No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination." The liability consisted of \$16.5 million in employee separation costs (approximately 300 employees) and \$3.2 million in other exit costs. The Company has sold or is in the process of selling these Company-owned facilities. The amounts charged against this restructuring reserve during the period ended July 31, 2002 are as follows (U.S. dollars in thousands):

	Balance at 10/31/01 -----	Activity -----	Balance at 7/31/02 -----
Cash charges:			
Employee separation costs .....	\$ 9,518	\$ (6,836)	\$ 2,682
Cash and non-cash charges:			
Other exit costs .....	1,288	(499)	789
	-----	-----	-----
	\$ 10,806	\$ (7,335)	\$ 3,471
	=====	=====	=====

As of July 31, 2002, there were a total of 210 employees that had been terminated and provided severance benefits under this restructuring plan.

NOTE 4--TIMBERLAND TRANSACTIONS

Sale of Timber Properties

In December 2000, the Company sold certain hardwood timberland for \$44.4 million. As such, the Company recognized a gain of \$43.0 million during the first quarter of 2001 related to this transaction. In a related agreement, the Company sold other hardwood timberland for \$30.0 million in March 2001, and recognized an additional gain of \$27.7 million during the second quarter of 2001.

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 December 2000, the Company purchased certain softwood timberland for \$42.8 million. In a related agreement, the Company purchased other softwood timberland for \$43.1 million in March 2001.

A total of approximately 63,000 acres of timber properties situated in Louisiana were purchased as a result of these transactions.

NOTE 5--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 restructuring plans in the Industrial Shipping Containers segment (see Note 3 Restructuring Reserves). As of July 31, 2002, there were 13 facilities held for sale. The net assets held for sale are being marketed for sale, and it is the Company's intention to complete the sales within the upcoming year.

NOTE 6--INVESTMENT IN AFFILIATES

The Company has investments in CorrChoice, Inc. (63.24%), Socer-Embalagens, Lda. (25%) and Balmer Lawrie-Van Leer (40.06%) which are accounted for on the equity method. The Company's investment in Abzac-Greif (49.0%) was sold for approximately \$2.0 million, with a gain of \$0.1 million, during the second quarter of 2002. The Company's share of earnings of these affiliates is included in income as earned. In the first nine months of 2002, the Company received dividends from affiliates of \$2.3 million.

The difference between the cost basis of the Company's investment in the underlying equity of affiliates of \$4.5 million at July 31, 2002 is being amortized over a 15-year period.

The summarized unaudited financial information below represents the combined results of the Company's unconsolidated affiliates (U.S. dollars in thousands):

	Nine months ended July 31, -----	
	2002	2001
	----	----
Net sales .....	\$167,958	\$214,196
Gross profit .....	\$ 30,944	\$ 33,049
Net income .....	\$ 10,769	\$ 13,238

NOTE 7 -- LONG-TERM DEBT

Long-term debt is summarized as follows (U.S. dollars in thousands):

	July 31, 2002 ----	October 31, 2001 ----
\$900 million Senior Secured Credit Agreement	\$ 399,507	\$ 696,306
8 7/8% Senior Subordinated Notes	247,965	--
Other debt	780	1,208
	-----	-----
	648,252	697,514
Less current portion	(17,890)	(43,140)
	-----	-----
	\$ 630,362	\$ 654,374
	=====	=====

\$900 Million Senior Secured Credit Agreement

On March 2, 2001, the Company entered into a \$900 million Senior Secured Credit Agreement with a syndicate of lenders. A portion of the proceeds from the Senior Secured Credit Agreement was used to fund the Van Leer Industrial Packaging acquisition and to refinance amounts outstanding under the Company's then existing revolving credit facility. The Senior Secured Credit Agreement provides for three term loans, a \$150 million U.S. Dollar Term Loan A, a \$200 million Euro Term Loan A and a \$400 million U.S. Dollar Term Loan B, and a \$150 million revolving multicurrency credit facility. At July 31, 2002, there was \$106 million available under the \$150 million revolving multicurrency credit facility. The revolving multicurrency credit facility is available for working capital and general corporate purposes.

As of August 23, 2002, the \$900 million Senior Secured Credit Agreement was refinanced using proceeds from the Amended and Restated Senior Secured Credit Agreement (see Note 16 - Subsequent Event).

8 7/8% 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. Interest on the notes is payable semi-annually at the annual rate of 8 7/8%. The notes do not have required principal payments prior to maturity on August 1, 2012. The net proceeds from the notes issuance were utilized to repay indebtedness under the Company's \$900 million Senior Secured Credit Agreement and fees paid in connection with the offering. The fair value of the notes was approximately \$248 million at July 31, 2002, based on quoted market prices.

During the third quarter of 2002, the Company incurred a non-cash debt extinguishment charge of \$4.4 million related to the partial extinguishment of the \$900 million Senior Secured Credit Agreement. The Company has early adopted the Financial Accounting Standard Board ("FASB") Statement of Financial Accounting Standards ("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 taxes, minority interest in income of consolidated subsidiaries and equity in earnings of affiliates.

NOTE 8--FINANCIAL INSTRUMENTS

The Company had interest rate swap agreements with an aggregate notional amount of \$280 million at July 31, 2002 with various maturities through 2008. Under these agreements, the Company receives interest quarterly from the counterparties equal to the LIBOR rate and pays interest at a weighted average rate of 5.41% over the life of the contracts. At July 31, 2002, a liability for the interest rate swap contracts, which represented their fair values at that time, in the amount of \$17.9 million (\$11.5 million net of tax) was recorded with an offsetting amount in accumulated other comprehensive income (loss).

At July 31, 2002, the Company had outstanding foreign currency forward contracts in the notional amount of \$23.8 million. The fair value of these contracts at July 31, 2002 resulted in a gain of \$0.2 million. The purpose of these contracts is to hedge short-term intercompany loan balances with its foreign 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.

NOTE 9--CAPITAL STOCK

Class A Common Stock is entitled to cumulative dividends of 1 cent per share per year after which Class B Common Stock is entitled to non-cumulative dividends up to 1/2 cent per share per year. Further distribution in any year must be made in proportion of 1 cent a share for Class A Common Stock to 1 1/2 cents a share for Class B Common Stock. The Class A Common Stock has no voting power nor is it entitled to notice of meetings of the stockholders, all rights to vote and all voting power being vested exclusively in the Class B Common Stock unless four quarterly cumulative dividends upon the Class A Common Stock are in arrears. There is no cumulative voting.

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

	Authorized Shares -----	Issued Shares -----	Outstanding Shares -----	Treasury Shares -----
July 31, 2002:				
Class A Common Stock .....	32,000,000	21,140,960	10,582,366	10,558,594
Class B Common Stock .....	17,280,000	17,280,000	11,772,859	5,507,141
October 31, 2001:				
Class A Common Stock .....	32,000,000	21,140,960	10,516,196	10,624,764
Class B Common Stock .....	17,280,000	17,280,000	11,822,859	5,457,141

NOTE 10--DIVIDENDS PER SHARE

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

	Nine months ended July 31, -----	
	2002 ----	2001 ----
Class A Common Stock .....	\$ 0.42	\$ 0.40
Class B Common Stock .....	\$ 0.62	\$ 0.59

NOTE 11--CALCULATION OF EARNINGS PER SHARE

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



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

	Nine months ended July 31, -----	
	2002 ----	2001 ----
Class A Common Stock:		
Basic shares .....	10,549,345	10,523,393
Assumed conversion of stock options .....	77,429	29,472
Diluted shares .....	<u>10,626,774</u>	<u>10,552,865</u>
Class B Common Stock:		
Basic and diluted shares .....	<u>11,796,650</u>	<u>11,844,165</u>

There were 18,000 stock options that were antidilutive for the nine-month period ended July 31, 2002 (797,634 for the nine-month period ended July 31, 2001).

#### NOTE 12--COMPREHENSIVE INCOME

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

	Nine months ended July 31, -----	
	2002 ----	2001 ----
Net income .....	\$ 18,673	\$ 74,446
Other comprehensive income (loss):		
Foreign currency translation adjustment .....	(12,631)	(509)
Change in market value of interest rate swaps, net of tax .....	1,602	(6,878)
Minimum pension liability adjustment, net of tax .....	(84)	--
Comprehensive income .....	<u>\$ 7,560</u>	<u>\$ 67,059</u>

#### NOTE 13--BUSINESS SEGMENT INFORMATION

The Company operates in three business segments: Industrial Shipping Containers; Containerboard & Corrugated Products; and Timber.

The Company's reportable segments are strategic business units that offer different products. The Company evaluates performance and allocates resources based on earnings before interest, income taxes, depreciation, depletion, amortization minority interest in income of consolidated subsidiaries, equity in earnings of affiliates and debt extinguishment charge ("EBITDA"). 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 in the 2001 Annual Report on Form 10-K except that the Company accounts for inventories on a first-in, first-out basis at the segment level compared to a last-in, first-out basis at the consolidated level in the United States.

Corporate and other includes the unallocated costs associated with the Company's corporate headquarters, the Company's long-term debt and other non-segment items. During 2002, the Company changed its method for allocating corporate and other costs to its segments. All prior period information has been restated to conform to the current period presentation.

The following segment information is presented for the periods indicated  
(U.S. dollars in thousands):

	Nine months ended July 31,	
	2002	2001
	-----	-----
Net sales:		
Industrial shipping containers .....	\$ 927,538	\$ 697,643
Containerboard & corrugated products .....	239,694	285,090
Timber .....	30,019	28,514
	-----	-----
Total .....	\$1,197,251	\$1,011,247
	=====	=====
EBITDA:		
Industrial shipping containers .....	\$ 89,724	\$ 54,898
Containerboard & corrugated products .....	32,314	61,443
Timber .....	35,663	102,985
	-----	-----
Total segment .....	157,701	219,326
Restructuring charge .....	--	(11,534)
Corporate and other .....	(15,469)	(12,604)
	-----	-----
Total EBITDA .....	142,232	195,188
Depreciation, depletion and amortization .....	(74,896)	(57,462)
Debt extinguishment charge .....	(4,390)	--
Interest expense, net .....	(40,949)	(29,265)
Foreign currency .....	(951)	591
	-----	-----
Income before income taxes, minority interest in income of consolidated subsidiaries and equity in earnings of affiliates .....	21,046	\$ 109,052
	=====	=====
Depreciation, depletion and amortization:		
Industrial shipping containers .....	\$ 48,841	\$ 32,581
Containerboard & corrugated products .....	16,859	16,701
	-----	-----
Timber .....	2,741	4,382
	-----	-----
Total segment .....	68,441	53,664
Corporate and other .....	6,455	3,798
	-----	-----
Total .....	\$ 74,896	\$ 57,462
	=====	=====

	July 31, 2002 ----	October 31, 2001 ----
Total assets:		
Industrial shipping containers .....	\$1,081,652	\$1,110,875
Containerboard & corrugated products .....	326,043	345,155
Timber .....	113,726	104,105
Total segment .....	1,521,421	1,560,135
Corporate and other .....	204,786	211,053
Total .....	<u>\$1,726,207</u> =====	<u>\$1,771,188</u> =====

The following table presents net sales to external customers by geographic area (U.S. dollars in thousands):

	Nine months ended July 31, 2002 ----	2001 ----
North America .....	\$ 727,359	\$ 730,888
Europe .....	308,978	183,763
Other .....	160,914	96,596
Total .....	<u>\$1,197,251</u> =====	<u>\$1,011,247</u> =====

The following table presents total assets by geographic area (U.S. dollars in thousands):

	July 31, 2002 ----	October 31, 2001 ----
North America .....	\$1,250,108	\$1,287,502
Europe .....	345,451	319,232
Other .....	130,648	164,454
Total .....	<u>\$1,726,207</u> =====	<u>\$1,771,188</u> =====

#### NOTE 14-SUMMARIZED CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

The Senior Subordinated Notes, more fully described in Note 7 - Long-Term Debt, are fully guaranteed, jointly and severally, by the Company's United States subsidiaries ("Guarantor Subsidiaries"). The Company's non-United States subsidiaries are not guaranteeing the Senior Subordinated Notes ("Non-Guarantor Subsidiaries"). Presented below are summarized condensed consolidating financial statements of Greif Bros. Corporation (the "Parent"), which includes certain of the Company's operating units, the Guarantor Subsidiaries, the Non-Guarantor Subsidiaries and the Company on a consolidated basis.

These summarized condensed consolidated 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.

Condensed Consolidating Balance Sheet  
July 31, 2002

	Parent -----	Guarantor Subsidiaries -----	Non-Guarantor Subsidiaries -----	Eliminations -----	Consolidated -----
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 1,522	\$ 811	\$ 18,831	\$ --	\$ 21,164
Trade accounts receivable	35,840	88,942	144,023	--	268,805
Inventories	27,145	19,935	86,409	--	133,489
Other current assets	24,847	7,079	29,817	--	61,743
	-----	-----	-----	-----	-----
	89,354	116,767	279,080	--	485,201
	-----	-----	-----	-----	-----
<b>LONG-TERM ASSETS</b>					
Goodwill and other intangible assets	113,459	21,931	130,275	--	265,665
Investment in affiliates	887,582	514,385	--	(1,255,412)	146,555
Other long-term assets	40,020	--	5,126	--	45,146
	-----	-----	-----	-----	-----
	1,041,061	536,316	135,401	(1,255,412)	457,366
	-----	-----	-----	-----	-----
<b>PROPERTIES, PLANTS AND EQUIPMENT, net</b>	259,092	276,372	248,176	--	783,640
	-----	-----	-----	-----	-----
	\$1,389,507	\$ 929,455	\$ 662,657	\$(1,255,412)	\$1,726,207
	=====	=====	=====	=====	=====
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 21,756	\$ 35,910	\$ 79,412	\$ --	\$ 137,078
Short-term borrowings	--	--	24,636	--	24,636
Current portion of long-term debt	17,890	--	--	--	17,890
Other current liabilities	11,841	30,732	69,258	--	111,831
	-----	-----	-----	-----	-----
	51,487	66,642	173,306	--	291,435
	-----	-----	-----	-----	-----
<b>LONG-TERM LIABILITIES</b>					
Long-term debt	629,582	--	780	--	630,362
Other long-term liabilities	126,227	40,940	53,865	--	221,032
	-----	-----	-----	-----	-----
	755,809	40,940	54,645	--	851,394
	-----	-----	-----	-----	-----
<b>MINORITY INTEREST</b>	--	--	1,167	--	1,167
	-----	-----	-----	-----	-----
<b>SHAREHOLDERS' EQUITY</b>	582,211	821,873	433,539	(1,255,412)	582,211
	-----	-----	-----	-----	-----
	\$1,389,507	\$ 929,455	\$ 662,657	\$(1,255,412)	\$1,726,207
	=====	=====	=====	=====	=====

Condensed Consolidating Balance Sheet  
October 31, 2001

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 1,632	\$ (6,516)	\$ 34,604	\$ --	\$ 29,720
Trade accounts receivable	22,591	119,660	140,731	--	282,982
Inventories	21,014	20,230	82,119	--	123,363
Other current assets	26,402	12,347	29,382	--	68,131
	71,639	145,721	286,836	--	504,196
<b>LONG-TERM ASSETS</b>					
Goodwill and other intangible assets	116,999	23,775	129,028	--	269,802
Investment in affiliates	958,552	511,893	1,545	(1,327,919)	144,071
Other long-term assets	41,692	--	20,488	(17,898)	44,282
	1,117,243	535,668	151,061	(1,345,817)	458,155
<b>PROPERTIES, PLANTS AND EQUIPMENT, net</b>	270,759	268,865	269,213	--	808,837
	<u>\$1,459,641</u>	<u>\$ 950,254</u>	<u>\$ 707,110</u>	<u>\$(1,345,817)</u>	<u>\$1,771,188</u>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 21,824	\$ 27,728	\$ 67,565	\$ --	\$ 117,117
Short-term borrowings	--	--	16,533	--	16,533
Current portion of long-term debt	43,140	--	--	--	43,140
Other current liabilities	10,943	30,093	75,693	--	116,729
	75,907	57,821	159,791	--	293,519
<b>LONG-TERM LIABILITIES</b>					
Long-term debt	653,166	--	1,208	--	654,374
Other long-term liabilities	144,222	49,062	61,003	(17,898)	236,389
	797,388	49,062	62,211	(17,898)	890,763
<b>MINORITY INTEREST</b>	--	--	560	--	560
<b>SHAREHOLDERS' EQUITY</b>	586,346	843,371	484,548	(1,327,919)	586,346
	<u>\$1,459,641</u>	<u>\$ 950,254</u>	<u>\$ 707,110</u>	<u>\$(1,345,817)</u>	<u>\$1,771,188</u>

Condensed Consolidating Statement of Operations  
For the nine months ended July 31, 2002

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ 501,178	\$ 236,907	\$ 572,576	\$(113,410)	\$ 1,197,251
Gain on sale of timberland	--	9,493	184	--	9,677
Other income (expense), net (1)	(30,172)	33,040	1,828	--	4,696
	471,006	279,440	574,588	(113,410)	1,211,624
Cost of products sold	410,786	187,069	473,020	(113,410)	957,465
Selling, general and administrative expenses	82,940	32,677	72,157	--	187,774
Debt extinguishment charge	4,390	--	--	--	4,390
Interest expense (income), net	36,554	1,936	2,459	--	40,949
	534,670	221,682	547,636	(113,410)	1,190,578
Income (loss) before income taxes, minority interest in income of consolidated subsidiaries and equity in earnings of affiliates	(63,664)	57,758	26,952	--	21,046
Income taxes	(22,920)	20,794	9,703	--	7,577
Income (loss) before minority interest in income of consolidated subsidiaries and equity in earnings of affiliates	(40,744)	36,964	17,249	--	13,469
Minority interest in income of consolidated subsidiaries	--	--	(622)	--	(622)
Equity in earnings of affiliates	59,417	--	--	(53,591)	5,826
Net income (loss)	<u>\$ 18,673</u>	<u>\$ 36,964</u>	<u>\$ 16,627</u>	<u>\$( 53,591)</u>	<u>\$ 18,673</u>

(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.



Condensed Consolidating Statement of Operations  
For the nine months ended July 31, 2001

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$566,287	\$193,089	\$354,395	\$(102,524)	\$1,011,247
Gain on sale of timberland	--	78,401	273	--	78,674
Other income (expense), net (1)	(34,040)	37,458	870	--	4,288
	532,247	308,948	355,538	(102,524)	1,094,209
Cost of products sold	456,061	151,447	297,679	(102,524)	802,663
Selling, general and administrative expenses	77,762	29,607	34,326	--	141,695
Restructuring costs	11,534	--	--	--	11,534
Interest expense (income), net	12,714	(595)	17,146	--	29,265
	558,071	180,459	349,151	(102,524)	985,157
Income (loss) before income taxes, minority interest in income of consolidated subsidiaries and equity in earnings of affiliates	(25,824)	128,489	6,387	--	109,052
Income taxes	(9,788)	48,698	2,421	--	41,331
Income (loss) before minority interest in income of consolidated subsidiaries and equity in earnings of affiliates	(16,036)	79,791	3,966	--	67,721
Minority interest in income of consolidated subsidiaries	--	--	(358)	--	(358)
Equity in earnings of affiliates	90,482	--	101	(83,500)	7,083
Net income (loss)	\$ 74,446	\$ 79,791	\$ 3,709	\$ (83,500)	\$ 74,446

(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.

Condensed Consolidating Statement of Cash Flows  
For the nine months ended July 31, 2002

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net cash provided by operating activities	\$ 58,352	\$ 20,590	\$ 5,143	\$ --	\$ 84,085
Cash flow from investing activities:					
Purchase of properties, plants and equipment	(4,389)	(23,767)	(10,649)	--	(38,805)
Proceeds on disposals of properties, plants and equipment	6,459	10,504	1,535	--	18,498
Net cash (used in) provided or investing activities	2,070	(13,263)	(9,114)	--	(20,307)
Cash flows from financing activities:					
Proceeds from issuance of long-term debt	242,750	--	--	--	242,750
Payments on long-term debt	(291,584)	--	(14,145)	--	(305,729)
Proceeds from short-term borrowings	--	--	7,476	--	7,476
Dividends paid	(11,740)	--	--	--	(11,740)
Other, net	42	--	--	--	42
Net cash provided by (used in) financing activities	(60,532)	--	(6,669)	--	(67,201)
Effect of exchange rate changes on cash	--	--	(5,133)	--	(5,133)
Net increase (decrease) in cash and cash equivalents	(110)	7,327	(15,773)	--	(8,556)
Cash and cash equivalents at beginning of year	1,632	(6,516)	34,604	--	29,720
Cash and cash equivalents at end of year	\$ 1,522	\$ 811	\$ 18,831	\$ --	\$ 21,164

Condensed Consolidating Statement of Cash Flows  
For the nine months ended July 31, 2001

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net cash provided by operating activities	\$ 64,484	\$ (2,440)	\$ 25,348	\$ --	\$ 87,392
Cash flow from investing activities:					
Acquisitions of business, net of cash acquired	(595,225)	265,762	14,700	--	(314,763)
Purchase of properties, plants and equipment	(11,681)	(111,192)	(1,562)	--	(124,435)
Proceeds on disposals of properties, plants and equipment	3,439	82,245	--	--	85,684
Net cash (used in) provided or investing activities	(603,467)	236,815	13,138	--	(353,514)
Cash flows from financing activities:					
Proceeds from issuance of long-term debt	760,000	--	--	--	760,000
Payments on long-term debt	(208,620)	(235,000)	10,424	--	(433,196)
Proceeds from short-term borrowings	--	--	(4,902)	--	(4,902)
Dividends paid	(11,197)	--	--	--	(11,197)
Other, net	(48)	--	--	--	(48)
Net cash provided by (used in) financing activities	540,135	(235,000)	5,522	--	310,657
Effect of exchange rate changes on cash	--	--	(1,622)	--	(1,622)
Net increase (decrease) in cash and cash equivalents	1,152	(625)	42,386	--	42,913
Cash and cash equivalents at beginning of year	2,956	3,669	6,763	--	13,388
Cash and cash equivalents at end of year	\$ 4,108	\$ 3,044	\$ 49,149	\$ --	\$ 56,301

NOTE 15--RECENT ACCOUNTING STANDARDS

Goodwill and Other Intangible Assets

In June 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets," which requires that goodwill no longer be amortized, but instead be periodically reviewed for impairment. The provisions of SFAS No. 142 are required for fiscal years beginning after December 15, 2001. As such, the Company will adopt SFAS No. 142 at the beginning of its 2003 fiscal year.

The application of the non-amortization provisions of SFAS No. 142 will increase net income of the Company upon adoption. Amortization expense related to the Company's goodwill and indefinite-lived assets was \$8.4 million and \$6.5 million for the nine month periods ended July 31, 2002 and 2001, respectively.





At this time, the effect of the impairment provisions provided by SFAS No. 142 is not known.

#### Impairment or Disposal of Long-Lived Assets

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 addresses the accounting and reporting for the impairment or disposal of long-lived assets and supersedes FASB Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of" and Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." SFAS No. 144 establishes a single accounting model for long-lived assets to be disposed of by sale and resolves implementation issues related to Statement No. 121.

SFAS No. 144 is effective for financial statements issued for fiscal years beginning after December 15, 2001, or November 1, 2002 for the Company. The Company does not expect the adoption of this Statement to have a material impact on its results of operations or financial position.

#### NOTE 16--SUBSEQUENT EVENTS

On August 23, 2002, the Company, as U.S. borrower, and Greif Spain Holdings, S.L. Greif Bros. Canada Inc., Van Leer (UK) Ltd., Koninklijke Emballage Industrie Van Leer B.V. (dba Royal Packaging Industries Van Leer B.V.), and Van Leer Australia Pty. Limited, as foreign borrowers, 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 provides 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. The term loan periodically reduces through its maturity date of August 23, 2009, and the revolving multicurrency credit facility matures on February 28, 2006. In connection with the Amended and Restated Senior Secured Credit Agreement, the Company anticipates recognizing a debt extinguishment charge in the fourth quarter of 2002.

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. In addition, the Company is limited with respect to the incurrence of additional debt. 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 the Company and its U.S. 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.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of Royal Packaging Industries Van Leer N.V., Huhtamaki Holding Ltda., Van Leer France Holding S.A.S., Van Leer Containers Inc., and American Flange and Manufacturing Company Inc.:

We have audited the accompanying combined balance sheets of the Industrial Packaging Division of Royal Packaging Industries Van Leer N.V., Huhtamaki Holding Ltda., Van Leer France Holding S.A.S., Van Leer Containers Inc., and American Flange and Manufacturing Company Inc. ('the Company') as of December 31, 2000 and 1999 and the related combined statements of operations and cash flows for each of the years in the two year period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in The Netherlands and 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Industrial Packaging Division of Royal Packaging Industries Van Leer N.V., Huhtamaki Holding Ltda., Van Leer France Holding S.A.S., Van Leer Containers Inc., and American Flange and Manufacturing Company Inc. as of December 31, 2000 and 1999 and the results of their operations and their cash flows for each of the years in the two year period ended December 31, 2000, in conformity with generally accepted accounting principles in The Netherlands.

Generally accepted accounting principles in The Netherlands vary in certain significant respects from generally accepted accounting principles in the United States. Application of generally accepted accounting principles in the United States would have affected results of operations and shareholders' equity as of and for the years ended December 31, 2000 and 1999 to the extent summarized in Note 18 to the combined financial statements.

Amsterdam, May 28, 2002

/s/ ERNST & YOUNG

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Ernst & Young Accountants

INDUSTRIAL PACKAGING DIVISION OF ROYAL PACKAGING INDUSTRIES  
VAN LEER N.V., HUHTAMAKI HOLDING LTDA., VAN LEER FRANCE HOLDING S.A.S.,  
VAN LEER CONTAINERS INC., AND AMERICAN FLANGE AND  
MANUFACTURING COMPANY INC.

COMBINED BALANCE SHEETS

	Notes -----	December 31, 2000		December 31, 1999	
		EUR '000	EUR '000	EUR '000	EUR '000
Assets employed:					
Fixed assets					
Tangible fixed assets .....					
At cost .....		737,461		721,259	
Accumulated depreciation .....		(385,059)		(361,575)	
		-----		-----	
Financial fixed assets .....	3		352,402		359,684
Loans and securities .....	4	48,072		657,855	
		-----		-----	
Total fixed assets .....			400,474		1,017,539
Current assets					
Stocks .....	5	130,314		110,060	
Debtors .....	6	248,675		234,013	
Cash and banks .....		35,202		24,530	
		-----		-----	
Total current assets .....		414,191		368,603	
Current liabilities .....	7	(182,620)		(196,953)	
Net working capital .....			231,571		171,650
			-----		-----
Net capital employed .....			632,045		1,189,189
			=====		=====
Financed by:					
Long-term liabilities					
Medium and long-term loans .....	8	209,655		477,640	
Banks .....		36,696		47,058	
		-----		-----	
			246,351		524,698
Provisions for liabilities and charges					
Unfunded pension liabilities and similar obligations .....	9	33,630		41,006	
Deferred tax liabilities .....	10	36,669		29,660	
Other provisions .....	11	36,997		38,251	
		-----		-----	
			107,296		108,917
Group equity .....					
Shareholders' equity .....		271,461		545,425	
Outside shareholders' interest .....		6,937		10,149	
		-----		-----	
Total group equity .....	12		278,398		555,574
			-----		-----
Financing capital .....			632,045		1,189,189
			=====		=====

See accompanying notes.

INDUSTRIAL PACKAGING DIVISION OF ROYAL PACKAGING INDUSTRIES  
VAN LEER N.V., HUHTAMAKI HOLDING LTDA., VAN LEER FRANCE HOLDING S.A.S.,  
VAN LEER CONTAINERS INC., AND AMERICAN FLANGE AND  
MANUFACTURING COMPANY INC.

COMBINED STATEMENTS OF OPERATIONS

	Notes	For the Years Ended,			
		December 31, 2000		December 31, 1999	
		EUR'000	EUR'000	EUR'000	EUR'000
Net sales .....	14	1,028,078		921,854	
Movements in stocks .....		1,476		(3,239)	
		-----		-----	
Proceeds of production .....			1,029,554		918,615
Direct materials .....			(535,813)		(440,254)
			-----		-----
Value added .....			493,741		478,361
Operating costs .....	15		(459,009)		(425,673)
			-----		-----
Operating profit before interest and taxation .....			34,732		52,688
Interest income/(expense) .....	16	7,401		(1,647)	
Foreign exchange result .....		(1,542)		1	
		-----		-----	
Operating profit before taxation .....			40,591		51,042
Tax on operating profit .....			230		(12,301)
			-----		-----
Net operating profit .....			40,821		38,741
Net extraordinary expense .....	17		--		(1,644)
			-----		-----
Profit after taxation .....			40,821		37,097
Third party interest .....			(724)		(1,540)
			-----		-----
Net income .....			40,097		35,557
			=====		=====

See accompanying notes.

INDUSTRIAL PACKAGING DIVISION OF ROYAL PACKAGING INDUSTRIES  
VAN LEER N.V., HUHTAMAKI HOLDING LTDA., VAN LEER FRANCE HOLDING S.A.S.,  
VAN LEER CONTAINERS INC., AND AMERICAN FLANGE AND  
MANUFACTURING COMPANY INC.

COMBINED STATEMENTS OF CASH FLOWS

	For the Years Ended,			
	December 31, 2000	December 31, 1999		
	EUR'000	EUR'000	EUR'000	EUR'000
Cash flow provided by operating activities				
Net income for the year .....	40,097		35,557	
Depreciation .....	39,515		33,956	
	-----		-----	
Operating cash flow		79,612		69,513
Movement in working capital .....	(49,249)		(11,727)	
Stock appreciation rights exercised .....	--		(30,399)	
Movement in provisions .....	(1,621)		(13,558)	
	-----		-----	
Cash flow provided by operating activities		28,742		13,829
Net investments in tangible fixed assets .....	(42,874)		(64,300)	
Other .....	6,294		(6,064)	
	-----		-----	
Cash flow used in investing activities		(36,580)		(70,364)
Loans and securities .....	86,783		(195,441)	
Medium and long-term loans .....	(267,985)		200,537	
Banks .....	(10,362)		(2,849)	
Net transfers from parent company .....	210,074		67,916	
	-----		-----	
Cash flow used/provided by financing activities		18,510		70,163
		-----		-----
Cash flow .....		10,672		13,628
		=====		=====

See accompanying notes.

INDUSTRIAL PACKAGING DIVISION OF ROYAL PACKAGING INDUSTRIES  
VAN LEER N.V., HUHTAMAKI HOLDING LTDA., VAN LEER FRANCE HOLDING S.A.S.,  
VAN LEER CONTAINERS INC., AND AMERICAN FLANGE AND  
MANUFACTURING COMPANY INC.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1 Basis of presentation of the combined financial statements

The accompanying combined financial statements present the combined financial position, results of operations, and cash flows of the Industrial Packaging Division of Royal Packing Industries Van Leer N.V., Huhtamaki Holding Ltd., Van Leer France Holding S.A.S., Van Leer Containers Inc., and American Flange and Manufacturing Company Inc. (the 'Company'). Each of these legal entities was a wholly owned subsidiary of Huhtamaki Van Leer Oyj (the 'Parent Company'), which historically operated two principal divisions: the Industrial Packaging Division and the Consumer Packaging Division.

On March 2, 2001, pursuant to the terms of a share purchase agreement between Greif Bros. Corporation (the 'Purchaser') and Huhtamaki Van Leer Oyj, a Finnish corporation (the 'Seller'), the Purchaser acquired all of the issued share capital of Royal Packaging Industries Van Leer N.V., a worldwide manufacturer of packaging products headquartered in the Netherlands. In addition, pursuant to the terms of the agreement, the Purchaser acquired all of the issued and outstanding share capital of Huhtamaki Holding Ltd., Van Leer France Holding S.A.S., Van Leer Containers Inc. and American Flange and Manufacturing Company Inc. Immediately prior to the acquisition by Greif Bros. Corporation, the Consumer Packaging Division of these entities was transferred to a subsidiary of the Parent Company. The Consumer Packaging Division was not acquired by Greif Bros. Corporation and, accordingly, these combined financial statements do not include financial information of the Consumer Packaging Division.

The accompanying combined financial statements include the assets, liabilities, net sales, movements in stocks, direct materials and other operating expenses that relate directly to the Industrial Packaging Division. Certain costs have been allocated to the Company on a direct basis, based upon a specific identification of the expenses. Allocations of expenses to the Company on an indirect basis have been made primarily on a proportional cost allocation method based on net capital. Management believes the above allocations to be reasonable under the circumstances, however, there can be no assurances that such allocations will be indicative of future results of operations of the combined businesses nor reflective of historical results had the combined businesses been a separate, stand-alone entity during the periods covered.

The combined financial statements have been prepared in accordance with generally accepted accounting principles in the Netherlands ('Dutch GAAP'). Note 18 includes a summary of differences between Dutch GAAP and generally accepted accounting principles in the United States that have an effect on net income and shareholders' equity. The accompanying Combined Financial Statements do not represent Dutch statutory financial statements as the combined businesses were not conducted as a separate single legal entity. The preparation of the combined financial statements requires management to make estimates and assumption that affect the amounts reported in the combined financial statements and accompanying notes. Actual results could differ from those estimates.

The accompanying financial statements are reported in Euro for all periods presented. Prior year amounts were restated from Dutch guilders into Euro by dividing the amounts in Dutch guilders by the exchange rate of 2.20371, fixed on January 1, 1999.

## 2 Summary of significant accounting policies

### Combination

The combined financial statements include all companies in which the Company directly or indirectly holds more than fifty percent of the shares and/or on whose management and financial policy the Company exercises a decisive influence. The results of subsidiaries acquired are included from the date of acquisition and for subsidiaries sold, up to the date of disposal. All intercompany balances and transactions between the entities have been eliminated.

### Related party transactions

Amounts due from or payable to the Parent Company result primarily from intercompany charges. Loans to and loans from the Parent Company relate primarily to intercompany financing transactions.

### Translation of foreign currencies

The balance sheets of foreign entities are translated into Euros at the year-end exchange rates. The statements of operations are translated at the average exchange rates for the year. The resulting net translation adjustments are recorded directly to shareholders' equity.

Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

### Tangible fixed assets

Land, buildings, machinery, installations and other tangible fixed assets are carried at cost net of depreciation.

Assets depreciation terms are as follows:

Land .....	--
Buildings .....	40 years
Machinery and installations .....	8-14 years
Other operational assets .....	3-12 years

Assets acquired under financing arrangements classified as capital leases are capitalized and depreciated in accordance with the above principles. The corresponding capital lease obligations are classified with long term loans due after more than one year. Other operational assets include primarily computer hardware and software and furniture and fixtures.

### Goodwill

Goodwill, representing the amount paid in excess of net asset value for companies acquired, is charged to shareholders' equity.

### Impairment of long-lived assets

Impairment of tangible fixed assets and other long-lived assets is recognized when events or changes in circumstances indicate that the carrying amount of the asset, or related groups of assets, may not be recoverable. Measurement of the amount of impairment may be based on appraisal, market value of similar assets or estimated discounted future cash flows resulting from the use and ultimate disposition of the asset.



## Loans and securities

Loan and securities are valued at historical cost and represent the net realizable value.

## Stocks

Inventories are valued at the lower of cost or market principally by the first-in, first-out method. Work in progress and finished goods include the cost of direct materials, labour and overhead.

## Pensions and similar obligations

Pension schemes are established in various countries in conformity with local regulations. Current service costs of pension plans are charged to operations in the year in which they arise.

The unfunded liability of pensions is determined by using the accrued benefit valuation method. Under this method the accrued liability represents the present value of benefits payable at retirement date, taking into account the applicable variables such as employee salaries, employee service years, and plan returns. Such variables do not take into account assumptions regarding future events.

Certain subsidiaries maintain post retirement health care and life insurance benefits. Benefits accrue over the periods employees render service, are actuarially calculated based on current assumptions. These plans are not funded, however, the recorded provision is sufficient to cover the present value of the accumulated post-retirement benefit obligation. The cost for the year represents the increase in the obligation for post-retirement benefits granted to employees, and is adjusted for differences in this obligation due to changes in assumptions.

## Taxation on the result

The provision for income tax included in the accompanying combined financial statements has been determined as if the Company was a stand-alone entity during the periods covered. The provision for income taxes consists of current tax expense and deferred tax expense. In certain tax jurisdictions, the Company maintains deferred tax assets, which consist principally of net operating loss carry forwards. Management has assessed whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company has established, to the extent that deferred tax assets are not offset by deferred tax liabilities within a tax jurisdiction, a full valuation allowance for deferred tax assets.

## Other assets and liabilities

All other assets and liabilities are stated at the amounts at which they were acquired or incurred. Assets are stated net of related provisions.

## Income and expense

The Company recognizes sales when there is evidence of a sales agreement, the delivery of goods has occurred, and the collectibility is reasonably assured. Other income, costs and expenses are allocated to the year to which they relate. Losses are accounted for in the year in which they are identified. Research and development expenditures are written off as incurred.

Stock appreciation rights

Until October 1999, the Company sponsored a Stock Appreciation Rights ('SAR') Plan, which provided eligible employees with the right to receive cash equal to the appreciation of the Company's ordinary shares subsequent to the date of grant. The stock appreciation rights vest over a two to three year period and expire five years from the date of grant. Compensation in the form of cash payments to employees related to the SAR Plan are charged directly to equity. Subsequent to October 1999, no stock appreciation rights were granted and none were outstanding.

3 Tangible fixed assets

Tangible fixed assets for the year 2000

	Land	Buildings	Machinery and Installations	Other Operational Assets	Assets Under Construction	Not in Use	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Book value at January 1, 2000	19,138	74,270	188,592	18,527	56,830	2,327	359,684
Additions	--	3,961	37,614	4,449	(5,646)	2,496	42,874
Depreciation	--	(2,967)	(29,269)	(6,413)	--	(866)	(39,515)
Other movements	(829)	(2,319)	(2,879)	419	(3,874)	(1,159)	(10,641)
Book value at December 31, 2000	18,309	72,945	194,058	16,982	47,310	2,798	352,402
At cost at December 31, 2000	18,309	113,286	479,087	71,863	47,310	7,606	737,461
Accumulated depreciation	--	(40,341)	(285,029)	(54,881)	--	(4,808)	(385,059)
Book value at December 31, 2000	18,309	72,945	194,058	16,982	47,310	2,798	352,402

Tangible fixed assets for the year 1999

	Land	Buildings	Machinery and Installations	Other Operational Assets	Assets Under Construction	Not in Use	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Book value at January 1, 1999	16,766	64,692	146,251	17,801	67,478	694	313,682
Additions	122	10,237	63,282	7,312	(19,335)	2,682	64,300
Depreciation	--	(2,967)	(24,614)	(5,784)	--	(591)	(33,956)
Other movements	2,250	2,308	3,673	(802)	8,687	(458)	15,658
Book value at December 31, 1999	19,138	74,270	188,592	18,527	56,830	2,327	359,684
At cost at December 31, 1999	19,138	115,125	452,494	70,937	56,830	6,735	721,259
Accumulated depreciation	--	(40,855)	(263,902)	(52,410)	--	(4,408)	(361,575)
Book value at December 31, 1999	19,138	74,270	188,592	18,527	56,830	2,327	359,684

Other movements primarily include exchange rate effects. Assets under construction include payments on account. Assets not in use represent land and buildings held for sale or machinery temporarily idled. Such assets are recorded at their net realizable value.

4 Loans and securities

	2000	1999
	-----	-----
	EUR'000	EUR'000
Loans to third parties and securities .....	33,920	2,198
Loans to Parent Company .....	9,513	652,237
Other .....	4,639	3,420
	-----	-----
	48,072	657,855
	=====	=====

In 2000, loans to the Parent Company were reduced by a dividend declared to the Parent Company in the amount of EUR 523,000. In February 2001, the transaction was settled in a non-cash transaction.

5 Stocks

	2000	1999
	-----	-----
	EUR'000	EUR'000
Direct materials .....	87,688	74,459
Work in progress .....	11,141	7,826
Finished goods .....	31,485	27,775
	-----	-----
	130,314	110,060
	=====	=====

Provision is made for obsolete and slow-moving items.

6 Debtors

	2000	1999
	-----	-----
	EUR'000	EUR'000
Trade debtors .....	174,448	165,233
Miscellaneous debtors .....	16,310	17,519
Other debts from parent company .....	6,716	15,621
Prepayments and accrued income .....	44,277	29,211
Deferred tax assets .....	6,924	6,429
	-----	-----
	248,675	234,013
	=====	=====

7 Current liabilities

	2000	1999
	-----	-----
	EUR'000	EUR'000
Trade creditors .....	82,386	75,364
Taxes payable .....	6,892	19,209
Accruals and deferred income .....	69,509	80,032
Other current liabilities .....	20,391	17,644
Other current liabilities to parent company .....	3,442	4,704
	-----	-----
	182,620	196,953
	=====	=====

8 Medium and long-term loans

	2000		1999	
	-----		-----	
	Total	Repayable in One Year	Total	Repayable in One Year
	-----	-----	-----	-----
	EUR'000	EUR'000	EUR'000	EUR'000
Loans from parent company .....	180,492	--	359,287	--
Bank loans .....	23,964	972	112,517	3,213
Other loans .....	3,551	157	4,157	532
Finance lease liabilities .....	1,648	154	1,679	1,679
	-----	-----	-----	-----
	209,655	1,283	477,640	5,424
	=====	=====	=====	=====

The average years to maturity and interest rate on medium and long-term debt is as follows:

	2000	1999
	----	----
Average years to maturity .....	2.1	2.1
Average interest rate on bank loans .....	7.1%	7.0%

9 Unfunded pension liabilities and similar obligations

Unfunded pension liabilities and similar obligations consists of the following:

	2000	1999
	----	----
	EUR'000	EUR'000
Unfunded Pension Liabilities .....	21,440	29,425
Post Retirement Benefits .....	12,190	11,581
	-----	-----
	33,630	41,006
	=====	=====

The unfunded pension and post retirement obligations are primarily long-term liabilities.

10 Deferred tax liabilities

	2000	1999
	----	----
	EUR'000	EUR'000
Balance at January 1 .....	29,660	37,848
Uses .....	(3,290)	(10,315)
Additional provision .....	10,299	2,127
	-----	-----
Balance at December 31 .....	36,669	29,660
	=====	=====

The deferred tax on timing differences is a long-term liability and is calculated at year-end tax rates.

11 Other provisions

Other provisions consist of the following:

	2000	1999
	----	----
	EUR'000	EUR'000
Litigation .....	2,007	2,154
Reorganizations .....	17,343	16,219
Release pay .....	2,099	2,819
Environmental .....	6,799	6,702
Sundry .....	8,749	10,357
	-----	-----
	36,997	38,251
	=====	=====

12 Total group equity

	2000	1999
	----	----
	EUR'000	EUR'000
Beginning balance at January 1 .....	555,574	472,906
Net income .....	40,097	35,557
Goodwill .....	(3,157)	(1,205)
Stock appreciation rights exercised .....	--	(30,399)
Dividend declared to the parent company .....	(523,000)	--
Net transfers (to) from parent company .....	210,074	67,916
Other .....	(1,190)	10,799
	-----	-----
Balance at December 31 .....	278,398	555,574
	=====	=====

Other relates primarily to the effect of foreign currency translation adjustments.

13 Contingent liabilities and other commitments

	2000	1999
	----	----
	EUR'000	EUR'000
Contingent liabilities (guarantees) .....	6,927	7,760
Rentals under lease contracts .....	16,864	11,968
Prospective capital expenditure .....	16,979	9,630

The Company is involved in several legal proceedings relating to the nature of its business. It is not expected that any liabilities arising from these proceedings to have a material effect on the Company as a whole. The Company has provided for all probable liabilities, as considered necessary by management.

14 Net sales

Net sales by geographical area are as follows:

	2000	1999
	----	----
	EUR'000	EUR'000
Europe .....	462,083	434,891
North America and Mexico .....	261,447	225,368
Africa .....	67,997	55,063
Australia and South East Asia .....	106,767	97,766
Central and South America .....	129,784	108,766
	-----	-----
	1,028,078	921,854
	=====	=====

15 Operating costs

Operating costs consist of the following:

	2000	1999
	----	----
	EUR'000	EUR'000
Salaries and wages .....	158,084	148,737
Social charges .....	49,318	41,243
Pension costs .....	7,513	8,426
	-----	-----
Total salaries, wages, social charges and pension costs .....	214,915	198,406
Depreciation of tangible fixed assets .....	39,515	33,956
Transport costs .....	69,727	61,373
Other operating costs .....	134,852	131,938
	-----	-----
	459,009	425,673
	=====	=====

Other operating costs include utilities, insurance, rentaeases, travel expenses and miscellaneous overhead expenses. Social charges include the cost of post-retirement benefits.

16 Interest income/(expense)

Income/(expense) consists of the following:

	2000	1999
	----	----
	EUR'000	EUR'000
Interest expense	(15,769)	(18,338)
Interest income	23,170	16,691
	-----	-----
	7,401	(1,647)
	=====	=====

17 Net extraordinary expense

	2000	1999
	----	----
	EUR'000	EUR'000
Extraordinary income .....	--	--
Extraordinary expense .....	--	(2,905)
	=====	=====
Tax income/(expense) .....	--	(2,905)
	--	1,261
	=====	=====
	--	(1,644)
	=====	=====

Extraordinary expenses relate primarily to costs associated with the year 2000.

18 Net income and shareholders' equity under accounting principles generally accepted in the United States of America

The combined financial statements have been prepared in accordance with generally accepted accounting principles in The Netherlands ('Dutch GAAP'), which differ in certain significant respects from generally accepted accounting principles in the United States of America ('U.S. GAAP').

The table below reconciles the net income and shareholders' equity of the Company under Dutch GAAP to the net income and shareholders' equity under U.S. GAAP:

	2000	1999
	----	----
	EUR'000	EUR'000
Net income under Dutch GAAP .....	40,097	35,557
Stock-appreciation rights .....	--	(13,798)
Pensions and post retirement benefit plans .....	2,965	(2,226)
Restructuring provisions .....	320	(1,791)
Year 2000 costs .....	(1,055)	(862)
Start-up costs .....	4,469	(2,451)
Goodwill amortization .....	(652)	(507)
Income tax effect of U.S. GAAP adjustments .....	(1,292)	786
	-----	-----
Net income under U.S. GAAP .....	44,852	14,708
	=====	=====

	2000	1999
	----	----
	EUR'000	EUR'000
Shareholders' equity under Dutch GAAP .....	271,461	545,425
Pensions and post retirement benefit plans .....	30,766	28,585
Restructuring provisions .....	8,820	8,500
Year 2000 costs .....	--	1,055
Start-up costs .....	5,969	1,500
Goodwill .....	9,817	7,313
Income tax effect of U.S. GAAP adjustments .....	(14,651)	(13,998)
	-----	-----
Shareholders' equity under U.S. GAAP .....	312,182	578,380
	=====	=====

The following accounting principles were followed by the Company pursuant to U.S. GAAP:

Stock-appreciation rights

Until October 1999, the Company sponsored a Stock Appreciation Rights ('SAR') Plan, which provided eligible employees with the right to receive cash equal to the appreciation of the Company's ordinary shares subsequent to the date of grant. The stock appreciation rights vest over a two to three year period and expire five years from the date of grant. Under Dutch GAAP, compensation in the form of cash payments to employees related to the SAR Plan are charged directly to equity. Under U.S. GAAP, compensation expense or benefit on SAR is recorded each reporting period based on changes in the market price of the Company's ordinary shares.

## Pensions and post retirement benefit plans

Under Dutch GAAP, defined benefit pension and post retirement health care benefit expenses are based on premiums paid to certain pension and other post retirement benefit plan funds. The premiums are calculated using actuarial assumptions which, among other variables, do not take into account future salary increases or employee turnover due to resignations, dismissals or disability. Premiums are not reduced by credits relating to overfunding of the funds, which under Dutch GAAP is computed by valuing assets at fair market value less a prudence provision unless refunds are actually received from the fund.

Under U.S. GAAP, pension costs are calculated in accordance with Financial Accounting Standards Board ('FASB') No. 87, 'Employers' Accounting for Pensions' and postretirement benefit obligations are calculated in accordance with FASB No. 106, 'Employers' Accounting for Postretirement Benefits Other than Pensions.' FASBs No. 87 and 106 are generally more prescriptive than Dutch GAAP. Under FASB 87, service costs are based on actuarial assumptions which, among other variables, include estimated future salary increases and estimated employee turnover related to resignations, dismissals and disability. Moreover, net periodic pension costs are reduced by credits representing amortization of overfunding of the fund, which is calculated by valuing plan assets at fair market value. Under FASB 106 the service costs is based on the expected amount and timing of future benefits, taking into consideration the expected future cost of providing the benefits.

## Restructuring provisions

Under Dutch GAAP, the Company provided reserves for anticipated costs associated with termination benefits and other costs associated with exit activities at the point when a general plan was approved by management and the costs were reasonably estimable.

Under U.S. GAAP, certain criteria, as outlined by Emerging Issues Task Force ('EITF') Issue No. 94-3, 'Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity' and Securities and Exchange Commission ('SEC') Staff Accounting Bulletin ('SAB') No. 100, 'Restructuring and Impairment Charges', must be met prior to providing for these costs. For those accruals where the Company did not meet the criteria of EITF No. 94-3 and SAB 100, the Company expensed the restructuring costs, if any, in the year in which they were incurred.

## Year 2000 costs

Under Dutch GAAP, the Company accrued for anticipated costs related to Year 2000 preparation. Under U.S. GAAP, year 2000 costs were accounted for in accordance with EITF No. 96-14, 'Accounting for the Costs Associated with Modifying Computer Software for the Year 2000' and were expensed as incurred.

## Start-up costs

Under Dutch GAAP, the Company accrued for anticipated costs related to the start-up activities of some of its operations. Under U.S. GAAP, these costs were accounted for in accordance with Statement of Position ('SOP') No. 98-5, 'Reporting on the Costs of Start-up Activities' and, accordingly, were expensed as incurred.

## Goodwill

Under Dutch GAAP, the Company charged all goodwill directly to equity. Under U.S. GAAP, goodwill is amortized on a straight-line method over 15 years, the estimated useful life. The carrying amount of goodwill is reviewed on a quarterly basis for recoverability based on the undiscounted cash flows of the businesses acquired over the remaining amortization period. Should the review indicate that goodwill is not recoverable, the Company's carrying value of the goodwill would be reduced by the estimated shortfall of the discounted cash flows.

Income tax effect of U.S. GAAP adjustments

For all U.S. GAAP adjustments noted above, the tax effect was computed using the statutory tax rates of the respective subsidiaries of the Company creating the U.S. GAAP adjustment. To the extent the U.S. GAAP adjustment created a temporary deductible difference and there was insufficient positive evidence to support valuing the related deferred tax asset, an effective tax rate of 0% was used.



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\$250,000,000  
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8 7/8% Senior Subordinated Notes due 2012  
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PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the Delaware Business Corporation Act (the "Delaware Law") sets forth conditions and limitations governing the indemnification of officers, directors, and other persons. Indemnification is permitted in third party actions where the indemnified person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and in criminal actions where he had no reasonable cause to believe his conduct was unlawful. Indemnification is also permitted in lawsuits brought by or on behalf of the corporation if the standards of conduct described above are met, except that no indemnification is permitted in respect to any matter in which the person is adjudged to be liable to the corporation unless a court shall determine that indemnification is fair and reasonable in view of all the circumstances of the case. In cases where indemnification is permissive, a determination as to whether the person met the applicable standard of conduct must be made either by the court, by disinterested directors, by independent legal counsel, or by the stockholders. Indemnification against expenses (including attorneys' fees) actually and reasonably incurred by directors, officers, employees and agents is required under Section 145 of the Delaware Law in those cases where the person to be indemnified has been successful on the merits or otherwise in defense of a lawsuit of the type described above. Such indemnification rights are specifically not deemed to be exclusive of other rights of indemnification by agreement or otherwise and the corporation is authorized to advance expenses incurred prior to the final disposition of a matter upon receipt of an undertaking to repay such amounts on a determination that indemnification was not permitted in the circumstances of the case.

Article 5 of the Amended and Restated By-Laws (the "By-Laws") of the Company, in effect as of the date hereof, contains certain indemnification provisions adopted pursuant to authority contained in Section 145 of the Delaware Law. The By-Laws provide that each director, officer, employee or agent of the Company is to be indemnified by the Company and saved harmless, whether or not then employed or in office (and his or her heirs, executors and administrators) against all losses, expenses and damages sustained or reasonably incurred by him or her in connection with any action, suit or proceeding commenced or threatened, to which he or she may be a party by reason of his or her being or having been a director, officer, employee or agent of the Company, except in relation to matters as to which he or she is finally adjudged in such action, suit or proceeding to be liable for willful misfeasance, bad faith or negligence in the performance of his or her duties as such director, officer, employee or agent. The foregoing indemnification is not exclusive as to any other rights to which a director, officer, employee or agent may be entitled as a matter of law or otherwise.

Under Section 145 of the Delaware Law, the Company may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Company, or who, while serving in such capacity, is or was at the request of the Company, a director, officer, employee or agent of another corporation or legal entity or of an employee benefit plan, against liability asserted against or incurred by such person in any such capacity whether or not the corporation would have the power to provide indemnity under Section 145. The Company has purchased a liability policy to indemnify its officers and directors against losses arising from claims by reason of their legal liability for acts as officers and directors, subject to the limitations and conditions set forth in the policy.

There is no litigation pending or, to the best of the Company's knowledge, threatened which might or could result in a claim for indemnification by a director or officer.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

21(a) Exhibits

The following is a list of all exhibits filed as a part of this Registration Statement on Form S-4, including those incorporated by reference:

Exhibit Number	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)	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(c)	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.	Contained herein
4(b)	Form of Exchange Note	Contained herein
4(c)	Registration Rights Agreement by and among Greif Bros. Corporation and the Representatives of the Initial Purchasers dated July 31, 2002	Contained herein
5(a)	Opinion and consent of Baker & Hostetler LLP with respect to the validity of the exchange notes	Contained herein
10(a)	Greif Bros. Corporation 1996 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 Bros. Corporation	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 Bros. Corporation	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)	Employment Agreement between Charles R. Chandler and Greif Bros. Corporation	Annual Report on Form 10-K for the fiscal year ended October 31, 1998, File No. 1-566 (see Exhibit 10(f) therein)
10(g)	Employment Agreement, as amended, between Joseph W. Reed and Greif Bros. Corporation	Annual Report on Form 10-K for the fiscal year ended October 31, 1998, File No. 1-566 (see Exhibit 10(g) therein)
10(h)	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(i) therein)
10(i)	Share Purchase Agreement, dated October 27, 2000, as amended on January 5, 2001 and February 28, 2001 between Hutamaki Van Leer Oyj, as 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(j)	Amended and Restated Senior Secured Credit Agreement, dated as of August 23, 2002, among Greif Bros. Corporation, Greif Spain Holdings, S.L., Greif Canada, Van Leer (UK) Ltd., Royal Packaging Industries Van Leer NV, and Van Leer Australia PTY. Ltd., 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(k)	Greif Bros. Corporation 2001 Management Equity Incentive and Compensation Plan	Definitive Proxy Statement on Form 14A dated January 26, 2001, File No. 1-566 (see Exhibit A therein)
10(l)	Greif Bros. Corporation 2000 Nonstatutory Stock Option Plan	Registration Statement on Form S-8, File No. 333-61058 (see Exhibit 4(c) therein)
10(m)	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).
10(n)	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).
12(a)	Computation of ratios	Contained herein
21	Subsidiaries	Annual Report on Form 10-K for the fiscal year ended October 31, 2001, File No. 1-566 (see Exhibit 21 therein).
23(a)	Consent of Ernst & Young LLP (Columbus, Ohio)	Contained herein
23(b)	Consent of Ernst & Young Accountants (Amsterdam, The Netherlands)	Contained herein
23(c)	Consent of Baker & Hostetler LLP	Contained in Exhibit 5.1, filed herewith
24(a)	Powers of Attorney of certain officers and directors of the Company	Located on signature page hereto
25	Form T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of J.P. Morgan Trust Company, National Association, to act as trustee under the indenture	Contained herein

99(a)	Form of Letter of Transmittal	Contained herein
99(b)	Form of Notice of Guaranteed Delivery	Contained herein
99(c)	Form of Letter to Clients	Contained herein
99(d)	Form of Letter to Institutional Lenders	Contained herein

21(b) Schedule II-Consolidation Valuation and Qualifying Accounts

ITEM 22. UNDERTAKINGS

Each of the undersigned Registrants hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, as amended, each filing of a Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Each of the undersigned Registrants hereby also undertakes:

- (1) to file, during any period in which offers or sales are being made, post-effective amendment to this Registration Statement;
  - (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
  - (ii) to reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereto) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement; and
  - (iii) to include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement; provided, however, that paragraphs (1) (i) and (1) (ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by a Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this Registration Statement.
- (2) that, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (4) to deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Act of 1934, where interim financial information to be presented by Article 3 of Regulation S-X are not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of each undersigned Registrant pursuant to the provisions, or otherwise, each Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a

claim for indemnification against such liabilities (other than the payment by each undersigned Registrant of expenses incurred or paid by a director, officer or controlling person of each Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, each Registrant will, unless in the opinion of its counsel the matter has been settled by the controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

Each of the undersigned Registrants hereby undertakes to respond to requests for information that is incorporated by reference into the Prospectus pursuant to Item 4, 10(b), 11 or 13 of this Form within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

Each of the undersigned Registrants hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired or involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Delaware, State of Ohio, on the 25th day of September, 2002.

GREIF BROS. CORPORATION

By: /s/ Michael J. Gasser

-----  
Michael J. Gasser  
Chairman and Chief Executive Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below, hereby constitutes and appoints Donald S. Huml, Gary R. Martz and Joseph P. Boeckman or either one of them, his true and lawful attorney-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to the Registration Statement, including post-effective amendments, and registration statements filed pursuant to Rule 462 under the Securities Act of 1933, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and does hereby grant 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 in and about the premises, as fully to all intents and purposes as he 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 substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

/s/ Michael J. Gasser Date: September 25, 2002

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

/s/ Donald S. Huml Date: September 25, 2002

-----  
Donald S. Huml, Chief Financial  
Officer and Secretary (principal financial officer)

/s/ John K. Dieker Date: September 25, 2002

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

/s/ Charles R. Chandler Date: September 25, 2002

-----  
Charles R. Chandler, Director

/s/ Michael H. Dempsey Date: September 25, 2002

-----  
Michael H. Dempsey, Director

[Signatures continued on next page]



/s/ Naomi C. Dempsey  
-----  
Naomi C. Dempsey, Director

Date: September 25, 2002

/s/ Daniel J. Gunsett  
-----  
Daniel J. Gunsett, Director

Date: September 25, 2002

/s/ John C. Kane  
-----  
John C. Kane, Director

Date: September 25, 2002

/s/ Robert C. Macauley  
-----  
Robert C. Macauley, Director

Date: September 13, 2002

/s/ David J. Olderman  
-----  
David J. Olderman, Director

Date: September 10, 2002

/s/ William B. Sparks, Jr.  
-----  
William B. Sparks, Jr., Director

Date: September 25, 2002

ADDITIONAL REGISTRANTS

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, each of the Additional Registrants has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Delaware, State of Ohio, on the 25th day of September, 2002.

AMERICAN FLANGE & MANUFACTURING CO., INC.  
BARZON CORPORATION  
GREAT LAKES CORRUGATED CORP.  
GREIF BROS. CORP. OF OHIO, INC.  
GREIF BROS. SERVICE CORP.  
GREIF CONTAINERS, INC.  
GREIF U.S. HOLDINGS, INC.  
SIRCO SYSTEMS, LLC  
SOTERRA LLC  
TAINER TRANSPORT, INC.  
TREND-PAK, INC.

By: /s/ Michael J. Gasser

-----  
Michael J. Gasser, Chairman

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been duly signed on the 25th day of September, 2002, by the following persons in the capacities indicated:

/s/ Michael J. Gasser

-----  
Principal Executive Officer of each of the Additional Registrants and a director of each of the Additional Registrants other than Sirco Systems, LLC and Soterra LLC

/s/ Donald S. Huml

-----  
Principal Financial and Accounting Officer of each of the Additional Registrants

/s/ Gary R. Martz

-----  
Director of each of the Additional Registrants other than Greif U.S. Holdings, Inc., Sirco Systems, LLC and Soterra LLC

/s/ William B. Sparks, Jr.

-----  
Director of each of the Additional Registrants other than Sirco Systems, LLC and Soterra LLC

GREIF CONTAINERS, INC.

Sole member (with no manager) of Sirco Systems, LLC

By: /s/ Michael J. Gasser

-----  
Michael J. Gasser, Chairman and Chief Executive Officer

GREIF BROS. CORPORATION

Sole member (with no manager) of Soterra LLC

By: /s/ Michael J. Gasser

-----  
Michael J. Gasser, Chairman and Chief Executive Officer

SCHEDULE II

GREIF BROS. CORPORATION  
AND SUBSIDIARY COMPANIES  
CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS AND RESERVES  
(IN \$000)

Description	Balance at Beginning of Period	Charged to Costs and Expenses	Bad Debt Recoveries	Accounts Written-off	Balance at End of Period
Year ended October 31, 1998:					
Reserves deducted from applicable assets:					
For doubtful items-- trade accounts receivables	\$1,652 (A)	\$1,489	\$142	\$365	\$2,918
For doubtful items-- other notes and accounts receivable	697	-0-	-0-	-0-	697
Total reserves deducted from applicable assets	\$2,349	\$1,489	\$142	\$365	\$3,615
Year ended October 31, 1999:					
Reserves deducted from applicable assets:					
For doubtful items-- trade accounts receivables	\$2,218 (B)	\$898	\$173	\$833	\$2,456
For doubtful items-- other notes and accounts receivable	697	-0-	-0-	-0-	697
Total reserves deducted from applicable assets	\$2,915	\$898	\$173	\$833	\$3,153
Year ended October 31, 2000:					
Reserves deducted from applicable assets:					
For doubtful items-- trade accounts receivables	\$2,456	\$2,223	-0-	\$2,386	\$2,293
For doubtful items-- other notes and accounts receivable	697	-0-	-0-	697	-0-
Total reserves deducted from applicable assets	\$3,153	\$2,223	\$-0-	\$3,083	\$2,293

(A) Includes an \$805,000 adjustment related to the industrial containers business acquired from Sonoco Products Company on March 30, 1998.

(B) Excludes a \$700,000 adjustment related to an amount guaranteed by Sonoco Products Company.

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GREIF BROS. CORPORATION,  
as Issuer

8-7/8% SENIOR SUBORDINATED NOTES DUE 2012

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INDENTURE

Dated as of July 31, 2002

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J.P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION,  
as Trustee

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This INDENTURE dated as of July 31, 2002, is by and among Greif Bros. Corporation, a Delaware corporation (the "Company"), the Subsidiary Guarantors (as defined) parties hereto, and J.P. Morgan Trust Company, National Association, a national banking association, as trustee (the "Trustee").

The Company, the Subsidiary Guarantors and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the 8-7/8% Senior Subordinated Notes due 2012:

ARTICLE 1.

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

"144A Global Note" means the global Note in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with and registered in the name of the Depository or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

"Additional Assets" means:

(1) any Property (other than cash, Cash Equivalents and securities) to be owned by the Company or any Restricted Subsidiary and used in a Permitted Business; or

(2) Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or another Restricted Subsidiary from any Person other than the Company or a Subsidiary of the Company; provided, however, that, in the case of this clause (2), such Restricted Subsidiary is primarily engaged in a Permitted Business.

"Additional Notes" means any Notes (other than Initial Notes and Exchange Notes) issued under the Indenture in accordance with Sections 2.03 and 4.09 hereof, as part of the same series as the Initial Notes or as one or more additional series.

"Affiliate" of any specified Person means any Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. For purposes of Sections 4.13 and 4.15 only, "Affiliate" shall also mean any beneficial owner of shares representing 10% or more of the total voting power of the Voting Stock (on a fully diluted basis) of the Company or of rights or warrants to purchase such Voting Stock (whether or not currently exercisable) and any Person who would be an Affiliate of any such beneficial owner pursuant to the first sentence hereof.

"Agent" means any Registrar, co-registrar, Paying Agent or additional paying agent.

"Applicable Procedures" means, with respect to any transfer, redemption or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depository, Euroclear and Clearstream that apply to such transfer, redemption or exchange.

"Asset Sale" means any sale, lease (other than operating leases entered into in the ordinary course of business), transfer, issuance or other disposition (or series of related sales, leases, transfers, issuances or dispositions) by the Company or any Restricted Subsidiary, including any disposition by means of a merger, consolidation or similar transaction (each referred to for the purposes of this definition as a "disposition"), of

(1) any shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares or shares of non-US persons required by applicable law), or

(2) any other assets of the Company or any Restricted Subsidiary outside of the ordinary course of business of the Company or such Restricted Subsidiary, other than, in the case of clause (1) or (2) above,

(a) any disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Wholly Owned Restricted Subsidiary,

(b) any disposition that constitutes a Permitted Investment or Restricted Payment permitted by Section 4.10,

(c) any disposition effected in compliance with Section 5.01(a),

(d) any disposition or series of related dispositions of Property with an aggregate Fair Market Value and for net proceeds of less than \$2.5 million,

(e) a disposition of obsolete or worn out property or property that is no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries and that is disposed of in each case in the ordinary course of business,

(f) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to a Restricted Subsidiary,

(g) the granting of any Lien (or foreclosure thereon) securing Debt to the extent that such Lien is granted in compliance with Section 4.11 and dispositions in connection with Permitted Liens, and

(h) sales, conveyances or other dispositions in connection with any Qualified Securitization Transaction.

"Attributable Debt" in respect of a sale and leaseback transaction means, at the time of determination, the greater of (a) the fair value of the property subject to such arrangement (as determined in good faith by the Board of Directors) or (b) the present value (discounted at the interest rate borne by the Notes, compounded annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such sale and leaseback transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended.

"Average Life" means, as of any date of determination, with respect to any Debt or Preferred Stock, the quotient obtained by dividing:

(1) the sum of the product of the numbers of years (rounded to the nearest one-twelfth of one year) from the date of determination to the dates of each successive scheduled principal payment of such Debt or redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment by

(2) the sum of all such payments.

"Bankruptcy Law" means Title 11, U.S. Code or any similar federal, state or foreign law for the relief of debtors.

"Board of Directors" means the board of directors of the Company or any committee thereof authorized with respect to any particular matter to exercise the power of the Board of Directors of the Company.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the applicable Person to have been duly adopted by the board of directors, sole member or other governing body of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means any day other than a Legal Holiday.

"Capital Lease Obligations" means any obligation under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP; and the amount of Debt represented by such obligation shall be the capitalized amount of such obligations determined in accordance with GAAP; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty. For purposes of Error! Reference source not found., a Capital Lease Obligation shall be deemed secured by a Lien on the Property being leased.

"Capital Stock" means, with respect to any Person, any shares or other equivalents (however designated) of any class of corporate stock, partnership interests or membership interests in a limited liability company or any other participations, rights, warrants, options or other interests in the nature of an equity interest in such Person, including Preferred Stock, but excluding any debt security convertible or exchangeable into such equity interest.

"Capital Stock Sale Proceeds" means the aggregate cash proceeds received by the Company from the issuance or sale (other than to a Subsidiary of the Company or a Person in connection with a stock ownership plan or trust or other arrangement established by the Company or any such Subsidiary for the benefit of their employees or directors) by the Company of its Capital Stock (other than Disqualified Stock) after the Issue Date, net of attorneys' fees, accountants' fees, underwriters', investment bankers' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees and expenses actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Cash Equivalents" means any of the following:

(1) Investments in U.S. Government Obligations maturing within 365 days of the date of acquisition thereof;

(2) Investments in time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued or bankers acceptances, by a bank or trust company organized under the laws of the United States of America or any state thereof or the District of Columbia having capital, surplus and undivided profits aggregating in excess of \$500 million and whose long-term debt is rated "A-3" or "A-" or higher according to Moody's or S&P (or such similar equivalent rating by at least one "nationally recognized statistical rating organization" (as defined in Rule 436 under the Securities Act));

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) entered into with:

(a) a bank meeting the qualifications described in clause (2) above, or

(b) any primary government securities dealer reporting to the Market Reports Division of the Federal Reserve Bank of New York;

(4) Investments in commercial paper, maturing not more than 365 days after the date of acquisition, issued by a corporation (other than an Affiliate of the Company) or financial institution organized and in existence under the laws of the United States of America or any state thereof or the District of Columbia with a rating at the time as of which any Investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P (or such similar equivalent rating by at least one "nationally recognized statistical rating organization" (as defined in Rule 436 under the Securities Act));

(5) direct obligations (or certificates representing an ownership interest in such obligations) of any state of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of such state is pledged and which are not callable or redeemable at the issuer's option, provided that:

(a) the long-term debt of such state is rated "A-3" or "A-" or higher according to Moody's or S&P (or such similar equivalent rating by at least one "nationally recognized statistical rating organization" (as defined in Rule 436 under the Securities Act)), and

(b) such obligations mature within 180 days of the date of acquisition thereof; and

(6) interests in any money market fund substantially all of the assets of which are the type specified in clauses (1) through (5) above.

"Change of Control" means the occurrence of any of the following events:

(1) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act or any successor provisions to either of the foregoing) of persons, other than the Permitted Holders, become the "beneficial owners" (as defined in Rule 13d-3 under the Exchange Act, except that a person will be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 35% of the total voting power of the Voting Stock of the Company, whether as a result of the issuance of securities of the Company, any merger, consolidation, liquidation or dissolution of the Company, any direct or indirect transfer of securities by the Permitted Holders or otherwise (for purposes of this clause (1), the Permitted Holders will be deemed to beneficially own any Voting Stock of a specified corporation held by a parent corporation so long as the Permitted Holders beneficially own, directly or indirectly, in the aggregate a majority of the total voting power of the Voting Stock of such parent corporation); or

(2) the sale, transfer, assignment, lease, conveyance or other disposition, directly or indirectly, of all or substantially all the assets of the Company and the Restricted Subsidiaries, considered as a whole (other than a disposition of such assets as an entirety or virtually as an entirety to a Wholly Owned Restricted Subsidiary or one or more Permitted Holders or a Person of which one or more of the Permitted Holders own more than 50% of the voting power) shall have occurred, or the Company merges, consolidates or amalgamates with or into any other Person (other than one or more Permitted Holders) or any other Person (other than one or more Permitted Holders or a Person of which one or more of the Permitted Holders own more than 50% of the voting power) merges, consolidates or amalgamates with or into the Company, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company is reclassified into or exchanged for cash, securities or other Property, other than any such transaction where:

(a) the outstanding Voting Stock of the Company is reclassified into or exchanged for other Voting Stock of the Company or for Voting Stock of the surviving corporation, and

(b) the holders of the Voting Stock of the Company immediately prior to such transaction own, directly or indirectly, not less than a majority of the Voting Stock of the Company or the surviving corporation immediately after such transaction and in substantially the same proportion as before the transaction; or

(3) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors (together with any new directors whose election or appointment by such Board or whose nomination for election by the stockholders of the Company was approved by a vote of not less than a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors then in office; or

(4) the stockholders of the Company shall have approved any plan of liquidation or dissolution of the Company.

"Clearstream" means Clearstream Banking S.A. and any successor thereto.

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

"Commission" means the U.S. Securities and Exchange Commission.

"Commodity Price Protection Agreement" means, in respect of a Person, any forward contract, commodity swap agreement, commodity option agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in commodity prices.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes.

"Comparable Treasury Price" means, with respect to any redemption date:

(1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the most recently published statistical release designated "H.15(519)" (or any successor release) published by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities;" or

(2) if such release (or any successor release) is not published or does not contain such prices on such Business Day, the average of Reference Treasury Dealer Quotations for such redemption date.

"Consolidated Current Liabilities" means, as of any date of determination, the aggregate amount of liabilities of the Company and its consolidated Restricted Subsidiaries which may properly be classified as current liabilities (including taxes accrued as estimated), after eliminating all current maturities of long-term Debt.

"Consolidated Interest Coverage Ratio" means, as of any date of determination, the ratio of:

(1) the aggregate amount of EBITDA for the most recent four consecutive fiscal quarters ending at least 45 days prior to such determination date to

(2) Consolidated Interest Expense for such four fiscal quarters;

provided, however, that:

(a) if

(i) since the beginning of such period the Company or any Restricted Subsidiary has Incurred any Debt that remains outstanding or Repaid any Debt, or

(ii) the transaction giving rise to the need to calculate the Consolidated Interest Coverage Ratio is an Incurrence or Repayment of Debt,

Consolidated Interest Expense for such period shall be calculated after giving effect on a pro forma basis to such Incurrence or Repayment as if such Debt was Incurred or Repaid on the first day of such period, provided that, in the event of any such Repayment of Debt, EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to Repay such Debt, and

(b) if

(i) since the beginning of such period the Company or any Restricted Subsidiary shall have made any Asset Sale or an Investment (by merger or otherwise) in any Restricted Subsidiary (or any Person which becomes a Restricted Subsidiary) or an acquisition of Property which constitutes all or substantially all of an operating unit of a business,

(ii) the transaction giving rise to the need to calculate the Consolidated Interest Coverage Ratio is such an Asset Sale, Investment or acquisition, or

(iii) since the beginning of such period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary since the beginning of such period) shall have made such an Asset Sale, Investment or acquisition,

then EBITDA for such period shall be calculated after giving pro forma effect to such Asset Sale, Investment or acquisition as if such Asset Sale, Investment or acquisition had occurred on the first day of such period.

If any Debt bears a floating rate of interest and is being given pro forma effect, the interest expense on such Debt shall be calculated as if the base interest rate in effect for such floating rate of interest on the date of determination had been the applicable base interest rate for the entire period (taking into account any Interest Rate Agreement applicable to such Debt if such Interest Rate Agreement has a remaining term in excess of 12 months). In the event the Capital Stock of any Restricted Subsidiary is sold during the period, the Company shall be deemed, for purposes of clause (a) above, to have Repaid during such period the Debt of such Restricted Subsidiary to the extent the Company and its continuing Restricted Subsidiaries are no longer liable for such Debt after such sale.

"Consolidated Interest Expense" means, for any period, the total interest expense of the Company and its consolidated Restricted Subsidiaries, plus, to the extent not included in such total interest expense, and to the extent Incurred by the Company or its Restricted Subsidiaries,

- Obligations;
- (1) interest expense attributable to Capital Lease
  - (2) amortization of debt discount and debt issuance cost, including commitment fees;
  - (3) capitalized interest;
  - (4) non-cash interest expense;
  - (5) commissions; discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing;
  - (6) net costs associated with Hedging Obligations (including amortization of fees);
  - (7) Disqualified Stock Dividends to a Person other than the Company or a Restricted Subsidiary;
  - (8) Preferred Stock Dividends to a Person other than the Company or a Restricted Subsidiary;
  - (9) interest Incurred in connection with Investments in discontinued operations;
  - (10) interest accruing on any Debt of any other Person to the extent such Debt is Guaranteed by the Company or any Restricted Subsidiary; and



(11) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest or fees to any Person (other than the Company) in connection with Debt Incurred by such plan or trust.

"Consolidated Net Income" means, for any period, the net income (loss) of the Company and its consolidated Subsidiaries; provided, however, that there shall not be included in such Consolidated Net Income:

(1) any net income (loss) of any Person (other than the Company) if such Person is not a Restricted Subsidiary, except that:

(a) subject to the exclusion contained in clause (4) below, the net income of any Person that is not a Restricted Subsidiary shall be included only to the extent of the aggregate amount of cash distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in clause (3) below), and

(b) the equity of the Company and its consolidated Restricted Subsidiaries in a net loss of any such Person other than an Unrestricted Subsidiary for such period shall be included in determining such Consolidated Net Income,

(2) for purposes of Error! Reference source not found. only, any net income (loss) of any Person acquired by the Company or any of its consolidated Subsidiaries in a pooling of interests transaction for any period prior to the date of such acquisition,

(3) any net income (loss) of any Restricted Subsidiary if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions, directly or indirectly, to the Company, except that:

(a) subject to the exclusion contained in clause (4) below, the equity of the Company and its Consolidated Restricted Subsidiaries in the net income of any such Restricted Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to another Restricted Subsidiary, to the limitation contained in this clause (3)), and

(b) the equity of the Company and its Consolidated Restricted Subsidiaries in a net loss of any such Restricted Subsidiary for such period shall be included in determining such Consolidated Net Income,

(4) any gain or loss realized upon the sale or other disposition of any Property of the Company or any of its consolidated Subsidiaries that is not sold or otherwise disposed of in the ordinary course of business (provided that sales or other dispositions of assets in connection with any Qualified Securitization Transaction shall be deemed to be in the ordinary course),

(5) any extraordinary gain or loss,

(6) the cumulative effect of a change in accounting

principles, and

(7) any non-cash compensation expense realized for grants of performance shares, stock options or other rights to officers, directors and employees of the Company or any Restricted Subsidiary, provided that such shares, options or other rights can be redeemed at the option of the holder only for Capital Stock of the Company (other than Disqualified Stock).

Notwithstanding the foregoing, for purposes of Error! Reference source not found. only, there shall be excluded from Consolidated Net Income any dividends, repayments of loans or advances or other transfers of Property from Unrestricted Subsidiaries

to the Company or a Restricted Subsidiary to the extent such dividends, repayments or transfers increase the amount of Restricted Payments permitted under Error! Reference source not found..

"Consolidated Net Tangible Assets" means, as of any date of determination, the sum of the amounts that would appear on a consolidated balance sheet of the Company and its consolidated Restricted Subsidiaries as the total assets (less accumulated depreciation, depletion and amortization, allowances for doubtful receivables, other applicable reserves and other properly deductible items) of the Company and its Restricted Subsidiaries, after giving effect to purchase accounting and after deducting therefrom Consolidated Current Liabilities and, to the extent otherwise included, the amounts of (without duplication):

(1) the excess of cost over fair market value of assets or businesses acquired;

(2) any revaluation or other write-up in book value of assets subsequent to the last day of the fiscal quarter of the Company immediately preceding the Issue Date as a result of a change in the method of valuation in accordance with GAAP;

(3) unamortized debt discount and expenses and other unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights, licenses, organization or developmental expenses and other intangible items;

(4) minority interests in consolidated Subsidiaries held by Persons other than the Company or any Restricted Subsidiary;

(5) treasury stock;

(6) cash or securities set aside and held in a sinking or other analogous fund established for the purpose of redemption or other retirement of Capital Stock to the extent such obligation is not reflected in Consolidated Current Liabilities; and

(7) Investments in and assets of Unrestricted Subsidiaries.

"Corporate Trust Office of the Trustee" shall mean the office of the Trustee located at the address of the Trustee specified in Error! Reference source not found. or such other address as to which the Trustee may give notice to the Company.

"CorrChoice" means CorrChoice, Inc., an Ohio corporation and the joint venture entered into by the Company with RDJ Holdings Inc. and a minority shareholder of a subsidiary of Ohio Packaging Corporation in November 1998 for the purpose of manufacturing corrugated sheets.

"Credit Facilities" means, with respect to the Company or any Restricted Subsidiary, one or more debt or commercial paper facilities with banks or other institutional lenders (including the Senior Credit Facility) providing for revolving credit loans, term loans, receivables or inventory financing (including through the sale of receivables or inventory to such lenders or to special purpose, bankruptcy remote entities formed to borrow from such lenders against such receivables or inventory) or trade letters of credit, in each case together with any extensions, revisions, refinancings or replacements thereof by a lender or syndicate of lenders.

"Currency Exchange Protection Agreement" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency option or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates.

"Custodian" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Error! Reference source not found. as Custodian with respect to the Notes, any and all successors thereto appointed as custodian hereunder and having become such pursuant to the applicable provisions of this Indenture.

"Debt" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of and premium (if any) in respect of:

(a) debt of such Person for money borrowed, and

(b) debt evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable;

(2) all Capital Lease Obligations of such Person;

(3) all obligations of such Person issued or assumed as the deferred purchase price of Property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable arising in the ordinary course of business);

(4) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (1) through (3) above) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the third Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit);

(5) the amount of all obligations of such Person with respect to the Repayment of any Disqualified Stock or, with respect to any Subsidiary of such Person, any Preferred Stock (but excluding, in each case, any accrued dividends);

(6) all obligations of the type referred to in clauses (1) through (5) above of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee;

(7) all obligations of the type referred to in clauses (1) through (6) above of other Persons secured by any Lien on any Property of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the value of such Property or the amount of the obligation so secured; and

(8) to the extent not otherwise included in this definition, Hedging Obligations of such Person.

The amount of Debt of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date. The amount of Debt represented by a Hedging Obligation shall be equal to:

(A) zero if such Hedging Obligation has been Incurred pursuant to Error! Reference source not found., (b)(vii) or (b)(viii), or

(B) the notional amount of such Hedging Obligation if not Incurred pursuant to such Error! Reference source not found., (b)(vii) or (b)(viii).

Notwithstanding anything to the contrary contained herein, accrual of interest, accretion or amortization of original issue discount and the payment of interest or dividends in the form of additional Debt, will be deemed not to be an Incurrence of Debt for purpose of Section 4.09.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Definitive Note" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Error! Reference source not found., in substantially the form of Exhibit A hereto except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"Depository" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Error! Reference source not found. as the Depository with respect to the Notes, and any and all successors thereto appointed as depository hereunder and having become such pursuant to the applicable provisions of this Indenture.

"Designated Senior Debt" means:

(1) any Senior Debt that has, at the time of determination, an aggregate principal amount outstanding of at least \$25.0 million (including the amount of all undrawn commitments and matured and contingent reimbursement obligations pursuant to letters of credit thereunder) that is specifically designated in the instrument evidencing such Senior Debt and is designated in a notice delivered by the Company to the holders or a Representative of the holders of such Senior Debt and in an Officer's Certificate delivered to the Trustee as "Designated Senior Debt" of the Company for purposes of this Indenture, and

(2) the Credit Facilities.

"Disqualified Stock" means any Capital Stock of the Company or any of its Restricted Subsidiaries that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in either case at the option of the holder thereof) or otherwise:

(1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise,

(2) is or may become redeemable or repurchaseable at the option of the holder thereof, in whole or in part, or

(3) is convertible or exchangeable at the option of the holder thereof for Debt or other Disqualified Stock,

on or prior to, in the case of clauses (1), (2) or (3), the first anniversary of the Stated Maturity of the Notes.

"Disqualified Stock Dividends" means all dividends with respect to Disqualified Stock of the Company held by Persons other than a Wholly Owned Restricted Subsidiary. The amount of any such dividend shall be equal to the quotient of such dividend divided by the difference between one and the maximum statutory federal income tax rate (expressed as a decimal number between 1 and 0) then applicable to the Company.

"Domestic Restricted Subsidiary" means any Restricted Subsidiary other than (1) Soterra or a Foreign Restricted Subsidiary, (2) a Subsidiary of Soterra or a Foreign Restricted Subsidiary or (3) any domestic subsidiary that is or becomes an Unrestricted Subsidiary.

"EBITDA" means, for any period, an amount equal to, with respect to the Company and its consolidated Restricted Subsidiaries:

(1) the sum of Consolidated Net Income for such period, plus the following to the extent reducing Consolidated Net Income for such period:

(a) the provision for taxes based on income or profits or utilized in computing net loss,

(b) Consolidated Interest Expense,

- (c) depreciation and depletion,
- (d) amortization of intangibles, and

(e) any other non-cash items (other than any such non-cash item to the extent that it represents an accrual of, or reserve for, cash expenditures in any future period or amortization of a prepaid expense) and any one-time, non-recurring expenses relating to, or arising from, any closures of manufacturing facilities on or after the Issue Date, in each case incurred within 12 months after such closure, minus

(2) all non-cash items increasing Consolidated Net Income for such period.

provided that, if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the quotient of (1) the number of shares of outstanding Capital Stock of such Restricted Subsidiary not owned on the last day of such period by the Company or any of its Restricted Subsidiaries divided by (2) the total number of shares of outstanding Capital Stock of such Restricted Subsidiary on the last day of such period.

Notwithstanding the foregoing clause (1), the provision for taxes and the depreciation, amortization and non-cash items of a Restricted Subsidiary shall be added to Consolidated Net Income to compute EBITDA only to the extent (and in the same proportion) that the net income of such Restricted Subsidiary was included in calculating Consolidated Net Income and only if a corresponding amount would be permitted at the date of determination to be dividended to the Company by such Restricted Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to such Restricted Subsidiary or its stockholders.

"Equity Offering" means any public or private offering of common stock of the Company other than to an Affiliate of the Company.

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear System, and any successor thereto.

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

"Exchange Notes" means new notes of the Company issued in a registered offer made pursuant to a registration statement filed with, and declared effective by, the Commission offering to exchange such new notes for the Initial Notes, provided that such new notes have terms substantially identical in all material respect to the Initial Notes (except that Exchange Notes will not contain terms with respect to transfer restrictions) for which such offer is being made.

"Exchange Offer Registration Statement" has the meaning set forth in the Registration Rights Agreement.

"Fair Market Value" means, with respect to any Property, the price that could be negotiated in an arm's-length free market transaction, for cash, between a willing seller and a willing buyer, neither of whom is under undue pressure or compulsion to complete the transaction. Fair Market Value shall be determined, except as otherwise provided,

(1) if such Property has a Fair Market Value equal to or less than \$5.0 million, by any Officer of the Company, or

(2) if such Property has a Fair Market Value in excess of \$5.0 million by a majority of the Board of Directors and evidenced by a Board Resolution, certified by the secretary or assistant secretary of the Company in an Officer's Certificate dated within 30 days of the relevant transaction, delivered to the Trustee.

"Foreign Restricted Subsidiary" means any Restricted Subsidiary which is not organized under the laws of the United States of America or any State thereof or the District of Columbia.

"GAAP" means United States generally accepted accounting principles as in effect on the Issue Date, including those set forth:

(1) in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants,

(2) in the statements and pronouncements of the Financial Accounting Standards Board,

(3) in such other statements by such other entity as approved by a significant segment of the accounting profession, and

(4) the rules and regulations of the Commission governing the inclusion of financial statements (including pro forma financial statements) in periodic reports required to be filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the Commission.

"Global Note Legend" means the legend set forth in Section 2.07(g)(ii), which is required to be placed on all Global Notes issued under this Indenture.

"Global Notes" means the global notes in the form of Exhibit A hereto issued in accordance with Article 2.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Debt of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise), or

(2) entered into for the purpose of assuring in any other manner the obligee against loss in respect thereof (in whole or in part);

provided, however, that the term "Guarantee" shall not include:

(a) endorsements for collection or deposit in the ordinary course of business, or

(b) a contractual commitment or undertaking by one Person to invest in another Person for so long as such Investment is reasonably expected to constitute a Permitted Investment under clause (2) of the definition of "Permitted Investment."

The term "Guarantee" used as a verb has a corresponding meaning. The term "Guarantor" shall mean any Person Guaranteeing any obligation.

"Hedging Obligation" of any Person means any obligation of such Person pursuant to any Interest Rate Agreement, Currency Exchange Protection Agreement, Commodity Price Protection Agreement or any other similar agreement or arrangement.

"Holder" means a Person in whose name a Note is registered in the Security Register.

"Incur" means, with respect to any Debt or other obligation of any Person, to create, issue, incur (by merger, conversion, exchange or otherwise), extend, assume, Guarantee or become liable in respect of such Debt or other obligation or the recording, as required pursuant to GAAP or otherwise, of any such Debt or obligation on the balance sheet of such Person (and "Incurrence" and "Incurred" shall have meanings correlative to the foregoing); provided, however, that a change in GAAP that results in an obligation of such Person that exists at such time, and is not theretofore classified as Debt, becoming Debt shall not be deemed an Incurrence of such Debt and the accrual of interest (whether such interest is payable in cash or in kind) and the accretion of original issue discount and an amendment, modification or waiver (to the extent that it does not increase the principal of or premium or interest on the applicable Debt) shall not be deemed an incurrence of Debt; provided further, however, that any Debt or other obligations of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary; and provided further, however, that solely for purposes of determining compliance with Section 4.09, amortization of debt discount shall not be deemed to be the Incurrence of Debt, provided that in the case of Debt sold at a discount, the amount of such Debt Incurred shall at all times be the aggregate principal amount at Stated Maturity.

"Indenture" means this instrument, as originally executed or as it may from time to time be supplemented or amended in accordance with Article 9.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Company.

"Independent Financial Advisor" means an investment banking firm of national standing or any third-party appraiser of national standing, provided that such firm or appraiser is not an Affiliate of the Company.

"Indirect Participant" means a Person who holds a beneficial interest in a Global Note through a Participant.

"Initial Notes" means \$250.0 million in aggregate principal amount of 8-7/8% Senior Subordinated Notes issued under this Indenture on the date hereof.

"Initial Purchaser" means Salomon Smith Barney Inc., Deutsche Bank Securities Inc., Merrill Lynch, Pierce, Fenner & - Smith Incorporated, McDonald Investments Inc., SunTrust Capital Markets, Inc., NatCity Investments, Inc., ING Financial Markets Financial Markets LLC, U.S. Bancorp Piper Jaffray Inc. and Huntington Capital Corp. , each as an initial purchaser of the Notes.

"Institutional Accredited Investor" means an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act.

"Interest Rate Agreement" means, for any Person, any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or other similar agreement designed to protect against fluctuations in, or otherwise manage, interest rates.

"Investment" by any Person means any direct or indirect loan (other than advances to customers in the ordinary course of business), advance or other extension of credit or capital contribution (by means of transfers of cash or other Property to others or payments for Property or services for the account or use of others, or otherwise) to, or Incurrence of a Guarantee of any obligation of, or purchase or acquisition of Capital Stock, bonds, notes, debentures or other securities or evidence of Debt issued by, any other Person. For purposes of Sections 4.10 and 4.16 and the definition of "Restricted Payment," the term "Investment" shall include the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of the Company at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary of an amount (if positive) equal to:

(1) the Company's "Investment" in such Subsidiary at the time of such redesignation, less

(2) the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation.

In determining the amount of any Investment made by transfer of any Property other than cash, such Property shall be valued at its Fair Market Value at the time of such Investment. Investment shall not include endorsements of negotiable instruments and documents in the ordinary course of business and the acquisition of assets (other than stock or other securities) by the Company or a Restricted Subsidiary for consideration.

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P.

"Issue Date" means the date on which the Initial Notes are initially issued.

"Legal Holiday" means a Saturday, a Sunday or a day on which banking institutions in the City of New York, the city in which the Corporate Trust Office of the Trustee is located, or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period.

"Letter of Transmittal" means the letter of transmittal to be prepared by the Company and sent to all Holders of the Initial Notes for use by such Holders in connection with a Registered Exchange Offer.

"Lien" means, with respect to any Property of any Person, any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, security interest, lien, charge, easement (other than any easement not materially impairing usefulness or marketability), encumbrance, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever on or with respect to such Property (including any Capital Lease Obligation, conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing).

"Moody's" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"Mortgage" means a first priority mortgage or first priority deed of trust on improved real property.

"Net Available Cash" from any Asset Sale means cash payments received therefrom (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring Person of Debt or other obligations relating to the Property that is the subject of such Asset Sale or received in any other non-cash form), in each case net of:

(1) all legal, title and recording expenses, commissions and other fees and expenses incurred, and all federal, state, provincial, foreign and local taxes required to be accrued as a liability under GAAP, as a consequence of such Asset Sale,

(2) all payments made on any Debt that is secured by any Property subject to such Asset Sale, in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such Property, or which must by its terms, or in order to obtain a necessary consent to such Asset Sale, or by applicable law, be repaid out of the proceeds from such Asset Sale, and all payments made with respect to liabilities associated with the assets which are the subject of the Asset Sale, including, without limitation, trade payables and other accrued liabilities,

(3) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Sale, and



(4) the deduction of appropriate amounts provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the Property disposed in such Asset Sale and retained by the Company or any Restricted Subsidiary after such Asset Sale;

"Non-Recourse Debt" means Debt:

(1) as to which neither the Company nor any Restricted Subsidiary (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Debt), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender;

(2) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Debt (other than the Notes) of the Company or any Restricted Subsidiary to declare a default on such other Debt or cause the payment thereof to be accelerated or payable prior to its stated maturity; and

(3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Company or any of Restricted Subsidiary.

"Non-U.S. Person" means a Person who is not a U.S. Person.

"Notes" means the Initial Notes, the Exchange Notes and any Additional Notes issued hereunder in accordance with Section 2.03(f).

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Debt.

"Offering Memorandum" means the Offering Memorandum dated July 25, 2002 relating to the Notes.

"Officer" means the Chief Executive Officer, the President, the Chief Financial Officer or any Vice President of the Company.

"Officer's Certificate" means a certificate signed by any of the chief executive officer, chief operating officer or chief financial officer of the Company, and delivered to the Trustee.

"Opinion of Counsel" means, with respect to any Person, a written opinion from legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to such Person.

"Participant" means, with respect to the Depository, Euroclear or Clearstream, a Person who has an account with the Depository, Euroclear or Clearstream, respectively, and, with respect to The Depository Trust Company, shall include Euroclear and Clearstream.

"Permitted Business" means any business that is related, ancillary or complementary to, or a reasonable extension, development or expansion of, the businesses of the Company and the Restricted Subsidiaries, taken as a whole, on the Issue Date.

"Permitted Holders" means (i) All Life Foundation, John C. Dempsey Trust, Naomi A. Coyle Trust, Michael H. Dempsey, Michael H. Dempsey Living Trust, Naomi C. Dempsey Charitable Lead Annuity Trust, Naomi C. Dempsey, Naomi C. Dempsey Living Trust, Patricia M. Dempsey, Patricia M. Dempsey Living Trust, Judith D. Hook, Judith D. Hook Living Trust, Mary T. McAlpin, Mary T. McAlpin Living Trust, Mary T. McAlpin Charitable Remainder Annuity Trust, John McNamara, Virginia D. Ragan and Virginia D. Ragan Living Trust; ((2) the spouses, heirs, legatees, descendants and blood relatives to the third degree of consanguinity of any person in clause (1); (3) the executors and administrators of the estate of any such person, and any court appointed guardian of any person in clause (1) or (2); (4) any trust, family partnership or similar investment entity for the benefit of any such person referred to in the foregoing clause (1) or (2) or any persons (including for charitable purposes), so long

as one or more members of the group consisting of the Permitted Holders have the exclusive or a joint right to control the voting and disposition of securities held by such trust, family partnership or other investment entity; and (5) any employee or retiree benefit plan sponsored by the Company.

"Permitted Investment" means any Investment by the Company or a Restricted Subsidiary in:

(1) the Company (including any investment in the Notes, any Restricted Subsidiary or any Person that will, upon the making of such Investment, become a Restricted Subsidiary, provided that the primary business of such Restricted Subsidiary is a Permitted Business;

(2) any Person if as a result of such Investment such Person is merged or consolidated with or into, or transfers or conveys all or substantially all its Property to, the Company or a Restricted Subsidiary, provided that such Person's primary business is a Permitted Business;

(3) cash and Cash Equivalents;

(4) receivables owing to the Company or a Restricted Subsidiary, if created or acquired in the ordinary course of business and Investments by a Restricted Subsidiary in the Company or another Restricted Subsidiary;

(5) payroll, travel, relocation and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) loans and advances to employees made in the ordinary course of business consistent with past practices of the Company or such Restricted Subsidiary;

(7) stock, obligations or other securities received in settlement of debts created in the ordinary course of business and owing to the Company or a Restricted Subsidiary, whether pursuant to a plan of reorganization or otherwise, or in satisfaction of judgments;

(8) any Person to the extent such Investment represents the non-cash portion of the consideration received in connection with an Asset Sale consummated in compliance with Error! Reference source not found.;

(9) other Investments made for Fair Market Value that do not exceed \$35.0 million outstanding at any one time in the aggregate;

(10) endorsements for collection or deposit in the ordinary course of business by such Person of bank drafts and similar negotiable instruments of such other Person received as payment for ordinary course of business trade receivables; and

(11) any Investment made in a Special Purpose Vehicle in connection with a Qualified Securitization Transaction or to provide adequate capital to a Special Purpose Vehicle in anticipation of one or more Qualified Securitization Transactions.

"Permitted Junior Securities" means:

(1) Capital Stock in the Company or any Subsidiary Guarantor; or

(2) debt securities that are subordinated to all Senior Debt and debt securities issued in exchange for Senior Debt to substantially the same extent as, or to a greater extent than, the Notes and the Subsidiary Guaranties are subordinated to Senior Debt under this Indenture and have a Stated Maturity after (and do not provide for scheduled principal payments prior to) the Stated Maturity of any Senior Debt and any debt securities issued in exchange for Senior Debt;

provided, however, that, if such Capital Stock or debt securities are distributed in a bankruptcy or insolvency proceeding of the Company or any Subsidiary Guarantor, such Capital Stock or debt securities are distributed pursuant to a plan of reorganization consented to by each class of Designated Senior Debt.

"Permitted Liens" means:

(1) Liens to secure Debt and other obligations permitted to be Incurred under Section 4.9(b)(ii);

(2) Liens to secure Debt permitted to be Incurred Section 4.9(b)(ii)(2) provided that any such Lien may not extend to any Property of the Company or any Restricted Subsidiary, other than the Property acquired, constructed or leased with the proceeds of such Debt and any improvements or accessions to such Property;

(3) Liens for taxes, assessments or governmental charges or levies on the Property of the Company or any Restricted Subsidiary if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings promptly instituted and diligently concluded, provided that any reserve or other appropriate provision that shall be required in conformity with GAAP shall have been made therefor;

(4) Liens imposed by law, such as carriers', warehousemen's, workmen's, landlord's, repairmen's, operator's and mechanics' Liens and other similar Liens, on the Property of the Company or any Restricted Subsidiary arising in the ordinary course of business and securing payment of obligations that are not more than 60 days past due or are being contested in good faith and by appropriate proceedings;

(5) Liens on the Property of the Company or any Restricted Subsidiary Incurred in the ordinary course of business to secure performance of obligations with respect to statutory or regulatory requirements or performance or return-of-money bonds, surety or appeal bonds or other obligations of a like nature and government contracts and Incurred in a manner not inconsistent with industry practice, in each case which are not Incurred in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of Property and which do not in the aggregate impair in any material respect the use of Property in the operation of the business of the Company and the Restricted Subsidiaries taken as a whole;

(6) Liens on Property at the time the Company or any Restricted Subsidiary acquired such Property, including any acquisition by means of a merger or consolidation with or into the Company or any Restricted Subsidiary; provided, however, that any such Lien may not extend to any other Property of the Company or any Restricted Subsidiary; provided further, however, that such Liens shall not have been Incurred in anticipation of or in connection with the transaction or series of transactions pursuant to which such Property was acquired by the Company or any Restricted Subsidiary;

(7) Liens on the Property of a Person at the time such Person becomes a Restricted Subsidiary; provided, however, that any such Lien may not extend to any other Property of the Company or any other Restricted Subsidiary that is not a direct Subsidiary of such Person; provided further, however, that any such Lien was not Incurred in anticipation of or in connection with the transaction or series of transactions pursuant to which such Person became a Restricted Subsidiary;

(8) pledges or deposits by the Company or any Restricted Subsidiary under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Debt) or leases to which the Company or any Restricted Subsidiary is party, or deposits to secure public or statutory or regulatory or contractual or warranty obligations of the Company, or deposits for the payment of rent, in each case Incurred in the ordinary course of business;

(9) utility easements, building restrictions and such other encumbrances or charges against real Property as are of a nature generally existing with respect to properties of a similar character, and easements,

rights-of-way, municipal and zoning ordinances and similar charges, encumbrances, title defects or other irregularities that do not materially interfere with the ordinary course of business of the Company or of any of its Restricted Subsidiaries;

(10) financing statements under the Uniform Commercial Code (or equivalent statute or statutes) of any jurisdiction which reflects ownership by a third party of property leased to that Person or any of its Restricted Subsidiaries under a lease that is not in the nature of a conditional sale or title retention agreement or accounts, general intangibles or chattel paper sold to that Person;

(11) Liens existing on the Issue Date not otherwise described in clauses (1) through (19) herein;

(12) Liens on the Property of the Company or any Restricted Subsidiary to secure any Refinancing, in whole or in part, of any Debt secured by Liens referred to in clauses (1),(2), (6),(7) or (10) above; provided, however, that any such Lien shall be limited to all or part of the same Property that secured the original Lien (together with improvements and accessions to such Property), and the aggregate principal amount of Debt that is secured by such Lien shall not be increased to an amount greater than the sum of:

(a) the outstanding principal amount, or, if greater, the committed amount, of the Debt secured by Liens described under clauses (2), (6), (7) or (10) above, as the case may be, at the time the original Lien became a Permitted Lien under this Indenture, and

(b) an amount necessary to pay any fees and expenses, including premiums and defeasance costs, incurred by the Company or such Restricted Subsidiary in connection with such Refinancing;

(13) Liens arising from the rendering of a final judgment or order against the Company or any Restricted Subsidiary of the Company that does not give rise to an Event of Default;

(14) Liens securing reimbursement obligations with respect to letters of credit incurred in accordance with the indenture that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(15) Liens in favor of custom and revenue authorities arising as a matter of law to secure payment of nondelinquent customers duties in connection with the importation of goods;

(16) Liens arising out of consignment or similar arrangements for the sale of goods entered into by the Company or any Restricted Subsidiary in the ordinary course of business;

(17) Liens granted in connection with a Qualified Securitization Transaction;

(18) Liens on the outstanding Capital Stock or assets of Foreign Restricted Subsidiaries to secure any intercompany notes issued by a Foreign Restricted Subsidiary to the Company evidencing a loan by the Company to such Foreign Restricted Subsidiary of proceeds from the Senior Credit Facilities and to secure any guarantee of such intercompany notes by a Foreign Restricted Subsidiary;

(19) Liens in favor of the Trustee for the benefit of the Trustee or Holders of the Notes; and

(20) Liens not otherwise permitted by clauses (1) through (19) above encumbering Property having an aggregate Fair Market Value not in excess of 5.0% of Consolidated Net Tangible Assets, as determined based on the consolidated balance sheet of the Company as of the end of the most recent fiscal quarter ending at least 45 days prior to the date any such Lien shall be Incurred.

"Permitted Refinancing Debt" means any Debt that Refinances any other Debt, including any successive Refinancings, so long as:

(1) such Debt is in an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) not in excess of the sum of:

(a) the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding of the Debt being Refinanced, and

(b) an amount necessary to pay any fees and expenses, including premiums and defeasance costs, related to such Refinancing,

(2) the Average Life of such Debt is equal to or greater than the Average Life of the Debt being Refinanced,

(3) the Stated Maturity of such Debt is no earlier than the Stated Maturity of the Debt being Refinanced, and

(4) the new Debt shall not be senior in right of payment to the Debt that is being Refinanced;

provided, however, that Permitted Refinancing Debt shall not include:

(A) Debt of a Restricted Subsidiary that is not a Subsidiary Guarantor that Refinances Debt of the Company or a Subsidiary Guarantor, or

(B) Debt of the Company or a Restricted Subsidiary that Refinances Debt of an Unrestricted Subsidiary.

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

"Preferred Stock" means any Capital Stock of a Person, however designated, which entitles the holder thereof to a preference with respect to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of any other class of Capital Stock issued by such Person.

"Preferred Stock Dividends" means all dividends with respect to Preferred Stock of Restricted Subsidiaries held by Persons other than the Company or a Wholly Owned Restricted Subsidiary. The amount of any such dividend shall be equal to the quotient of such dividend divided by the difference between one and the maximum statutory federal income rate (expressed as a decimal number between 1 and 0) then applicable to the issuer of such Preferred Stock.

"Private Placement Legend" means the legend set forth in Error! Reference source not found. to be placed on all Notes issued under this Indenture except as otherwise permitted by the provisions of this Indenture.

"pro forma" means, with respect to any calculation made or required to be made pursuant to the terms of this Indenture, a calculation performed in accordance with Article 11 of Regulation S-X promulgated under the Securities Act, as interpreted in good faith by the Company after consultation with the independent certified public accountants of the Company, or otherwise a calculation made in good faith by the Company after consultation with the independent certified public accountants of the Company, as the case may be.

"Property" means, with respect to any Person, any interest of such Person in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including Capital Stock in, and other securities of, any other Person. For purposes of any calculation required pursuant to this Indenture, the value of any Property shall be its Fair Market Value.

"Public Equity Offering" means an underwritten public offering of common stock of the Company pursuant to an effective registration statement under the Securities Act.

"Purchase Money Debt" means Debt:

(1) consisting of the deferred purchase price of property, conditional sale obligations, obligations under any title retention agreement, other purchase money obligations and obligations in respect of industrial revenue bonds, in each case where the maturity of such Debt does not exceed the anticipated useful life of the Property being financed, and

(2) Incurred to finance the acquisition, construction or lease by the Company or a Restricted Subsidiary of such Property, including additions and improvements thereto;

provided, however, that such Debt is Incurred within 180 days after the acquisition, construction or lease of such Property by the Company or such Restricted Subsidiary.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"Qualified Securitization Transaction" means any transaction or series of transactions that may be entered into by the Company or any of the Restricted Subsidiaries of the Company in connection with or reasonably related to a transaction or series of transactions in which the Company or any of the Restricted Subsidiaries of the Company may sell, convey or otherwise transfer to (1) a Special Purpose Vehicle or (2) any other Person, or may grant a security interest in, any equipment and related assets (including contract rights) or Receivables or interests therein secured by goods or services financed thereby (whether such Receivables are then existing or arising in the future) of the Company or any of the Restricted Subsidiaries of the Company, and any assets relating thereto including, without limitation, all security or ownership interests in goods or services financed thereby, the proceeds of such Receivables, and other assets which are customarily sold or in respect of which security interests are customarily granted in connection with securitization transactions involving such assets, as any agreement or instrument governing any such transactions may be renewed, Refinanced, amended, restated or modified from time to time.

"Receivables" means any right of payment from or on behalf of any obligor, whether constituting an account, chattel paper, instrument, general intangible or otherwise, arising from the financing by the Company or any Restricted Subsidiary of the Company of goods or services, and monies due thereunder, security or ownership interests in the goods and services financed thereby, records relating thereto, and the right to payment of any interest or finance charges and other obligations with respect thereto, proceeds from claims on insurance policies related thereto, any other proceeds related thereto, and other related rights.

"Rating Agencies" means Moody's and S&P.

"Reference Treasury Dealer" means Salomon Smith Barney Inc., Deutsche Bank Securities Inc. and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Company shall substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotation" means, with respect to each the Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and ask prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such redemption date.

"Refinance" means, in respect of any Debt, to refinance, extend, renew, refund, or Repay, or to issue other Debt, in exchange or replacement for, such Debt. "Refinanced" and "Refinancing" shall have correlative meanings.

"Registered Exchange Offer" has the meaning set forth in the Registration Rights Agreement.

"Registration Rights Agreement" means the Registration Rights Agreement dated July 31, 2002, among the Company, the Subsidiary Guarantors and the Initial Purchasers, as such agreement may be amended, modified or supplemented from time to time and, with respect to any Additional Notes, one or more registration rights agreements between the Company and the other parties thereto, as such agreement(s) may be amended, modified or supplemented from time to time, relating to rights given by the Company to the purchasers of Additional Notes to register such Additional Notes under the Securities Act.

"Regulation S" means Regulation S promulgated under the Securities Act.

"Regulation S Global Note" means the global Note in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with and registered in the name of the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of Notes sold in reliance on Rule 903 of Regulation S.

"Repay" means, in respect of any Debt, to repay, prepay, repurchase, redeem, legally defease or otherwise retire such Debt. "Repayment" and "Repaid" shall have correlative meanings. For purposes of Error! Reference source not found. and the definition of "Consolidated Interest Coverage Ratio," Debt shall be considered to have been Repaid only to the extent the related loan commitment, if any, shall have been permanently reduced in connection therewith.

"Representative" means the trustee, agent or representative expressly authorized to act in such capacity, if any, for an issue of Senior Debt.

"Responsible Officer," when used with respect to the Trustee, means any officer within the Corporate Trust Department of the Trustee (or any successor group of the Trustee) located at the Corporate Trust Office of the Trustee who has direct responsibility for the administration of this Indenture and, for the purposes of Section 7.01(c)(ii) and 7.05, also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject.

"Restricted Definitive Note" means one or more Definitive Notes bearing the Private Placement Legend.

"Restricted Global Notes" means the 144A Global Note and the Regulation S Global Note.

"Restricted Payment" means:

(1) any dividend or distribution (whether made in cash, securities or other Property) declared or paid on or with respect to any shares of Capital Stock of the Company or any Restricted Subsidiary (including any payment in connection with any merger or consolidation with or into the Company or any Restricted Subsidiary), except for any dividend or distribution that is made solely to the Company or a Restricted Subsidiary (and, if a Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, to the other stockholders of such Restricted Subsidiary on a pro rata basis or on a basis that results in the receipt by the Company or a Restricted Subsidiary of dividends or distributions of greater value than it would receive on a pro rata basis) or any dividend or distribution payable solely in shares of Capital Stock (other than Disqualified Stock) of the Company;

(2) the purchase, repurchase, redemption, acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary (other than from the Company or a Restricted Subsidiary) or any securities exchangeable for or convertible into any such Capital Stock, including the exercise of any option to exchange any Capital Stock (other than for or into Capital Stock of the Company that is not Disqualified Stock);

(3) the purchase, repurchase, redemption, acquisition or retirement for value, prior to the date for any scheduled maturity, sinking fund or amortization or other installment payment, of any Subordinated Obligation (other than the purchase, repurchase or other acquisition of any Subordinated Obligation purchased in anticipation of satisfying a scheduled maturity, sinking fund or amortization or other installment obligation, in each case due within one year of the date of acquisition); or

(4) any Investment (other than Permitted Investments) by the Company or any Restricted Subsidiary in any Person.

"Restricted Period" means the 40-day distribution compliance period as defined in Regulation S.

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

Act. "Rule 144" means Rule 144 promulgated under the Securities

Act. "Rule 144A" means Rule 144A promulgated under the Securities

Act. "Rule 903" means Rule 903 promulgated under the Securities

Act. "Rule 904" means Rule 904 promulgated under the Securities

"S&P" means Standard & Poor's Ratings Services or any successor to the rating agency business thereof.

"Securities Act" means the Securities Act of 1933, as amended.

"Senior Credit Facility" means the Senior Secured Credit Facility, dated as of March 2, 2001, among the Company and Greif Spain Holdings, S.L. and a syndicate of lenders, and Merrill Lynch & Co. and KeyBank National Association as co-agents, including any related notes, collateral documents, letters of credit and documentation and Guarantees and any appendices, exhibits or schedules to any of the preceding, as any or all of such agreements may be in effect from time to time, in each case, as any or all of such agreements (or any other agreement that renews, refunds, refinances, restructures, replaces, repays or extends any or all of such agreements or any of the foregoing other agreements) may be amended, restated, modified or supplemented from time to time, or renewed, refunded, refinanced, restructured, replaced, repaid or extended from time to time, whether with the original agents and lenders or other agents and lenders or otherwise, and whether provided under the original credit agreement or one or more other credit agreements or otherwise.

"Senior Debt" of the Company means:

(1) all obligations consisting of the principal, premium, if any, and accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company whether or not post-filing interest is allowed in such proceeding) in respect of:

(a) Debt of the Company for borrowed money, and

(b) Debt of the Company evidenced by notes, debentures, bonds or other similar instruments permitted under this Indenture for the payment of which the Company is responsible or liable;

(2) all Capital Lease Obligations of the Company and all Attributable Debt in respect of sale and leaseback transactions entered into by the Company;

(3) all obligations of the Company

(a) for the reimbursement of any obligor on any letter of credit, bankers' acceptance or similar credit transaction,

(b) under Hedging Obligations, or



(c) issued or assumed as the deferred purchase price of Property and all conditional sale obligations of the Company and all obligations under any title retention agreement permitted under this Indenture; and

(4) all obligations of other Persons of the type referred to in clauses (1), (2) and (3) for the payment of which the Company is responsible or liable as Guarantor;

provided, however, that Senior Debt shall not include:

(i) Debt of the Company that is by its terms subordinate or pari passu in right of payment to the Notes, including any Senior Subordinated Debt or any Subordinate Obligations;

(ii) any Debt Incurred in violation of the provisions of this Indenture;

(iii) accounts payable or any other obligations of the Company to trade creditors created or assumed by the Company in the ordinary course of business in connection with obtaining of materials or services (including Guarantees thereof or instruments evidencing such liabilities);

(iv) any liability for federal, state, local or other taxes owed or owing by the Company;

(v) any obligation of the Company to any Subsidiary; or

(vi) any obligations with respect to any Capital Stock of the Company.

"Senior Debt" of any Subsidiary Guarantor has a correlative meaning.

"Senior Subordinated Debt" of the Company means the Notes and any other subordinated Debt of the Company that specifically provides that such Debt is to rank pari passu with the Notes and is not subordinated by its terms to any other subordinated Debt or other obligation of the Company which is not Senior Debt. "Senior Subordinated Debt" of any Subsidiary Guarantor has a correlative meaning.

"Shelf Registration Statement" means the Shelf Registration Statement as defined in the Registration Rights Agreement.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" of the Company within the meaning of Rule 1-02 under Regulation S-X promulgated by the Commission.

"Special Interest" has the meaning set forth in Section 4 of the Registration Rights Agreement.

"Special Purpose Vehicle" means a bankruptcy-remote entity or trust or other special purpose entity which is formed by the Company, any Subsidiary of the Company or any other Person for the purpose of, and engages in no material business other than in connection with a Qualified Securitization Transaction or other similar transactions of Receivables or other similar or related assets.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency beyond the control of the issuer unless such contingency has occurred).

"Subordinated Obligation" means any Debt of the Company or any Subsidiary Guarantor (whether outstanding on the Issue Date or thereafter Incurred) that is subordinate or junior in right of payment to the Notes or any applicable Subsidiary Guaranty pursuant to a written agreement to that effect.

"Subsidiary" means, in respect of any Person, any corporation, company (including any limited liability company), association, partnership, joint venture or other business entity of which a majority of the total voting power of the Voting Stock is at the time owned or controlled, directly or indirectly, by:

- (1) such Person,
- (2) such Person and one or more Subsidiaries of such Person, or
- (3) one or more Subsidiaries of such Person.

Notwithstanding the foregoing, CorrChoice shall not be deemed a Subsidiary unless and until its financial results are required to be considered with the Company's financial results under GAAP.

"Subsidiary Guarantor" means each Domestic Restricted Subsidiary and Soterra and any other Person that becomes a Subsidiary Guarantor pursuant to Section 4.18 or who otherwise executes and delivers a supplemental indenture providing for a Subsidiary Guaranty to the Trustee.

"Subsidiary Guaranty" means a Guarantee on the terms set forth in this Indenture by a Subsidiary Guarantor of the Company's Obligations with respect to the Notes.

"Surviving Person" means the surviving Person formed by a merger, consolidation or amalgamation and, for purposes of Error! Reference source not found., a Person to whom all or substantially all the Property of the Company or a Subsidiary Guarantor is sold, transferred, assigned, leased, conveyed or otherwise disposed.

"TIA" means the Trust Indenture Act of 1939, as amended.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the yield to maturity of the Comparable Treasury Issue, compounded semi-annually, assuming a price for such Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this Indenture until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean such successor Trustee.

"Unrestricted Definitive Notes" means one or more Definitive Notes that do not and are not required to bear the Private Placement Legend.

"Unrestricted Global Notes" means one or more Global Notes, in the form of Exhibit A attached hereto, that do not and are not required to bear the Private Placement Legend and are deposited with and registered in the name of the Depository or its nominee.

"Unrestricted Subsidiary" means Soterra LLC and any other Subsidiary of the Company (or any successor to any of them) that is designated by the Company's Board of Directors as an Unrestricted Subsidiary pursuant to a board resolution, but only to the extent that such Subsidiary (including Soterra):

(1) has no Debt other than Non-Recourse Debt (it being understood that, in the case of Soterra, the guarantee by Soterra of the Notes and the Senior Credit Facility shall be deemed to constitute the Incurrence by Soterra of Debt that is Non-Recourse Debt);

(2) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;

(3) is a Person with respect to which neither the Company nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests from such Person or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results;

(4) does not guarantee or otherwise directly or indirectly provide credit support for any Indebtedness of the Company or any Restricted Subsidiary, excluding the Notes; and

(5) has at least one director on its Board of Directors that is not a director or executive officer of the Company or any Restricted Subsidiary and has at least one executive officer that is not a director or executive officer of the Company or any Restricted Subsidiary.

Notwithstanding the foregoing, Soterra shall only be required to comply with clauses (1) and (3) above to be deemed an Unrestricted Subsidiary and CorrChoice, if it becomes a Subsidiary, shall only be required to comply with clauses (1), (3), (4) and (5) to be deemed an Unrestricted Subsidiary.

Any designation of a Subsidiary as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the Board Resolution giving effect to such designation and Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 4.10. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Debt of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be Incurred as of such date under Section 4.09, the Company will be in default of such Section. The Company's Board of Directors may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation will be deemed to be an Incurrence of Debt by one of the Company's Restricted Subsidiaries of any outstanding Debt of such Unrestricted Subsidiary and such designation will only be permitted if (a) such Debt is permitted under Section 4.09, calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; (b) no Default or Event of Default would be in existence following such designation; and (c) if such Subsidiary is a Domestic Subsidiary, such Subsidiary executes and delivers to the Trustee a supplemental indenture providing for a Subsidiary Guarantee.

"U.S. Dollar Equivalent" means, with respect to any monetary amount in a currency other than the U.S. dollar, at or as of any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by Reuters (or, if Reuters ceases to provide such spot quotations, by any other reputable service as is providing such spot quotations, as selected by the Company) at approximately 11:00 a.m. (New York City time) on a day not more than two Business Days prior to such determination.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) issued or guaranteed by the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the issuer's option.

"U.S. Person" has the meaning set forth in Regulation S.

"Voting Stock" of any Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

"Wholly Owned Restricted Subsidiary" means, at any time, a Restricted Subsidiary all the Voting Stock of which (except directors' qualifying shares) is at such time owned, directly or indirectly, by the Company and its other Wholly Owned Subsidiaries.

Section 1.02. Other Definitions.

Term	Defined in Section
"Affiliate Transaction" .....	4.15
"Allocable Excess Proceeds" .....	4.13
"Authentication Order" .....	2.03
"Benefited Party" .....	10.01
"Change of Control Offer" .....	4.17
"Change of Control Purchase Price" .....	4.17
"Company" .....	Preamble
"Covenant Defeasance" .....	8.03
"DTC" .....	2.04
"Event of Default" .....	6.01
"Excess Proceeds" .....	4.13
"Legal Defeasance" .....	8.02
"losses" .....	7.07
"Original Notes" .....	2.01
"Paying Agent" .....	2.04
"Payment Blockage Notice" .....	11.03
"Payment Blockage Period" .....	11.03
"Permitted Debt" .....	4.09
"Prepayment Offer" .....	4.13
"Registrar" .....	2.04
"Security Register" .....	2.04

Section 1.03. Incorporation by Reference of Trust Indenture Act.

(a) Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

(b) The following TIA terms used in this Indenture have the following meanings:

Guaranties; "indenture securities" means the Notes and the Subsidiary

"indenture security holder" means a Holder of a Note;

"indenture to be qualified" means this Indenture;

Trustee; and "indenture trustee" or "institutional trustee" means the

"obligor" on the Notes means the Company, the Subsidiary Guarantors and any successor obligor upon the Notes or the Subsidiary Guaranties.

(c) All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by Commission rule under the TIA have the meanings so assigned to them.

Section 1.04. Rules of Construction.

(a) Unless the context otherwise requires:

- (i) a term has the meaning assigned to it;
- (ii) an accounting term not otherwise defined herein has the meaning assigned to it in accordance with GAAP;
- (iii) words in the singular include the plural, and in the plural include the singular;
- (iv) all references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed;
- (v) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.
- (vi) "including" means "including without limitation";
- (vii) provisions apply to successive events and transactions; and
- (viii) references to sections of or rules under the Securities Act, Exchange Act and TIA shall be deemed to include substitute, replacement or successor sections or rules adopted by the Commission from time to time.

ARTICLE 2.

THE NOTES

Section 2.01. Amount of Securities.

The aggregate principal amount of Notes which may be authenticated and delivered under this Indenture shall be limited to \$550.0 million. The terms of the Initial Notes and any Additional Notes shall be identical in all respects other than issue prices and issuance dates.

Section 2.02. Form and Dating.

(a) General. The Notes and the Trustee's certificate of authentication shall be substantially in the form of, and the Notes shall have the terms set forth in, Exhibit A hereto, which is hereby incorporated in and expressly made part of this Indenture. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note shall be dated the date of its authentication. The Notes shall be in denominations of \$1,000 and integral multiples thereof. The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Indenture, and the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) Form of Notes. The Notes shall be issued initially in global form and shall be substantially in the form of Exhibit A attached hereto (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Notes issued in definitive form shall be substantially in the form of Exhibit A attached hereto (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in

the Global Note" attached thereto). Each Global Note shall represent such of the outstanding Notes as shall be specified therein, and each shall provide that it shall represent the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby shall be made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.07.

(c) Book-Entry Provisions. This Section 2.02 (c) shall only apply to Global Notes deposited with the Trustee, as custodian for the Depositary. Participants and Indirect Participants shall have no rights under this Indenture with respect to any Global Note held on their behalf by the Depositary or by the Trustee as the custodian for the Depositary or under such Global Note, and the Depositary shall be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or impair, as between the Depositary and its Participants or Indirect Participants, the Applicable Procedures or the operation of customary practices of the Depositary governing the exercise of the rights of a holder of a beneficial interest in any Global Note.

Section 2.03. Execution and Authentication; Notes Issuable in Series.

(a) Two Officers shall sign the Notes for the Company by manual or facsimile signature.

(b) If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

(c) A Note shall not be valid until authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

(d) The Trustee shall, upon a written order of the Company signed by an Officer (an "Authentication Order"), authenticate Notes for original issue.

(e) The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders, the Company or an Affiliate of the Company.

(f) The Company may issue Additional Notes from time to time after the issuance of the Initial Notes as part of the same series or as one or more additional series in an aggregate principal amount not to exceed \$300.0 million; provided, however, that any Notes issued with original issue discount ("OID") for federal income tax purposes shall not be issued as part of the same series as any Notes that are issued with a different amount of OID or are not issued with OID. All Notes of any one series shall be substantially identical except as to denomination.

(g) With respect to any Notes issued after the Issue Date (except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, Initial Notes pursuant to Sections 2.07, 2.08, 2.10 or 3.06), there shall be established in or pursuant to a Board Resolution, and subject to this Section 2.03, set forth, or determined in the manner provided in an Officer's Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of such Notes:

(1) whether such Notes shall be issued as part of a new or existing series of Notes and the title of such Notes (which shall distinguish the Notes of the series from Notes of any other series);

(2) the aggregate principal amount of such Notes that may be authenticated and delivered under this Indenture, which shall be in an aggregate principal amount not to

exceed \$550.0 million (except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes of the same series pursuant to Sections 2.07, 2.08, 2.10 or 3.06 and except for Notes which, pursuant to this Section 2.03, are deemed never to have been authenticated and delivered hereunder);

(3) the issue price and issuance date of such Notes, including the date from which interest on such Notes shall accrue; and

(4) if applicable, that such Notes shall not be issued in the form of Initial Notes subject to Section 2.07, but shall be issued in the form of Exchange Notes as set forth in Section 2.07.

If any of the terms of any series are established by action taken pursuant to a resolution of the Board of Directors, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Officer's Certificate or the trust indenture supplemental hereto setting forth the terms of the series.

#### Section 2.04. Registrar and Paying Agent.

(a) The Company shall maintain an office or agency where Notes may be presented for registration of, transfer or exchange ("Registrar") and an office or agency where Notes may be presented for payment ("Paying Agent"). The Registrar shall keep a register of the Notes and of their transfer and exchange (the "Security Register"). The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar, and the term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company shall notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

(b) The Company initially appoints The Depository Trust Company ("DTC") to act as Depository with respect to the Global Notes.

(c) The Company initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Custodian with respect to the Global Notes.

#### Section 2.05. Paying Agent to Hold Money in Trust.

The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal of, premium, if any, or interest, including Special Interest, if any, on, the Notes, and shall notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) shall have no further liability for the money. If the Company or a Subsidiary acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee shall serve as Paying Agent for the Notes, subject to applicable court approval, if required.

#### Section 2.06. Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with TIA ss. 312(a). If the Trustee is not the Registrar, the Company shall furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date or such shorter

time as the Trustee may allow, of the names and addresses of the Holders, and the Company shall otherwise comply with TIA (S) 312(a).

Section 2.07. Transfer and Exchange.

(a) Transfer and Exchange of Global Notes. A Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. Subject to the provisions of this Section 2.07, all Global Notes will be exchanged by the Company for Definitive Notes if (i) the Company delivers to the Trustee notice from the Depositary that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 90 days after the date of such notice from the Depositary; (ii) the Company in its sole discretion at any time determines not to have all Notes represented by the Global Notes and delivers a written notice to such effect to the Trustee; or (iii) an Event of Default with respect to the Notes represented by such Global Notes shall have occurred and be continuing, and the Trustee has received a request from the Depositary to issue Definitive Notes in lieu of Global Notes. Upon the occurrence of any of the preceding events in (i), (ii) or (iii) above, Definitive Notes shall be issued in denominations of \$1,000 or integral multiples thereof and in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.08 and 2.11. A Global Note may not be exchanged for another Note other than as provided in this Section 2.07(a); however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.07(b), (c) or (f).

(b) Transfer and Exchange of Beneficial Interests in the Global Notes. The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also shall require compliance with either clause (i) or (ii) below, as applicable, as well as one or more of the other following clauses, as applicable:

(i) Transfer of Beneficial Interests in the Same Global Note. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; provided, however, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.07(b)(i).

(ii) All Other Transfers and Exchanges of Beneficial Interests in Global Notes. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.07(b)(i) above, the transferor of such beneficial interest must deliver to the Registrar either (1)(A) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged and (B) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or (2)(A) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged and (B) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (2)(A) above. Upon consummation of a Registered Exchange Offer by the Company in accordance with Section 2.07(f), the requirements of this Section 2.07(b)(ii) shall be deemed to have been satisfied upon receipt by the Registrar of the instructions contained in the



Letter of Transmittal delivered by the Holder of such beneficial interests in the Restricted Global Notes. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.07(h).

(iii) Transfer of Beneficial Interests in a Restricted Global Note to Another Restricted Global Note. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.07(b)(ii) above and the Registrar receives the following:

(1) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(2) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(3) if the transferee will take delivery in the form of a beneficial interest in the IAI Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications and certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(iv) Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.07(b)(ii) above and:

(1) such exchange or transfer is effected pursuant to a Registered Exchange Offer in accordance with the Registration Rights Agreement, and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (A) a broker-dealer, (B) a Person participating in the distribution of the Exchange Notes or (C) a Person who is an affiliate (as defined in Rule 144) of the Company;

(2) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(3) such transfer is effected by a broker-dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(4) the Registrar receives the following:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(B) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person

who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this clause (4), if the Registrar or the Company so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to clause (2) or (4) above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.03, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to clause (2) or (4) above.

(v) Transfer or Exchange of Beneficial Interests in Unrestricted Global Notes for Beneficial Interests in Restricted Global Notes Prohibited. Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) Transfer or Exchange of Beneficial Interests for Definitive Notes.

(i) Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes. If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(2) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(3) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(4) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(5) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in clauses (2) through (4) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3)(d) thereof;

(6) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(7) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.07(h), and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.07(c)(i) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depository and the Participant or Indirect Participant. The Trustee shall mail or deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.07(c)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(ii) Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes. A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if:

(1) such exchange or transfer is effected pursuant to a Registered Exchange Offer in accordance with the Registration Rights Agreement, and the holder of such beneficial interest, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (A) a broker-dealer, (B) a Person participating in the distribution of the Exchange Notes or (C) a Person who is an affiliate (as defined in Rule 144) of the Company;

(2) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(3) such transfer is effected by a broker-dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(4) the Registrar receives the following:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or

(B) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

(iii) and, in each such case set forth in this clause (4), if the Registrar or the Company so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the

Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iv) Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes. If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.07(b)(ii), the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.07(h), and the Company shall execute and the Trustee shall authenticate and mail or deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.07(c)(iii) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall mail or deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.07(c)(iii) shall not bear the Private Placement Legend.

(d) Transfer and Exchange of Definitive Notes for Beneficial Interests.

(i) Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes. If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(1) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(2) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(3) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(4) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(5) if such Restricted Definitive Note is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in clauses (2) through (4) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3)(d) thereof;

(6) if such Restricted Definitive Note is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(7) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (1) above, the appropriate Restricted Global Note, in the case of clause (2) above, the 144A Global Note, in the case of clause (3) above, the Regulation S Global Note, and in all other cases, the IAI Global Note.

(ii) Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if:

(1) such exchange or transfer is effected pursuant to a Registered Exchange Offer in accordance with the Registration Rights Agreement, and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (A) a broker-dealer, (B) a Person participating in the distribution of the Exchange Notes or (C) a Person who is an affiliate (as defined in Rule 144) of the Company;

(2) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(3) such transfer is effected by a broker-dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(4) the Registrar receives the following:

(A) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(B) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this clause (4), if the Registrar or the Company so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the clauses in this Section 2.07(d)(ii), the Trustee shall cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(iii) Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Unrestricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable

Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

(iv) Transfer or Exchange of Unrestricted Definitive Notes to Beneficial Interests in Restricted Global Notes Prohibited. An Unrestricted Definitive Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, beneficial interests in a Restricted Global Note.

(v) Issuance of Unrestricted Global Notes. If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to clauses (ii)(2), (ii)(4) or (iii) of this Section 2.07(d) at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.03, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) Transfer and Exchange of Definitive Notes for Definitive Notes. Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.07(e), the Registrar shall register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.07(e).

(i) Restricted Definitive Notes to Restricted Definitive Notes. Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(1) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(2) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(3) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(ii) Restricted Definitive Notes to Unrestricted Definitive Notes. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if:

(1) such exchange or transfer is effected pursuant to a Registered Exchange Offer in accordance with the Registration Rights Agreement, and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (A) a broker-dealer, (B) a Person participating in the distribution of the Exchange Notes or (C) a Person who is an affiliate (as defined in Rule 144) of the Company;

(2) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(3) any such transfer is effected by a broker-dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(4) the Registrar receives the following:

(A) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(B) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

(iii) and, in each such case set forth in this clause (4), if the Registrar or the Company so requests, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iv) Unrestricted Definitive Notes to Unrestricted Definitive Notes. A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) Registered Exchange Offer. Upon the occurrence of a Registered Exchange Offer in accordance with the relevant Registration Rights Agreement, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.03, the Trustee shall authenticate (i) one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of the beneficial interests in the Restricted Global Notes tendered for acceptance by Persons that certify in the applicable Letters of Transmittal that (1) they are not broker-dealers, (2) they are not participating in a distribution of the Exchange Notes and (3) they are not affiliates (as defined in Rule 144) of the Company, and accepted for exchange in the Registered Exchange Offer and (ii) Unrestricted Definitive Notes in an aggregate principal amount equal to the principal amount of the Restricted Definitive Notes tendered for acceptance by Persons who made the foregoing certification and accepted for exchange in the Registered Exchange Offer. Concurrently with the issuance of such Notes, the Trustee shall cause the aggregate principal amount of the applicable Restricted Global Notes to be reduced accordingly, and the Company shall execute and the Trustee shall authenticate and mail or deliver to the Persons designated by the Holders of Restricted Definitive Notes so accepted Unrestricted Definitive Notes in the appropriate principal amount.

(g) Legends. The following legends shall appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(i) Private Placement Legend.

(1) Except as permitted by clause (2) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE

REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY BEFORE THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE UNDER RULE 144A OF THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATIONS UNDER THE SECURITIES ACT, (E) TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF \$250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT BEFORE ANY SUCH OFFER, SALE OR TRANSFER UNDER CLAUSE (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

(2) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to clauses (b)(iv), (c)(ii), (c)(iii), (d)(ii), (d)(iii), (e)(ii), (e)(iii) or (f) to this Section 2.07 (and all Notes issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.

(ii) Global Note Legend. Each Global Note shall bear a legend in substantially the following form:

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.07 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED PURSUANT TO SECTION 2.07(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND



ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

(h) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or cancelled in whole and not in part, each such Global Note shall be returned to or retained and cancelled by the Trustee in accordance with Section 2.12. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note shall be reduced accordingly, and an endorsement shall be made on such Global Note by the Trustee or by the Depository at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly, and an endorsement shall be made on such Global Note by the Trustee or by the Depository at the direction of the Trustee to reflect such increase.

(i) General Provisions Relating to Transfers and Exchanges.

(i) To permit registrations of transfers and exchanges, the Company shall execute and, upon receipt of an Authentication Order in accordance with Section 2.03, the Trustee shall authenticate Global Notes and Definitive Notes upon the Company's order or at the Registrar's request.

(ii) No service charge shall be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.11, 3.06, 4.13, 4.17 and 9.06).

(iii) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(iv) Neither the Registrar nor the Company shall be required (1) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 and ending at the close of business on the day of selection, (2) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part or (3) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

(v) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of, premium, if any, and interest, including Special Interest, if any, on, such Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(vi) The Trustee shall authenticate Global Notes and Definitive Notes in accordance with the provisions of Sections 2.03 and 2.07(i)(i).

(vii) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.07 to effect a registration of transfer or exchange may be submitted by facsimile.

(viii) The Trustee is hereby authorized to enter into a letter of representations with the Depository in the form provided by the Company and to act in accordance with such letter.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer pursuant to applicable securities laws with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by the terms of this Indenture, and to examine the same to determine substantial compliance with the express requirements hereof.

#### Section 2.08. Replacement Notes.

(a) If any mutilated Note is surrendered to the Trustee or the Company, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Company shall issue and the Trustee, upon receipt of an Authentication Order, shall authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company may charge for its expenses in replacing a Note.

(b) Every replacement Note is an additional obligation of the Company and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

#### Section 2.09. Outstanding Notes.

(a) The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those cancelled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section 2.09 as not outstanding. Except as set forth in Section 2.10, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note; however, Notes held by the Company or a Subsidiary of the Company shall not be deemed to be outstanding for purposes of Section 3.07(c)

(b) If a Note is replaced pursuant to Section 2.08, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced note is held by a bona fide purchaser.

(c) If the principal amount of any Note is considered paid under Section 4.01, it ceases to be outstanding and interest on it ceases to accrue.

(d) If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest.

#### Section 2.10. Treasury Notes.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company, shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes that a Responsible Officer of the Trustee actually knows are so owned shall be so disregarded.

Section 2.11. Temporary Notes.

(a) Until certificates representing Notes are ready for delivery, the Company may prepare and the Trustee, upon receipt of an Authentication Order, shall authenticate temporary Notes. Temporary Notes shall be substantially in the form of certificated Notes but may have variations that the Company considers appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate Definitive Notes in exchange for temporary Notes.

(b) Holders of temporary Notes shall be entitled to all of the benefits of this Indenture.

Section 2.12. Cancellation.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and, at the request of the Company, and shall dispose of canceled Notes in accordance with its customary procedures in effect from time to time (subject to the record retention requirements of the Exchange Act). Upon request of the Company, certification of the disposition of all cancelled Notes shall be delivered to the Company. The Company may not issue new Notes to replace Notes that it has paid or, except as contemplated by a Registered Exchange Offer, that have been delivered to the Trustee for cancellation (other than Notes issued upon registration of transfer, in exchange for or in lieu of cancelled Notes pursuant to Sections 2.07, 2.08, 2.10 or 3.06).

Section 2.13. Defaulted Interest.

If the Company defaults in a payment of interest, including Special Interest, if any, on the Notes, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01. The Company shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company shall fix or cause to be fixed each such special record date and payment date, provided that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) shall mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

Section 2.14. CUSIP or ISIN Numbers.

The Company in issuing the Notes may use "CUSIP" or "ISIN" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" or "ISIN" numbers in notices of redemption as a convenience to Holders; provided, however, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company will promptly notify the Trustee of any change in the "CUSIP" or "ISIN" numbers.

Section 2.15. Special Interest.

If Special Interest is payable by the Company pursuant to the Registration Rights Agreement and paragraph 1 of the Notes, the Company shall deliver to the Trustee a certificate to that effect stating (a) the amount of such Special Interest that is payable and (b) the date on which such interest is payable. Unless and until a Responsible Officer of the Trustee receives such a certificate or instruction or direction from the Holders in accordance with the terms of this Indenture, the Trustee may assume without inquiry that no Special Interest is payable. The foregoing shall not prejudice the rights of the Holders with respect to their entitlement to Special Interest as otherwise set forth in this Indenture or the Notes and pursuing any action against the Company directly or otherwise directing the

Trustee to take any such action in accordance with the terms of this Indenture and the Notes. If the Company has paid Special Interest directly to the Persons entitled to it, the Company shall deliver to the Trustee a certificate setting forth the particulars of such payment.

### ARTICLE 3.

#### REDEMPTION AND PREPAYMENT

##### Section 3.01. Notices to Trustee.

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Error! Reference source not found., it shall furnish to the Trustee, at least 30 days but not more than 60 days before a redemption date, an Officer's Certificate setting forth (a) the paragraph of the Notes or the Section (or clause) of this Indenture pursuant to which the redemption shall occur, (b) the redemption date, (c) the principal amount of Notes to be redeemed and (d) the redemption price or if the redemption is made pursuant to Section 3.07(b), the method of calculating the redemption price.

##### Section 3.02. Selection of Notes to Be Redeemed.

(a) If less than all of the Notes are to be redeemed at any time, the Trustee shall select the Notes to be redeemed among the Holders of the Notes on a pro rata basis, by lot or in accordance with any other method the Trustee considers fair and appropriate. In the event of partial redemption by lot, the particular Notes to be redeemed shall be selected, unless otherwise provided herein, not less than 30 nor more than 60 days prior to the redemption date by the Trustee from the outstanding Notes not previously called for redemption.

(b) The Trustee shall promptly notify the Company in writing of the Notes selected for redemption and, in the case of any Note selected for partial redemption, the principal amount thereof to be redeemed. Notes and portions of Notes selected shall be in amounts of \$1,000 or whole multiples of \$1,000; except that if all of the Notes of a Holder are to be redeemed, the entire outstanding amount of Notes held by such Holder, even if not a multiple of \$1,000, shall be redeemed. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

(c) The provisions of clauses (a) and (b) of this Section 3.02 shall not apply with respect to any redemption affecting only a Global Note, whether such Global Note is to be redeemed in whole or in part, to the extent such provisions conflict with Applicable Procedures. In case of any such redemption in part, the unredeemed portion of the principal amount of the Global Note shall be in an authorized denomination.

##### Section 3.03. Notice of Redemption.

(a) At least 30 days but not more than 60 days before a redemption date, the Company shall mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address.

(b) The notice shall identify the Notes to be redeemed and shall state:

(i) the redemption date;

(ii) the redemption price or if the redemption is made pursuant to Section 3.07(b), a calculation of the redemption price;

(iii) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion shall be issued upon cancellation of the original Note;

- (iv) the name and address of the Paying Agent;
- (v) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;
- (vi) that, unless the Company defaults in making such redemption payment, interest, including Special Interest, if any, on Notes called for redemption ceases to accrue on and after the redemption date;
- (vii) the paragraph of the Notes or Section (or clause) of this Indenture pursuant to which the Notes called for redemption are being redeemed; and
- (viii) that no representation is made as to the correctness or accuracy of the CUSIP or ISIN number, if any, listed in such notice or printed on the Notes.

If any of the Notes to be redeemed is in the form of a beneficial interest in a Global Note, then the Company shall modify such notice to the extent necessary to accord with the procedures of the Depositary applicable to redemption.

(c) At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense; provided, however, that the Company shall have delivered to the Trustee, at least 15 days, or such shorter period allowed by the Trustee, prior to the date of giving such notice of redemption, an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in this Section 3.03.

#### Section 3.04. Effect of Notice of Redemption.

Once notice of redemption is mailed in accordance with Section 3.03, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price. A notice of redemption may not be conditional.

#### Section 3.05. Deposit of Redemption Price.

(a) On or before 10:00 a.m. Eastern Time on the Business Day prior to any redemption date, the Company shall deposit with the Trustee or with the Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 2.05) money sufficient to pay the redemption price of, and accrued interest, including Special Interest, if any, on, all Notes to be redeemed on that date. The Trustee or the Paying Agent shall promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption price of, and accrued interest, including Special Interest, if any, on, all Notes to be redeemed.

(b) If the Company complies with the provisions of the preceding paragraph, on and after the redemption date, interest, including Special Interest, if any, shall cease to accrue on the Notes or the portions of Notes called for redemption. If a Note is redeemed on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest due on such interest payment date shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption shall not be so paid upon surrender for redemption because of the failure of the Company to comply with the preceding paragraph, interest, including Special Interest, if any, shall be paid on the unpaid principal from the redemption date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01.

#### Section 3.06. Notes Redeemed in Part.

Upon surrender of a Note that is redeemed in part, the Company shall issue and the Trustee shall authenticate for the Holder at the expense of the Company a new Note equal in principal amount to the unredeemed portion of the Note surrendered.

Section 3.07. Optional Redemption.

(a) Except as set forth in clauses (b) and (c) of this Section 3.07, the Notes shall not be redeemable at the option of the Company prior to August 1, 2007. Starting on that date, the Company may redeem all or any portion of the Notes, at once or over time, after giving the required notice under this Indenture. The Notes may be redeemed at the redemption prices set forth below, plus accrued and unpaid interest, including Special Interest, if any, to the redemption date (subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date). The following prices are for Notes redeemed during the 12-month period commencing on August 1 of the years set forth below, and are expressed as percentages of principal amount:

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

(b) At any time prior to August 1, 2007, the Company may redeem all or any portion of the Notes, at once or over time, after giving the required notice under this Indenture at a redemption price equal to the greater of:

- (i) 100% of the principal amount of the Notes to be redeemed, and
- (ii) the sum of the present values of (1) the redemption price of the Notes at August 1, 2007 (as set forth in clause (a) of this Section 3.07) and (2) the remaining scheduled payments of interest from the redemption date to August 1, 2007, but excluding accrued and unpaid interest to the redemption date, discounted to the redemption date on a semiannual basis (assuming a 360 day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points,

plus, in either case, accrued and unpaid interest, including Special Interest, if any, to the redemption date (subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date).

Any notice to Holders of such a redemption shall include the appropriate method of calculation of the redemption price, but need not include the redemption price itself. The actual redemption price, calculated as described in this clause (b), shall be set forth in an Officer's Certificate delivered to the Trustee no later than two Business Days prior to the redemption date (unless clause (2) of the definition of "Comparable Treasury Price" is applicable, in which case such Officer's Certificate will be delivered on the redemption date).

(c) At any time and from time to time prior to August 1, 2005, the Company may redeem up to a maximum of 35% of the aggregate principal amount of the Notes (including any Additional Notes) that have been issued under this Indenture on or after the Issue Date with the proceeds of one or more Equity Offerings, at a redemption price equal to 108.875% of the principal amount thereof, plus accrued and unpaid interest, including Special Interest, if any, to the redemption date (subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date); provided, however, that after giving effect to any such redemption, at least 65% of the aggregate principal amount of the Notes (including any Additional Notes) that have been issued under this Indenture on or after the Issue Date remains outstanding. Any such redemption shall be made within 90 days of such Equity Offering upon not less than 30 nor more than 60 days' prior notice.

(d) Any prepayment pursuant to this Section 3.07 shall be made pursuant to the provisions of Sections 3.01 through 3.06.

Section 3.08. Mandatory Redemption.

The Company shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

ARTICLE 4.

COVENANTS

Section 4.01. Payment of Notes.

(a) The Company shall pay or cause to be paid the principal of, premium, if any, and interest, including Special Interest, if any, on, the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest, including Special Interest, if any, shall be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 10:00 a.m. Eastern Time on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest, including Special Interest, if any, then due. The Company shall pay Special Interest, if any, in the same manner, on the dates and in the amounts set forth in the Registration Rights Agreement, the Notes and this Indenture.

(b) The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate that is 1% per annum in excess of the rate then in effect; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest, including Special Interest, if any, (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful.

(c) Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 4.02. Maintenance of Office or Agency.

(a) The Company shall maintain, in the continental United States, an office or agency (which may be an office or drop facility of the Trustee or an affiliate of the Trustee, Registrar or co-registrar, Paying Agent or additional paying agent) where Notes may be presented or surrendered for payment, registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

(b) The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

(c) The Company hereby designates the Corporate Trust Office of the Trustee, as one such office, drop facility or agency of the Company in accordance with Section 2.03.

Section 4.03. Reports.

(a) Notwithstanding that the Company may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, so long as any Notes are outstanding, the Company shall file with the Commission and provide the Trustee and Holders with such annual reports and such information, documents and other reports as are specified in Sections 13 and 15(d) of the Exchange Act and applicable to a U.S. corporation subject to such sections, such information, documents and reports so to be filed with the Commission and provided at the times specified for the filing of such information, documents and reports under such Sections; provided, however, that the Company shall not be so obligated to file such information, documents and reports with the Commission if the Commission does not permit such filings.

(b) For so long as any Notes remain outstanding, the Company shall furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(c) Delivery of any such reports, information and documents to the Trustee pursuant to this Section 4.03 is for informational purposes only and the Trustee's receipt of such reports, information and documents shall not constitute constructive notice of any information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on an Officer's Certificate).

#### Section 4.04. Compliance Certificate.

(a) The Company shall deliver to the Trustee, within 90 days after the end of each fiscal year, an Officer's Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge the Company has complied with each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company has taken or is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Company is taking or proposes to take with respect thereto.

(b) The Company shall deliver to the Trustee, within 30 days after the occurrence thereof, written notice in the form of an Officer's Certificate of any Default, its status and what action the Company is taking or proposes to take with respect thereto.

#### Section 4.05. Taxes.

The Company shall pay, and shall cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

#### Section 4.06. Stay, Extension and Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

#### Section 4.07. Corporate Existence.

Subject to Article 5, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, and the corporate, limited liability company, partnership or other existence of each of its Restricted Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Restricted Subsidiary; provided, however, that the Company shall not be required to preserve the corporate, limited liability company, partnership or other existence of any of its Restricted Subsidiaries if (i) the cessation of such existence complies with Article 5 or (ii) an Officer of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the



business of the Company and its Restricted Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders of the Notes.

Section 4.08. Payments for Consent.

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder of any Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such consideration is offered to be paid or is paid to all Holders of Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Section 4.09. Incurrence of Debt.

(a) The Company shall not, and shall not permit any Restricted Subsidiary to, incur, directly or indirectly, any Debt unless, after giving effect to the application of the proceeds thereof, no Default or Event of Default would occur as a consequence of such Incurrence or be continuing following such Incurrence and either:

(i) after giving effect to the Incurrence of such Debt and the application of the proceeds thereof, the Consolidated Interest Coverage Ratio would be greater than 2.0 to 1.0 (in which case such Debt may be incurred by the Company or any Restricted Subsidiary that is a Subsidiary Guarantor, but not by a Restricted Subsidiary that is not a Subsidiary Guarantor); or

(ii) such Debt is Permitted Debt.

No Debt Incurred pursuant to the test in clause (i) of the preceding paragraph shall reduce the amount of Debt that may be incurred pursuant to any clause of the definition of Permitted Debt (including, without limitation, Debt under the Senior Credit Facility pursuant to clause (b) of the definition of Permitted Debt below).

(b) The term "Permitted Debt" is defined to include the following:

(i) (1) Debt of the Company evidenced by the Initial Notes issued pursuant to this Indenture and the Exchange Notes issued in exchange for such Initial Notes and in exchange for any Additional Notes and (2) Debt of the Subsidiary Guarantors evidenced by the Subsidiary Guaranties relating to the Initial Notes and the Exchange Notes issued in exchange for such Initial Notes and in exchange for any Additional Notes.

(ii) Debt of the Company or a Restricted Subsidiary under the Credit Facilities or a Qualified Securitization Transaction, provided that the aggregate principal amount of all such Debt under the Credit Facilities or a Qualified Securitization Transaction at any one time outstanding shall not exceed the greater of:

(1) \$550.0 million, which amount shall be permanently reduced by the amount of Net Available Cash used to Repay Debt under the Credit Facilities pursuant to Section 4.13 or

(2) the sum of (A) 80% of the book value of the accounts receivable of the Company and its Restricted Subsidiaries, plus (B) 50% of the book value of the inventory of the Company and its Restricted Subsidiaries, in each case determined on a consolidated basis;

(iii) Debt of the Company or a Restricted Subsidiary in respect of Capital Lease Obligations and Purchase Money Debt, provided that:

(1) the aggregate principal amount of such Debt does not exceed the Fair Market Value (on the date of the Incurrence thereof) of the Property acquired, constructed or leased, and

(2) the aggregate principal amount of all Debt Incurred and then outstanding pursuant to this clause (iii) (together with all Permitted Refinancing Debt Incurred and then outstanding in respect of Debt previously Incurred pursuant to this clause (iii)) does not exceed 5% of the Company's Consolidated Net Tangible Assets;

(iv) Debt of the Company owing to and held by any Restricted Subsidiary and Debt of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary; provided, however, that any subsequent issue or transfer of Capital Stock or other event that results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of any such Debt (except to the Company or a Restricted Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Debt by the issuer thereof;

(v) Debt of a Restricted Subsidiary outstanding on the date on which such Restricted Subsidiary was acquired by the Company or otherwise became a Restricted Subsidiary (other than Debt Incurred as consideration in, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of transactions pursuant to which such Restricted Subsidiary became a Subsidiary of the Company or was otherwise acquired by the Company), provided that at the time such Restricted Subsidiary was acquired by the Company or otherwise became a Restricted Subsidiary and after giving effect to the Incurrence of such Debt, the Company would have been able to Incur \$1.00 of additional Debt pursuant to clause (a)(i) of this Section 4.09;

(vi) Debt under Interest Rate Agreements entered into by the Company or a Restricted Subsidiary for the purpose of limiting, or otherwise managing, interest rate risk and not for speculative purposes, provided that the obligations under such agreements are directly related to payment obligations on Debt otherwise permitted by the terms of this Section 4.09;

(vii) Debt under Currency Exchange Protection Agreements entered into by the Company or a Restricted Subsidiary for the purpose of limiting currency exchange rate risks directly related to transactions entered into by the Company or such Restricted Subsidiary and not for speculative purposes;

(viii) Debt under Commodity Price Protection Agreements entered into by the Company or a Restricted Subsidiary for the purpose of limiting risk in connection with certain commodity transactions of the Company or such Restricted Subsidiary and not for speculative purposes;

(ix) Debt in connection with one or more standby letters of credit or performance or surety bonds or completion guaranties issued by the Company or a Restricted Subsidiary in the ordinary course of business or pursuant to self-insurance obligations, workmen's compensation and similar arrangements and not in connection with the borrowing of money or the obtaining of advances or credit;

(x) Debt of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding at any one time not to exceed \$40.0 million; provided that of that amount not more than \$25.0 million may be Incurred by Restricted Subsidiaries that are not Subsidiary Guarantors;

(xi) Debt arising from agreements of the Company or a Restricted Subsidiary of the Company providing for indemnification, adjustment of purchase price, earn-out or other similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets or a Subsidiary of the Company;

(xii) Guarantees by the Company or any of its Restricted Subsidiaries of Debt of the Company or any Restricted Subsidiary otherwise permitted to be Incurred under the provisions of this covenant;

(xiii) Debt consisting of take-or-pay obligations contained in supply agreements entered into by the Company or its Restricted Subsidiaries in the ordinary course of business;

(xiv) Preferred Stock of Restricted Subsidiaries issued to the Company or any of its Restricted Subsidiaries;

(xv) Debt outstanding on the Issue Date not otherwise described in clauses (i) through (xv) above;

(xvi) Permitted Refinancing Debt Incurred in respect of Debt Incurred pursuant to clause (a)(i) of this Section 4.09 and clauses (b)(i), (iii), (v), (x) and (xv) of this Section 4.09.

(c) For purposes of determining compliance with this Section 4.09, in the event that an item of Debt meets the criteria of more than one of the categories of Permitted Debt described in clauses (b)(i) through (b)(xvii) of this Section 4.09 or is entitled to be incurred pursuant to clause (a)(i) of this Section 4.09, the Company shall, in its sole discretion, classify such item of Debt on the date of its Incurrence, or later reclassify all or a portion of such item of Debt, in any manner that complies with this Section 4.09, and such item of Debt will be treated as having been incurred pursuant to one or more of such categories of Permitted Debt or pursuant to clause (a)(i) of this Section 4.09.

(d) For purposes of determining compliance with any U.S. dollar-denominated restriction or amount, the U.S. dollar equivalent principal amount thereof denominated in foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date the Debt or other transaction was Incurred or entered into, or first committed in the case of revolving credit Debt; provided that if any Permitted Refinancing Debt is Incurred to Refinance Debt denominated in a foreign currency, and such Refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such Refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Permitted Refinancing Debt does not exceed the principal amount of such Debt being Refinanced. Notwithstanding any other provision contained herein, no restriction or amount shall be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies.

#### Section 4.10. Restricted Payments.

(a) The Company shall not make, and shall not permit any Restricted Subsidiary to make, directly or indirectly, any Restricted Payment if at the time of, and after giving effect to, such proposed Restricted Payment,

(i) a Default or Event of Default shall have occurred and be continuing,

(ii) the Company could not Incur at least \$1.00 of additional Debt pursuant to Section 4.09(a)(i), or

(iii) the aggregate amount of such Restricted Payment and all other Restricted Payments declared or made since the Issue Date (the amount of any Restricted Payment, if made other than in cash, to be based upon Fair Market Value) would exceed an amount equal to the sum of:

(1) 50% of the aggregate amount of Consolidated Net Income accrued during the period (treated as one accounting period) from the beginning of the fiscal quarter ending July 31, 2002 to the end of the most recent fiscal quarter ending at least 45 days prior to the date of such Restricted Payment (or if the aggregate amount of Consolidated Net Income for such period shall be a deficit, minus 100% of such deficit), plus

plus (2) 100% of the Capital Stock Sale Proceeds,

(3) the sum of:

(A) the aggregate net cash proceeds received by the Company or any Restricted Subsidiary from the issuance or sale after the Issue Date of convertible or exchangeable Debt that has been converted into or exchanged for Capital Stock (other than Disqualified Stock) of the Company, and

(B) the aggregate amount by which Debt (other than Subordinated Obligations) of the Company or any Restricted Subsidiary is reduced on the Company's consolidated balance sheet on or after the Issue Date upon the conversion or exchange of any Debt issued or sold on or prior to the Issue Date that is convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Company,

excluding, in the case of clause (A) or (B):

(X) any such Debt issued or sold to the Company or a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees, and

(Y) the aggregate amount of any cash or other Property distributed by the Company or any Restricted Subsidiary upon any such conversion or exchange, plus

(4) an amount equal to the sum of:

(A) the net reduction in Investments in any Person other than the Company or a Restricted Subsidiary resulting from dividends, repayments of loans or advances or other transfers of Property, in each case to the Company or any Restricted Subsidiary from such Person;

(B) the portion (proportionate to the Company's equity interest in such Unrestricted Subsidiary) of the Fair Market Value of the net assets of an Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary; provided, however, that the foregoing sum shall not exceed, in the case of any Person, the amount of Investments previously made (and treated as a Restricted Payment) by the Company or any Restricted Subsidiary in such Person;

(C) without duplication of any amounts included in Section 4.10(a)(2) above, 100% of the Fair Market Value of the net proceeds of any contribution to the common equity capital of the Company received by the Company from a holder of the Company's Capital Stock (excluding any Capital Stock Sale Proceeds to the extent used to redeem the Notes) subsequent to the Issue Date;

(D) to the extent that any Investment (other than a Permitted Investment) that was made after the Issue Date is sold for cash or otherwise liquidated or repaid for cash, the lesser of (i) the cash

return of capital with respect to such Investment (less the cost of disposition, if any) and (ii) the initial amount of such Investment;

(E) \$10.0 million;

(F) Debt consisting of take-or-pay obligations contained in supply agreements entered into by the Company or its Restricted Subsidiaries in the ordinary course of business;

(G) Preferred Stock of Restricted Subsidiaries issued to the Company or any of its Restricted Subsidiaries; and

(H) Debt of the Company or a Restricted Subsidiary Incurred in connection with a Qualified Securitization Transaction;

(b) Notwithstanding the foregoing limitation, the Company may:

(i) make Restricted Payments as described in clauses (1) and (2) of the definition of Restricted Payment in an aggregate amount of up to \$25.0 million in any fiscal year; provided, however, that at the time of such Restricted Payment, no Event of Default under Sections 6.01(a)(i), (ii), (vii) or (viii) shall have occurred and be continuing, and provided further, however, that such Restricted Payments paid pursuant to this Section 4.10(b)(i) shall be included in the calculation of the amount of Restricted Payments pursuant to Section 4.10(a)(iii)(3).

(ii) pay dividends on its Class A Common Stock of up to the lesser of (1) \$0.01 per share of Class A Common Stock for each of four consecutive fiscal quarters and (2) \$250,000 for each consecutive fiscal quarter provided, however, that such dividends paid pursuant to this Section 4.10(b)(ii) shall be included in the calculation of the amount of Restricted Payments pursuant to Section 4.10(a)(iii)(3) above;

(iii) pay dividends on its Capital Stock within 60 days of the declaration thereof if, on the declaration date, such dividends could have been paid in compliance with this Indenture; provided, however, such dividends paid pursuant to this clause (b)(iii) of this Section 4.10 shall be included in the calculation of the amount of Restricted Payments pursuant to Section 4.10(a)(iii)(3);

(iv) purchase, repurchase, redeem, legally defease, acquire or retire for value its Capital Stock or Subordinated Obligations in exchange for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock, and other than Capital Stock issued or sold to a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees); provided, however, that

(1) such purchase, repurchase, redemption, legal defeasance, acquisition or retirement shall be excluded in the calculation of the amount of Restricted Payments, and

(2) the Capital Stock Sale Proceeds from such exchange or sale shall be excluded from the calculation pursuant to clause (a)(iii)(2) of this Section 4.10:

(v) purchase, repurchase, redeem, legally defease, acquire or retire for value any of its Subordinated Obligations in exchange for, or out of the proceeds of the substantially concurrent sale of, Permitted Refinancing Debt;

provided, however, that such purchase, repurchase, redemption, legal defeasance, acquisition or retirement shall be excluded in the calculation of the amount of Restricted Payments;

(vi) repurchase shares of, or options to purchase shares of, common stock of the Company of any of its Subsidiaries from current or former officers, directors or employees of the Company or any of its Subsidiaries (or permitted transferees of such current or former officers, directors or employees), pursuant to the terms of agreements (including employment agreements, management agreements and employee stock options or restricted stock agreements) or plans (or amendments thereto) approved by the Board of Directors under which such individuals purchase or sell, or are granted the option to purchase or sell, shares of such common stock; provided, however, that:

(1) the aggregate amount of such repurchases shall not exceed \$2.5 million in any calendar year and

(2) at the time of such repurchase, no Default or Event of Default shall have occurred and be continuing (or result therefrom);

provided further, however, that such repurchases shall be included in the calculation of the amount of Restricted Payments pursuant to Section 4.10(a)(iii)(3);

(vii) acquire its Capital Stock in connection with the exercise of stock options and stock appreciation rights by way of cashless exercise; and

(viii) distribute the Capital Stock of any Unrestricted Subsidiary to the Company's shareholders as dividends or other distributions.

#### Section 4.11. Liens.

The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, incur or suffer to exist, any Lien (other than Permitted Liens or Liens securing Senior Debt) upon any of its Property (including Capital Stock of a Restricted Subsidiary), whether owned at the Issue Date or thereafter acquired, or any interest therein or any income or profits therefrom unless:

(a) if such Lien secures Senior Subordinated Debt, the Notes or the applicable Subsidiary Guaranty are secured on an equal and ratable basis with such Debt; and

(b) if such Lien secures Subordinated Obligations, such Lien shall be subordinated to a Lien securing the Notes or the applicable Subsidiary Guaranty in the same Property as that securing such Lien to the same extent as such Subordinated Obligations are subordinated to the Notes and the Subsidiary Guaranties.

#### Section 4.12. Limitation on Issuance or Sale of Capital Stock of Restricted Subsidiaries.

The Company shall not:

(a) sell, or otherwise dispose of any shares of Capital Stock of a Restricted Subsidiary, or

(b) permit any Restricted Subsidiary to, directly or indirectly, issue or sell or otherwise dispose of any shares of its Capital Stock, other than, in the case of either (a) or (b):

(1) directors' qualifying shares, and shares issued to non-U.S. persons required by applicable law,

(2) pledges of Capital Stock of Subsidiaries of the Company that constitute Permitted Liens or Liens securing Senior Debt,

(3) to the Company or a Wholly Owned Restricted Subsidiary, or

(4) a disposition of 100% of the shares of Capital Stock of such Restricted Subsidiary; provided, however, that, in the case of this clause (b)(4),

(A) such disposition is effected in compliance with Section 4.13, and

(B) upon consummation of such disposition and execution and delivery of a supplemental indenture to the Trustee, such Restricted Subsidiary shall be released from any Subsidiary Guaranty previously made by such Restricted Subsidiary, or

(5) issuances of Capital Stock of a Restricted Subsidiary if, immediately after giving effect thereto, (i) neither the Company nor any Restricted Subsidiary owns any Capital Stock of such Restricted Subsidiary or (ii) such Restricted Subsidiary would no longer be a Restricted Subsidiary and any Investment in such Person remaining after giving effect thereto would have been permitted and shall be deemed to have been made under Section 4.10 if made on the date of such issuance provided, however, that in the case of this clause (b)(5),

(A) if applicable, such disposition is effected in compliance with Section 4.13, and

(B) upon consummation of such disposition and execution and delivery of a supplemental indenture, such Restricted Subsidiary shall be released from any Subsidiary Guaranty previously made by such Restricted Subsidiary.

#### Section 4.13. Asset Sales.

(a) The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, consummate any Asset Sale unless:

(i) the Company or such Restricted Subsidiary receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the Property subject to such Asset Sale;

(ii) at least 75% of the consideration paid to the Company or such Restricted Subsidiary in connection with such Asset Sale is in the form of cash or Cash Equivalents or the assumption by the purchaser of liabilities of the Company or any Restricted Subsidiary (other than liabilities that are by their terms subordinated to the Notes or the applicable Subsidiary Guaranty) as a result of which the Company and the Restricted Subsidiaries are no longer obligated with respect to such liabilities; and

(iii) if the Fair Market Value of the Property is greater than \$2,500,000, the Company delivers an Officer's Certificate to the trustee certifying that such Asset Sale complies with the foregoing clauses (i) and (ii).

Notwithstanding the foregoing, clauses (i), (ii) and (iii) above shall not apply to a split-off or spin-off of any Unrestricted Subsidiary by the Company or a Restricted Subsidiary.

(b) The Net Available Cash (or any portion thereof) from Asset Sales may be applied by the Company or a Restricted Subsidiary, to the extent the Company or such Restricted Subsidiary elects (or is required by the terms of any Debt):

(i) to Repay Senior Debt of the Company or any Subsidiary Guarantor (including Debt under the Senior Credit Facility) or Debt of any Restricted Subsidiary that is not a Subsidiary

Guarantor (excluding, in any such case, any Debt owed to the Company or an Affiliate of the Company); or

(ii) to reinvest in Additional Assets (including by means of an Investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary).

(c) Any Net Available Cash from an Asset Sale not applied in accordance with the preceding paragraph within 360 days from the date of the receipt of such Net Available Cash or that is not segregated from the general funds of the Company for investment in identified Additional Assets in respect of a project that shall have been commenced, and for which binding contractual commitments have been entered into, prior to the end of such 360-day period and that shall not have been completed or abandoned shall constitute "Excess Proceeds"; provided, however, that the amount of any Net Available Cash that ceases to be so segregated as contemplated above and any Net Available Cash that is segregated in respect of a project that is abandoned or completed shall also constitute "Excess Proceeds" at the time any such Net Available Cash ceases to be so segregated or at the time the relevant project is so abandoned or completed, as applicable; provided further, however, that the amount of any Net Available Cash that continues to be segregated for investment and that is not actually reinvested within 24 months from the date of the receipt of such Net Available Cash shall also constitute "Excess Proceeds." Notwithstanding the foregoing provision, the Company and its Restricted Subsidiaries will not be required to apply any Net Available Cash in accordance with this covenant except to the extent that the aggregate Net Available Cash from all Asset Sales in each fiscal year that are not applied in accordance with this covenant exceeds \$5.0 million.

(d) When the aggregate amount of Excess Proceeds exceeds \$15.0 million (taking into account income earned on such Excess Proceeds, if any), the Company will be required to make an offer to purchase (the "Prepayment Offer") the Notes together with any other Debt that ranks pari passu in right of payment with the Notes (so long as such payment is permitted by the terms of any instrument evidencing Senior Debt), which offer shall be in the amount of the Allocable Excess Proceeds, on a pro rata basis according to principal amount, at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the purchase date (subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date), in accordance with the procedures (including prorating in the event of oversubscription) set forth in this Indenture. To the extent that any portion of the amount of Net Available Cash remains after compliance with the preceding sentence and provided that all Holders of Notes have been given the opportunity to tender their Notes for purchase in accordance with this Indenture, the Company or such Restricted Subsidiary may use such remaining amount for any purpose permitted by this Indenture, and the amount of Excess Proceeds will be reset to zero.

(e) The term "Allocable Excess Proceeds" means the product of:

- (i) the Excess Proceeds and
- (ii) a fraction,

(1) the numerator of which is the aggregate principal amount of the Notes outstanding on the date of the Prepayment Offer, and

(2) the denominator of which is the sum of the aggregate principal amount of the Notes outstanding on the date of the Prepayment Offer and the aggregate principal amount of other Debt of the Company outstanding on the date of the Prepayment Offer that is pari passu in right of payment with the Notes and subject to terms and conditions in respect of Asset Sales similar in all material respects to this Error! Reference source not found. and requiring the Company to make an offer to purchase such Debt at substantially the same time as the Prepayment Offer.

(f) Within five Business Days after the Company is obligated to make a Prepayment Offer as described in clause (d) of this Error! Reference source not found., the Company shall send a written notice, by first-class mail, to the Holders of Notes,



accompanied by such information regarding the Company and its Subsidiaries as the Company in good faith believes will enable such Holders to make an informed decision with respect to such Prepayment Offer. Such notice shall state, among other things, the purchase price and the purchase date, which shall be, subject to any contrary requirements of applicable law, a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed.

(g) The Company shall comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this Error! Reference source not found.. To the extent that the provisions of any securities laws or regulations conflict with provisions of this Error! Reference source not found., the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.13 by virtue thereof.

#### Section 4.14. Restrictions on Distributions from Restricted Subsidiaries.

(a) The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist any consensual restriction on the right of any Restricted Subsidiary to:

(i) pay dividends, in cash or otherwise, or make any other distributions on or in respect of its Capital Stock, or pay any Debt or other obligation owed, to the Company or any other Restricted Subsidiary,

(ii) make any loans or advances to the Company or any other Restricted Subsidiary, or

(iii) transfer any of its Property to the Company or any other Restricted Subsidiary.

(b) The foregoing limitations shall not apply:

(i) with respect to clauses (a)(i), (ii) and (iii), to restrictions:

(1) in effect on the Issue Date (including, without limitation, restrictions pursuant to the Senior Credit Facility and this Indenture),

(2) relating to Debt of a Restricted Subsidiary and existing at the time it became a Restricted Subsidiary if such restriction was not created in connection with or in anticipation of the transaction or series of transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was acquired by the Company,

(3) that result from the Refinancing of Debt Incurred pursuant to an agreement referred to in clause (b)(i)(1) or (2), this clause (b)(i)(3) or clause (b)(ii)(1) or (2) of this Error! Reference source not found., provided such restriction is no less favorable to the Holders of Notes than those under the agreement evidencing the Debt so Refinanced,

(4) under applicable laws or orders,

(5) arising in connection with a Qualified Securitization Transaction (including limitations set forth in the governing documents of a Special Purpose Vehicle),

(6) that constitute customary restrictions on the transfer of any Property arising under a security agreement or similar agreement or instrument governing a Lien permitted under this Indenture; and

(ii) with respect to clause (a)(iii) of this Section 4.14 only, to restrictions:

(1) relating to Debt that is permitted to be Incurred and secured without also securing the Notes or the applicable Subsidiary Guaranty pursuant to Sections 4.09 and 4.11 that limit the right of the debtor to dispose of the Property securing such Debt,

(2) encumbering Property at the time such Property was acquired by the Company or any Restricted Subsidiary, so long as such restriction relates solely to the Property so acquired and was not created in connection with or in anticipation of such acquisition,

(3) resulting from customary provisions restricting subletting or assignment of leases or customary provisions in licenses or other agreements that restrict assignment of such agreements, Property or rights thereunder,

(4) that constitute customary restrictions contained in sale agreements limiting the transfer of Capital Stock or Property pending the closing of such sale,

(5) that constitute customary restrictions contained in joint venture agreements entered into in the ordinary course of business and in good faith, or

(6) existing by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any Property of the Company or any Restricted Subsidiary not otherwise prohibited by this Indenture.

Nothing contained in this Section 4.14 shall prevent the Company or any Restricted Subsidiary from (1) Incurring or assuming any Lien otherwise permitted by this Indenture, or (2) restricting the sale or other disposition of Property of the Company of any of its Restricted Subsidiaries that secure Debt of the Company or any of its Restricted Subsidiaries.

#### Section 4.15. Transactions with Affiliates.

(a) The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, conduct any business or enter into or suffer to exist any transaction or series of transactions (including the purchase, sale, transfer, assignment, lease, conveyance or exchange of any Property or the rendering of any service) with, or for the benefit of, any Affiliate of the Company (an "Affiliate Transaction"), unless:

(i) the terms of such Affiliate Transaction are:

(1) set forth in writing, and

(2) no less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable arm's-length transaction with a Person that is not an Affiliate of the Company,

(ii) if such Affiliate Transaction involves aggregate payments or value in excess of \$5.0 million, the Board of Directors (including a majority of the disinterested members of the Board of Directors) approves such Affiliate Transaction and, in its good faith judgment, believes that such Affiliate Transaction complies with clause (a)(i)(2) of this Error! Reference source not found. as evidenced by a Board Resolution promptly delivered to the Trustee, and

(iii) if such Affiliate Transaction involves aggregate payments or value in excess of \$20.0 million, the Company obtains a written opinion from an Independent Financial Advisor to the effect that the consideration to be paid or received in connection with such Affiliate Transaction is fair, from a financial point of view, to the Company and the Restricted Subsidiaries.

(b) Notwithstanding the foregoing limitation, the Company or any Restricted Subsidiary may enter into or suffer to exist the following:

(i) any transaction or series of transactions between the Company and one or more Restricted Subsidiaries or between two or more Restricted Subsidiaries in the ordinary course of business;

(ii) any Restricted Payment permitted to be made pursuant to Section 4.10 or any Permitted Investment;

(iii) the payment of compensation and fees (including amounts paid pursuant to employee benefit plans or other arrangements, whether in cash, securities or other property) for the services of officers, directors and employees of the Company or any of the Restricted Subsidiaries who are Affiliates of the Company, so long as the Board of Directors in good faith shall have approved the terms thereof and deemed the services theretofore or thereafter to go be performed for such compensation to be fair consideration therefor;

(iv) loans and advances to employees made in the ordinary course of business and consistent with the past practices of the Company or such Restricted Subsidiary, as the case may be;

(v) agreements in existence on the Issue Date and listed on Schedule A hereto;

(vi) the disposition or transfer of Soterra or any Unrestricted Subsidiary in a transaction that satisfies the applicable requirements contained within Section 4.13;

(vii) any payments or other transactions pursuant to any tax-sharing agreement between the Company and any other Person approved by the Board of Directors with which the Company files a consolidated tax return or with which the Company is part of a consolidated group for tax purposes;

(viii) the issuance or sale of any Capital Stock of the Company other than Disqualified Stock; and

(ix) any sale, conveyance or other transfer of Receivables and other related assets customarily transferred in a Qualified Securitization Transaction.

#### Section 4.16. Designation of Restricted and Unrestricted Subsidiaries.

(a) The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation (which would constitute an Investment in such Subsidiary) would not result in a breach of Section 4.10 or otherwise cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary properly designated will be deemed to be in Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under Section 4.10(a) or Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

The Board of Directors also may designate any Subsidiary of the Company to be an Unrestricted Subsidiary if:

(i) the Subsidiary to be so designated does not own any Capital Stock or Debt of, or own or hold any Lien on any Property of, the Company or any other Restricted Subsidiary, and

(ii) either:

(A) the Subsidiary to be so designated has total assets of \$5,000 or less, or

(B) such designation is effective immediately upon such entity becoming a Subsidiary of the Company.

(b) Unless so designated as an Unrestricted Subsidiary, any Person that becomes a Subsidiary of the Company will be classified as a Restricted Subsidiary; provided, however, that such Subsidiary shall not be designated a Restricted Subsidiary and shall be automatically classified as an Unrestricted Subsidiary if either of the requirements set forth in clauses (c)(i) and (ii) of this Error! Reference source not found. will not be satisfied after giving pro forma effect to such classification or if such Person is a Subsidiary of an Unrestricted Subsidiary.

(c) The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary if, immediately after giving pro forma effect to such designation,

(i) the Company could incur at least \$1.00 of additional Debt pursuant to Error! Reference source not found., and

(ii) no Default or Event of Default shall have occurred and be continuing or would result therefrom.

(d) Any such designation or redesignation by the Board of Directors will be evidenced to the Trustee by filing with the Trustee a Board Resolution giving effect to such designation or redesignation and an Officer's Certificate that:

(i) certifies that such designation or redesignation complies with the foregoing provisions, and

(ii) gives the effective date of such designation or redesignation,

such filing with the Trustee to occur within 45 days after the end of the fiscal quarter of the Company in which such designation or redesignation is made (or, in the case of a designation or redesignation made during the last fiscal quarter of the Company's fiscal year, within 90 days after the end of such fiscal year).

Section 4.17. Repurchase at the Option of Holders Upon a Change of Control.

(a) Upon the occurrence of a Change of Control, each Holder of Notes shall have the right to require the Company to repurchase all or any part of such Holder's Notes pursuant to the offer described below (the "Change of Control Offer") at a purchase price (the "Change of Control Purchase Price") equal to 101% of the principal amount thereof, plus accrued and unpaid interest, including Special Interest, if any, to the purchase date (subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date).

(b) Within 30 days following any Change of Control, the Company shall:

(i) cause a notice of the Change of Control Offer to be sent at least once to the Dow Jones News Service or a similar business news service in the United States; and

(ii) send, by first-class mail, with a copy to the Trustee, to each Holder of Notes, at such Holder's address appearing in the Security Register, a notice stating:

(1) that a Change of Control has occurred and an offer is being made pursuant to this Section 4.17 and that all Notes timely tendered will be accepted for payment;

(2) the Change of Control Purchase Price and the purchase date, which shall be, subject to any contrary requirements of applicable law, a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed;

(3) the circumstances and relevant facts regarding the Change of Control (including information with respect to pro forma historical income, cash flow and capitalization after giving effect to the Change of Control); and

(4) the procedures that Holders of Notes must follow in order to tender their Notes (or portions thereof) for payment, and the procedures that Holders of Notes must follow in order to withdraw an election to tender Notes (or portions thereof) for payment.

(c) The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Error! Reference source not found., the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Error! Reference source not found. by virtue of such compliance.

#### Section 4.18. Future Subsidiary Guarantors.

The Company shall cause (a) each Person that becomes a Domestic Restricted Subsidiary following the Issue Date to execute and deliver to the Trustee a Subsidiary Guaranty at the time such Person becomes a Domestic Restricted Subsidiary excluding any Special Purpose Vehicle, and (b) any Foreign Restricted Subsidiary that Guarantees any Debt of the Company or any Domestic Restricted Subsidiary following the Issue Date to execute and deliver to the trustee a Subsidiary Guaranty at the time of such guaranty.

#### Section 4.19. Layered Debt.

The Company shall not, and shall not permit any Restricted Subsidiary that is a Subsidiary Guarantor to, incur, directly or indirectly, any Debt that is subordinate or junior in right of payment to any Senior Debt unless such Debt is Senior Subordinated Debt or is expressly subordinated in right of payment to Senior Subordinated Debt. In addition, no Restricted Subsidiary that is a Subsidiary Guarantor shall Guarantee, directly or indirectly, any Debt of the Company that is subordinate or junior in right of payment to any Senior Debt unless such Guarantee is expressly subordinate in right of payment to, or ranks pari passu with, the Subsidiary Guaranty of such Subsidiary Guarantor.

### ARTICLE 5.

#### SUCCESSORS

#### Section 5.01. Merger, Consolidation, or Sale of Property.

(a) The Company shall not merge, consolidate or amalgamate with or into any other Person (other than a merger of a Wholly Owned Restricted Subsidiary into the Company) or sell, transfer, assign, lease, convey or otherwise dispose of all or substantially all its Property in any one transaction or series of transactions unless:

(i) the Company shall be the Surviving Person, or the Surviving Person (if other than the Company) formed by such merger, consolidation or amalgamation or to which such sale, transfer, assignment, lease, conveyance or disposition is made shall be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia;

(ii) the Surviving Person (if other than the Company) expressly assumes, by supplemental indenture, substantially in the form of Exhibit F hereto, executed and delivered to the Trustee by such Surviving Person, the due and punctual payment of the principal of, and

premium, if any, and interest on, all the Notes, according to their tenor, and the due and punctual performance and observance of all the covenants and conditions of this Indenture to be performed by the Company;

(iii) in the case of a sale, transfer, assignment, lease, conveyance or other disposition of all or substantially all the Property of the Company, such Property shall have been transferred as an entirety or virtually as an entirety to one Person;

(iv) immediately after giving effect to such transaction or series of related transactions on a pro forma basis (and treating, for purposes of this clause (iv) and clauses (v) and (vi) of this Section 5.01(a) any Debt that becomes, or is anticipated to become, an obligation of the Surviving Person or any Restricted Subsidiary as a result of such transaction or series of transactions as having been Incurred by the Surviving Person or such Restricted Subsidiary at the time of such transaction or series of transactions), no Default or Event of Default shall have occurred and be continuing;

(v) immediately after giving effect to such transaction or series of transactions on a pro forma basis, the Company or the Surviving Person, as the case may be, would be able to Incur at least \$1.00 of additional Debt under Section 4.09(a)(i)

(vi) the Company shall deliver, or cause to be delivered, to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such transaction and the supplemental indenture, if any, in respect thereto comply with this Section 5.01(a) and that all conditions precedent herein provided for relating to such transaction or series of related transactions have been satisfied.

(b) The Company shall not permit any Restricted Subsidiary that is a Subsidiary Guarantor to merge, consolidate or amalgamate with or into any other Person (other than a merger of a Wholly Owned Restricted Subsidiary into such Subsidiary Guarantor) or sell, transfer, assign, lease, convey or otherwise dispose of all or substantially all its Property in any one transaction or series of related transactions unless:

(i) in the case of a Subsidiary Guarantor that is a Domestic Restricted Subsidiary, the Surviving Person (if not such Subsidiary Guarantor) formed by such merger, consolidation or amalgamation or to which such sale, transfer, assignment, lease, conveyance or disposition is made shall be a corporation organized and existing under the laws of the United States of America, any State thereof or the District of Columbia;

(ii) the Surviving Person (if other than such Subsidiary Guarantor) expressly assumes, by Subsidiary Guaranty, executed and delivered to the Trustee by such Surviving Person, the due and punctual performance and observance of all the obligations of such Subsidiary Guarantor under its Subsidiary Guaranty;

(iii) in the case of a sale, transfer, assignment, lease, conveyance or other disposition of all or substantially all the Property of such Subsidiary Guarantor, such Property shall have been transferred as an entirety or virtually as an entirety to one Person;

(iv) immediately after giving effect to such transaction or series of transactions on a pro forma basis (and treating, for purposes of this clause (iv) and clauses (v) and (vi) of this Section 5.01(b), any Debt that becomes, or is anticipated to become, an obligation of the Surviving Person, the Company or any Restricted Subsidiary as a result of such transaction or series of transactions as having been Incurred by the Surviving Person, the Company or such Restricted Subsidiary at the time of such transaction or series of transactions), no Default or Event of Default shall have occurred and be continuing;

(v) immediately after giving effect to such transaction or series of transactions on a pro forma basis, the Company would be able to Incur at least \$1.00 of additional Debt under Section 4.09(a)(i); and

(vi) the Company shall deliver, or cause to be delivered, to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such transaction and such Subsidiary Guaranty, if any, in respect thereto comply with this Section 5.01(b) and that all conditions precedent herein provided for relating to such transaction have been satisfied.

The foregoing clause (b) (other than clause (b)(iv)) shall not apply to any transaction or series of related transactions which constitutes an Asset Sale if the Company has complied with Section 4.12.

#### Section 5.02. Successor Corporation Substituted.

The Surviving Person shall succeed to, and be substituted for, and may exercise every right and power of the Company under this Indenture (or of the Subsidiary Guarantor under the Subsidiary Guaranty, as the case may be), but the predecessor company in the case of:

(a) a sale, transfer, assignment, conveyance or other disposition (unless such sale, transfer, assignment, conveyance or other disposition is of all or substantially all of the assets of the Company as an entirety or virtually as an entirety), or

(b) a lease,

shall not be released from any of the obligations or covenants under this Indenture, including with respect to the payment of the Notes.

### ARTICLE 6.

#### DEFAULTS AND REMEDIES

##### Section 6.01. Events of Default.

(a) Each of the following is an "Event of Default":

(i) failure to make the payment of any interest or Special Interest, if any, on the Notes issued under this Indenture when the same becomes due and payable, and such failure continues for a period of 30 days;

(ii) failure to make the payment of any principal of, or premium, if any, on, any of the Notes issued under this Indenture when the same becomes due and payable at their Stated Maturity, upon acceleration, redemption, required repurchase or otherwise;

(iii) failure to comply with Section 5.01.

(iv) failure to comply with any other covenant or agreement in the Notes or in this Indenture (other than a failure that is the subject of the foregoing clause (i), (ii) or (iii)), and such failure continues for 30 consecutive days after written notice is given to the Company as provided in clause (b) below;

(v) a default under any Debt by the Company or any Restricted Subsidiary that results in acceleration of the maturity of such Debt, or failure to pay any such Debt at maturity, in an aggregate amount greater than \$20.0 million or its foreign currency equivalent at the time;

(vi) any judgment or judgments for the payment of money in an aggregate amount in excess of \$20.0 million (or its foreign currency equivalent at the time) (net of applicable insurance coverage) that shall be rendered against the Company or any Restricted Subsidiary by a court of competent jurisdiction and that judgment shall not be vacated, waived, satisfied or discharged for any period of 60 consecutive days during which a stay of enforcement shall not be in effect;

(vii) the Company or any Restricted Subsidiary that is a Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

(1) commences a voluntary case,

(2) consents to the entry of an order for relief against it in an involuntary case,

(3) consents to the appointment of a custodian of it or for all or substantially all of its property,

(4) makes a general assignment for the benefit of its creditors, or

(5) generally is not paying its debts as they become due;

(viii) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(1) is for relief against the Company or any Restricted Subsidiary that is a Significant Subsidiary in an involuntary case,

(2) appoints a custodian of the Company or any Restricted Subsidiary that is a Significant Subsidiary or for all or substantially all of the property of the Company or any Restricted Subsidiary that is a Significant Subsidiary, or

(3) orders the liquidation of the Company or any Restricted Subsidiary that is a Significant Subsidiary,

and the order or decree remains unstayed and in effect for 60 consecutive days; or

(ix) any Subsidiary Guaranty of one or more Restricted Subsidiaries that are Subsidiary Guarantors which by themselves or taken together would constitute a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Subsidiary Guaranty or this Indenture), or any Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guaranty relating to the Notes.

(b) A Default under clause (a)(iv) is not an Event of Default in respect of the Notes until the Trustee or the Holders of not less than 25% in aggregate principal amount of Notes then outstanding notify the Company of the Default, and the Company does not cure such Default within the time specified after receipt of such notice. Such notice must specify the Default, demand that it be remedied and state that such notice is a "Notice of Default."

#### Section 6.02. Acceleration.

(a) If an Event of Default (other than an Event of Default specified in Section 6.01(a)(vii) or (a)(viii)), shall have occurred and be continuing, the Trustee or the Holders of not less than 25% in aggregate principal amount of the Notes then outstanding may declare (by written notice to the Company (and to the Trustee if given by the Holders)) to be immediately due and payable the principal amount of all the Notes then outstanding, plus accrued but unpaid interest and Special Interest, if any, to the date of acceleration, in which event all such amounts shall become immediately due and payable. In the case of an Event of Default specified in Section 6.01(a)(vii) or



(a)(viii), such amounts with respect to all the Notes will become due and payable immediately without any declaration or other act on the part of the Trustee or the Holders. Holders may not enforce this Indenture or the Notes except as provided in this Indenture.

(b) In the event of a declaration of acceleration of the Notes because an Event of Default has occurred and is continuing as a result of the acceleration of any Debt described in Section 6.01(a)(v), the declaration of acceleration of the Notes shall be automatically annulled if the holders of any Debt described in Section 6.01(a)(v) have rescinded the declaration of acceleration in respect of such Debt within 30 days of the date of such declaration and if (i) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction, and (ii) all existing Events of Default, except nonpayment of principal or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

#### Section 6.03. Other Remedies.

(a) If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of, premium, if any, and interest, including Special Interest, if any, on, the Notes or to enforce the performance of any provision of the Notes or this Indenture.

(b) The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

#### Section 6.04. Waiver of Past Defaults.

Holders of not less than a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may on behalf of the Holders of all of the Notes waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of the principal of, premium, if any, or interest, including Special Interest, if any, on, the Notes; provided, however, that after any acceleration, but before a judgment or decree based on acceleration is obtained by the Trustee, the Holders of a majority in aggregate principal amount of the Notes then outstanding may rescind and annul such acceleration if all Events of Default, other than the nonpayment of accelerated principal, premium, if any, or interest, including Special Interest, if any, have been cured or waived as provided in this Indenture. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

#### Section 6.05. Control by Majority.

Subject to Section 7.01, in case an Event of Default shall occur and be continuing, the Trustee will not be under any obligation to exercise any of its rights or powers under this Indenture at the request or direction of any of the Holders, unless such Holders shall have offered to the Trustee indemnity reasonably satisfactory to the Trustee. Subject to Section 7.02(f), the Holders of a majority in aggregate principal amount of the Notes then outstanding will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Notes. Notwithstanding the foregoing, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or that may involve the Trustee in personal liability; and the Trustee may take any action deemed proper by the Trustee that is not inconsistent with such direction.

#### Section 6.06. Limitation on Suits.

(a) No Holder will have any right to institute any proceeding with respect to this Indenture, or for the appointment of a receiver or trustee, or for any remedy hereunder, unless:

(i) such Holder has previously given to the Trustee written notice of a continuing Event of Default,

(ii) the Holders of at least 25% in aggregate principal amount of Notes then outstanding under this Indenture have made written request and offered indemnity reasonably satisfactory to the Trustee to institute such proceeding as trustee, and

(iii) the Trustee shall not have received from the Holders of a majority in aggregate principal amount of Notes then outstanding a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days.

However, the preceding limitations do not apply to a suit instituted by a Holder for enforcement of payment of the principal of, and premium, if any, or interest, including Special Interest, if any, on, a Note on or after the respective due dates expressed in such Note.

(b) A Holder may not use this Indenture to affect, disturb or prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

#### Section 6.07. Rights of Holders to Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal of, premium, if any, and interest, including Special Interest, if any, on, a Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

#### Section 6.08. Collection Suit by Trustee.

If an Event of Default specified in Section 6.01(a)(i) or (a)(ii) occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal, premium, if any, and interest, including Special Interest, if any, remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee under Section 7.07.

#### Section 6.09. Trustee May File Proofs of Claim.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims, and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10. Priorities.

(a) Any money or other property collected by the Trustee pursuant to this Article 6 or any money or other property otherwise distributable in respect of the Company's or any Subsidiary Guarantor's obligations under this Indenture shall be paid in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 7.07, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders for amounts due and unpaid on the Notes for principal, premium, if any, and interest, including Special Interest, if any, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, and interest, including Special Interest, if any, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

(b) The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10.

Section 6.11. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

ARTICLE 7.

TRUSTEE

Section 7.01. Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default:

(i) the duties of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; however, in the case of any such certificates furnished to the Trustee which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (c) does not limit the effect of clause (b) of this Section 7.01;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to clauses (a), (b), (c) and (e) of this Section 7.01.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Indenture at the request or direction of any Holders, unless such Holders shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

#### Section 7.02. Rights of Trustee.

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel. The Trustee may consult with counsel of its selection, and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and shall not be irresponsible for the misconduct or negligence of any agent or attorney appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company and any Board Resolution shall be sufficient if evidenced by a copy of such Board Resolution certified by an Officer of the Company to have been duly adopted and in full force and effect on the date thereof.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee security or indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(g) The Trustee shall not be deemed to have notice or be charged with knowledge of any Default or Event of Default unless a Responsible Officer of the Trustee shall have received from the Company, any Subsidiary Guarantor or any other obligor upon the Notes or from any Holder written notice thereof at the Corporate Trust

Office of the Trustee, and such notice references the specific Default or Event of Default, the Notes and this Indenture.

(h) Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed in writing with the Company.

(i) The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder.

(j) The Trustee shall have no duty to inquire as to the performance of the Company's covenants herein.

(k) The Trustee shall not be obligated to make any investigation into the facts or matters stated in any document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may reasonably see fit.

(l) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

#### Section 7.03. Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11.

#### Section 7.04. Trustee's Disclaimer.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

#### Section 7.05. Notice of Defaults.

If a Default or Event of Default occurs and is continuing and if it is known to a Responsible Officer of the Trustee as provided in Section 7.02(g) hereof, the Trustee shall mail to Holders a notice of the Default or Event of Default within 90 days after it occurs unless such Default or Event of Default has since been cured. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest, including Special Interest, if any, on, any Note, the Trustee may withhold notice of any continuing Default or Event of Default if and so long as a committee of Responsible Officers of the Trustee in good faith determines that withholding the notice is in the interest of the Holders.

#### Section 7.06. Reports by Trustee to Holders.

(a) Within 60 days after each May 15 beginning with May 15, 2003, and for so long as Notes remain outstanding, the Trustee shall mail to the Holders a brief report dated as of such reporting date that complies with TIA (S) 313(a) (but if no event described in TIA (S) 313(a) has occurred within the 12 months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA (S) 313(b)(2). The Trustee shall also transmit by mail all reports as required by TIA (S) 313(c).

(b) A copy of each report at the time of its mailing to the Holders shall be mailed to the Company and filed with the Commission and each stock exchange on which the Notes are listed in accordance with TIA (S) 313(d). The Company shall promptly notify the Trustee when the Notes are listed on any stock exchange.

Section 7.07. Compensation and Indemnity.

(a) The Company shall pay to the Trustee from time to time reasonable compensation for its acceptance of its duties under this Indenture and services hereunder as agreed to in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

(b) The Company and each of the Subsidiary Guarantors shall indemnify, defend and hold the Trustee and its directors, officers, employees and agents (collectively with the Trustee, the "Indemnitees") harmless from and against every loss, liability and expense, including without limitation damages, fines, suits, actions, demands, penalties, costs, reasonable out-of-pocket or incidental expenses, reasonable legal fees and expenses, the reasonable allocated costs and expenses of in-house counsel and legal staff and the reasonable costs and expenses of defending and preparing to defend against any claim (collectively, the "Losses"), that may be imposed on, incurred by, or asserted against, any Indemnitee for or in respect of the Trustee's (1) execution and delivery of this Indenture, (2) compliance or attempted compliance with or reliance, in each case in good faith, upon any instruction or other direction upon which the Trustee is authorized to rely pursuant to the terms of this Indenture and (3) performance under this Indenture, except in the case of such performance only and with respect to any Indemnitee to the extent that the Loss resulted from such Indemnitee's negligence, willful misconduct or bad faith. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder. The Company shall defend, and shall have the right to defend, the claim, and the Trustee shall cooperate in the defense. The Trustee may have separate counsel, and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

(c) The obligations of the Company under this Section 7.07 shall survive the satisfaction and discharge of this Indenture and the Notes and the resignation or removal of the Trustee or any termination of this Indenture for any reason. The Trustee's claims under this Section 7.07 shall have priority over all other claims against the Company and the Subsidiary Guarantors under this Indenture.

(d) To secure the Company's payment and indemnification obligations in this Section, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal of, premium, if any, and interest, including Special Interest, if any, on, particular Notes. Such Lien and the Lien provided for in Section 6.09 shall survive the satisfaction and discharge of this Indenture and the Notes and the resignation or removal of the Trustee or any termination of this Indenture for any reason.

(e) In addition to and without prejudice to the rights provided to the Trustee under any provision of this Indenture, when the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(a)(vii) or (a)(viii) occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

(f) The Trustee shall comply with the provisions of TIA (S) 313(b)(2) to the extent applicable.

(g) For purposes of this Section 7.07, "Trustee" shall include any predecessor Trustee; provided, however, that the negligence, willful misconduct or bad faith of any Trustee hereunder shall not affect the rights of any other Trustee hereunder.

Section 7.08. Replacement of Trustee.

(a) A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

(b) The Trustee may resign in writing at any time upon 30 days' prior notice to the Company and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

(i) the Trustee fails to comply with Section 7.10;

(ii) the Trustee is adjudged to be bankrupt or insolvent, or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(iii) a custodian or public officer takes charge of the Trustee or its property; or

(iv) the Trustee becomes incapable of acting.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

(d) If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of at least 10% in principal amount of the then outstanding Notes may (at the expense of the Company) petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.10, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to any Lien provided for in Sections 6.09 and 7.07; provided, however, that all sums owing to the Trustee hereunder shall have been paid. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 and the Liens herein provided for shall continue for the benefit of the retiring Trustee.

Section 7.09. Successor Trustee by Merger, etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another Person, the successor Person without any further act shall be the successor Trustee. As soon as practicable, the successor Trustee shall mail a notice of its succession to the Company and the Holders. Any such successor must nevertheless be eligible and qualified under the provisions of Section 7.10.

Section 7.10. Eligibility; Disqualification.

(a) There shall at all times be a Trustee hereunder that is a Person organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition.

(b) This Indenture shall always have a Trustee who satisfies the requirements of Section 310(a)(1), (2) and (5) of the TIA. If the Trustee has or shall acquire any "conflicting interest" within the meaning of Section 310(b) of the TIA, the Trustee and the Company shall comply with the provisions of Section 310(b) of the TIA; provided, however, that there shall be excluded from the operation of Section 310(b)(1) any indenture or indentures under which other securities or certificates of interest or participation in other securities of the Company are outstanding if the requirements for such exclusion set forth in Section 310(b)(1) of the TIA are met. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 7.10, the Trustee shall resign immediately in the manner and with the effect hereinbefore specified in this Article Seven. Nothing herein shall prevent the Trustee from filing with the Commission the application referred to in the second to last paragraph of Section 310(b) of the TIA.

Section 7.11. Preferential Collection of Claims Against Company.

The Trustee is subject to TIA (S) 311(a), excluding any creditor relationship listed in TIA (S) 311(b). A Trustee who has resigned or been removed shall be subject to TIA (S) 311(a) to the extent indicated therein.

ARTICLE 8.

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01. Option to Effect Legal Defeasance or Covenant Defeasance.

The Company may, at its option and at any time, elect to have either Section 8.02 or 8.03 be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

Section 8.02. Legal Defeasance.

Upon the Company's exercise under Section 8.01 of the option applicable to this Section 8.02, subject to the satisfaction of the conditions set forth in Section 8.04, the Company shall be deemed to have been discharged from its obligations with respect to all outstanding Notes, and each Subsidiary Guarantor shall be deemed to have been discharged from its obligations with respect to its Subsidiary Guaranty, on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Debt represented by the outstanding Notes, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 and the other Sections of this Indenture referred to in (a) and (b) below, and to have satisfied all its other obligations under such Notes and this Indenture, and each Subsidiary Guarantor shall be deemed to have satisfied all its obligations under its Subsidiary Guaranty and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of outstanding Notes to receive solely from the trust fund described in Section 8.04, and as more fully set forth in such Section, payments in respect of the principal of, premium, if any, and interest, including Special Interest, if any, on, such Notes when such payments are due, (b) the Company's obligations with respect to such Notes under Article 2 and Section 4.02, (c) the rights, powers, trusts, privileges and immunities of the Trustee hereunder and the Company's obligations in connection therewith and (d) this Article 8. If the Company exercises under Section 8.01 the option applicable to this Section 8.02, subject to the satisfaction of the conditions set forth in Section 8.04, payment of the Notes may not be accelerated because of an Event of Default. Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03.

Section 8.03. Covenant Defeasance.

Upon the Company's exercise under Section 8.01 of the option applicable to this Section 8.03, the Company shall, subject to the satisfaction of the conditions set forth in Section 8.04, be released from its obligations under the covenants contained in Sections 4.03, 4.04(b), 4.05, 4.09 through 4.18 and 4.20 through 4.21, and the limitations of Section 5.01(a)(v), (a)(vi), (b)(v) and (b)(vi), with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall



thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. If the Company exercises under Section 8.01 the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04, payment of the Notes may not be accelerated because of an Event of Default specified in Section 6.01 (a)(iv) (with respect to the covenants contained in Sections 4.03, 4.04(b), 4.05 and 4.09 through 4.18, (a)(v), (a)(vi), (a)(vii), (a)(viii), and (a)(ix) (but in the case of clauses (a)(vii) and (a)(viii), with respect to Restricted Subsidiaries that are Significant Subsidiaries only). If the Company exercises its Covenant Defeasance option, each Subsidiary Guarantor will be released from all its obligations under its Subsidiary Guaranty.

#### Section 8.04. Conditions to Legal or Covenant Defeasance.

The Legal Defeasance option or Covenant Defeasance option may be exercised only if:

(a) the Company irrevocably deposits in trust with the Trustee money or U.S. Government Obligations for the payment of principal of, and interest, or Special Interest, if any, on, the Notes to be defeased to maturity or redemption, as the case may be;

(b) the Company delivers to the Trustee a certificate from a nationally recognized firm of independent certified public accountants expressing their opinion that the payments of principal and interest including Special Interest, if any, when due and without reinvestment on the deposited U.S. Government Obligations plus any deposited money without investment will provide cash at such times and in such amounts as will be sufficient to pay principal and interest, including Special Interest, if any, when due on all the Notes to be defeased to maturity or redemption, as the case may be;

(c) no Default or Event of Default has occurred and is continuing on the date of such deposit and after giving effect thereto;

(d) such deposit does not constitute a default under any other agreement or instrument binding on the Company;

(e) the Company delivers to the Trustee an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the Investment Company Act of 1940;

(f) in the case of the Legal Defeasance option, the Company delivers to the Trustee an Opinion of Counsel stating that:

(i) the Company has received from the Internal Revenue Service a ruling, or

(ii) since the date of this Indenture there has been a change in the applicable federal income tax law, to the effect, in either case, that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the Notes to be defeased will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same time as would have been the case if such defeasance had not occurred;

(g) in the case of the Covenant Defeasance option, the Company delivers to the Trustee an Opinion of Counsel to the effect that the Holders of the Notes to be defeased will not recognize income, gain or loss for federal

income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred; and

(h) the Company delivers to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent to the defeasance and discharge of the Notes to be defeased have been complied with as required by this Indenture.

Section 8.05. Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions.

(a) Subject to Section 8.06, all money and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of all sums due and to become due thereon in respect of principal, premium, if any, and interest, including Special Interest, if any, but such money need not be segregated from other funds except to the extent required by law.

(b) The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or U.S. Government Obligations deposited pursuant to Section 8.04 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

(c) Anything in this Article 8 to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the request of the Company any money or U.S. Government Obligations held by it as provided in Section 8.04 which, in the opinion of a nationally recognized firm of independent certified public accountants expressed in a written certification thereof delivered to the Trustee (which may be the certification delivered under Section 8.04(b)), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

(d) Nothing in this Article 8 shall be deemed to discharge the obligations of the Company under Section 7.07.

Section 8.06. Repayment to Company.

Subject to applicable escheat and abandoned property laws, any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest, including Special Interest, if any, on, any Note and remaining unclaimed for two years after such principal, premium, if any, or interest, including Special Interest, if any, has become due and payable shall be paid to the Company or (if then held by the Company) shall be discharged from such trust; and the Holder shall thereafter, as an unsecured creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in The New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining shall be repaid to the Company. Any unclaimed funds held by the Indenture pursuant to this Section 8.06 or any other provision of this Indenture shall be uninvested and without any liability for interest.

Section 8.07. Reinstatement.

If the Trustee or Paying Agent is unable to apply any United States dollars or U.S. Government Obligations in accordance with Section 8.02 or 8.03, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's

obligations under this Indenture and the Notes and each Subsidiary Guarantor's obligations under this Indenture and its Subsidiary Guaranty shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03, as the case may be; provided, however, that, if the Company or any Subsidiary Guarantor makes any payment of principal of, premium, if any, or interest, including Special Interest, if any, on, any Note following the reinstatement of its obligations, then it shall be subrogated to the rights of the Holders to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9.

AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01. Without Consent of Holders of Notes.

(a) Notwithstanding Section 9.02 of this Indenture, the Company, the Subsidiary Guarantors and the Trustee may amend or supplement this Indenture or the Notes without the consent of any Holder to:

(i) cure any ambiguity, omission, defect or inconsistency;

(ii) provide for the assumption by a successor corporation of the obligations of the Company under this Indenture pursuant to Article 5;

(iii) provide for uncertificated Notes in addition to or in place of certificated Notes (provided that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code);

(iv) add additional Guarantees with respect to the Notes or to release Subsidiary Guarantors from Subsidiary Guaranties as provided by the terms of this Indenture;

(v) to secure the Notes, add to the covenants of the Company for the benefit of the Holders of the Notes or to surrender any right or power conferred upon the Company;

(vi) make any change that does not adversely affect the rights of any Holder of the Notes under this Indenture;

(vii) make any change to the subordination provisions of this Indenture that would limit or terminate the benefits available to any holder of Senior Debt under such provisions;

(viii) comply with any requirement of the Commission in connection with the qualification of this Indenture under the TIA; or

(ix) provide for the issuance of Additional Notes in accordance with this Indenture.

(b) Upon the request of the Company accompanied by a Board Resolution of the Board of Directors authorizing the execution of any such amendment of or supplement to this Indenture, and upon receipt by the Trustee of the documents described in Section 9.07, the Trustee shall join with the Company and the Subsidiary Guarantors in the execution of any amendment of or supplement to this Indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, unless such amendment of or supplement to this Indenture directly affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such amendment of or supplement to this Indenture.

Section 9.02. With Consent of Holders of Notes.

(a) Except as provided in Section 9.02(f), the Company, the Subsidiary Guarantors and the Trustee may amend or supplement this Indenture and the Notes with the consent of the Holders of at least a majority in aggregate principal amount of the Notes, including Additional Notes, if any, then outstanding voting as a single class (including consents obtained in connection with a tender offer or exchange offer for the Notes), and, subject to Sections 6.04 and 6.07, any existing Default or Event of Default or compliance with any provision of this Indenture or the Notes may be waived with the consent of the Holders of at least a majority in aggregate principal amount of the Notes, including Additional Notes, if any, then outstanding voting as a single class (including consents obtained in connection with a tender offer or exchange offer for the Notes).

(b) Upon the request of the Company accompanied by a Board Resolution of the Board of Directors authorizing the execution of any such amendment of or supplement to this Indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 9.07, the Trustee shall join with the Company in the execution of such amendment of or supplement to this Indenture unless such amendment of or supplement to this Indenture directly affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such amendment of or supplement to this Indenture.

(c) The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Persons entitled to consent to any indenture supplemental hereto. If a record date is fixed, the Holders on such record date, or their duly designated proxies, and only such Persons, shall be entitled to consent to such supplemental indenture, whether or not such Holders remain Holders after such record date, provided that unless such consent shall have become effective by virtue of the requisite percentage having been obtained prior to the date which is 90 days after such record date, any such consent previously given shall automatically and without further action by any Holder be cancelled and of no further effect.

(d) It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

(e) After an amendment, supplement or waiver under this Section becomes effective, the Company shall mail to the Holders to such Holder's address appearing in the Security Register a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment of or supplement to this Indenture or waiver.

(f) Without the consent of each Holder of an outstanding Note under this Indenture, no amendment, supplement or waiver under this Section 9.02 may:

(i) reduce the amount of Notes whose Holders must consent to an amendment, supplement or waiver under this Indenture,

(ii) reduce the rate of, or extend the time for payment of, interest, or Special Interest, if any, on any Note issued under this Indenture,

(iii) reduce the principal of, or extend the Stated Maturity of, any Note issued under this Indenture,

(iv) make any Note payable in money other than that stated in the Note,

(v) impair the right of any Holder of the Notes to receive payment of principal and interest, including Special Interest, if any, on, such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes or any Subsidiary Guaranty,

(vi) release any security interest that may have been granted in favor of the Holders of the Notes under this Indenture other than pursuant to the terms of such security interest,

(vii) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed pursuant Section 3.07,

(viii) reduce the premium payable upon a Change of Control or, at any time after a Change of Control has occurred, change the time at which the Change of Control Offer must be made or at which the Notes must be repurchased pursuant to such Change of Control Offer,

(ix) at any time after the Company is obligated to make an offer pursuant to Section 4.13, change the time at which such offer must be made or at which the Notes must be repurchased pursuant thereto,

(x) make any change to the subordination provisions of this Indenture that would adversely affect the Holders of the Notes, or

(xi) make any change in any Subsidiary Guaranty that would adversely affect the holders of the Notes under this Indenture.

#### Section 9.03. With Consent of Holders of Senior Debt.

No amendment or supplement may be made to the subordination provisions of this Indenture that adversely affects the rights of any holder of Senior Debt then outstanding unless the holders of such Senior Debt (or their Representative) consents to such change.

#### Section 9.04. Compliance with Trust Indenture Act.

Every amendment or supplement to this Indenture or the Notes shall be set forth in an amendment of or supplement to this Indenture that complies with the TIA as then in effect.

#### Section 9.05. Revocation and Effect of Consents.

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder or subsequent Holder may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

#### Section 9.06. Notation on or Exchange of Notes.

(a) The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

(b) Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

#### Section 9.07. Trustee to Sign Amendments, etc.

The Trustee shall sign any amendment of or supplement to this Indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Company may not sign an amendment or supplemental indenture until the Board of Directors approves it. In executing any amendment of or supplement to this Indenture, the Trustee shall be entitled to receive

and (subject to Section 7.01) shall be fully protected in relying upon an Officer's Certificate and an Opinion of Counsel stating that the execution of such amendment of or supplement to this Indenture is authorized or permitted by this Indenture.

ARTICLE 10.

SUBSIDIARY GUARANTIES

Section 10.01. Subsidiary Guaranty.

(a) Subject to this Article 10, each of the Subsidiary Guarantors hereby, jointly and severally, unconditionally Guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the obligations of the Company hereunder or thereunder: (a) the punctual payment in full of the principal of, premium, if any, and interest, including Special Interest, if any, on, the Notes when due, whether at maturity, by acceleration, redemption or otherwise, and interest on overdue principal of, premium, if any, and interest, including Special Interest, if any on, the Notes, if lawful, and the punctual performance or payment in full of all other Obligations of the Company to the Holders or the Trustee hereunder and thereunder when due, all in accordance with the terms hereof and thereof; and (b) in case of any extension of time of payment or renewal of any Notes or any of such other Obligations, that the same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due of any amount so Guaranteed or any performance so Guaranteed for whatever reason, the Subsidiary Guarantors shall be jointly and severally obligated to pay the same immediately. Each Subsidiary Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

(b) Each Subsidiary Guarantor hereby agrees that its Obligations with regard to this Subsidiary Guaranty shall be absolute and unconditional, irrespective of the validity or enforceability of the Notes or the Obligations of the Company under this Indenture, the absence of any action to enforce the same, any waiver, modification or indulgence granted to the Company with respect to the same by the Holders or the Trustee, the recovery of any judgment against the Company or any other obligor with respect to this Indenture, the Notes or the Obligations of the Company under this Indenture or the Notes, any action to enforce the same or any other circumstances (other than complete performance) which might otherwise constitute a legal or equitable discharge or defense of a Subsidiary Guarantor. Each Subsidiary Guarantor further, to the extent permitted by law, waives and relinquishes all claims, rights and remedies accorded by applicable law to guarantors and agrees not to assert or take advantage of any such claims, rights or remedies, including but not limited to: (i) any right to require any of the Trustee, the Holders or the Company (each a "Benefited Party"), as a condition of payment or performance by such Subsidiary Guarantor, to (1) proceed against the Company, any other guarantor (including any other Subsidiary Guarantor) of the Obligations under the Subsidiary Guaranties or any other Person, (2) proceed against or exhaust any security held from the Company, any such other guarantor or any other Person, (3) proceed against or have resort to any balance of any deposit account or credit on the books of any Benefited Party in favor of the Company or any other Person, or (4) pursue any other remedy in the power of any Benefited Party whatsoever; (ii) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of the Company including any defense based on or arising out of the lack of validity or the unenforceability of the Obligations under the Subsidiary Guaranties or any agreement or instrument relating thereto or by reason of the cessation of the liability of the Company from any cause other than payment in full of the Obligations under the Subsidiary Guaranties; (iii) any defense based upon any statute or rule of law which provides that the Obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; (iv) any defense based upon any Benefited Party's errors or omissions in the administration of the Obligations under the Subsidiary Guaranties, except behavior which amounts to bad faith; (v)(1) any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms of the Subsidiary Guaranties and any legal or equitable discharge of such Subsidiary Guarantor's Obligations hereunder, (2) the benefit of any statute of limitations affecting such Subsidiary Guarantor's liability hereunder or the enforcement hereof, (3) any rights to set-offs, recoupments and counterclaims and (4) promptness, diligence and any requirement that any Benefited Party protect, secure, perfect or insure any security interest or Lien on any Property subject thereto; (vi) notices, demands, presentations, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance of the Subsidiary Guaranties, notices of default under the Notes or any agreement or instrument related thereto, notices of any renewal, extension or

modification of the Obligations under the Subsidiary Guaranties or any agreement related thereto, and notices of any extension of credit to the Company and any right to consent to any thereof; (vii) to the extent permitted under applicable law, the benefits of any "One Action" rule; and (viii) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms of the Subsidiary Guaranties. Each Subsidiary Guarantor hereby covenants that its Subsidiary Guaranty shall not be discharged except as provided in Section 10.05 or by complete performance of the Obligations contained in its Subsidiary Guaranty and this Indenture.

(c) If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Subsidiary Guarantors or any custodian, trustee, liquidator or other similar official acting in relation to either the Company or the Subsidiary Guarantors, any amount paid by either to the Trustee or such Holder, this Subsidiary Guaranty, to the extent theretofore discharged, shall be reinstated in full force and effect.

(d) Each Subsidiary Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any Obligations Guaranteed hereby until payment in full of all Obligations Guaranteed hereby. Each Subsidiary Guarantor further agrees that, as between the Subsidiary Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (i) the maturity of the Obligations Guaranteed hereby may be accelerated as provided in Article 6 for the purposes of this Subsidiary Guaranty, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations Guaranteed hereby and (ii) in the event of any declaration of acceleration of such Obligations as provided in Article 6, such Obligations (whether or not due and payable) shall forthwith become due and payable by such Subsidiary Guarantor for the purpose of this Subsidiary Guaranty. Each Subsidiary Guarantor that makes a payment or distribution under a Subsidiary Guaranty shall be entitled to a contribution from each other Subsidiary Guarantor and the Company in a pro rata amount based on the proportion that the net worth of the Company or the relevant Subsidiary Guarantor represents relative to the aggregate net worth of the Company and all of the Subsidiary Guarantors combined.

#### Section 10.02. Limitation on Subsidiary Guarantor Liability.

Each Subsidiary Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Subsidiary Guaranty of such Subsidiary Guarantor not constitute a fraudulent transfer or conveyance for purposes of any federal or state law to the extent applicable to any Subsidiary Guaranty. To effectuate the foregoing intention, the Trustee, the Holders and the Subsidiary Guarantors hereby irrevocably agree that the Obligations of such Subsidiary Guarantor under this Article 10 shall be limited to the maximum amount as shall, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Subsidiary Guarantor that are relevant under such laws, including, if applicable, its Guarantee of all Obligations under the Senior Credit Facility, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Subsidiary Guarantor in respect of the Obligations of such other Subsidiary Guarantor under this Article 10, result in the Obligations of such Subsidiary Guarantor under its Subsidiary Guaranty not constituting a fraudulent transfer or conveyance under federal or state law.

#### Section 10.03. Execution and Delivery of Subsidiary Guaranty.

(a) To evidence its Subsidiary Guaranty set forth in this Article 10, each Subsidiary Guarantor hereby agrees that a notation of such Subsidiary Guaranty in substantially the form included in Exhibit E shall be endorsed by the manual or facsimile signature of an Officer of such Subsidiary Guarantor on each Note authenticated and delivered by the Trustee and that this Indenture shall be executed on behalf of such Subsidiary Guarantor by the manual or facsimile signature of an Officer of the Subsidiary Guarantor.

(b) Each Subsidiary Guarantor hereby agrees that its Subsidiary Guaranty set forth in Section 10.01 hereof shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Subsidiary Guaranty.

(c) If an Officer whose signature is on this Indenture or on the notation of Subsidiary Guaranty no longer holds that office at the time the Trustee authenticates the Note on which a notation of Subsidiary Guaranty is endorsed, the Subsidiary Guaranty shall be valid nevertheless.

(d) The delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Subsidiary Guaranty set forth in this Indenture on behalf of each Subsidiary Guarantor.

Section 10.04. Additional Subsidiary Guarantors.

The Company covenants and agrees that it will cause any Person which becomes obligated to Guarantee the Notes pursuant to the terms of Error! Reference source not found. hereof to execute a supplemental indenture, substantially in the form of Exhibit F hereto, pursuant to which such Subsidiary Guarantor shall Guarantee the Obligations of the Company under the Notes and this Indenture in accordance with this Article 10 with the same effect and to the same extent as if such Person had been named herein as a Subsidiary Guarantor.

Section 10.05. Release of Subsidiary Guarantor.

A Subsidiary Guarantor shall be released from all of its Obligations under its Subsidiary Guaranty and this Indenture if:

(a) the Company or such Subsidiary Guarantor has sold all or substantially all of the assets of such Subsidiary Guarantor; or

(b) the Company and its Restricted Subsidiaries have sold all of the Capital Stock of the Subsidiary Guarantor owned by them,

in each case in a transaction that does not violate Sections 4.13 or 5.01(b) (as applicable); and in each such case, the Subsidiary Guarantor has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent herein, if any, provided for relating to such transactions have been complied with.

Notwithstanding the foregoing, upon designation of a Restricted Subsidiary as an Unrestricted Subsidiary in compliance with Error! Reference source not found., such Restricted Subsidiary shall, by execution and delivery of a supplemental indenture, substantially in the form of Exhibit F hereto, be released from any Subsidiary Guaranty previously made by such Restricted Subsidiary and its obligations under this Indenture.

ARTICLE 11.

SUBORDINATION

Section 11.01. Agreement to Subordinate.

The Company agrees, and each Holder by accepting a Note agrees, that the payment of principal of, premium, if any, and interest, including Special Interest, if any, on, and all other amounts payable in respect of, the Notes is subordinated in right of payment, to the extent and in the manner provided in this Article 11, to the payment when due in cash of all Senior Debt of the Company and that the subordination is for the benefit of and enforceable by the holders of such Senior Debt. The Notes shall in all respects rank pari passu with any future Senior Subordinated Debt and senior to all existing and future Subordinated Obligations of the Company, and only Senior Debt shall rank senior to the Notes in accordance with the provisions set forth herein. All provisions of this Article 11 shall be subject to Section 11.12. All references to "Senior Debt" in this Article 11 are to Senior Debt of the Company.

Section 11.02. Liquidation, Dissolution, Bankruptcy.

Upon any payment or distribution of the assets of the Company to creditors upon a total or partial liquidation, dissolution or winding up of the Company or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its Property or upon an assignment for the benefit of the Company's creditors or the marshaling of its asset and liabilities,



(i) the holders of Senior Debt will be entitled to receive payment in full in cash before the Holders of the Notes are entitled to receive any payment of principal of, premium, if any, or interest, or any other amount payable in respect of, the Notes, except that Holders of Notes may receive and retain Permitted Junior Securities; and

(ii) until the Senior Debt is paid in full in cash, any distribution to which Holders of the Notes would be entitled but for the provisions of this Article 11 will be made to holders of the Senior Debt as their interests may appear.

#### Section 11.03. Default on Senior Debt.

The Company may not pay principal of, or premium, if any, or interest, including Special Interest, if any, on, the Notes, or make any deposit pursuant to Section 8.04, and may not repurchase, redeem or otherwise retire any Notes (collectively, "pay the Notes") if (a) any principal, premium, interest or any other amount payable in respect of any Senior Debt is not paid within any applicable grace period (including at maturity) or (b) any other default on Senior Debt occurs and the maturity of such Senior Debt is accelerated in accordance with its terms unless, in either case, (1) the default has been cured or waived and any such acceleration has been rescinded or (2) such Senior Debt has been paid in full in cash; provided, however, that the Company may pay the Notes without regard to the foregoing if the Company and the Trustee receive written notice approving such payment from the Representative of such issue of Senior Debt. During the continuance of any default (other than a default described in clause (a) or (b) of the preceding sentence) with respect to any Designated Senior Debt pursuant to which the maturity thereof may be accelerated immediately without further notice (except any notice required to effect the acceleration) or the expiration of any applicable grace period, the Company may not pay the Notes for a period (a "Payment Blockage Period") commencing upon the receipt by the Company and the Trustee at the Corporate Trust Office of the Trustee of written notice of such default from the Representative of the holders of such Designated Senior Debt specifying an election to effect a Payment Blockage Period (a "Payment Blockage Notice") and ending 179 days thereafter (unless such Payment Blockage Notice is earlier terminated (a) by written notice to the Trustee and the Company from the Representative that gave such Payment Blockage Notice, (b) because such default is no longer continuing or (c) because such Designated Senior Debt has been repaid in full in cash). Unless the holders of such Designated Senior Debt or the Representative of such holders have accelerated the maturity of such Designated Senior Debt and not rescinded such acceleration, the Company may (unless otherwise prohibited as described in the first two sentences of this paragraph) resume payments on the Notes after the end of such Payment Blockage Period. Not more than one Payment Blockage Notice with respect to all issues of Designated Senior Debt may be given in any consecutive 360-day period, irrespective of the number of defaults with respect to one or more issues of Designated Senior Debt during such period.

#### Section 11.04. Acceleration of Payment of Securities.

If payment of the Notes is accelerated when Designated Senior Debt is outstanding, the Company may not pay the Notes until three Business Days after the Representatives of all issues of Designated Senior Debt receive notice of such acceleration and, thereafter, may pay the Notes only if this Indenture otherwise permits payment at that time.

#### Section 11.05. When Distribution Must Be Paid Over.

If a payment or distribution is made to Holders that because of this Article 11 should not have been made to them, the Trustee, if it receives such payment or distribution, or the Holders who receive the payment or distribution shall hold it in trust for holders of Senior Debt and pay it over to them as their interests may appear.

#### Section 11.06. Subrogation.

After all Senior Debt is paid in full and until the Notes are paid in full, Holders shall be subrogated to the rights of holders of Senior Debt to receive distributions applicable to Senior Debt. A distribution made under this Article 11 to holders of Senior Debt that otherwise would have been made to Holders is not, as between the Company and Holders, a payment by the Company on such Senior Debt.

Section 11.07. Relative Rights.

This Article 11 defines the relative rights of Holders and holders of Senior Debt. Nothing in this Indenture shall:

(a) impair, as between the Company and Holders, the obligation of the Company, which is absolute and unconditional, to pay principal of, premium, if any, and interest, including Special Interest, if any, on, the Notes in accordance with their terms; or

(b) prevent the Trustee or any Holder from exercising its available remedies upon an Event of Default, subject to the rights of holders of Senior Debt to receive distributions otherwise payable to Holders.

Section 11.08. Subordination May Not Be Impaired by Company.

No right of any holder of Senior Debt to enforce the subordination of the Debt evidenced by the Notes shall be impaired by any act or failure to act by the Company or by its failure to comply with this Indenture.

Section 11.09. Rights of Trustee and Paying Agent.

Notwithstanding Section 11.03 or any other provision of this Indenture, the Trustee or Paying Agent may continue to make payments on the Notes and shall not be charged with knowledge of the existence of facts that would prohibit the making of any such payments unless, not less than three Business Days prior to the date of such payment, a Responsible Officer of the Trustee receives at the Corporate Trust Office of the Trustee written notice satisfactory to it that payments may not be made under this Article 11. Unless the Trustee or Paying Agent shall have received the notice provided for in the preceding sentence, the Trustee and Paying Agent (other than the Company acting as its own Paying Agent) shall have full power and authority to receive such payment and to apply the same to the purpose for which it was received, and shall not be affected by any notice to the contrary which may be received by it on or after such date. The Company, the Registrar or co-registrar, the Paying Agent, a Representative or a holder of Senior Debt may give the notice; provided, however, that, if an issue of Senior Debt has a Representative, only the Representative may give the notice.

The Trustee in its individual or any other capacity may hold Senior Debt with the same rights it would have if it were not Trustee. The Registrar and co-registrar and the Paying Agent may do the same with like rights. The Trustee shall be entitled to all the rights set forth in this Article 11 with respect to any Senior Debt that may at any time be held by it, to the same extent as any other holder of such Senior Debt; and nothing in Article 7 shall deprive the Trustee of any of its rights as such holder. Nothing in this Article 11 shall apply to claims of, or payments to, the Trustee under or pursuant to Section 7.07.

Section 11.10. Distribution or Notice to Representative.

Whenever a distribution is to be made or a notice given to holders of Senior Debt, the distribution may be made and the notice given to their Representative (if any).

Section 11.11. Article 11 Not to Prevent Events of Default or Limit Right to Accelerate.

Nothing in this Article 11 shall prevent an Event of Default in accordance with Article 6 or have any effect on the right of the Holders or the Trustee to accelerate the maturity of the Notes or to exercise the rights and remedies in Article 6.

Section 11.12. Trust Moneys Not Subordinated.

Notwithstanding anything contained herein to the contrary, payments from money or the proceeds of U.S. Government Obligations held in trust under Article 8 by the Trustee for the payment of principal of and interest on the Notes shall not be subordinated to the prior payment of any Senior Debt or subject to the restrictions set forth in

this Article 11, and neither the Trustee nor any of the Holders shall be obligated to pay over any such amount to the Company or any holder of Senior Debt or any other creditor of the Company.

Section 11.13. Trustee Entitled to Rely.

Upon any payment or distribution pursuant to this Article 11, the Trustee and the Holders shall be entitled conclusively to rely (a) upon any order or decree of a court of competent jurisdiction in which any proceedings of the nature referred to in Section 11.02 are pending, (b) upon a certificate of the liquidating trustee or agent or other Person making such payment or distribution to the Trustee or to the Holders or (c) upon the Representative for the holders of Senior Debt for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Senior Debt and other Debt of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 11. In the event that the Trustee determines, in good faith, that evidence is required with respect to the right of any Person as a holder of Senior Debt to participate in any payment or distribution pursuant to this Article 11, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of such Senior Debt held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and other facts pertinent to the rights of such Person under this Article 11, and, if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment. The provisions of Section 7.01 and 7.02 shall be applicable to all actions or omissions of actions by the Trustee pursuant to this Article 11.

Section 11.14. Trustee to Effectuate Subordination.

Each Holder by accepting a Note authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to acknowledge or effectuate the subordination between the Holders and the holders of Senior Debt as provided in this Article 11 and appoints the Trustee as attorney-in-fact for any and all such purposes.

Section 11.15. Trustee Not Fiduciary for Holders of Senior Debt.

(a) The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Debt and shall not be liable to any such holders if it shall mistakenly pay over or distribute to Holders or the Company or any other Person, money or assets to which any holders of Senior Debt shall be entitled by virtue of this Article 11 or otherwise.

(b) The Trustee shall have no obligation or duty to inquire as to the capacity of any Representative (or purported Representative) for purposes of determining compliance with this Article 11.

Section 11.16. Reliance by Holders of Senior Debt on Subordination Provisions.

Each Holder by accepting a Note acknowledges and agrees that the foregoing subordination provisions are, and are intended to be, an inducement and a consideration to each holder of any Senior Debt, whether such Senior Debt was created or acquired before or after the issuance of the Note, to acquire and continue to hold, or to continue to hold, such Senior Debt and such holder of such Senior Debt shall be deemed conclusively to have relied on such subordination provisions in acquiring and continuing to hold, or in continuing to hold, such Senior Debt.

ARTICLE 12.

SUBORDINATION OF SUBSIDIARY GUARANTEES

Section 12.01. Agreement to Subordinate.

Each Subsidiary Guarantor agrees, and each Holder by accepting a Note agrees, that the Obligations of such Subsidiary Guarantor are subordinated in right of payment, to the extent and in the manner provided in this Article 12, to the payment when due in cash of all Senior Debt of such Subsidiary Guarantor and that the subordination is for the benefit of and enforceable by the holders of such Senior Debt. The Obligations of a

Subsidiary Guarantor shall in all respects rank pari passu with any future Senior Subordinated Debt of such Subsidiary Guarantor and senior to all existing and future Subordinated Obligations of such Subsidiary Guarantor, and only Senior Debt shall rank senior to the Obligations of such Subsidiary Guarantor in accordance with the provisions set forth herein. All references to "Obligations" in this Article 12 are to Obligations of the Subsidiary Guarantors under the Subsidiary Guaranties.

Section 12.02. Liquidation, Dissolution, Bankruptcy.

(a) Upon any payment or distribution of the assets of any Subsidiary Guarantor to creditors upon a liquidation, dissolution or winding up of such Subsidiary Guarantor or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to such Subsidiary Guarantor or its Property or upon an assignment for the benefit of the Subsidiary Guarantor's creditors or the marshaling of its asset and liabilities, holders of Senior Debt of such Subsidiary Guarantor shall be entitled to receive payment in full in cash of such Senior Debt before Holders shall be entitled to receive any payment pursuant to any Obligations of such Subsidiary Guarantor.

(b) Until the Senior Debt of any Subsidiary Guarantor is paid in full in cash, any distribution made by or on behalf of such Subsidiary Guarantor to which Holders would be entitled but for this Article 12 shall be made to holders of the Senior Debt as their interests may appear.

Section 12.03. Default on Senior Debt of Subsidiary Guarantor.

No Subsidiary Guarantor may make any payment pursuant to any of its Obligations or repurchase, redeem or otherwise retire or defease any Notes or other Obligations (collectively, "pay its Subsidiary Guaranty") if (a) any principal, premium, interest or other amount payable in respect of any Senior Debt of such Subsidiary Guarantor is not paid within any applicable grace period (including at maturity) or (b) any other default on Senior Debt of such Subsidiary Guarantor occurs and the maturity of such Senior Debt is accelerated in accordance with its terms unless, in either case, (i) the default has been cured or waived and any such acceleration has been rescinded or (ii) such Senior Debt has been paid in full in cash; provided, however, that any Subsidiary Guarantor may pay its Subsidiary Guaranty without regard to the foregoing if such Subsidiary Guarantor and the Trustee receive written notice approving such payment from the Representative of such issue of Senior Debt of such Subsidiary Guarantor. No Subsidiary Guarantor may pay its Subsidiary Guaranty during the continuance of any Payment Blockage Period after receipt by the Company and the Trustee at the Corporate Trust Officer of the Trustee of a Payment Blockage Notice under Section 11.03. Unless the holders of Designated Senior Debt giving such Payment Blockage Notice or the Representative of such holders shall have accelerated the maturity of such Designated Senior Debt and not rescinded such acceleration, any Subsidiary Guarantor may (unless otherwise prohibited as described in the first two sentences of this paragraph) resume payments pursuant to its Subsidiary Guaranty after the end of such Payment Blockage Period.

Section 12.04. Demand for Payment.

If a demand for payment is made on a Subsidiary Guarantor pursuant to Article 10, such Subsidiary Guarantor may not pay its Subsidiary Guaranty until three Business Days after the Representatives of all issues of Designated Senior Debt receive notice of such acceleration and, thereafter, may pay its Subsidiary Guaranty only if this Indenture otherwise permits payment at that time.

Section 12.05. When Distribution Must Be Paid Over.

If a payment or distribution is made to Holders that because of this Article 12 should not have been made to them, the Trustee, if it receives the payment or distribution, or the Holders who receive the payment or distribution shall hold it in trust for holders of the relevant Senior Debt and pay it over to them or their Representatives as their interests may appear.

Section 12.06. Subrogation.

After all Senior Debt of a Subsidiary Guarantor is paid in full and until the Notes are paid in full, Holders shall be subrogated to the rights of holders of Senior Debt to receive distributions applicable to Senior Debt. A distribution made under this Article 12 to holders of such Senior Debt that otherwise would have been made to Holders is not, as between the relevant Subsidiary Guarantor and Holders, a payment by such Subsidiary Guarantor on such Senior Debt.

Section 12.07. Relative Rights.

This Article 12 defines the relative rights of Holders and holders of Senior Debt of a Subsidiary Guarantor. Nothing in this Indenture shall:

(a) impair, as between a Subsidiary Guarantor and Holders, the obligation of such Subsidiary Guarantor, which is absolute and unconditional, to pay the Obligations to the extent set forth in Article 10; or

(b) prevent the Trustee or any Holder from exercising its available remedies upon a default by such Subsidiary Guarantor under the Obligations, subject to the rights of holders of Senior Debt of such Subsidiary Guarantor to receive distributions otherwise payable to Holders.

Section 12.08. Subordination May Not Be Impaired by Subsidiary Guarantor.

No right of any holder of Senior Debt of any Subsidiary Guarantor to enforce the subordination of the Obligation of such Subsidiary Guarantor shall be impaired by any act or failure to act by such Subsidiary Guarantor or by its failure to comply with this Indenture.

Section 12.09. Rights of Trustee and Paying Agent.

Notwithstanding Section 12.03 or any other provision of this Indenture, the Trustee or Paying Agent may continue to make payments on any Subsidiary Guaranty and shall not be charged with knowledge of the existence of facts that would prohibit the making of any such payments unless, not less than three Business Days prior to the date of such payment, a Responsible Officer of the Trustee receives at the Corporate Trust Office of the Trustee written notice satisfactory to it that payments may not be made under this Article 12. Unless the Trustee or Paying Agent shall have received the notice provided for in the preceding sentence, the Trustee and Paying Agent (other than the Company acting as its own Paying Agent) shall have full power and authority to receive such payment and to apply the same to the purpose for which it was received, and shall not be affected by any notice to the contrary which may be received by it on or after such date. The Company, the relevant Subsidiary Guarantor, the Registrar or co-registrar, the Paying Agent, a Representative or a holder of Senior Debt of any Subsidiary Guarantor may give the notice; provided, however, that, if an issue of Senior Debt of any Subsidiary Guarantor has a Representative, only the Representative may give the notice.

The Trustee in its individual or any other capacity may hold Senior Debt with the same rights it would have if it were not Trustee. The Registrar and co-registrar and the Paying Agent may do the same with like rights. The Trustee shall be entitled to all the rights set forth in this Article 12 with respect to any Senior Debt of any Subsidiary Guarantor that may at any time be held by it, to the same extent as any other holder of Senior Debt; and nothing in Article 7 shall deprive the Trustee of any of its rights as such holder. Nothing in this Article 12 shall apply to claims of, or payments to, the Trustee under or pursuant to Section 7.07.

Section 12.10. Distribution or Notice to Representative.

Whenever a distribution is to be made or a notice given to holders of Senior Debt of any Subsidiary Guarantor, the distribution may be made and the notice given to their Representative (if any).

Section 12.11. Article 12 Not to Prevent Events of Default Under a Subsidiary Guaranty or Limit Right to Demand Payment.

Nothing in this Article 12 shall prevent a default under any Subsidiary Guaranty or have any effect on the right of the Holders or the Trustee to make a demand for payment on any Subsidiary Guarantor pursuant to Article 10.

Section 12.12. Trustee Entitled to Rely.

Upon any payment or distribution pursuant to this Article 12, the Trustee and the Holders shall be entitled conclusively to rely (i) upon any order or decree of a court of competent jurisdiction in which any proceedings of the nature referred to in Section 12.02 are pending, (ii) upon a certificate of the liquidating trustee or agent or other Person making such payment or distribution to the Trustee or to the Holders or (iii) upon the Representatives for the holders of Senior Debt of any Subsidiary Guarantor for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Senior Debt and other Debt of such Subsidiary Guarantor, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 12. In the event that the Trustee determines, in good faith, that evidence is required with respect to the right of any Person as a holder of Senior Debt of any Subsidiary Guarantor to participate in any payment or distribution pursuant to this Article 12, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Debt of such Subsidiary Guarantor held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and other facts pertinent to the rights of such Person under this Article 12, and, if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment. The provisions of Sections 7.01 and 7.02 shall be applicable to all actions or omissions of actions by the Trustee pursuant to this Article 12.

Section 12.13. Trustee to Effectuate Subordination.

Each Holder by accepting a Note authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to acknowledge or effectuate the subordination between the Holders and the holders of Senior Debt of any Subsidiary Guarantor as provided in this Article 12 and appoints the Trustee as attorney-in-fact for any and all such purposes.

Section 12.14. Trustee Not Fiduciary for Holders of Senior Debt of Subsidiary Guarantor.

(a) The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Debt of any Subsidiary Guarantor and shall not be liable to any such holders if it shall mistakenly pay over or distribute to Holders or the Company or any other Person, money or assets to which any holders of such Senior Debt shall be entitled by virtue of this Article 12 or otherwise.

(b) The Trustee shall have no obligation or duty to inquire as to the capacity of any Representative (or purported Representative) for purposes of determining compliance with this Article 12.

Section 12.15. Reliance by Holders of Senior Debt of a Subsidiary Guarantor on Subordination Provisions.

Each Holder by accepting a Note acknowledges and agrees that the foregoing subordination provisions are, and are intended to be, an inducement and a consideration to each holder of any Senior Debt of any Subsidiary Guarantor, whether such Senior Debt was created or acquired before or after the issuance of the Note, to acquire and continue to hold, or to continue to hold, such Senior Debt and such holder of Senior Debt shall be deemed conclusively to have relied on such subordination provisions in acquiring and continuing to hold, or in continuing to hold, such Senior Debt.

ARTICLE 13.

SATISFACTION AND DISCHARGE

Section 13.01. Satisfaction and Discharge.

(a) This Indenture will be discharged and will cease to be of further effect as to all Notes issued hereunder (except as to surviving rights of registration of transfer or exchange of Notes expressly provided for herein, the Company's obligations under Section 7.07, and the Trustee's and each Paying Agent's obligations under Sections 13.02 and 13.03), when:

(i) either:

all Notes that have been authenticated (except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust and thereafter repaid to the Company) have been delivered to the Trustee for cancellation; or

all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise or will become due and payable within one year and the Company has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, money or U.S. Government Obligations, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest, including Special Interest, if any, to the date of maturity or redemption;

(ii) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company is a party or by which the Company is bound;

(iii) the Company has paid or caused to be paid all sums payable by it under this Indenture; and

(iv) the Company has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money and/or U.S. Government Obligations toward the payment of the Notes at maturity or the redemption date, as the case may be.

(b) The Company shall deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Section 13.02. Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions.

Subject to Section 13.03, all money and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 13.02, the "Trustee") pursuant to Section 13.01 in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest and Special Interest, if any, but such money need not be segregated from other funds except to the extent required by law.

Section 13.03. Repayment to Company.

Subject to applicable escheat and abandoned property laws, any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest, including Special Interest, if any, on, any Note and remaining unclaimed for two years after such principal, and premium, if any, or interest has become due and payable shall be paid to the Company or (if then held by the Company) shall be discharged from such trust; and the Holder shall thereafter look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in The New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company. Any unclaimed funds held by the Trustee pursuant to this Section 13.03 or any other provision of this Indenture shall be held uninvested and without liability for any interest.

ARTICLE 14.

MISCELLANEOUS

Section 14.01. Trust Indenture Act Controls.

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA ss. 318(c), the imposed duties shall control.

Section 14.02. Notices.

(a) Any notice or communication by the Company, the Subsidiary Guarantors or the Trustee to the others is duly given if in writing (in the English language) and delivered in Person or mailed by first class mail (registered or certified, return receipt requested), telecopier or overnight air courier guaranteeing next-day delivery, to the other's address:

If to the Company or the Subsidiary Guarantors:

Greif Bros. Corporation  
425 Winter Road  
Delaware, Ohio 43015  
Attention: General Counsel  
Telecopier No.: 740-549-6101

With a copy to:  
Baker & Hostetler LLP  
Capitol Square  
65 East State Street  
Suite 2100  
Columbus, Ohio 43215-4260  
Attention: Joseph P. Boeckman, Esq.  
Telecopier No.: 614-462-2616

If to the Trustee:

J.P. Morgan Trust Company, National Association  
Chase Financial Tower, Suite 220  
250 West Huron Road  
Cleveland, Ohio 44113



Attention: Manager  
Telecopier No.: (216) 274-1632

(b) The Company, the Subsidiary Guarantors or the Trustee, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

(c) All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next-day delivery. Notwithstanding the foregoing, notices to the Trustee shall be effective only upon receipt by the Trustee.

(d) Any notice or communication to a Holder shall be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next-day delivery to its address shown on the Security Register. Any notice or communication shall also be so mailed to any Person described in TIA (S) 313(c), to the extent required by the TIA. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

(e) If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

(f) If the Company mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

Section 14.03. Communication by Holders of Notes with Other Holders of Notes.

Holders may communicate pursuant to TIA (S) 312(b) with other Holders with respect to their rights under this Indenture or the Notes. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA (S) 312(c).

Section 14.04. Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee:

(a) an Officer's Certificate (which shall include the statements set forth in Section 14.05) stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture (including any covenants compliance with which constitutes a condition precedent) relating to the proposed action have been complied with; and

(b) an Opinion of Counsel (which shall include the statements set forth in Section 14.05) stating that, in the opinion of such counsel, all such conditions precedent (including any covenants compliance with which constitutes a condition precedent) have been complied with.

Section 14.05. Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA (S) 314(a)(4)) shall comply with the provisions of TIA (S) 314(e) and shall include:

(a) a statement that the Person making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable such Person to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.

Section 14.06. Rules by Trustee and Agents.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 14.07. No Personal Liability of Directors, Officers, Employees and Stockholders.

No past, present or future director, officer, employee, incorporator, member, partner or stockholder of the Company or any Subsidiary Guarantor as such, shall have any liability for any Obligations of the Company or any Subsidiary Guarantor under the Notes or this Indenture or for any claim based on, in respect of, or by reason of, such Obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

Section 14.08. Governing Law.

THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE AND THE NOTES (INCLUDING, WITHOUT LIMITATION, SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW OR ANY SUCCESSOR TO SUCH STATUTE).

Section 14.09. No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 14.10. Successors.

All covenants and agreements of the Company and the Subsidiary Guarantors in this Indenture and the Notes shall bind their successors. All covenants and agreements of the Trustee in this Indenture shall bind its successors.

Section 14.11. Severability.

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 14.12. Counterpart Originals.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

Section 14.13. Table of Contents, Headings, etc.

The Table of Contents, Cross-Reference Table and Headings in this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

[Signatures on following page]

ISSUER:

GREIF BROS. CORPORATION

BY: /s/ Donald S. Huml

---

NAME: Donald S. Huml  
TITLE: Chief Financial Officer

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SUBSIDIARY GUARANTORS:

AMERICAN FLANGE & MANUFACTURING CO., INC.

By: /s/ Donald S. Huml

-----  
Name: Donald S. Huml  
Title: Vice President

BARZON CORPORATION

By: /s/ Donald S. Huml

-----  
Name: Donald S. Huml  
Title: Vice President

GREAT LAKES CORRUGATED CORP.

By: /s/ Donald S. Huml

-----  
Name: Donald S. Huml  
Title: Vice President

GREIF BROS. CORP. OF OHIO, INC.

By: /s/ Donald S. Huml

-----  
Name: Donald S. Huml  
Title: Vice President

GREIF BROS. SERVICE CORP.

By: /s/ Donald S. Huml

-----  
Name: Donald S. Huml  
Title: Vice President

SIRCO SYSTEMS, LLC

By: /s/ Donald S. Huml

-----  
Name: Donald S. Huml  
Title: Vice President

SOTERRA LLC

By: /s/ Donald S. Huml

-----  
Name: Donald S. Huml  
Title: Vice President

TAINER TRANSPORT, INC.

By: /s/ Donald S. Huml

---

Name: Donald S. Huml  
Title: Vice President

TREND-PAK, INC.

By: /s/ Donald S. Huml

---

Name: Donald S. Huml  
Title: Vice President

GREIF CONTAINERS, INC.

By: /s/ Donald S. Huml

---

Name: Donald S. Huml  
Title: Vice President

GREIF U.S. HOLDINGS, INC.

By: /s/ Donald S. Huml

---

Name: Donald S. Huml  
Title: Vice President

TRUSTEE:

J.P. MORGAN TRUST COMPANY, NATIONAL  
ASSOCIATION, as Trustee

By: /s/ R. Barker

\_\_\_\_\_  
Name: R. Barker  
Title: Vice President

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(Face of Note)

8-7/8% Senior Subordinated Note due 2012

No. \_\_\_\_\_ CUSIP \_\_\_\_\_  
\$ \_\_\_\_\_

GREIF BROS. CORPORATION

promises to pay to \_\_\_\_\_ or registered assigns, the principal sum of  
\_\_\_\_\_ Dollars \_\_\_\_\_ on August 1, 2012.

Interest Payment Dates: February 1 and August 1, commencing February 1, 2003

Record Dates: January 15 and July 15.

IN WITNESS WHEREOF, the Issuer has caused this Note to be signed manually or by facsimile by its duly authorized officers.

GREIF BROS. CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

CERTIFICATE OF AUTHENTICATION

This is one of the Global Notes referred to in the within-mentioned Indenture.

J.P. MORGAN TRUST COMPANY  
NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

Dated July 31, 2002



8-7/8% Senior Subordinated Note due 2012

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY BEFORE THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE UNDER RULE 144A OF THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATIONS UNDER THE SECURITIES ACT, (E) TO AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF \$250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT BEFORE ANY SUCH OFFER, SALE OR TRANSFER UNDER CLAUSE (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN

AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. Interest. Greif Bros. Corporation., a Delaware corporation (the "Issuer"), promises to pay interest on the principal amount of this Note at 8.875% per annum until maturity and shall pay Special Interest, if any, as provided in Section 4 of the Registration Rights Agreement. The Issuer shall pay interest semi-annually on February 1 and August 1 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an "Interest Payment Date"). Interest on the Notes shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; provided, however, that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; provided, further, that the first Interest Payment Date shall be February 1, 2003. The Issuer shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate that is 1% per annum in excess of the rate then in effect; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment. The Issuer shall pay interest on the Notes to the Persons who are Holders at the close of business on the January 15 or July 15 next preceding the Interest Payment Date, even if such Notes are cancelled after such record date and on or before such Interest Payment Date, except as provided in Section 2.13 of the Indenture with respect to defaulted interest. The Notes shall be payable as to principal, premium, if any, and interest and Special Interest, if any, at the office or agency of the Issuer maintained for such purpose within or without the City and State of New York, or, at the option of the Issuer, payment of interest may be made by check mailed to the Holders at their addresses set forth in the Security Register; provided, however, that payment by wire transfer of immediately available funds shall be required with respect to principal of, and interest and Special Interest, if any, and premium, if any, on, all Global Notes and all other Notes the Holders of which shall have provided wire transfer instructions to the Issuer or the Paying Agent. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. The principal of the Notes shall be payable only upon surrender of any Note at the Corporate Trust Office of the Trustee or at the specified offices of any other Paying Agent. If any Interest Payment Date for, or the due date for payment of the principal of, the Notes is not a Business Day at the place in which it is presented for payment, the Holder thereof shall not be entitled to payment of the amount due until the next succeeding Business Day at such place and shall not be entitled to any further interest or other payment in respect of such delay.

3. Paying Agent and Registrar. Initially, J.P. Morgan Trust Company, National Association, the Trustee under the Indenture, shall act as Paying Agent and Registrar. The Issuer may change any Paying Agent or Registrar without notice to any Holder. The Issuer or any of its Subsidiaries may act in any such capacity.

4. Indenture. The Issuer issued the Notes under an Indenture dated as of July 31, 2002 ("Indenture") among the Issuer, the guarantors party thereto (the "Subsidiary Guarantors") and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code (S)(S) 77aaa-77bbb). The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling.

5. Optional Redemption.

(a) Except as set forth in clauses (b) and (c) of this Section 5, the Notes shall not be redeemable at the option of the Issuer prior to August 1, 2007. Starting on that date, the Issuer may redeem all or any portion of the Notes, at once or over time, after giving the required notice under the Indenture. The Notes may be redeemed at the redemption prices set forth below, plus accrued and unpaid interest, including Special Interest, if any, to the redemption date (subject to the right of Holders on the relevant record date to receive interest due on the relevant Interest Payment Date). The following prices are for Notes redeemed during the 12-month period commencing on August 1 of the years set forth below, and are expressed as percentages of principal amount:

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

(b) At any time prior to August 1, 2007, the Issuer may redeem all or any portion of the Notes, at once or over time, after giving the required notice under the Indenture at a redemption price equal to the greater of:

(i) 100% of the principal amount of the Notes to be redeemed, and

(ii) the sum of the present values of (1) the redemption price of the Notes at August 1, 2007 (as set forth in clause (a) of this Section 5) and (2) the remaining scheduled payments of interest from the redemption date to August 1, 2007, but excluding accrued and unpaid interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points,

plus, in either case, accrued and unpaid interest, including Special Interest, if any, to the redemption date (subject to the right of Holders on the relevant record date to receive interest due on the relevant Interest Payment Date).

Any notice to Holders of a redemption pursuant to this clause (b) shall include the appropriate calculation of the redemption price, but need not include the redemption price itself. The actual redemption price, calculated as described in this clause (b), shall be set forth in an Officer's Certificate delivered to the Trustee no later than two Business Days prior to the redemption date (unless clause (2) of the definition of "Comparable Treasury Price" is applicable, in which case such Officer's Certificate will be delivered on the redemption date).

(c) At any time and from time to time prior to August 1, 2005, the Issuer may redeem up to a maximum of 35% of the aggregate principal amount of the Notes (including any Additional Notes) that have been issued under the Indenture on or after the Issue Date with the proceeds of one or more Equity Offerings, at a redemption price equal to 108.875% of the principal amount thereof, plus accrued and unpaid interest, including Special Interest, if any, to the redemption date (subject to the right of Holders on the relevant record date to receive interest due on the relevant Interest Payment Date); provided, however, that after giving effect to any such redemption, at least 65% of the aggregate principal amount of the Notes (including any Additional Notes) that have been issued under the Indenture on or after the Issue Date remains outstanding. Any such redemption shall be made within 90 days of such Equity Offering upon not less than 30 nor more than 60 days' prior notice.

(d) Any prepayment pursuant to this Section 5 shall be made pursuant to the provisions of Sections 3.01 through 3.06 of the Indenture.

6. Mandatory Redemption. The Issuer shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

7. Notice of Redemption. Notice of redemption shall be mailed at least 30 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address. Notes in denominations larger than \$1,000 may be redeemed in part but only in whole multiples of \$1,000, unless all of the Notes held by a Holder are to be redeemed. On and after the redemption date interest ceases to accrue on Notes or portions thereof called for redemption.

8. Denominations, Transfer, Exchange. The Notes are in registered form without coupons in denominations of \$1,000 and integral multiples of \$1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Issuer may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Issuer need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Issuer need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

9. Persons Deemed Owners. The registered holder of a Note may be treated as its owner for all purposes.

10. Amendment, Supplement and Waiver. Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes voting as a single class, and any existing default or compliance with any provision of the Indenture or the Notes may be waived with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes voting as a single class. Without the consent of any Holder, the Indenture or the Notes may be amended or supplemented to: cure any ambiguity, omission, defect or inconsistency; provide for the assumption by a Surviving Person of the obligations of the Issuer under the Indenture or of a Subsidiary Guarantor under the Indenture or its Subsidiary Guaranty; provide for uncertificated Notes in addition to or in place of certificated Notes (provided that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code); add additional Guarantees with respect to the Notes or to release Subsidiary Guarantors from Subsidiary Guaranties as provided by the terms of the Indenture; secure the Notes, add to the covenants of the Issuer for the benefit of the Holders of the Notes or surrender any right or power conferred upon the Issuer; make any change that does not adversely affect in any material respect the rights of any Holder of the Notes under the Indenture; make any change to the subordination provisions of the Indenture that would limit or terminate the benefits available to any holder of Senior Debt under such provisions (subject to the consent of such holders of Senior Debt pursuant to Section 9.03 of the Indenture); comply with any requirement of the Commission in connection with the qualification of the Indenture under the TIA; or provide for the issuance of additional Notes in accordance with the Indenture. No amendment or supplement may be made to the subordination provisions of this Indenture that adversely affects the rights of any holder of Senior Debt then outstanding unless the holders of such Senior Debt (or their Representative) consents to such change.

11. Defaults and Remedies. Each of the following is an Event of Default under the Indenture: (1) failure to make the payment of any interest, or Special Interest, if any, on the Notes issued under the Indenture when the same becomes due and payable, and such failure continues for a period of 30 days; (2) failure to make the payment of any principal of, or premium, if any, on, any of the Notes issued under the Indenture when the same becomes due and payable at their Stated Maturity, upon acceleration, redemption, required repurchase or otherwise; (3) failure to comply with Section 5.01 of the Indenture; (4) failure to comply with any other covenant or agreement in the Notes or in the Indenture (other than a failure that is the subject of the foregoing clause (1), (2) or (3)), and such failure continues for 30 days after written notice is given to the Issuer as provided in Section 6.01(b) of the Indenture; (5) a default under any Debt by the Issuer or any Restricted Subsidiary that results in acceleration of the maturity of such Debt, or failure to pay any such Debt at maturity, in an aggregate amount greater than \$20.0 million or its foreign currency equivalent at the time; (6) any judgment or judgments for the payment of money in an aggregate amount in excess of \$20.0 million (or its foreign currency equivalent at the time) (net of applicable insurance coverage) that shall be rendered against the Issuer or any Restricted Subsidiary by a court of competent jurisdiction and that judgment shall not be vacated, waived, satisfied or discharged for any period of 60 consecutive days during which a stay of enforcement shall not be in effect; (7) certain events involving bankruptcy, insolvency

or reorganization of the Issuer or any Restricted Subsidiary that is a Significant Subsidiary; and (8) any Subsidiary Guaranty of one or more Restricted Subsidiaries that are Subsidiary Guarantors which by themselves or taken together would constitute a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Subsidiary Guaranty or the Indenture), or any Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guaranty relating to the Notes. A Default under clause (4) is not an Event of Default in respect of the Notes until the Trustee or the Holders of not less than 25% in aggregate principal amount of Notes then outstanding notify the Issuer of the Default, and the Issuer does not cure such Default within the time specified after receipt of such notice. If any Event of Default (other than under clause (7)) occurs and is continuing, the Trustee or the Holders of not less than 25% in aggregate principal amount of the Notes then outstanding may declare all the Notes to be due and payable. In the case of an Event of Default under clause (7), all outstanding Notes shall become due and payable immediately without any declaration or other act on the part of the Trustee or the Holders. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. In the event of a declaration of acceleration of the Notes because an Event of Default has occurred and is continuing as a result of the acceleration of any Debt described in clause (5), the declaration of acceleration of the Notes shall be automatically annulled if the holders of any Debt described in clause (5) have rescinded the declaration of acceleration in respect of such Debt within 30 days of the date of such declaration and if (i) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction, and (ii) all existing Events of Default, except nonpayment of principal or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived. Subject to certain limitations, Holders of a majority in aggregate principal amount of the Notes then outstanding may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal, premium, if any, or interest, including Special Interest, if any) if a committee of Responsible Officers of the Trustee determines that withholding the notice is in the interest of the Holders. Holders of not less than a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture, except a continuing Default or Event of Default in the payment of interest or Special Interest on, or the principal of, the Notes. The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Issuer is required upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

12. Trustee Dealings with Issuer. The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer or any Affiliate of the Issuer with the same rights it would have if it were not Trustee.

13. No Recourse Against Others. No past, present or future director, officer, employee, incorporator, member, partner or stockholder of the Issuer or any Subsidiary Guarantor as such, shall have any liability for any Obligations of the Issuer or any Subsidiary Guarantor under the Notes, the Indenture or for any claim based on, in respect of, or by reason of, such Obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

14. Authentication. This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

15. Abbreviations. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

16. CUSIP Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuer has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Issuer shall furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

Greif Bros. Corporation  
425 Winter Road  
Delaware, Ohio 43015  
Attention: General Counsel  
Telecopier No: 740-549-6101

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Assignment Form

To assign this Note, fill in the form below: (I) or (we) assign and transfer this Note to

-----  
(Insert assignee's soc. sec. or tax I.D. no.)  
-----

-----  
(Print or type assignee's name, address and zip code)  
and irrevocably appoint

-----  
to transfer this Note on the books of the Issuer. The agent may substitute another to act for him.  
-----

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_  
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee: \_\_\_\_\_

Option of Holder to Elect Purchase

If you want to elect to have this Note purchased by the Issuer pursuant to Section 4.13 or 4.17 of the Indenture, check the box below:

Section 4.13

Section 4.17

If you want to elect to have only part of the Note purchased by the Issuer pursuant to Section 4.13 or Section 4.17 of the Indenture, state the amount you elect to have purchased: \$\_\_\_\_\_

Date: \_\_\_\_\_ Your Signature: \_\_\_\_\_  
(Sign exactly as your name appears on the Note)

Soc. Sec. or Tax Identification No.: \_\_\_\_\_

Signature Guarantee: \_\_\_\_\_  
(Signature must be guaranteed by a financial institution that is a member of the Securities Transfer Agent Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP"), the New York Stock Exchange, Inc. Medallion Signature Program ("MSP") or such other signature guarantee program as may be determined by the Registrar in addition to, or in substitution for, STAMP, SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.)



SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of an interest in this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of an interest in another Global Note or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange -----	Amount of decrease in Principal Amount of this Global Note -----	Amount of increase in Principal Amount of this Global Note -----	Principal Amount of this Global Note following such decrease (or increase) -----	Signature of authorized signatory of Trustee or Note Custodian -----
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EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

Greif Bros. Corporation  
425 Winter Road  
Delaware, Ohio 43015  
Attention: Chief Financial Officer

J.P. Morgan Trust Company, National Association, as Trustee  
Chase Financial Tower, Suite 220  
250 West Huron Road  
Cleveland, Ohio 44113  
Attention: Manager

Re: 8-7/8% Senior Subordinated Notes due 2012

Reference is hereby made to the Indenture, dated as of July 31, 2002 (the "Indenture"), among Greif Bros. Corporation, as issuer (the "Issuer"), the Subsidiary Guarantors party thereto and J.P. Morgan Trust Company, National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

\_\_\_\_\_, (the "Transferor") owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of \$\_\_\_\_\_ in such Note[s] or interests (the "Transfer"), to \_\_\_\_\_ (the "Transferee"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1.  Check if Transferee will take delivery of a beneficial interest in the 144A Global Note or a Definitive Note Pursuant to Rule 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Definitive Note and in the Indenture and the Securities Act.

2.  Check if Transferee will take delivery of a beneficial interest in the Regulation S Global Note or a Definitive Note pursuant to Regulation S. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the

Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note, the Temporary Regulation S Global Note and/or the Definitive Note and in the Indenture and the Securities Act.

3.  Check and complete if Transferee will take delivery of a beneficial interest in the IAI Global Note or a Definitive Note pursuant to any provision of the Securities Act other than Rule 144A or Regulation S. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a)  such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

or

(b)  such Transfer is being effected to the Issuer or a subsidiary thereof;

or

(c)  such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act;

or

(d)  such Transfer is being effected to an Institutional Accredited Investor and pursuant to an exemption from the registration requirements of the Securities Act other than Rule 144A, Rule 144 or Rule 904, in an aggregate principal amount of at least \$250,000, and the Transferor hereby further certifies that it has not engaged in any general solicitation within the meaning of Regulation D under the Securities Act and the Transfer complies with the transfer restrictions applicable to beneficial interests in a Restricted Global Note or Restricted Definitive Notes and the requirements of the exemption claimed, which certification is supported by (1) a certificate executed by the Transferee in the form of Exhibit D to the Indenture and (2) an Opinion of Counsel provided by the Transferor or the Transferee (a copy of which the Transferor has attached to this certification), to the effect that such Transfer is in compliance with the Securities Act. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the IAI Global Note and/or the Definitive Notes and in the Indenture and the Securities Act.

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4.  Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Note or of an Unrestricted Definitive Note.

(a)  Check if Transfer is pursuant to Rule 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(b)  Check if Transfer is Pursuant to Regulation S. (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c)  Check if Transfer is Pursuant to Other Exemption. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer.

\_\_\_\_\_  
[Insert Name of Transferor]

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (A) OR (B)]

- (a)  a beneficial interest in the:
  - (i)  144A Global Note (CUSIP \_\_\_\_\_), or
  - (ii)  Regulation S Global Note (CUSIP \_\_\_\_\_), or
  - (iii)  IAI Global Note (CUSIP \_\_\_\_\_); or
- (b)  a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

- (a)  a beneficial interest in the:
  - (i)  144A Global Note (CUSIP \_\_\_\_\_), or
  - (ii)  Regulation S Global Note (CUSIP \_\_\_\_\_), or
  - (iii)  IAI Global Note (CUSIP \_\_\_\_\_); or
  - (iv)  Unrestricted Global Note (CUSIP \_\_\_\_\_); or
- (b)  a Restricted Definitive Note; or
- (c)  an Unrestricted Definitive Note,  
in accordance with the terms of the Indenture.

EXHIBIT C

FORM OF CERTIFICATE OF EXCHANGE

Greif Bros. Corporation  
425 Winter Road  
Delaware, Ohio 43015  
Attention: Chief Financial Officer

J.P. Morgan Trust Company, National Association, as Trustee  
Chase Financial Tower, Suite 220  
250 West Huron Road  
Cleveland, Ohio 44113  
Attention: Manager

Re: 8-7/8% Senior Subordinated Notes due 2012

(CUSIP \_\_\_\_\_)

Reference is hereby made to the Indenture, dated as of July 31, 2002 (the "Indenture"), among Greif Bros. Incorporated, as issuer (the "Issuer"), the Subsidiary Guarantors party thereto and J.P. Morgan Trust Company, National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

\_\_\_\_\_, (the "Owner") owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of \$\_\_\_\_\_ in such Note[s] or interests (the "Exchange"). In connection with the Exchange, the Owner hereby certifies that:

1. Exchange of Restricted Definitive Notes or Beneficial Interests in a Restricted Global Note for Unrestricted Definitive Notes or Beneficial Interests in an Unrestricted Global Note

(a)  Check if Exchange is from beneficial interest in a Restricted Global Note to beneficial interest in an Unrestricted Global Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the United States Securities Act of 1933, as amended (the "Securities Act"), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b)  Check if Exchange is from beneficial interest in a Restricted Global Note to Unrestricted Definitive Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c)  Check if Exchange is from Restricted Definitive Note to beneficial interest in an Unrestricted Global Note. In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in

order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d)  Check if Exchange is from Restricted Definitive Note to Unrestricted Definitive Note. In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. Exchange of Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes for Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes

(a)  Check if Exchange is from beneficial interest in a Restricted Global Note to Restricted Definitive Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act.

(b)  Check if Exchange is from Restricted Definitive Note to beneficial interest in a Restricted Global Note. In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CHECK ONE]  144A Global Note,  Regulation S Global Note,  IAI Global Note with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer.

\_\_\_\_\_  
[Insert Name of Transferor]

By: \_\_\_\_\_

Name:

Title:

Dated: \_\_\_\_\_



EXHIBIT D

FORM OF CERTIFICATE FROM  
ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR

Greif Bros. Corporation  
425 Winter Road  
Delaware, Ohio 43015  
Attention: Chief Financial Officer

J.P. Morgan Trust Company, National Association, as Trustee  
Chase Financial Tower, Suite 220  
250 West Huron Road  
Cleveland, Ohio 44113  
Attention: Manager

Re: 8-7/8% Senior Subordinated Notes due 2012

Reference is hereby made to the Indenture, dated as of July 31, 2002 (the "Indenture"), among Greif Bros. Incorporated, as issuer (the "Issuer"), the Subsidiary Guarantors party thereto and J.P. Morgan Trust Company, National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

In connection with our proposed purchase of \$\_\_\_\_\_ aggregate principal amount of:

- (a) a beneficial interest in a Global Note, or
- (b) a Definitive Note,

we confirm that:

1. We understand that any subsequent transfer of the Notes or any interest therein is subject to certain restrictions and conditions set forth in the Indenture and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes or any interest therein except in compliance with, such restrictions and conditions and the United States Securities Act of 1933, as amended (the "Securities Act").

2. We understand that the offer and sale of the Notes have not been registered under the Securities Act, and that the Notes and any interest therein may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should sell the Notes or any interest therein, we will do so only (A) to the Issuer or any subsidiary thereof, (B) in accordance with Rule 144A under the Securities Act to a "qualified institutional buyer" (as defined therein), (C) to an institutional "accredited investor" (as defined below) that, prior to such transfer, furnishes (or has furnished on its behalf by a U.S. broker-dealer) to you and to the Issuer a signed letter substantially in the form of this letter and an Opinion of Counsel in form reasonably acceptable to the Issuer to the effect that such transfer is in compliance with the Securities Act, and such transfer is in an aggregate principal amount of at least \$250,000, (D) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act, (E) pursuant to the provisions of Rule 144(k) under the Securities Act or (F) pursuant to an effective registration statement under the Securities Act, and we further agree to provide to any Person purchasing the Definitive Note or beneficial interest in a Global Note from us in a transaction meeting the requirements of clauses (A) through (E) of this paragraph a notice advising such purchaser that resales thereof are restricted as stated herein.

3. We understand that, on any proposed resale of the Notes or beneficial interest therein, we will be required to furnish to you and the Issuer such certifications, legal opinions and other information as you and the Issuer may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Notes purchased by us will bear a legend to the foregoing effect.

4. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters

as to be capable of evaluating the merits and risks of our investment in the Notes, and we and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

5. We are acquiring the Notes or beneficial interest therein purchased by us for our own account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion.

You and the Issuer are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

\_\_\_\_\_  
[Insert Name of Accredited Investor]

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

EXHIBIT E

FORM OF NOTATION OF GUARANTEE

For value received, each Subsidiary Guarantor (which term includes any successor Person under the Indenture), jointly and severally, unconditionally guarantees, to the extent set forth in the Indenture and subject to the provisions in the Indenture, dated as of July 31, 2002 (the "Indenture"), among Greif Bros. Corporation, as issuer (the "Issuer"), the Subsidiary Guarantors listed on the signature pages thereto and J.P. Morgan Trust Company, National Association, as trustee (the "Trustee"), (a) the punctual payment in full of the principal of, premium, if any, and interest, including Special Interest, if any, on, the Notes when due, whether at maturity, by acceleration, redemption or otherwise, and interest on overdue principal of, premium, if any, and interest, including Special Interest, if any, on, the Notes, if lawful, and the punctual performance or payment in full of all other obligations of the Issuer to the Holders or the Trustee under the Indenture and the Notes when due, all in accordance with the terms of the Indenture and the Notes and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the Subsidiary Guarantors to the Holders of Notes and to the Trustee pursuant to the Subsidiary Guaranty and the Indenture are expressly set forth in Article 10 of the Indenture, and reference is hereby made to the Indenture for the precise terms of the Subsidiary Guaranty. This Subsidiary Guaranty is subject to release as and to the extent set forth in Sections 8.02, 8.03 and 10.05 of the Indenture. Each Holder of a Note, by accepting the same, agrees to and shall be bound by such provisions. Capitalized terms used herein and not defined are used herein as so defined in the Indenture.

[GUARANTOR]

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT F

FORM OF SUPPLEMENTAL INDENTURE

This SUPPLEMENTAL INDENTURE, dated as of \_\_\_\_\_, \_\_\_\_\_, is among Greif Bros. Corporation, a Delaware corporation (the "Company"), each of the parties identified under the caption "Subsidiary Guarantors" on the signature page hereto (the "Guarantors") and J.P. Morgan Trust Company, National Association, a national banking association, as Trustee.

RECITALS

WHEREAS, the Company, certain Subsidiary Guarantors and the Trustee entered into an Indenture, dated as of July 31, 2002 (the "Indenture"), pursuant to which the Company has originally issued \$250.0 million in aggregate principal amount of 8-7/8% Senior Subordinated Notes due 2012 (the "Notes"); and

WHEREAS, Section 9.01(a)(iv) of the Indenture provides that the Company, the Subsidiary Guarantors and the Trustee may amend or supplement the Indenture in order to add any new Subsidiary Guarantor to comply with Section 10.04 thereof, without the consent of the Holders of the Notes; and

WHEREAS, all acts and things prescribed by the Indenture, by law and by the charter and the bylaws (or comparable constituent documents) of the Company, of the Subsidiary Guarantors and of the Trustee necessary to make this Supplemental Indenture a valid instrument legally binding on the Company, the Subsidiary Guarantors and the Trustee, in accordance with its terms, have been duly done and performed;

NOW, THEREFORE, to comply with the provisions of the Indenture and in consideration of the above premises, the Company, the Subsidiary Guarantors and the Trustee covenant and agree for the equal and proportionate benefit of the respective Holders of the Notes as follows:

ARTICLE 1.

Section 1.01. This Supplemental Indenture is supplemental to the Indenture and does and shall be deemed to form a part of, and shall be construed in connection with and as part of, the Indenture for any and all purposes.

Section 1.02. This Supplemental Indenture shall become effective immediately upon its execution and delivery by each of the Company, the Subsidiary Guarantors and the Trustee.

ARTICLE 2.

Section 2.01. From this date, in accordance with Section 10.04 and by executing this Supplemental Indenture and the accompanying notation of Subsidiary Guarantee (a copy of which is attached hereto), the Subsidiary Guarantors whose signatures appear below are subject to the provisions of the Indenture to the extent provided for in Article 10 thereof.

ARTICLE 3.

Section 3.01. Except as specifically modified herein, the Indenture and the Notes are in all respects ratified and confirmed (*mutatis mutandis*) and shall remain in full force and effect in accordance with their terms with all capitalized terms used herein without definition having the same respective meanings ascribed to them as in the Indenture.

Section 3.02. Except as otherwise expressly provided herein, no duties, responsibilities or liabilities are assumed, or shall be construed to be assumed, by the Trustee by reason of this Supplemental Indenture. This Supplemental Indenture is executed and accepted by the Trustee subject to all the terms and conditions set forth in the Indenture with the same force and effect as if those terms and conditions were repeated at length herein and made applicable to the Trustee with respect hereto.

Section 3.03. THE LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE AND ENFORCE THIS SUPPLEMENTAL INDENTURE.

Section 3.04. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of such executed copies together shall represent the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first written above.

Greif Bros. Corporation

By \_\_\_\_\_  
Name:  
Title:

[Subsidiary Guarantors]

By \_\_\_\_\_  
Name:  
Title:

J.P. Morgan Trust Company, National Association, as Trustee

By \_\_\_\_\_  
Name:  
Title:

Schedule A

List of Agreements pursuant to Section 4.15(b)(v)

1. Joint Venture Agreement dated as of November 1, 1998, among CorrChoice, Inc., Greif Bros. Corporation, Geoffrey A. Jollay and R. Dean Jollay, and John J. McLaughlin, and agreements related thereto.

CROSS-REFERENCE TABLE\*

Trust Indenture Act -----	Indenture -----
310 (a)(1) .....	7.10
(a)(2) .....	7.10
(a)(3) .....	N.A.
(a)(4) .....	N.A.
(a)(5) .....	7.10
(b) .....	7.10
(c) .....	N.A.
311(a) .....	7.11
(b) .....	7.11
(c) .....	N.A.
312 (a) .....	2.06
(b) .....	14.03
(c) .....	14.03
313 (a) .....	7.06
(b)(1) .....	N.A.
(b)(2) .....	7.06; 7.07
(c) .....	7.06; 14.02
(d) .....	7.06
314 (a) .....	4.03; 4.04; 14.02
(b) .....	N.A.
(c)(1) .....	14.04
(c)(2) .....	14.04
(c)(3) .....	N.A.
(d) .....	N.A.
(e) .....	14.05
(f) .....	NA
315 (a) .....	7.01
(b) .....	7.05; 14.02
(c) .....	7.01
(d) .....	7.01
(e) .....	6.11
316 (a)(last sentence) .....	2.10
(a)(1)(A) .....	6.05
(a)(1)(B) .....	6.04
(a)(2) .....	N.A.
(b) .....	6.07
(c) .....	2.02
317 (a)(1) .....	6.08
(a)(2) .....	6.09
(b) .....	2.05
318 (a) .....	14.01
(b) .....	N.A.
(c) .....	14.01

N.A. means not applicable.

\*This Cross-Reference Table is not part of this Indenture.

=====  
(Face of Note)

8-7/8% Senior Subordinated Note due 2012

No. \_\_\_\_\_

CUSIP \_\_\_\_\_  
\$ \_\_\_\_\_

GREIF BROS. CORPORATION

promises to pay to \_\_\_\_\_ or registered assigns, the principal sum of  
\_\_\_\_\_ Dollars \_\_\_\_\_ on August 1, 2012.

Interest Payment Dates: February 1 and August 1, commencing February 1, 2003

Record Dates: January 15 and July 15.



IN WITNESS WHEREOF, the Issuer has caused this Note to be signed manually or by facsimile by its duly authorized officers.

GREIF BROS. CORPORATION

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

CERTIFICATE OF AUTHENTICATION

This is one of the Global Notes referred to in the within-mentioned Indenture.

J.P. MORGAN TRUST COMPANY  
NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_

Authorized Officer

Dated \_\_\_\_\_, 2002

8-7/8% Senior Subordinated Note due 2012

THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. Interest. Greif Bros. Corporation., a Delaware corporation (the "Issuer"), promises to pay interest on the principal amount of this Note at 8.875% per annum until maturity and shall pay Special Interest, if any, as provided in Section 4 of the Registration Rights Agreement. The Issuer shall pay interest semi-annually on February 1 and August 1 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an "Interest Payment Date"). Interest on the Notes shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; provided, however, that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; provided, further, that the first Interest Payment Date shall be February 1, 2003. The Issuer shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate that is 1% per annum in excess of the rate then in effect; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment. The Issuer shall pay interest on the Notes to the Persons who are Holders at the close of business on the January 15 or July 15 next preceding the Interest Payment Date, even if such Notes are cancelled after such record date and on or before such Interest Payment Date, except as provided in Section 2.13 of the Indenture with respect to defaulted interest. The Notes shall be payable as to principal, premium, if any, and interest and Special Interest, if any, at the office or agency of the Issuer maintained for such purpose within or without the City and State of New York, or, at the option of the Issuer, payment of interest may be made by check mailed to the Holders at their addresses set forth in the Security Register; provided, however, that payment by wire transfer of immediately available funds shall be required with respect to principal of, and interest and Special Interest, if any, and premium, if any, on, all Global Notes and all other Notes the Holders of which shall have provided wire transfer instructions to the Issuer or the Paying Agent. Such payment shall be in such coin or

currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. The principal of the Notes shall be payable only upon surrender of any Note at the Corporate Trust Office of the Trustee or at the specified offices of any other Paying Agent. If any Interest Payment Date for, or the due date for payment of the principal of, the Notes is not a Business Day at the place in which it is presented for payment, the Holder thereof shall not be entitled to payment of the amount due until the next succeeding Business Day at such place and shall not be entitled to any further interest or other payment in respect of such delay.

3. Paying Agent and Registrar. Initially, J.P. Morgan Trust Company, National Association, the Trustee under the Indenture, shall act as Paying Agent and Registrar. The Issuer may change any Paying Agent or Registrar without notice to any Holder. The Issuer or any of its Subsidiaries may act in any such capacity.

4. Indenture. The Issuer issued the Notes under an Indenture dated as of July 31, 2002 ("Indenture") among the Issuer, the guarantors party thereto (the "Subsidiary Guarantors") and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code ss.ss. 77aaa-77bbb). The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling.

5. Optional Redemption.

(a) Except as set forth in clauses (b) and (c) of this Section 5, the Notes shall not be redeemable at the option of the Issuer prior to August 1, 2007. Starting on that date, the Issuer may redeem all or any portion of the Notes, at once or over time, after giving the required notice under the Indenture. The Notes may be redeemed at the redemption prices set forth below, plus accrued and unpaid interest, including Special Interest, if any, to the redemption date (subject to the right of Holders on the relevant record date to receive interest due on the relevant Interest Payment Date). The following prices are for Notes redeemed during the 12-month period commencing on August 1 of the years set forth below, and are expressed as percentages of principal amount:

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

(b) At any time prior to August 1, 2007, the Issuer may redeem all or any portion of the Notes, at once or over time, after giving the required notice under the Indenture at a redemption price equal to the greater of:

(i) 100% of the principal amount of the Notes to be redeemed, and

(ii) the sum of the present values of (1) the redemption price of the Notes at August 1, 2007 (as set forth in clause (a) of this Section 5) and (2) the remaining scheduled payments of interest from the redemption date to August 1, 2007, but excluding accrued and unpaid interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points,

plus, in either case, accrued and unpaid interest, including Special Interest, if any, to the redemption date (subject to the right of Holders on the relevant record date to receive interest due on the relevant Interest Payment Date).

Any notice to Holders of a redemption pursuant to this clause (b) shall include the appropriate calculation of the redemption price, but need not include the redemption price itself. The actual redemption price, calculated as described in this clause (b), shall be set forth in an Officer's Certificate delivered to the Trustee no later than two Business Days prior to the redemption date (unless clause (2) of the definition of "Comparable Treasury Price" is

applicable, in which case such Officer's Certificate will be delivered on the redemption date).

(c) At any time and from time to time prior to August 1, 2005, the Issuer may redeem up to a maximum of 35% of the aggregate principal amount of the Notes (including any Additional Notes) that have been issued under the Indenture on or after the Issue Date with the proceeds of one or more Equity Offerings, at a redemption price equal to 108.875% of the principal amount thereof, plus accrued and unpaid interest, including Special Interest, if any, to the redemption date (subject to the right of Holders on the relevant record date to receive interest due on the relevant Interest Payment Date); provided, however, that after giving effect to any such redemption, at least 65% of the aggregate principal amount of the Notes (including any Additional Notes) that have been issued under the Indenture on or after the Issue Date remains outstanding. Any such redemption shall be made within 90 days of such Equity Offering upon not less than 30 nor more than 60 days' prior notice.

(d) Any prepayment pursuant to this Section 5 shall be made pursuant to the provisions of Sections 3.01 through 3.06 of the Indenture.

6. **Mandatory Redemption.** The Issuer shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

7. **Notice of Redemption.** Notice of redemption shall be mailed at least 30 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address. Notes in denominations larger than \$1,000 may be redeemed in part but only in whole multiples of \$1,000, unless all of the Notes held by a Holder are to be redeemed. On and after the redemption date interest ceases to accrue on Notes or portions thereof called for redemption.

8. **Denominations, Transfer, Exchange.** The Notes are in registered form without coupons in denominations of \$1,000 and integral multiples of \$1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Issuer may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Issuer need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Issuer need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

9. **Persons Deemed Owners.** The registered holder of a Note may be treated as its owner for all purposes.

10. **Amendment, Supplement and Waiver.** Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes voting as a single class, and any existing default or compliance with any provision of the Indenture or the Notes may be waived with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes voting as a single class. Without the consent of any Holder, the Indenture or the Notes may be amended or supplemented to: cure any ambiguity, omission, defect or inconsistency; provide for the assumption by a Surviving Person of the obligations of the Issuer under the Indenture or of a Subsidiary Guarantor under the Indenture or its Subsidiary Guaranty; provide for uncertificated Notes in addition to or in place of certificated Notes (provided that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code); add additional Guarantees with respect to the Notes or to release Subsidiary Guarantors from Subsidiary Guaranties as provided by the terms of the Indenture; secure the Notes, add to the covenants of the Issuer for the benefit of the Holders of the Notes or surrender any right or power conferred upon the Issuer; make any change that does not adversely affect in any material respect the rights of any Holder of the Notes under the Indenture; make any change to the subordination provisions of the Indenture that would limit or terminate the benefits available to any holder of Senior Debt under such provisions (subject to the consent of such holders of Senior Debt pursuant to Section 9.03 of the Indenture); comply with any requirement of the Commission in connection with the qualification of the Indenture under the TIA; or provide for the issuance of additional Notes in accordance with the Indenture. No amendment or supplement may be made to the subordination provisions of this

Indenture that adversely affects the rights of any holder of Senior Debt then outstanding unless the holders of such Senior Debt (or their Representative) consents to such change.

11. Defaults and Remedies. Each of the following is an Event of Default under the Indenture: (1) failure to make the payment of any interest, or Special Interest, if any, on the Notes issued under the Indenture when the same becomes due and payable, and such failure continues for a period of 30 days; (2) failure to make the payment of any principal of, or premium, if any, on, any of the Notes issued under the Indenture when the same becomes due and payable at their Stated Maturity, upon acceleration, redemption, required repurchase or otherwise; (3) failure to comply with Section 5.01 of the Indenture; (4) failure to comply with any other covenant or agreement in the Notes or in the Indenture (other than a failure that is the subject of the foregoing clause (1), (2) or (3)), and such failure continues for 30 days after written notice is given to the Issuer as provided in Section 6.01(b) of the Indenture; (5) a default under any Debt by the Issuer or any Restricted Subsidiary that results in acceleration of the maturity of such Debt, or failure to pay any such Debt at maturity, in an aggregate amount greater than \$20.0 million or its foreign currency equivalent at the time; (6) any judgment or judgments for the payment of money in an aggregate amount in excess of \$20.0 million (or its foreign currency equivalent at the time) (net of applicable insurance coverage) that shall be rendered against the Issuer or any Restricted Subsidiary by a court of competent jurisdiction and that judgment shall not be vacated, waived, satisfied or discharged for any period of 60 consecutive days during which a stay of enforcement shall not be in effect; (7) certain events involving bankruptcy, insolvency or reorganization of the Issuer or any Restricted Subsidiary that is a Significant Subsidiary; and (8) any Subsidiary Guaranty of one or more Restricted Subsidiaries that are Subsidiary Guarantors which by themselves or taken together would constitute a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Subsidiary Guaranty or the Indenture), or any Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guaranty relating to the Notes. A Default under clause (4) is not an Event of Default in respect of the Notes until the Trustee or the Holders of not less than 25% in aggregate principal amount of Notes then outstanding notify the Issuer of the Default, and the Issuer does not cure such Default within the time specified after receipt of such notice. If any Event of Default (other than under clause (7)) occurs and is continuing, the Trustee or the Holders of not less than 25% in aggregate principal amount of the Notes then outstanding may declare all the Notes to be due and payable. In the case of an Event of Default under clause (7), all outstanding Notes shall become due and payable immediately without any declaration or other act on the part of the Trustee or the Holders. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. In the event of a declaration of acceleration of the Notes because an Event of Default has occurred and is continuing as a result of the acceleration of any Debt described in clause (5), the declaration of acceleration of the Notes shall be automatically annulled if the holders of any Debt described in clause (5) have rescinded the declaration of acceleration in respect of such Debt within 30 days of the date of such declaration and if (i) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction, and (ii) all existing Events of Default, except nonpayment of principal or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived. Subject to certain limitations, Holders of a majority in aggregate principal amount of the Notes then outstanding may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal, premium, if any, or interest, including Special Interest, if any) if a committee of Responsible Officers of the Trustee determines that withholding the notice is in the interest of the Holders. Holders of not less than a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture, except a continuing Default or Event of Default in the payment of interest or Special Interest on, or the principal of, the Notes. The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Issuer is required upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

12. Trustee Dealings with Issuer. The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer or any Affiliate of the Issuer with the same rights it would have if it were not Trustee.

13. No Recourse Against Others. No past, present or future director, officer, employee, incorporator, member, partner or stockholder of the Issuer or any Subsidiary Guarantor as such, shall have any liability for any Obligations of the Issuer or any Subsidiary Guarantor under the Notes, the Indenture or for any claim based on, in

respect of, or by reason of, such Obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

14. Authentication. This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

15. Abbreviations. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

16. CUSIP Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuer has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Issuer shall furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

Greif Bros. Corporation  
425 Winter Road  
Delaware, Ohio 43015  
Attention: General Counsel  
Telecopier No: 740-549-6101

Assignment Form

To assign this Note, fill in the form below: (I) or (we) assign and transfer this Note to

-----  
(Insert assignee's soc. sec. or tax I.D. no.)  
-----

-----  
(Print or type assignee's name, address and zip code)  
and irrevocably appoint -----

to transfer this Note on the books of the Issuer. The agent may substitute another to act for him.

-----  
Date: -----

Your Signature: -----

(Sign exactly as your name appears on the face of this Note)

Signature Guarantee: -----

Option of Holder to Elect Purchase

If you want to elect to have this Note purchased by the Issuer pursuant to Section 4.13 or 4.17 of the Indenture, check the box below:

Section 4.13

Section 4.17

If you want to elect to have only part of the Note purchased by the Issuer pursuant to Section 4.13 or Section 4.17 of the Indenture, state the amount you elect to have purchased: \$ \_\_\_\_\_

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_

(Sign exactly as your name appears on the Note)

Soc. Sec. or Tax Identification No.: \_\_\_\_\_

Signature Guarantee: \_\_\_\_\_

(Signature must be guaranteed by a financial institution that is a member of the Securities Transfer Agent Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP"), the New York Stock Exchange, Inc. Medallion Signature Program ("MSP") or such other signature guarantee program as may be determined by the Registrar in addition to, or in substitution for, STAMP, SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.)



SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of an interest in this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of an interest in another Global Note or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease (or increase)	Signature of authorized signatory of Trustee or Note Custodian
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GREIF BROS. CORPORATION

\$250,000,000

8? % Senior Subordinated Notes Due 2012

REGISTRATION RIGHTS AGREEMENT

New York, New York  
July 31, 2002

Salomon Smith Barney Inc.  
Deutsche Bank Securities Inc.  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
McDonald Investments Inc.  
SunTrust Capital Markets, Inc.  
NatCity Investments, Inc.  
ING Financial Markets LLC  
U.S. Bancorp Piper Jaffray Inc.  
Huntington Capital Corp.  
As Representatives of the Initial Purchasers

c/o Salomon Smith Barney Inc.  
388 Greenwich Street  
New York, New York 10013

Dear Sirs:

Greif Bros. Corporation, a corporation organized under the laws of Delaware (the "Company"), proposes to issue and sell to certain purchasers (the "Initial Purchasers"), upon the terms set forth in a Purchase Agreement dated as of July 25, 2002, between the Company, the subsidiary guarantors signatory thereto and the Initial Purchasers (the "Purchase Agreement"), \$250,000,000 aggregate principal amount of its 8? % Senior Subordinated Notes Due 2012 (the "Notes") relating to the initial placement of the Notes (the "Initial Placement"). The Notes will be unconditionally guaranteed (the "Guarantees," and, together with the Notes, the "Securities") on a senior subordinated basis by each of the Company's direct and indirect domestic subsidiaries set forth on the signature page hereto (the "Guarantors"). To induce the Initial Purchasers to enter into the Purchase Agreement and to satisfy a condition of your obligations thereunder, the Company and the Guarantors agree with you for your benefit and the benefit of the holders from time to time of the Securities (including the Initial Purchasers) (each a "Holder" and, together, the "Holders"), as follows:

1. Definitions. Capitalized terms used herein without definition shall have their respective meanings set forth in the Purchase Agreement. As used in this Agreement, the following capitalized defined terms shall have the following meanings:

"Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Affiliate" of any specified Person shall mean any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such specified Person. For purposes of this definition, control of a Person shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise; and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

"Broker-Dealer" shall mean any broker or dealer registered as such under the Exchange Act.

"Business Day" shall mean any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions or trust companies are authorized or obligated by law to close in New York City.

"Commission" shall mean the Securities and Exchange Commission.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Exchange Offer Registration Period" shall mean the one-year period following the consummation of the Registered Exchange Offer, exclusive of any period during which any stop order shall be in effect suspending the effectiveness of the Exchange Offer Registration Statement.

"Exchange Offer Registration Statement" shall mean a registration statement of the Company and the Guarantors on an appropriate form under the Act with respect to the Registered Exchange Offer, all amendments and supplements to such registration statement, including post-effective amendments thereto, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Exchanging Dealer" shall mean any Holder (which may include any Initial Purchaser) that is a Broker-Dealer and elects to exchange for New Securities any Securities that it acquired for its own account as a result of market-making activities or other trading activities (but not directly from the Company or any Affiliate of the Company) for New Securities.

"Final Memorandum" shall have the meaning set forth in the Purchase Agreement.

"Holder" shall have the meaning set forth in the preamble hereto.

"Indenture" shall mean the Indenture relating to the Securities, dated as of July 31, 2002 between the Company, the Guarantors and J.P. Morgan Trust Company, National Association, as trustee, as the same may be amended from time to time in accordance with the terms thereof.

"Initial Placement" shall have the meaning set forth in the preamble hereto.

"Initial Purchasers" shall have the meaning set forth in the preamble hereto.

"Losses" shall have the meaning set forth in Section 7(d) hereof.

"Majority Holders" shall mean the Holders of a majority of the aggregate principal amount of Securities registered under a Registration Statement.

"Managing Underwriters" shall mean the investment banker or investment bankers and manager or managers that shall administer an underwritten offering.

"New Securities" shall mean debt securities of the Company and the Guarantors, identical in all material respects to the Securities (except that the cash interest and interest rate step-up provisions and the transfer restrictions shall be modified or eliminated, as appropriate) and to be issued under the Indenture or the New Securities Indenture.

"New Securities Indenture" shall mean an indenture between the Company, the Guarantors and the New Securities Trustee, identical in all material respects to the Indenture (except that the cash interest and interest rate step-up provisions will be modified or eliminated, as appropriate).

"New Securities Trustee" shall mean a bank or trust company reasonably satisfactory to the Initial Purchasers, as trustee with respect to the New Securities under the New Securities Indenture.

"Prospectus" shall mean the prospectus included in any Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A under the Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Securities or the New Securities covered by such Registration Statement, and all amendments and supplements thereto and all material incorporated by reference therein.

"Purchase Agreement" shall have the meaning set forth in the preamble hereto.

"Registered Exchange Offer" shall mean the proposed offer of the Company to issue and deliver to the Holders of the Securities that are not prohibited by any law or policy of the Commission from participating in such offer, in exchange for the Securities, a like aggregate principal amount of the New Securities.

"Registration Statement" shall mean any Exchange Offer Registration Statement or Shelf Registration Statement that covers any of the Securities or the New Securities pursuant to the provisions of this Agreement, any amendments and supplements to such registration statement, including post-effective amendments (in each case including the Prospectus contained therein), all exhibits thereto and all material incorporated by reference therein.

"Securities" shall have the meaning set forth in the preamble hereto.

"Shelf Registration" shall mean a registration effected pursuant to Section 3 hereof.

"Shelf Registration Period" has the meaning set forth in Section 3(b)(ii) hereof.

"Shelf Registration Statement" shall mean a "shelf" registration statement of the Company and the Guarantors pursuant to the provisions of Section 3 hereof which covers some or all of the Securities or New Securities, as applicable, on an appropriate form under Rule 415 under the Act, or any similar rule that may be adopted by the Commission, amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Trustee" shall mean the trustee with respect to the Securities under the Indenture.

"underwriter" shall mean any underwriter of Securities in connection with an offering thereof under a Shelf Registration Statement.

2. Registered Exchange Offer.

(a) The Company and the Guarantors shall prepare and, not later than 90 days following the date of the original issuance of the Securities (or if such 90th day is not a Business Day, the next succeeding Business Day), shall file with the Commission the Exchange Offer Registration Statement with respect to the Registered Exchange Offer. The Company and the Guarantors shall use their best efforts to cause the Exchange Offer Registration Statement to become effective under the Act within 150 days of the date of the original issuance of the Securities (or if such 150th day is not a Business Day, the next succeeding Business Day).

(b) Upon the effectiveness of the Exchange Offer Registration Statement, the Company and the Guarantors shall promptly commence the Registered Exchange Offer, it being the objective of such Registered Exchange Offer to enable each Holder electing to exchange Securities for New Securities (assuming that such Holder is not an Affiliate of the Company, acquires the New Securities in the ordinary course of such Holder's business, has no arrangements with any Person to participate in the distribution of the New Securities and is not prohibited by any law or policy of the Commission from participating in the Registered Exchange Offer) to trade such New Securities from and after their receipt without any limitations or restrictions under the Act and without material restrictions under the securities laws of a substantial proportion of the several states of the United States.

(c) In connection with the Registered Exchange Offer, the Company and the Guarantors shall:

(i) mail or cause to be mailed or delivered to each Holder a copy of the Prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;

(ii) keep the Registered Exchange Offer open for not less than 30 days and not more than 45 days after the date notice thereof is mailed to the Holders (or, in each case, longer if required by applicable law);

(iii) use their best efforts to keep the Exchange Offer Registration Statement continuously effective under the Act, supplemented and amended as required, under the Act to ensure that it is available for sales of New Securities by Exchanging Dealers during the Exchange Offer Registration Period;

(iv) utilize the services of a depository for the Registered Exchange Offer with an address in the Borough of Manhattan in New York City, which may be the Trustee, the New Securities Trustee or an Affiliate of either of them;

(v) permit Holders to withdraw tendered Securities at any time prior to the close of business, New York time, on the last Business Day on which the Registered Exchange Offer is open;

(vi) if requested by the Commission, prior to effectiveness of the Exchange Offer Registration Statement, provide a supplemental letter to the Commission (A) stating that the Company and the Guarantors are conducting the Registered Exchange Offer in reliance on the position of the Commission in Exxon Capital Holdings Corporation (pub. avail. May 13, 1988) and Morgan Stanley and Co., Inc. (pub. avail. June 5, 1991); and (B) including a representation that the Company and the Guarantors have not entered into any arrangement or understanding with any Person to distribute the New Securities to be received in the Registered Exchange Offer and that, to the best of their information and belief, each Holder participating in the Registered Exchange Offer is acquiring the New Securities in the ordinary course of business and has no arrangement or understanding with any Person to participate in the distribution of the New Securities; and

(vii) comply in all respects with all applicable laws.

(d) As soon as practicable after the close of the Registered Exchange Offer, the Company and the Guarantors shall:

(i) accept for exchange all Securities tendered and not validly withdrawn pursuant to the Registered Exchange Offer;

(ii) deliver to the Trustee for cancellation in accordance with Section 5(s) all Securities so accepted for exchange; and

(iii) cause the Trustee or the New Securities Trustee, as the case may be, promptly to authenticate and deliver to each Holder of Securities a principal amount of New Securities equal to the principal amount of the Securities of such Holder so accepted for exchange.

(e) Each Holder hereby acknowledges and agrees that any Broker-Dealer and any such Holder using the Registered Exchange Offer to participate in a distribution of the New Securities, if the resales are of New Securities obtained by such Holder in exchange for Securities acquired by such Holder directly from the Company or one of its Affiliates, (x) could not under Commission policy as in effect on the date of this Agreement rely on the position of the Commission in Morgan Stanley and Co., Inc. (pub. avail. June 5, 1991) and Exxon Capital Holdings Corporation (pub. avail. May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993 and similar no-action letters; and (y) must comply with the registration and prospectus delivery requirements of the Act in connection with any secondary resale transaction and such transaction must be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K under the Act. Accordingly, each Holder participating in the Registered Exchange Offer shall be required to represent to the Company and the Guarantors that, at the time of the consummation of the Registered Exchange Offer:

(i) any New Securities received by such Holder will be acquired in the ordinary course of business;

(ii) such Holder will have no arrangement or understanding with any Person to participate in the distribution of the Securities or the New Securities within the meaning of the Act; and

(iii) such Holder is not an Affiliate of the Company or any of the Guarantors (or if it is, that it will comply with the registration and prospectus delivery requirements of the Act to the extent applicable).

(f) If any Initial Purchaser determines that it is not eligible to participate in the Registered Exchange Offer with respect to the exchange of Securities constituting any portion of an unsold allotment, at the request of such Initial Purchaser, the Company and the Guarantors shall issue and deliver to such Initial Purchaser or the Person purchasing New Securities registered under a Shelf Registration Statement as contemplated by Section 3 hereof from such Initial Purchaser, in exchange for such Securities, a like principal amount of New Securities. The Company and the Guarantors shall use their best efforts to cause the CUSIP Service Bureau to issue the same CUSIP number for such New Securities as for New Securities issued pursuant to the Registered Exchange Offer.

### 3. Shelf Registration.

(a) If (i) due to any change in law or applicable interpretations thereof by the Commission's staff, the Company determines upon advice of its outside counsel that it is not permitted to effect the Registered Exchange Offer as contemplated by Section 2 hereof; or (ii) for any other reason the Exchange Offer Registration Statement is not declared effective by the Commission under the Act within 150 days of the date of the original issuance of the Securities or the Registered Exchange Offer is not consummated within 180 days of the date of the original issuance of the Securities; (iii)

any Initial Purchaser so requests with respect to Securities that are not eligible to be exchanged for New Securities in the Registered Exchange Offer and that are held by it following consummation of the Registered Exchange Offer; (iv) any Holder (other than an Initial Purchaser) is not eligible to participate in the Registered Exchange Offer or does not receive freely tradable New Securities in the Registered Exchange Offer other than by reason of such Holder being an Affiliate of the Company (it being understood that the requirement that a participating Broker-Dealer deliver the prospectus contained in the Exchange Offer Registration Statement in connection with sales of New Securities shall not result in such New Securities being not "freely tradable"); or (v) in the case of any Initial Purchaser that participates in the Registered Exchange Offer or acquires New Securities pursuant to Section 2(f) hereof, such Initial Purchaser does not receive freely tradable New Securities in exchange for Securities constituting any portion of an unsold allotment, other than by reason of such Holder being an Affiliate of the Company (it being understood that (x) the requirement that an Initial Purchaser deliver a Prospectus containing the information required by Item 507 or 508 of Regulation S-K under the Act in connection with sales of New Securities acquired in exchange for such Securities shall result in such New Securities being not "freely tradable;" and (y) the requirement that an Exchanging Dealer deliver a Prospectus in connection with sales of New Securities acquired in the Registered Exchange Offer in exchange for Securities acquired as a result of market-making activities or other trading activities shall not result in such New Securities being not "freely tradable") the Company and the Guarantors shall effect a Shelf Registration Statement in accordance with subsection (b) below.

(b)

(i) The Company and the Guarantors shall as promptly as practicable (but in no event more than 45 days after so required or requested pursuant to this Section 3), file with the Commission and thereafter shall use their best efforts to cause to be declared effective under the Act a Shelf Registration Statement relating to the offer and sale of the Securities or the New Securities, as applicable, by the Holders thereof from time to time in accordance with the methods of distribution elected by such Holders and set forth in such Shelf Registration Statement; provided, however, that no Holder (other than an Initial Purchaser) shall be entitled to have the Securities held by it covered by such Shelf Registration Statement unless such Holder agrees in writing to be bound by all of the provisions of this Agreement applicable to such Holder; and provided further, that with respect to New Securities received by an Initial Purchaser in exchange for Securities constituting any portion of an unsold allotment, the Company and the Guarantors may, if permitted by current interpretations by the Commission's staff, file a post-effective amendment to the Exchange Offer Registration Statement containing the information required by Item 507 or 508 of Regulation S-K, as applicable, in satisfaction of their obligations under this subsection with respect thereto, and any such Exchange Offer Registration Statement, as so amended, shall be referred to herein as, and governed by the provisions herein applicable to, a Shelf Registration Statement.



(ii) The Company and the Guarantors shall use their best efforts to keep the Shelf Registration Statement continuously effective, supplemented and amended as required by the Act, in order to permit the Prospectus forming part thereof to be usable by Holders for a period of two years from the date the Shelf Registration Statement is declared effective by the Commission or such shorter period that will terminate when all the Securities or New Securities, as applicable, covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement (in any such case, such period being called the "Shelf Registration Period"). The Company and the Guarantors shall be deemed not to have used their best efforts to keep the Shelf Registration Statement effective during the requisite period if they voluntarily take any action that would result in Holders of Securities covered thereby not being able to offer and sell such Securities during that period, unless (A) such action is required by applicable law; or (B) such action is taken by the Company and the Guarantors in good faith and for valid business reasons (not including avoidance of the Company's and the Guarantors' obligations hereunder), including the acquisition or divestiture of assets to the extent permitted by the terms of the Indenture, so long as the Company and the Guarantors promptly thereafter comply with the requirements of Section 5(k) hereof, if applicable.

(iii) The Company and the Guarantors shall cause the Shelf Registration Statement and the related Prospectus and any amendment or supplement thereto, as of the effective date of the Shelf Registration Statement or such amendment or supplement, (A) to comply in all material respects with the applicable requirements of the Act and the rules and regulations of the Commission; and (B) not to contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4. Special Interest. If (a) on or prior to the 90th day following the original issue date of the Securities, neither the Exchange Offer Registration Statement nor the Shelf Registration Statement has been filed with the Commission, (b) on or prior to the 150th day following the original issue date of the Securities, neither the Exchange Offer Registration Statement nor the Shelf Registration Statement has been declared effective, (c) on or prior to the 180th day following the original issue date of the Securities, neither the Registered Exchange Offer has been consummated nor the Shelf Registration Statement has been declared effective, or (d) after either the Exchange Offer Registration Statement or the Shelf Registration Statement has been declared effective, such Registration Statement thereafter ceases to be effective or usable (subject to certain exceptions) in connection with resales of Securities or New Securities in accordance with and during the periods specified in this Agreement (each such event referred to in clauses (a) through (d), a "Registration Default"), interest ("Special Interest") will accrue on the principal amount of the Securities and the New Securities (in addition to the stated interest on the Securities and New Securities) from and including the date on which any such Registration Default shall occur to but excluding the date on which all Registration Defaults have been cured. Special Interest will accrue at a rate of 0.25% per annum during the 90-day period immediately following the occurrence of such Registration Default and shall increase by 0.25%

per annum at the end of each subsequent 90-day period, but in no event shall such rate exceed 1.00% per annum.

All obligations of the Company and the Guarantors set forth in the preceding paragraph that are outstanding with respect to any Security at the time such Security is exchanged for a New Security shall survive until such time as all such obligations with respect to such Security have been satisfied in full.

5. Additional Registration Procedures. In connection with any Shelf Registration Statement and, to the extent applicable, any Exchange Offer Registration Statement, the following provisions shall apply.

(a) The Company and the Guarantors shall:

(i) furnish to you, not less than five Business Days prior to the filing thereof with the Commission, a copy of any Exchange Offer Registration Statement and any Shelf Registration Statement, and each amendment thereof and each amendment or supplement, if any, to the Prospectus included therein (including all documents incorporated by reference therein after the initial filing) and shall use their best efforts to reflect in each such document, when so filed with the Commission, such comments as you reasonably propose;

(ii) include the information set forth in Annex A hereto on the facing page of the Exchange Offer Registration Statement, in Annex B hereto in the forepart of the Exchange Offer Registration Statement in a section setting forth details of the Exchange Offer, in Annex C hereto in the underwriting or plan of distribution section of the Prospectus contained in the Exchange Offer Registration Statement, and in Annex D hereto in the letter of transmittal delivered pursuant to the Registered Exchange Offer;

(iii) if requested by an Initial Purchaser, include the information required by Item 507 or 508 of Regulation S-K, as applicable, in the Prospectus contained in the Exchange Offer Registration Statement; and

(iv) in the case of a Shelf Registration Statement, include the names of the Holders that propose to sell Securities pursuant to the Shelf Registration Statement as selling security holders.

(b) The Company and the Guarantors shall ensure that:

(i) any Registration Statement and any amendment thereto and any Prospectus forming part thereof and any amendment or supplement thereto complies in all material respects with the Act and the rules and regulations thereunder; and

(ii) any Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact

or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(c) The Company and the Guarantors shall advise you, the Holders of Securities covered by any Shelf Registration Statement and any Exchanging Dealer under any Exchange Offer Registration Statement that has provided in writing to the Company and the Guarantors a telephone or facsimile number and address for notices, and, if requested by you or any such Holder or Exchanging Dealer, shall confirm such advice in writing (which notice pursuant to clauses (ii) through (v) hereof shall be accompanied by an instruction to suspend the use of the Prospectus until the Company and the Guarantors shall have remedied the basis for such suspension):

(i) when a Registration Statement and any amendment thereto has been filed with the Commission and when the Registration Statement or any post-effective amendment thereto has become effective;

(ii) of any request by the Commission for any amendment or supplement to the Registration Statement or the Prospectus or for additional information;

(iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose;

(iv) of the receipt by the Company and the Guarantors of any notification with respect to the suspension of the qualification of the securities included therein for sale in any jurisdiction or the initiation of any proceeding for such purpose; and

(v) of the happening of any event that requires any change in the Registration Statement or the Prospectus so that, as of such date, the statements therein are not misleading and do not omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of the Prospectus, in the light of the circumstances under which they were made) not misleading.

(d) The Company and the Guarantors shall use their best efforts to obtain the withdrawal of any order suspending the effectiveness of any Registration Statement or the qualification of the securities therein for sale in any jurisdiction at the earliest possible time.

(e) The Company and the Guarantors shall furnish to each Holder of Securities covered by any Shelf Registration Statement, without charge, at least one copy of such Shelf Registration Statement and any post-effective amendment thereto, including all material incorporated therein by reference, and, if the Holder so requests in writing, all exhibits thereto (including exhibits incorporated by reference therein).

(f) The Company and the Guarantors shall, during the Shelf Registration Period, deliver to each Holder of Securities covered by any Shelf Registration Statement, without charge, as many copies of the Prospectus (including each preliminary Prospectus) included in such Shelf Registration Statement and any amendment or supplement thereto as such Holder may reasonably request. The Company and the Guarantors consent to the use of the Prospectus or any amendment or supplement thereto by each of the selling Holders of securities in connection with the offering and sale of the securities covered by the Prospectus, or any amendment or supplement thereto, included in the Shelf Registration Statement.

(g) The Company and the Guarantors shall furnish to each Exchanging Dealer which so requests, without charge, at least one copy of the Exchange Offer Registration Statement and any post-effective amendment thereto, including all material incorporated by reference therein, and, if the Exchanging Dealer so requests in writing, all exhibits thereto (including exhibits incorporated by reference therein).

(h) The Company and the Guarantors shall promptly deliver to each Initial Purchaser, each Exchanging Dealer and each other Person required to deliver a Prospectus during the Exchange Offer Registration Period, without charge, as many copies of the Prospectus included in such Exchange Offer Registration Statement and any amendment or supplement thereto as any such Person may reasonably request. The Company and the Guarantors consent to the use of the Prospectus or any amendment or supplement thereto by any Initial Purchaser, any Exchanging Dealer and any such other Person that may be required to deliver a Prospectus following the Registered Exchange Offer in connection with the offering and sale of the New Securities covered by the Prospectus, or any amendment or supplement thereto, included in the Exchange Offer Registration Statement.

(i) Prior to the Registered Exchange Offer or any other offering of Securities or New Securities pursuant to any Registration Statement, the Company and the Guarantors shall arrange, if necessary, for the qualification of the Securities or the New Securities for sale under the laws of such jurisdictions as any Holder shall reasonably request and will maintain such qualification in effect so long as required; provided that in no event shall the Company and the Guarantors be obligated to qualify to do business in any jurisdiction where they are not then so qualified or to take any action that would subject them to service of process in suits, other than those arising out of the Initial Placement, the Registered Exchange Offer or any offering pursuant to a Shelf Registration Statement, in any such jurisdiction where they are not then so subject.

(j) The Company and the Guarantors shall cooperate with the Holders of Securities to facilitate the timely preparation and delivery of certificates representing New Securities or Securities to be issued or sold pursuant to any Registration Statement free of any restrictive legends and in such denominations and registered in such names as Holders may request.

(k) Upon the occurrence of any event contemplated by subsections (c)(ii) through (v) above, the Company and the Guarantors shall promptly

prepare a post-effective amendment to the applicable Registration Statement or an amendment or supplement to the related Prospectus or file any other required document so that, as thereafter delivered to initial purchasers of the securities included therein, the Prospectus will not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. In such circumstances, the period of effectiveness of the Exchange Offer Registration Statement provided for in Section 2 and the Shelf Registration Statement provided for in Section 3(b) shall each be extended by the number of days from and including the date of the giving of a notice of suspension pursuant to Section 5(c) to and including the date when the Initial Purchasers, the Holders of the Securities and any known Exchanging Dealer shall have received such amended or supplemented Prospectus pursuant to this Section.

(l) Not later than the effective date of any Registration Statement, the Company and the Guarantors shall provide a CUSIP number for the Securities or the New Securities, as the case may be, registered under such Registration Statement and provide the Trustee with printed certificates for such Securities or New Securities, in a form eligible for deposit with The Depository Trust Company.

(m) The Company shall comply with all applicable rules and regulations of the Commission and shall make generally available to its security holders as soon as practicable after the effective date of the applicable Registration Statement an earnings statement satisfying the provisions of Section 11(a) of the Act.

(n) The Company and the Guarantors shall cause the Indenture or the New Securities Indenture, as the case may be, to be qualified under the Trust Indenture Act in a timely manner.

(o) The Company and the Guarantors may require each Holder of Securities or New Securities to be sold pursuant to any Shelf Registration Statement to furnish to the Company and the Guarantors such information regarding the Holder and the distribution of such Securities or New Securities as the Company and the Guarantors may from time to time reasonably require for inclusion in such Registration Statement. The Company and the Guarantors may exclude from such Shelf Registration Statement the Securities or New Securities of any Holder that unreasonably fails to furnish such information within a reasonable time after receiving such request.

(p) In the case of any Shelf Registration Statement, the Company and the Guarantors shall enter into such agreements and take all other appropriate actions (including if requested an underwriting agreement in customary form) in order to expedite or facilitate the registration or the disposition of the Securities or New Securities, and in connection therewith, if an underwriting agreement is entered into, cause the same to contain indemnification provisions and procedures no less favorable than those set forth in Section 7 (or such other provisions and procedures acceptable to the Majority Holders and the Managing Underwriters, if any, with respect to all parties to be indemnified pursuant to Section 7).

(q) In the case of any Shelf Registration Statement, the Company and the Guarantors shall:

(i) make reasonably available for inspection by the Holders of Securities or New Securities to be registered thereunder, any underwriter participating in any disposition pursuant to such Registration Statement, and any attorney, accountant or other agent retained by the Holders or any such underwriter all relevant financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries;

(ii) cause the Company's officers, directors and employees to supply all relevant information reasonably requested by the Holders or any such underwriter, attorney, accountant or agent in connection with any such Registration Statement as is customary for similar due diligence examinations; provided, however, that any information that is designated in writing by the Company, in good faith, as confidential at the time of delivery of such information shall be kept confidential by the Holders or any such underwriter, attorney, accountant or agent, unless such disclosure is made in connection with a court proceeding or required by law, or such information becomes available to the public generally or through a third party without an accompanying obligation of confidentiality;

(iii) make such representations and warranties to the Holders of Securities or New Securities registered thereunder and the underwriters, if any, in form, substance and scope as are customarily made by issuers to underwriters in primary underwritten offerings and covering matters including, but not limited to, those set forth in the Purchase Agreement;

(iv) obtain opinions of counsel to the Company and the Guarantors and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the Managing Underwriters, if any) addressed to each selling Holder and the underwriters, if any, covering such matters as are customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by such Holders and underwriters;

(v) obtain "cold comfort" letters and updates thereof from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements and financial data are, or are required to be, included in the Registration Statement), addressed to each selling Holder of Securities or New Securities registered thereunder and the underwriters, if any, in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with primary underwritten offerings; and

(vi) deliver such documents and certificates as may be reasonably requested by the Majority Holders and the Managing Underwriters, if any, including those to evidence compliance with Section 5(k) and with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company and the Guarantors.

The actions set forth in clauses (iii), (iv), (v) and (vi) of this Section shall be performed at (A) the effectiveness of such Registration Statement and each post-effective amendment thereto; and (B) each closing under any underwriting or similar agreement as and to the extent required thereunder.

(r) In the case of any Exchange Offer Registration Statement, the Company and the Guarantors shall:

(i) make reasonably available for inspection by such Initial Purchaser, and any attorney, accountant or other agent retained by such Initial Purchaser, all relevant financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries;

(ii) cause the Company's officers, directors and employees to supply all relevant information reasonably requested by such Initial Purchaser or any such attorney, accountant or agent in connection with any such Registration Statement as is customary for similar due diligence examinations; provided, however, that any information that is designated in writing by the Company, in good faith, as confidential at the time of delivery of such information shall be kept confidential by such Initial Purchaser or any such attorney, accountant or agent, unless such disclosure is made in connection with a court proceeding or required by law, or such information becomes available to the public generally or through a third party without an accompanying obligation of confidentiality;

(iii) make such representations and warranties to such Initial Purchaser, in form, substance and scope as are customarily made by issuers to underwriters in primary underwritten offerings and covering matters including, but not limited to, those set forth in the Purchase Agreement;

(iv) obtain opinions of counsel to the Company and the Guarantors and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to such Initial Purchaser and its counsel), addressed to such Initial Purchaser, covering such matters as are customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by such Initial Purchaser or its counsel;

(v) obtain "cold comfort" letters and updates thereof from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements and

financial data are, or are required to be, included in the Registration Statement), addressed to such Initial Purchaser, in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with primary underwritten offerings, or if requested by such Initial Purchaser or its counsel in lieu of a "cold comfort" letter, an agreed-upon procedures letter under Statement on Auditing Standards No. 35, covering matters requested by such Initial Purchaser or its counsel; and

(vi) deliver such documents and certificates as may be reasonably requested by such Initial Purchaser or its counsel, including those to evidence compliance with Section 5(k) and with conditions customarily contained in underwriting agreements.

The foregoing actions set forth in clauses (iii), (iv), (v), and (vi) of this Section shall be performed at the close of the Registered Exchange Offer and the effective date of any post-effective amendment to the Exchange Offer Registration Statement.

(s) If a Registered Exchange Offer is to be consummated, upon delivery of the Securities by Holders to the Company (or to such other Person as directed by the Company) in exchange for the New Securities, the Company shall mark, or caused to be marked, on the Securities so exchanged that such Securities are being canceled in exchange for the New Securities. In no event shall the Securities be marked as paid or otherwise satisfied.

(t) The Company and the Guarantors will use their best efforts (i) if the Securities have been rated prior to the initial sale of such Securities, to confirm such ratings will apply to the Securities or the New Securities, as the case may be, covered by a Registration Statement; or (ii) if the Securities were not previously rated, to cause the Securities covered by a Registration Statement to be rated with at least one nationally recognized statistical rating agency, if so requested by Majority Holders with respect to the related Registration Statement or by any Managing Underwriters.

(u) In the event that any Broker-Dealer shall underwrite any Securities or participate as a member of an underwriting syndicate or selling group or "assist in the distribution" (within the meaning of the Rules of Fair Practice and the By-Laws of the National Association of Securities Dealers, Inc.) thereof, whether as a Holder of such Securities or as an underwriter, a placement or sales agent or a broker or dealer in respect thereof, or otherwise, assist such Broker-Dealer in complying with the requirements of such Rules and By-Laws, including, without limitation, by:

(i) if such Rules or By-Laws shall so require, engaging a "qualified independent underwriter" (as defined in such Rules) to participate in the preparation of the Registration Statement, to exercise usual standards of due diligence with respect thereto and, if any portion of the offering contemplated by such Registration Statement is an underwritten offering or is made through a placement or sales agent, to recommend the yield of such Securities;



(ii) indemnifying any such qualified independent underwriter to the extent of the indemnification of underwriters provided in Section 6 hereof; and

(iii) providing such information to such Broker-Dealer as may be required in order for such Broker-Dealer to comply with the requirements of such Rules.

(iv) The Company and the Guarantors shall use their best efforts to take all other steps necessary to effect the registration of the Securities or the New Securities, as the case may be, covered by a Registration Statement.

6. Registration Expenses. The Company and the Guarantors shall bear all expenses incurred in connection with the performance of their obligations under Sections 2, 3 and 5 hereof and, in the event of any Shelf Registration Statement, will reimburse the Holders for the reasonable fees and disbursements of one firm or counsel designated by the Majority Holders to act as counsel for the Holders in connection therewith, and, in the case of any Exchange Offer Registration Statement, will reimburse the Initial Purchasers for the reasonable fees and disbursements of counsel acting in connection therewith.

7. Indemnification and Contribution.

(a) The Company and the Guarantors, jointly and severally, agree to indemnify and hold harmless each Holder of Securities or New Securities, as the case may be, covered by any Registration Statement (including each Initial Purchaser and, with respect to any Prospectus delivery as contemplated in Section 5(h) hereof, each Exchanging Dealer), the directors, officers, employees and agents of each such Holder and each Person who controls any such Holder within the meaning of either the Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement as originally filed or in any amendment thereof, or in any preliminary Prospectus or the Prospectus, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company and the Guarantors will not be liable in any case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company and the Guarantors by or on behalf of any such Holder specifically for inclusion therein. This indemnity agreement will be in addition to any liability that the Company and the Guarantors may otherwise have.

The Company and the Guarantors also, jointly and severally, agree to indemnify or contribute as provided in Section 7(d) to Losses of any underwriter of any Securities or New Securities, as the case may be, registered under a Shelf Registration Statement, their directors, officers, employees or agents and each Person who controls such underwriter on substantially the same basis as that of the indemnification of the Initial Purchasers and the selling Holders provided in this Section 7(a) and shall, if requested by any Holder, enter into an underwriting agreement reflecting such agreement, as provided in Section 5(p) hereof.

With respect to any untrue statement or omission of material fact made in any preliminary Prospectus, the indemnity agreement contained in this Section 7(a) shall not inure to the benefit of any indemnified person from whom the person asserting any such loss, claim, damage or liability purchased the securities concerned, to the extent that any such loss, claim, damage or liability of such indemnified person occurs under the circumstance where it shall have been determined by a court of competent jurisdiction by final and non-appealable judgment that (w) the Company had previously furnished copies of the Final Prospectus to such indemnified person, (x) delivery of the Final Prospectus was required by the Act to be made to such person, (y) the untrue statement or omission of a material fact contained in the preliminary Prospectus was corrected in the Final Prospectus and (z) there was not sent or given to such person, at or prior to the written confirmation of the sale of such securities to such person, a copy of the Final Prospectus.

(b) Each Holder of securities covered by a Registration Statement (including each Initial Purchaser and, with respect to any Prospectus delivery as contemplated in Section 5(h) hereof, each Exchanging Dealer) severally agrees to indemnify and hold harmless the Company and the Guarantors, each of their directors, each of their officers who sign such Registration Statement and each Person who controls the Company or any of the Guarantors within the meaning of either the Act or the Exchange Act, to the same extent as the foregoing indemnity from the Company and the Guarantors to each such Holder, but only with reference to written information relating to such Holder furnished to the Company and the Guarantors by or on behalf of such Holder specifically for inclusion in the documents referred to in the foregoing indemnity. This indemnity agreement will be in addition to any liability that any such Holder may otherwise have.

(c) Promptly after receipt by an indemnified party under this Section 7 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability under paragraph (a) or (b) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses; and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) or (b) above. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any

separate counsel retained by the indemnified party or parties except as set forth below); provided, however, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest; (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party; (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action; or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

(d) In the event that the indemnity provided in paragraph (a) or (b) of this Section is unavailable to or insufficient to hold harmless an indemnified party for any reason, then each applicable indemnifying party shall have a joint and several obligation to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively "Losses") to which such indemnified party may be subject in such proportion as is appropriate to reflect the relative benefits received by such indemnifying party, on the one hand, and such indemnified party, on the other hand, from the Initial Placement and the Registration Statement which resulted in such Losses; provided, however, that in no case shall any Initial Purchaser or any subsequent Holder of any Security or New Security be responsible, in the aggregate, for any amount in excess of the purchase discount or commission applicable to such Security, or in the case of a New Security, applicable to the Security that was exchangeable into such New Security, as set forth on the cover page of the Final Memorandum, nor shall any underwriter be responsible for any amount in excess of the underwriting discount or commission applicable to the securities purchased by such underwriter under the Registration Statement which resulted in such Losses. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the indemnifying party and the indemnified party shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of such indemnifying party, on the one hand, and such indemnified party, on the other hand, in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. Benefits received by the Company and the Guarantors shall be deemed to be equal to the sum of (x) the total net proceeds from the Initial Placement (before

deducting expenses) as set forth on the cover page of the Final Memorandum and (y) the total amount of additional interest which the Company and the Guarantors were not required to pay as a result of registering the securities covered by the Registration Statement which resulted in such Losses. Benefits received by the Initial Purchasers shall be deemed to be equal to the total purchase discounts and commissions as set forth on the cover page of the Final Memorandum, and benefits received by any other Holders shall be deemed to be equal to the value of receiving Securities or New Securities, as applicable, registered under the Act. Benefits received by any underwriter shall be deemed to be equal to the total underwriting discounts and commissions, as set forth on the cover page of the Prospectus forming a part of the Registration Statement which resulted in such Losses. Relative fault shall be determined by reference to, among other things, whether any alleged untrue statement or omission relates to information provided by the indemnifying party, on the one hand, or by the indemnified party, on the other hand, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The parties agree that it would not be just and equitable if contribution were determined by pro rata allocation (even if the Holders were treated as one entity for such purpose) or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph (d), no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each Person who controls a Holder within the meaning of either the Act or the Exchange Act and each director, officer, employee and agent of such Holder shall have the same rights to contribution as such Holder, and each Person who controls the Company or any of the Guarantors within the meaning of either the Act or the Exchange Act, each officer of the Company or any of the Guarantors who shall have signed the Registration Statement and each director of the Company or any of the Guarantors shall have the same rights to contribution as the Company, subject in each case to the applicable terms and conditions of this paragraph (d).

(e) The provisions of this Section will remain in full force and effect, regardless of any investigation made by or on behalf of any Holder or the Company and the Guarantors or any of the officers, directors or controlling Persons referred to in this Section hereof, and will survive the sale by a Holder of securities covered by a Registration Statement.

#### 8. Underwritten Registrations.

(a) If any of the Securities or New Securities, as the case may be, covered by any Shelf Registration Statement are to be sold in an underwritten offering, the Managing Underwriters shall be selected by the Majority Holders.

(b) No Person may participate in any underwritten offering pursuant to any Shelf Registration Statement, unless such Person (i) agrees to sell such Person's Securities or New Securities, as the case may be, on the basis reasonably provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such

arrangements; and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

9. No Inconsistent Agreements. The Company has not, as of the date hereof, entered into, nor shall it, on or after the date hereof, enter into, any agreement with respect to its securities that is inconsistent with the rights granted to the Holders herein or otherwise conflicts with the provisions hereof.

10. Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, qualified, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the Company has obtained the written consent of the Majority Holders; provided that, with respect to any matter that directly or indirectly affects the rights of any Initial Purchaser hereunder, the Company shall obtain the written consent of each such Initial Purchaser against which such amendment, qualification, supplement, waiver or consent is to be effective. Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders whose Securities or New Securities, as the case may be, are being sold pursuant to a Registration Statement and that does not directly or indirectly affect the rights of other Holders may be given by the Holders representing a majority of the aggregate principal amount of the Securities or the New Securities, as the case may be, being sold rather than registered under such Registration Statement, voting together as a single class.

11. Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail, telex, telecopier or air courier guaranteeing overnight delivery:

(a) if to a Holder, at the most current address given by such holder to the Company in accordance with the provisions of this Section, which address initially is, with respect to each Holder, the address of such Holder maintained by the Registrar under the Indenture, with a copy in like manner to Salomon Smith Barney Inc;

(b) if to you, initially at the respective addresses set forth in the Purchase Agreement; and

(c) if to the Company or the Guarantors, initially at their respective address set forth in the Purchase Agreement.

All such notices and communications shall be deemed to have been duly given when received.

The Initial Purchasers or the Company by notice to the other parties may designate additional or different addresses for subsequent notices or communications.

12. Successors. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including, without the need for an express assignment or any consent by the Company thereto, subsequent Holders of Securities and the

New Securities. The Company hereby agrees to extend the benefits of this Agreement to any Holder of Securities and the New Securities, and any such Holder may specifically enforce the provisions of this Agreement as if an original party hereto.

13. Counterparts. This agreement may be in signed counterparts, each of which shall an original and all of which together shall constitute one and the same agreement.

14. Headings. The headings used herein are for convenience only and shall not affect the construction hereof.

15. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed in the State of New York.

16. Severability. In the event that any one of more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired or affected thereby, it being intended that all of the rights and privileges of the parties shall be enforceable to the fullest extent permitted by law.

17. Securities Held by the Company, etc. Whenever the consent or approval of Holders of a specified percentage of principal amount of Securities or New Securities is required hereunder, Securities or New Securities, as applicable, held by the Company or its Affiliates (other than subsequent Holders of Securities or New Securities if such subsequent Holders are deemed to be Affiliates solely by reason of their holdings of such Securities or New Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this Agreement and your acceptance shall represent a binding agreement among the Company, the Guarantors and the several Initial Purchasers.

Very truly yours,

GREIF BROS. CORPORATION

By: Donald S. Huml

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Name: Donald S. Huml  
Title: Chief Financial Officer

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

SALOMON SMITH BARNEY INC.  
DEUTSCHE BANK SECURITIES INC.  
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED  
MCDONALD INVESTMENTS INC.  
SUNTRUST CAPITAL MARKETS, INC.  
NATCITY INVESTMENTS, INC.  
ING FINANCIAL MARKETS LLC  
U.S. BANCORP PIPER JAFFRAY INC.  
HUNTINGTON CAPITAL CORP.

By: SALOMON SMITH BARNEY INC.

By: /s/ Whit Marshall

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Name: Whit Marshall  
Title: Vice President

SUBSIDIARY GUARANTORS

AMERICAN FLANGE & MANUFACTURING CO., INC.

By: /s/ Donald S. Huml

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Name: Donald S. Huml  
Title: Vice President

BARZON CORPORATION

By: /s/ Donald S. Huml

-----  
Name: Donald S. Huml  
Title: Vice President

GREAT LAKES CORRUGATED CORP.

By: /s/ Donald S. Huml

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Name: Donald S. Huml  
Title: Vice President

GREIF BROS. CORP. OF OHIO, INC.

By: /s/ Donald S. Huml

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Name: Donald S. Huml  
Title: Vice President

GREIF BROS. SERVICE CORP.

By: /s/ Donald S. Huml

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Name: Donald S. Huml  
Title: Vice President

SIRCO SYSTEMS, LLC

By: /s/ Donald S. Huml

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Name: Donald S. Huml  
Title: Vice President

SOTERRA LLC

By: /s/ Donald S. Huml

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Name: Donald S. Huml  
Title: Vice President



TAINER TRANSPORT, INC.

By: /s/ Donald S. Huml

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Name: Donald S. Huml  
Title: Vice President

TREND-PAK, INC.

By: /s/ Donald S. Huml

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Name: Donald S. Huml  
Title: Vice President

GREIF CONTAINERS, INC.

By: /s/ Donald S. Huml

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Name: Donald S. Huml  
Title: Vice President

GREIF U.S. HOLDINGS, INC.

By: /s/ Donald S. Huml

-----  
Name: Donald S. Huml  
Title: Vice President

Each Broker-Dealer that receives New Securities for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Securities. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a Broker-Dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This Prospectus, as it may be amended or supplemented from time to time, may be used by a Broker-Dealer in connection with resales of New Securities received in exchange for Securities where such Securities were acquired by such Broker-Dealer as a result of market-making activities or other trading activities. The Company has agreed that, starting on the Expiration Date (as defined herein) and ending on the close of business one year after the Expiration Date, it will make this Prospectus available to any Broker-Dealer for use in connection with any such resale. See "Plan of Distribution."

Each Broker-Dealer that receives New Securities for its own account in exchange for Securities, where such Securities were acquired by such Broker-Dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such New Securities. See "Plan of Distribution."

## PLAN OF DISTRIBUTION

Each Broker-Dealer that receives New Securities for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Securities. This Prospectus, as it may be amended or supplemented from time to time, may be used by a Broker-Dealer in connection with resales of New Securities received in exchange for Securities where such Securities were acquired as a result of market-making activities or other trading activities. The Company and the Guarantors have agreed that, starting on the Expiration Date and ending on the close of business one year after the Expiration Date, they will make this Prospectus, as amended or supplemented, available to any Broker-Dealer for use in connection with any such resale. In addition, until \_\_\_\_\_, 200\_\_, all dealers effecting transactions in the New Securities may be required to deliver a prospectus.

The Company will not receive any proceeds from any sale of New Securities by brokers-dealers. New Securities received by Broker-Dealers for their own account pursuant to the Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the New Securities or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such Broker-Dealer and/or the purchasers of any such New Securities. Any Broker-Dealer that resells New Securities that were received by it for its own account pursuant to the Exchange Offer and any broker or dealer that participates in a distribution of such New Securities may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit of any such resale of New Securities and any commissions or concessions received by any such Persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a Broker-Dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of one year after the Expiration Date, the Company and the Guarantors will promptly send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any Broker-Dealer that requests such documents in the Letter of Transmittal. The Company has agreed to pay all expenses incident to the Exchange Offer (including the expenses of one counsel for the holder of the Securities) other than commissions or concessions of any brokers or dealers and will indemnify the holders of the Securities (including any Broker-Dealers) against certain liabilities, including liabilities under the Securities Act.

[If applicable, add information required by Regulation S-K Items 507 and/or 508.]

Rider A

CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name: -----  
Address: -----  
-----

Rider B

If the undersigned is not a Broker-Dealer, the undersigned represents that it acquired the New Securities in the ordinary course of its business, it is not engaged in, and does not intend to engage in, a distribution of New Securities and it has no arrangements or understandings with any Person to participate in a distribution of the New Securities. If the undersigned is a Broker-Dealer that will receive New Securities for its own account in exchange for Securities, it represents that the Securities to be exchanged for New Securities were acquired by it as a result of market-making activities or other trading activities and acknowledges that it will deliver a prospectus in connection with any resale of such New Securities; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

[LETTERHEAD of BAKER & HOSTETLER LLP]

September 26, 2002

Greif Bros. Corporation  
425 Winter Road  
Delaware, Ohio 43015

Re: Registration Statement on Form S-4 with respect to \$250,000,000  
aggregate principal amount of 8 7/8% Senior Subordinated Notes  
due 2012 of Greif Bros. Corporation

Dear Sirs:

We have acted as counsel for Greif Bros. Corporation, a Delaware corporation (the "Issuer"), and each of the subsidiary guarantors (the "Subsidiary Guarantors") of the Issuer identified as Additional Registrants in the Registration Statement (as defined below), in connection with (i) the offer to exchange (the "Exchange Offer") up to \$250,000,000 aggregate principal amount of the Issuer's 8 7/8% Senior Subordinated Notes due 2012 (the "Exchange Notes") for its \$250,000,000 aggregate principal amount 8 7/8% Senior Subordinated Notes due 2012 (the "Original Notes") that are presently outstanding and (ii) the preparation of the registration statement on Form S-4 (the "Registration Statement") filed on the date hereof with the Securities and Exchange Commission by the Issuer and the Subsidiary Guarantors for the purpose of registering the Exchange Notes and certain guarantees under the Securities Act of 1933, as amended (the "Act"). The Original Notes have been, and the Exchange Notes will be, issued pursuant to an Indenture, dated as of July 31, 2002 (the "Indenture"), among the Issuer, the Subsidiary Guarantors and J.P. Morgan Trust Company, National Association, as Trustee. The Exchange Notes will have the benefit of the guarantees of Subsidiary Guarantors (each, a "Guaranty") provided for in the Indenture.

In connection with the foregoing, we have examined such records of the Issuer and the Subsidiary Guarantors and such other documents as we deem necessary to render this opinion.

Based on such examination, we are of the opinion that:

(a) when the Exchange Notes, substantially in the form as set forth in Exhibit 4(b) to the Registration Statement, have been duly executed by the Issuer and authenticated by the Trustee in accordance with the Indenture and duly delivered in exchange for the Original Notes in

accordance with the Exchange Offer in the manner described in the Registration Statement, the Exchange Notes will be valid and binding obligations of the Issuer and will be entitled to the benefits of the Indenture; and

(b) when the Exchange Notes have been duly executed by the Issuer and authenticated by the Trustee in accordance with the Indenture and duly delivered in exchange for the Original Notes in accordance with the Exchange Offer in the manner described in the Registration Statement, the Guaranty of each of the Subsidiary Guarantors will be the valid and binding obligation of each of the Subsidiary Guarantors.

We hereby consent to the filing of this opinion as Exhibit 5(a) to the Registration Statement and the reference to us under the caption "Legal Matters" in the prospectus that is a part of the Registration Statement.

Sincerely,

BAKER & HOSTETLER LLP  
/s/ Amy M. Shepherd

Amy M. Shepherd

Partner

## Exhibit 12(a)

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES  
SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA  
(U.S. Dollars in millions)

	As of and for the years ended October 31,			As of and for the nine months ended July 31		LTM ended July 31,
	1999	2000	2001	2001	2001	2002
-----						
Ratio of earnings to fixed charges:						
-----						
Earnings:						
Pretax income from continuing operations	67.3	100.5	128.0	102.3	109.0	21.1
Fixed charges	13.4	14.3	47.7	64.2	30.8	41.2
Amortization of capitalized interest	0.1	0.2	0.6	0.6	0.5	0.5
Distributed income of equity investees	-	2.4	2.9	2.9	2.9	2.3
Less interest capitalized	(0.4)	(2.5)	(2.5)	(2.5)	(1.5)	(0.3)
Less minority interest	-	-	(0.6)	(0.6)	(0.4)	(0.6)
	-----	-----	-----	-----	-----	-----
	80.4	114.9	176.1	166.9	141.3	64.2
	-----	-----	-----	-----	-----	-----
Fixed charges:						
Interest expensed*	13.0	11.8	45.2	61.7	29.3	40.9
Interest capitalized	0.4	2.5	2.5	2.5	1.5	0.3
	-----	-----	-----	-----	-----	-----
	13.4	14.3	47.7	64.2	30.8	41.2
	-----	-----	-----	-----	-----	-----
Ratio of earnings to fixed charges	6.0x	8.0x	3.7x	2.6x	4.6x	1.6x
	=====	=====	=====	=====	=====	=====

\* Includes amortization of capitalized expenses related to indebtedness.



CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated December 12, 2001 (except Note 16, as to which the date is July 31, 2002), in the Registration Statement and related Prospectus of Greif Bros. Corporation, for the registration of its 8 7/8% Senior Subordinated Notes due 2012.

/s/ Ernst & Young LLP

Columbus, Ohio  
September 24, 2002

CONSENT OF ERNST & YOUNG  
ACCOUNTANTS, INDEPENDENT AUDITORS

We consent to the use of our report dated May 28, 2002 in the Registration Statement and related Prospectus of Greif Bros. Corporation, for the registration of its 8 7/8% Senior Subordinated Notes due 2012.

/s/ Ernst & Young Accountants

Amsterdam, The Netherlands  
September 24, 2002

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

-----  
FORM T-1

STATEMENT OF ELIGIBILITY  
UNDER THE TRUST INDENTURE ACT OF 1939 OF  
A CORPORATION DESIGNATED TO ACT AS TRUSTEE

-----  
CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF  
A TRUSTEE PURSUANT TO SECTION 305(b)(2) \_\_\_\_\_  
-----

J. P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION  
(Exact name of trustee as specified in its charter)

(State of incorporation  
if not a national bank)

95-4655078  
(I.R.S. employer  
identification No.)

101 California Street, Floor 38  
San Francisco, California  
(Address of principal executive offices)

94111  
(Zip Code)

William H. McDavid  
General Counsel  
270 Park Avenue  
New York, New York 10017  
Tel: (212) 270-2611  
(Name, address and telephone number of agent for service)

-----  
GREIF BROS. CORPORATION  
(Exact name of obligor as specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

31-4388903  
(I.R.S. employer  
identification No.)

425 Wynter Road  
Delaware, OH  
(Address of principal executive offices)

43015  
(Zip Code)

DEBT SECURITIES  
(Title of the indenture securities)  
8.875% Senior Subordinated Notes Due 2012  
-----

Item 1. General Information.

Furnish the following information as to the trustee:

- (a) Name and address of each examining or supervising authority to which it is subject.

Comptroller of the Currency, Washington, D.C. Board of Governors of the Federal Reserve System, Washington, D.C.

- (b) Whether it is authorized to exercise corporate trust powers.

Yes.

Item 2. Affiliations with Obligor.

If the Obligor is an affiliate of the trustee, describe each such affiliation.

None.

Item 16. List of Exhibits.

List below all exhibits filed as part of this statement of eligibility.

- Exhibit 1. Articles of Association of the Trustee as Now in Effect (see Exhibit 1 to Form T-1 filed in connection with Form 8K of the Southern California Water Company filing, dated December 7, 2001, which is incorporated by reference).
- Exhibit 2. Certificate of Authority of the Trustee to Commence Business (see Exhibit 2 to Form T-1 filed in connection with Registration Statement No. 333-41329, which is incorporated by reference).
- Exhibit 3. Authorization of the Trustee to Exercise Corporate Trust Powers (contained in Exhibit 2).
- Exhibit 4. Existing By-Laws of the Trustee (see Exhibit 4 to Form T-1 filed in connection with Form 8K of the Southern California Water Company filing, dated December 7, 2001, which is incorporated by reference).
- Exhibit 5. Not Applicable
- Exhibit 6. The consent of the Trustee required by Section 321 (b) of the Act (see Exhibit 6 to Form T-1 filed in connection with Registration Statement No. 333-41329, which is incorporated by reference).
- Exhibit 7. A copy of the latest report of condition of the Trustee, published pursuant to law or the requirements of its supervising or examining authority.
- Exhibit 8. Not Applicable
- Exhibit 9. Not Applicable

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the Trustee, J. P. Morgan Trust Company, National Association, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of San Francisco, and State of California, on the 25th day of September, 2002.

J. P. Morgan Trust Company, National Association

By /s/:Elaine D. Renn

-----  
Elaine D. Renn  
Vice President

Consolidated Report of Condition of J.P. Morgan Trust Company, N.A., (formerly  
Chase Manhattan Bank and Trust Company, N.A.)

(Legal Title)

Located at 1800 Century Park East, Ste. 400 Los Angeles, CA 90067  
(Street) (City) (State) (Zip)

as of close of business on June 30, 2002

ASSETS DOLLAR AMOUNTS IN THOUSANDS

J. P. Morgan Trust Company, National  
Association

Statement of Condition

June 30, 2002

(\$000)

Assets

Cash and Due From Banks	\$ 48,241
Securities	213,214
Loans and Leases	2,007
Premises and Fixed Assets	5,560
Intangible Assets	157,661

Other Assets	25,985
	-----
Total Assets	\$ 452,668
	=====

Liabilities

Deposits	\$ 106,894
Other Liabilities	43,589
	-----
Total Liabilities	150,483

Equity Capital

Common Stock	600
Surplus	277,264
Retained Earnings	24,321
	-----
Total Equity Capital	302,185
	-----
Total Liabilities and Equity Capital	\$ 452,668
	=====

LETTER OF TRANSMITTAL

GREIF BROS. CORPORATION

OFFER TO EXCHANGE  
8 7/8% SENIOR SUBORDINATED NOTES DUE 2012

-----  
THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME,  
ON [\_\_\_\_], 2002, UNLESS EXTENDED (THE "EXPIRATION DATE").  
TENDERS OF EXISTING NOTES MAY BE WITHDRAWN AT ANY TIME PRIOR TO  
5:00 P.M. ON THE EXPIRATION DATE.  
-----

By Registered or Certified Mail, Hand Delivery or by Overnight Courier:

JPMorgan Chase Bank  
Institutional Trust Services  
2001 Bryan Street  
9th Floor  
Dallas, Texas 75201

Attention: Frank Ivins  
Telephone: (214) 468-6464  
Facsimile: [to be provided]

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE NUMBER OTHER THAN THE ONE LISTED ABOVE WILL NOT CONSTITUTE A VALID DELIVERY. THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

DO NOT DELIVER THIS LETTER OF TRANSMITTAL TO GREIF BROS. CORPORATION.

HOLDERS WHO WISH TO BE ELIGIBLE TO RECEIVE EXCHANGE NOTES FOR THEIR ORIGINAL NOTES PURSUANT TO THE EXCHANGE OFFER MUST VALIDLY TENDER (AND NOT WITHDRAW) THEIR ORIGINAL NOTES TO THE EXCHANGE AGENT PRIOR TO THE EXPIRATION DATE.

The undersigned acknowledges receipt of the Prospectus dated [\_\_\_\_], 2002 (the "Prospectus") of GREIF BROS. CORPORATION (the "Company") and this Letter of Transmittal (the "Letter of Transmittal"), which together constitute the Company's Offer to Exchange (the "Exchange Offer") \$1,000 principal amount of its 8 7/8% Senior Subordinated Notes Due 2012 (the "Exchange Notes"), which have been registered under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to a Registration Statement of which the Prospectus is a part, for each \$1,000 principal amount of its outstanding 8 7/8% Senior Subordinated Notes Due 2012 (the "Original Notes"), of which \$250,000,000 aggregate principal amount is outstanding, upon the terms and conditions set forth in the Prospectus. Other capitalized terms used but not defined herein have the meaning given to them in the Prospectus.

For each Original Note accepted for exchange, the holder of such Original Note will receive an Exchange Note having a principal amount equal to that of the surrendered Original Note. Interest on the Exchange Notes will accrue from the last interest payment date on which interest was paid on the Original Notes surrendered in exchange therefor or, if no interest has been paid on the Original Notes, from the date of original issue of the Original Notes. Holders of Original Notes accepted for exchange will be deemed to have waived the right to receive any other payments or accrued interest on the Original Notes. The Company reserves the right, at any time or from time to time, to extend the Exchange Offer, at its discretion, in which event the term "Expiration Date" shall mean the latest time and date to which the Exchange Offer is extended; provided, however, that the latest time and date to which the Exchange Offer may be extended is 5:00 p.m., New York City Time, on [\_\_\_\_], 2002. The Company shall notify holders of the Original Notes of any extension by means of a press release or other public announcement prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date.



This Letter of Transmittal is to be used by Holders if: (i) certificates representing Original Notes are to be physically delivered to the Exchange Agent herewith by Holders; (ii) tender of Original Notes is to be made by book-entry transfer to the Exchange Agent's account at The Depository Trust Company ("DTC"), pursuant to the procedures set forth in the Prospectus under "The Exchange Offer--Procedures for Tendering" by any financial institution that is a participant in DTC and whose name appears on a security position listing as the owner of Original Notes; or (iii) tender of Original Notes is to be made according to the guaranteed delivery procedures set forth in the prospectus under "The Exchange Offer--Guaranteed Delivery Procedures." DELIVERY OF DOCUMENTS TO DTC DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.

The term "Holder" with respect to the Exchange Offer means any person: (i) in whose name Original Notes are registered on the books of the Company or any other person who has obtained a properly completed bond power from the registered Holder; or (ii) whose Original Notes are held of record by DTC who desires to deliver such Original Notes by book-entry transfer at DTC. The undersigned has completed, executed and delivered this Letter of Transmittal to indicate the action the undersigned desires to take with respect to the Exchange Offer.

The instructions included with this Letter of Transmittal must be followed. Questions and requests for assistance or for additional copies of the Prospectus, this Letter of Transmittal and the Notice of Guaranteed Delivery may be directed to the Exchange Agent. See Instruction 11 herein.

HOLDERS WHO WISH TO ACCEPT THE EXCHANGE OFFER AND TENDER THEIR ORIGINAL NOTES MUST COMPLETE THIS LETTER OF TRANSMITTAL IN ITS ENTIRETY. PLEASE READ THIS ENTIRE LETTER OF TRANSMITTAL CAREFULLY BEFORE CHECKING ANY BOX BELOW.

-----  
 BOX 1-DESCRIPTION OF 8% SENIOR SUBORDINATED NOTES DUE 2012 (ORIGINAL NOTES)  
 -----

Name(s) and Address(es) of Registered Holder(s) (Please fill in, if blank)	Certificate Number(s)*	Aggregate Principal Registered by Certificate(s)	Principal Amount Tendered (If less than all)**
--	------------------------	--	--

-----  
 Total  
 -----

\* Need not be completed by Holders tendering by book-entry transfer.  
 \*\* Unless indicated in the column labeled "Principal Amount Tendered," any tendering Holder of Original Notes will be deemed to have tendered the entire aggregate principal amount represented by the column labeled "Aggregate Principal Amount Represented by Certificate(s)." If the space provided above is inadequate, list the certificate numbers and principal amounts on a separate signed schedule and affix the list to this Letter of Transmittal.  
 -----

The minimum permitted tender is \$1,000 in principal amount of Original Notes. All other tenders must be integral multiples of \$1,000.

-----  
BOX 2  
SPECIAL PAYMENT INSTRUCTIONS  
(See Instructions 4, 5 and 6)

To be completed ONLY if certificates for Original Notes in a principal amount not tendered or not accepted for exchange, or Exchange Notes issued in exchange for Original Notes accepted for exchange, are to be issued in the name of someone other than the undersigned, or if the Original Notes tendered by book-entry transfer that are not accepted for exchange are to be credited to an account maintained by DTC.

Issue certificate(s) to:

Name:

-----  
(Please Print)

Address:

-----  
(Include Zip Code)

-----  
(Tax Identification or Social Security No.)  
-----  
-----

-----  
BOX 3  
SPECIAL DELIVERY INSTRUCTIONS  
(See Instructions 4, 5 and 6)

To be completed ONLY if certificates for Original Notes in a principal amount not tendered or not accepted for exchange, are to be sent to someone other than the undersigned, or to the undersigned at an address other than that shown above.

Return mail to:

Name:

-----  
(Please Print)

Address:

-----  
(Include Zip Code)

-----  
(Tax Identification or Social Security No.)  
-----

Check here if tendered Original Notes are being delivered by book-entry transfer to the Exchange Agent's account at DTC and complete the following:

Name of Tendering Institution: .....

DTC Book-Entry Account: .....

Transaction Code No.: .....

Check here if tendered Original Notes are being delivered pursuant to a notice of guaranteed delivery previously sent to the Exchange Agent and complete the following:

Name(s) of Registered Holder(s): .....

Window Ticket Number (if any): .....

Date of Execution of Notice of Guaranteed Delivery: .....

If delivered by book-entry transfer, complete the following:

Account Number: ..... Transaction Code Number: .....

Check here if you are a broker-dealer and wish to receive 10 additional copies of the Prospectus and 10 copies of any amendments or supplements thereto.

Name: .....

Address: .....

Check here if you are a broker-dealer and are receiving Exchange Notes for your own account in exchange for Original Notes that were acquired as a result of market making activities or other trading activities.

Name: .....

Address: .....

Ladies and Gentlemen:

Subject to the terms and conditions of the Exchange Offer, the undersigned hereby tenders to the Company the principal amount of Original Notes indicated above. Subject to and effective upon the acceptance for exchange of the principal amount of Original Notes tendered in accordance with this Letter of Transmittal, the undersigned sells, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to the Original Notes tendered hereby. The undersigned hereby irrevocably constitutes and appoints the Exchange Agent its agent and attorney-in-fact (with full knowledge that the Exchange Agent also acts as the agent of the Company and as Trustee under the Indenture for the Original Notes and Exchange Notes) with respect to the tendered Original Notes with full power of substitution to (i) deliver certificates for such Original Notes to the Company, or transfer ownership of such Original Notes on the account books maintained by DTC and deliver all accompanying evidence of transfer and authenticity to, or upon the order of, the Company and (ii) present such Original Notes for transfer on the books of the Company and receive all benefits and otherwise exercise all rights of beneficial ownership of such Original Notes, all in accordance with the terms and subject to the conditions of the Exchange Offer. The power of attorney granted in this paragraph shall be deemed irrevocable and coupled with an interest.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Original Notes tendered hereby and that the Company will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim, when the same are acquired by the Company. The undersigned hereby further represents that any Exchange Notes acquired in exchange for Original Notes tendered hereby will have been acquired in the ordinary course of business of the Holder receiving such Exchange Notes, whether or not such person is the Holder, that neither the Holder nor any such other person has any arrangement or understanding with any person to participate in the distribution of such Exchange Notes and that neither the Holder nor any such other person is an "affiliate," as defined in Rule 405 under the Securities Act, of the Company or any of its subsidiaries.

The undersigned also acknowledges that this Exchange Offer is being made based on certain interpretations issued by the staff of the Securities and Exchange Commission (the "Commission") to third parties in unrelated transactions. Based on those interpretations, the Company believes that the Exchange Notes issued in exchange for the Original Notes pursuant to the Exchange Offer may be offered for resale, resold and otherwise transferred by holders thereof (other than any such holder that is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Exchange Notes are acquired in the ordinary course of such holders' business and such holders have no arrangements or understandings with any person to participate in the distribution of such Exchange Notes. If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of Exchange Notes. If the undersigned is a broker-dealer that will receive Exchange Notes for its own account in exchange for Original Notes that were acquired as a result of market-making activities or other trading activities, it acknowledges that it will deliver a prospectus in connection with any resale of such Exchange Notes; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The undersigned will, upon request, execute and deliver any additional documents deemed by the Exchange Agent or the Company to be necessary or desirable to complete the assignment, transfer and purchase of the Original Notes tendered hereby. All authority conferred or agreed to be conferred by this Letter of Transmittal shall survive the death, incapacity or dissolution of the undersigned and every obligation of the undersigned under this Letter of Transmittal shall be binding upon the undersigned's heirs, personal representatives, successors and assigns, trustees in bankruptcy or other legal representatives of the undersigned. This tender may be withdrawn only in accordance with the procedures set forth in "The Exchange Offer-Withdrawal of Tenders" section of the Prospectus.

For purposes of the Exchange Offer, the Company shall be deemed to have accepted validly tendered Original Notes when, as and if the Company has given oral or written notice thereof to the Exchange Agent.

If, for any reason, any tendered Original Notes are not accepted for exchange pursuant to the Exchange Offer for any reason, certificates for any such unaccepted Original Notes will be returned (except as noted below with respect to tenders through DTC), without expense, to the undersigned at the address shown below or at a different address as may be indicated under "Special Delivery Instructions" as promptly as practicable after the Expiration Date.

The undersigned acknowledges that tenders of Original Notes pursuant to the procedures described under the caption "The Exchange Offer-Procedures for Tendering" in the Prospectus and in the instructions hereto will constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Exchange Offer.

Unless otherwise indicated under "Special Payment Instructions," please issue the certificates representing the Exchange Notes issued in exchange for the Original Notes accepted for exchange and return any Original Notes not tendered or not exchanged in the name(s) of the undersigned (or in either such event in the case of the Original Notes tendered through DTC, by credit to the undersigned's account, at DTC). Similarly, unless otherwise indicated under "Special Delivery Instructions," please send the certificates representing the Exchange Notes issued in exchange for the Original Notes accepted for exchange and any certificates for Original Notes not tendered or not exchanged (and accompanying documents, as appropriate) to the undersigned at the address shown below the undersigned's signature(s), unless, in either event, tender is being made through DTC. In the event that both "Special Payment Instructions" and "Special Delivery Instructions" are completed, please issue the certificates representing the Exchange Notes issued in exchange for the Original Notes accepted for exchange and return any Original Notes not tendered or not exchanged in the name(s) of, and send said certificates to, the person(s) so indicated. The Company has no obligation pursuant to the "Special Payment Instructions" and "Special Delivery Instructions" to transfer any Original Notes from the name of the registered Holder(s) thereof if the Company does not accept for exchange any of the Original Notes so tendered.

Holders of Original Notes who wish to tender their Original Notes and (i) whose Original Notes are not immediately available or (ii) who cannot deliver their Original Notes, this Letter of Transmittal or any other documents required hereby to the Exchange Agent, or cannot complete the procedure for book-entry transfer, prior to the Expiration Date, may tender their Original Notes according to the guaranteed delivery procedures set forth in the Prospectus under the caption "The Exchange Offer-Guaranteed Delivery Procedures." See Instruction 1 regarding the completion of the Letter of Transmittal printed below.

-----  
PLEASE SIGN HERE WHETHER OR NOT  
ORIGINAL NOTES ARE BEING PHYSICALLY TENDERED HEREBY

X \_\_\_\_\_ Date \_\_\_\_\_

X \_\_\_\_\_ Date \_\_\_\_\_

Signature(s) of Registered Holder(s)  
or Authorized Signatory

Area Code and Telephone Number \_\_\_\_\_

The above lines must be signed by the registered Holder(s) of Original Notes as their name(s) appear(s) on the Original Notes or, if the Original Notes are tendered by a participant in DTC, as such participant's name appears on a security position listing as the owner of Original Notes, or by person(s) authorized to become registered Holder(s) by a properly completed bond power from the registered Holder(s), a copy of which must be transmitted with this Letter of Transmittal. If Original Notes to which this Letter of Transmittal relates are held of record by two or more joint Holders, then all such holders must sign this Letter of Transmittal. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person must (i) set forth his or her full title below and (ii) unless waived by the Company, submit evidence satisfactory to the Company of such person's authority to act. See Instruction 4 regarding the completion of this Letter of Transmittal printed below.

Name: \_\_\_\_\_  
(Please Print)

Capacity: \_\_\_\_\_

Address: \_\_\_\_\_  
(Include Zip Code)

Signature(s) Guaranteed by an Eligible Institution:  
(If required by Instruction 4)

-----  
(Authorized Signature)

-----  
(Title)

-----  
(Name of Firm)

Dated: \_\_\_\_\_

-----

INSTRUCTIONS  
FORMING PART OF THE TERMS AND CONDITIONS  
OF THE EXCHANGE OFFER

1. Delivery of this Letter of Transmittal and Original Notes; Guaranteed Delivery Procedures. This Letter of Transmittal is to be completed by noteholders, either if certificates are to be forwarded herewith or if tenders are to be made pursuant to the procedures for delivery by book-entry transfer set forth in "The Exchange Offer-Procedures for Tendering" section of the Prospectus. Certificates for all physically tendered Original Notes, or Book-Entry confirmation, as the case may be, as well as a properly completed and duly executed Letter of Transmittal (or manually signed facsimile hereof) and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at the address set forth herein on or prior to the Expiration Date, or the tendering holder must comply with the guaranteed delivery procedures set forth below. Original Notes tendered hereby must be in denominations of principal amount at maturity of \$1,000 and any integral multiple thereof. YOU ARE RESPONSIBLE FOR THE DELIVERY OF THE ORIGINAL NOTES, THIS LETTER OF TRANSMITTAL AND ALL REQUIRED DOCUMENTS TO THE EXCHANGE AGENT. EXCEPT UNDER THE LIMITED CIRCUMSTANCES DESCRIBED BELOW, THE DELIVERY OF THESE DOCUMENTS WILL BE CONSIDERED TO HAVE BEEN MADE ONLY WHEN ACTUALLY RECEIVED OR CONFIRMED BY THE EXCHANGE AGENT. WHILE THE METHOD OF DELIVERY IS AT YOUR RISK AND CHOICE, GREIF RECOMMENDS THAT YOU USE AN OVERNIGHT OR HAND DELIVERY SERVICE RATHER THAN REGULAR MAIL. YOU SHOULD SEND YOUR DOCUMENTS WELL BEFORE THE EXPIRATION DATE TO ENSURE RECEIPT BY THE EXCHANGE AGENT. YOU MAY REQUEST THAT YOUR BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR NOMINEE DELIVER YOUR ORIGINAL NOTES, THIS LETTER OF TRANSMITTAL AND ALL REQUIRED DOCUMENTS TO THE EXCHANGE AGENT. DO NOT SEND YOUR ORIGINAL NOTES TO GREIF.

Holders whose certificates for Original Notes are not immediately available or who cannot deliver their certificates and all other required documents to the Exchange Agent on or prior to the Expiration Date, or who cannot complete the procedure for book-entry transfer on a timely basis, may tender their Original Notes pursuant to the guaranteed delivery procedures set forth in "The Exchange Offer-Guaranteed Delivery Procedures" section of the Prospectus. Pursuant to such procedures, (i) such tender must be made through an Eligible Institution (as defined in Instruction 4 below), (ii) prior to the Expiration Date, the Exchange Agent must receive from such Eligible Institution a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and Notice of Guaranteed Delivery, substantially in the form provided by the Company (by facsimile transmission, mail or hand delivery), setting forth the name and address of the holder of Original Notes and the amount of Original Notes tendered, stating that the tender is being made thereby and guaranteeing that within three New York Stock Exchange ("NYSE") trading days after the date of execution of the Notice of Guaranteed Delivery, the certificates for all physically tendered Original Notes, or a Book-Entry Confirmation, and any other documents required by this Letter of Transmittal will be deposited by the Eligible Institution with the Exchange Agent, and (iii) the certificates for all physically tendered Original Notes, in proper form for transfer, or Book-Entry confirmation, as the case may be, and all other documents required by this Letter of Transmittal, are received by the Exchange Agent within three NYSE trading days after the date of execution of the Notice of Guaranteed Delivery.

The method of delivery of this Letter of Transmittal, the Original Notes and all other required documents is at the election and risk of the tendering holders, but the delivery will be deemed made only when actually received or confirmed by the Exchange Agent or deemed received under the ATOP Procedures. If Original Notes are sent by mail, it is suggested that the mailing be made sufficiently in advance of the Expiration Date to permit the delivery to the Exchange Agent prior to 5:00 p.m. New York City time, on the Expiration Date. See "The Exchange Offer" section in the Prospectus.

2. Tender by Holder. Only a holder of Original Notes may tender such Original Notes in the Exchange Offer. Any beneficial holder of Original Notes who is not the registered holder and who wishes to tender should arrange with the registered holder to execute and deliver this Letter of Transmittal on his or her behalf or must, prior to completing and executing this Letter of Transmittal and delivering his or her Original Notes, either make appropriate arrangements to register ownership of the Original Notes in such holder's name or obtain a properly completed bond power from the registered holder.

3. Partial Tenders. Tenders of Original Notes will be accepted only in integral multiples of \$1,000. If less than the entire principal amount of any Original Notes is tendered, the tendering holder should fill in the principal amount tendered in the fourth column of the box entitled "Description of 8% Senior Subordinated Notes Due 2012 (Original Notes)" above. The entire principal amount of Original Notes delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated. If the entire principal amount of all Original Notes is not tendered, then Original Notes for the principal amount of Original Notes not tendered and a certificate or certificates representing Exchange Notes issued in exchange for any Original Notes accepted will be sent

to the Holder at his or her registered address, unless a different address is provided in the appropriate box of this Letter of Transmittal promptly after the Original Notes are accepted for exchange.

4. Signatures on this Letter of Transmittal; Powers of Attorney and Endorsements; Guarantee of Signatures. If this Letter of Transmittal is signed by the registered holder of the Original Notes tendered hereby, the signature must correspond exactly with the name as written on the face of the certificates without any change whatsoever.

If any tendered Original Notes are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

If any tendered Original Notes are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate copies of this Letter of Transmittal as there are different registrations of certificates.

When this Letter of Transmittal is signed by the registered holder or holders of the Original Notes specified herein and tendered hereby, no endorsements of certificates or separate powers of attorney are required. If, however, the Exchange Notes are to be issued, or any untendered Original Notes are to be reissued, to a person other than the registered holder, then endorsements of any certificates transmitted hereby or separate powers of attorney are required. Signatures on such certificate(s) must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder or holders of any certificate(s) specified herein, such certificate(s) must be endorsed or accompanied by appropriate powers of attorney, in either case signed exactly as the names of the registered holder or holders appear(s) on the certificate(s) and signatures on such certificate(s) must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any certificates or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and unless waived by the Company, proper evidence satisfactory to the Company of their authority to so act must be submitted.

Endorsements on certificates for Original Notes or signatures on powers of attorney required by this Instruction 4 must be guaranteed by a firm which is a participant in a recognized signature guarantee medallion program ("Eligible Institutions").

Signatures on this Letter of Transmittal must be guaranteed by an Eligible Institution unless the Original Notes are tendered (i) by a registered holder of Original Notes (which term, for purposes of the Exchange Offer, includes any participant in the Book-Entry Transfer Facility system whose name appears on a security position listing as the holder of such Original Notes) who has not completed the box entitled "Special Registration Instructions" or "Special Delivery Instructions" on this Letter of Transmittal, or (ii) for the account of an Eligible Institution.

5. Special Payment And Delivery Instructions. Tendering holders should indicate, in the applicable box or boxes, the name and address to which Exchange Notes or substitute Original Notes for principal amounts not tendered or not accepted for exchange are to be issued or sent, if different from the name and address of the person signing this Letter of Transmittal (or in the case of tender of Original Notes through DTC, if different from DTC). In the case of issuance in a different name, the taxpayer identification number or social security number of the person named must also be indicated. Noteholders tendering Original Notes by book-entry transfer may request that Original Notes not exchanged be credited to such account maintained at the Book-Entry Transfer Facility as such noteholder may designate hereon. If no such instructions are given, such Original Notes not exchanged will be returned to the name and address of the person signing this Letter of Transmittal.

6. Tax Identification Number. Federal income tax law requires that a holder whose offered Original Notes are accepted for exchange must provide the Company (as payer) with his, her or its correct Taxpayer Identification Number ("TIN"), which, in the case of an exchanging holder who is an individual, is his or her social security number. If the Company is not provided with the correct TIN or an adequate basis for exemption, such holder may be subject to a \$50 penalty imposed by the Internal Revenue Service (the "IRS"), and payments made with respect to Original Notes purchased pursuant to the Exchange Offer may be subject to backup withholding at a 30% rate. The backup withholding rate is being reduced gradually through 2006. If withholding results in an overpayment of taxes, a refund may be obtained. Exempt holders (including, among others, all corporations and certain foreign



individuals) are not subject to these backup withholding and reporting requirements. See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9."

To prevent backup withholding, each exchanging holder must provide his, her or its correct TIN by completing the Substitute Form W-9 enclosed herewith, certifying that the TIN provided is correct (or that such Holder is awaiting a TIN) and that (i) the holder is exempt from backup withholding, (ii) the holder has not been notified by the IRS that he, she or it is subject to backup withholding as a result of a failure to report all interest or dividends, or (iii) the IRS has notified the holder that he, she or it is no longer subject to backup withholding. In order to satisfy the Exchange Agent that a foreign individual qualifies as an exempt recipient, such holder must submit a statement signed under penalty of perjury attesting to such exempt status. Such statements may be obtained from the Exchange Agent. If the Original Notes are in more than one name or are not in the name of the actual owner, consult the Substitute Form W-9 for information on which TIN to report. If you do not provide your TIN to the Company within 60 days, backup withholding will begin and continue until you furnish your TIN to the Company.

7. Transfer Taxes. The Company will pay all transfer taxes, if any, applicable to the exchange of Original Notes pursuant to the Exchange Offer. If, however, certificates representing Exchange Notes or Original Notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the Original Notes tendered hereby, or if tendered Original Notes are registered in the name of any person other than the person signing this Letter of Transmittal, or if a transfer tax is imposed for any reason other than the exchange of Original Notes pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered holder or on any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted herewith, the amount of such transfer taxes will be billed directly to such tendering holder.

Except as provided in this Instruction 7, it will not be necessary for transfer tax stamps to be affixed to the Original Notes listed in this letter.

8. Waiver of Conditions. The Company reserves the absolute right to amend, waive or modify specified conditions in the Exchange Offer in the case of any Original Notes tendered.

9. No Conditional Transfers. No alternative, conditional, irregular or contingent tenders will be accepted. All tendering holders of Original Notes, by execution of this Letter of Transmittal or by tendering Original Notes via ATOP, shall waive any right to receive notice of the acceptance of their Original Notes for exchange.

Neither the Company, the Exchange Agent nor any other person is obligated to give notice of any defect or irregularity with respect to any tender of Original Notes nor shall any of them incur any liability for failure to give any such notice.

10. Mutilated, Lost, Stolen or Destroyed Original Notes. Any tendering holder whose Original Notes have been mutilated, lost, stolen or destroyed should contact the Exchange Agent at the address indicated herein for further instructions.

11. Requests for Assistance or Additional Copies. Questions and requests for assistance and requests for additional copies of the Prospectus, this Letter of Transmittal and the Notice of Guaranteed Delivery may be directed to the Exchange Agent at the address specified in the Prospectus.

(Do Not Write in The Space Below)

Certificate Surrendered      Original Notes Tendered      Original Notes Accepted

-----  
-----  
-----

Delivery Prepared By: -----

Checked By: -----

Date: -----

PAYER'S NAME: GREIF BROS. CORPORATION

Name (if joint names, list first and circle the name of the person or entity whose number you enter in Part I below. See instructions if your name has changed.)

-----  
Address  
-----

City, State and ZIP Code  
-----

List account number(s) here (optional)  
-----

SUBSTITUTE

Part 1--PLEASE PROVIDE YOUR  
TAXPAYER IDENTIFICATION OR  
TIN NUMBER ("TIN") IN THE BOX AT  
RIGHT AND CERTIFY BY SIGNING  
AND DATING BELOW.

Social security number or TIN  
-----

Form W-9  
Department of the  
Treasury  
Internal Revenue Service

Part 2--Check the box if you are NOT subject to backup withholding under the provisions of section 3408(a)(1)(C) of the Internal Revenue Code because (1) you have not been notified that you are subject to backup withholding as a result of failure to report all interest or dividends or (2) the Internal Revenue Service has notified you that you are no longer subject to backup withholding.

Payer's Request for Taxpayer  
Identification Number  
(TIN)

CERTIFICATION--UNDER THE PENALTIES OF PERJURY, I  
CERTIFY THAT THE INFORMATION PROVIDED ON THIS  
FORM IS TRUE, CORRECT Awaiting TIN AND COMPLETE.

Part 3--

Awaiting TIN [ ]

SIGNATURE  
-----

DATE  
-----

-----  
NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 30% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE EXCHANGE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

NOTICE OF GUARANTEED DELIVERY  
FOR  
8 7/8% SENIOR SUBORDINATED NOTES DUE 2012  
OF  
GREIF BROS. CORPORATION

As set forth in the prospectus, dated [\_\_\_\_], 2002 (the "Prospectus"), of Greif Bros. Corporation, and in the letter of transmittal, this form or one substantially similar must be used to accept Greif Bros. Corporation's offer to exchange all of its outstanding 8 7/8% Senior Subordinated Notes due 2012 (the "Original Notes") for its 8 7/8% Senior Subordinated Notes due 2012, which have been registered under the Securities Act of 1933, as amended, if certificates for the Original Notes are not immediately available or if the Original Notes, the letter of transmittal or any other required documents cannot be delivered to the exchange agent, or the procedure for book-entry transfer cannot be completed, prior to 5:00 p.m., New York City time, on the Expiration Date (as defined in the Prospectus). This form may be delivered by an eligible institution by hand or transmitted by facsimile transmission, overnight courier or mailed to the exchange agent as indicated below.

-----  
THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON [\_\_\_\_], 2002, UNLESS EXTENDED (THE "EXPIRATION DATE"). NOTES TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE.  
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Deliver to:  
J.P. MORGAN TRUST COMPANY, NATIONAL ASSOCIATION,  
Exchange Agent

By Registered or Certified Mail  
or Overnight Courier:

By Hand (before 4:30 p.m.):

By Facsimile: \_\_\_\_\_

Confirm by Telephone: \_\_\_\_\_

DELIVERY OF THIS NOTICE TO AN ADDRESS, OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE, OTHER THAN AS SET FORTH ABOVE, DOES NOT CONSTITUTE A VALID DELIVERY.

This form is not to be used to guarantee signatures. If a signature on the letter of transmittal to be used to tender Original Notes is required to be guaranteed by an "Eligible Institution" under the instructions thereto, such signature guarantee must appear in the applicable space provided in the letter of transmittal.

Ladies and Gentlemen:

The undersigned hereby tenders to Greif Bros. Corporation, upon the terms and subject to the conditions set forth in the Prospectus and the letter of transmittal (which together constitute the "Exchange Offer"), receipt of which is hereby acknowledged, Original Notes pursuant to guaranteed delivery procedures set forth in Instruction 1 of the letter of transmittal.

The undersigned understands that tenders of Original Notes will be accepted only in principal amounts equal to \$1,000 or integral multiples thereof. The undersigned understands that tenders of Original Notes pursuant to the Exchange Offer may be withdrawn only in accordance with the procedures set forth in "The Exchange Offer--Withdrawal of Tenders" section of the Prospectus.

All authority herein conferred or agreed to be conferred by this Notice of Guaranteed Delivery shall survive the death, incapacity or dissolution of the undersigned and every obligation of the undersigned under this Notice of Guaranteed Delivery shall be binding upon the heirs, personal representatives, executors, administrators, successors, assigns, trustees in bankruptcy and other legal representatives of the undersigned.

Note: Signatures Must Be Provided Where Indicated Below

Certificate No(s). for Original Notes (if available) \_\_\_\_\_

Principal Amount of Original Notes \_\_\_\_\_

Principal Amount of Original Notes Tendered \_\_\_\_\_

Signature(s) \_\_\_\_\_

Dated \_\_\_\_\_

If Original Notes will be delivered by  
book-entry transfer at the Depository  
Trust Company, Depository Account No. \_\_\_\_\_

This Notice of Guaranteed Delivery must be signed by the registered holder(s) of Original Notes exactly as its (their) name(s) appear on certificates of Original Notes or on a security position listing as the owner of Original Notes, or by person(s) authorized to become registered holder(s) by endorsements and documents transmitted with this Notice of Guaranteed Delivery. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must provide the following information:

Name(s): \_\_\_\_\_

\_\_\_\_\_

Capacity: \_\_\_\_\_

\_\_\_\_\_

Address(es) \_\_\_\_\_

\_\_\_\_\_

Telephone Number: \_\_\_\_\_

GUARANTEE  
(Not to be Used for Signature Guarantee)

The undersigned, a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States or an "eligible guarantor institution" within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934 (the "Exchange Act"), hereby:

(a) represents that the above named person(s) own(s) the Original Notes to be tendered within the meaning of Rule 14e-4 under the Exchange Act;

(b) represents that such tender of Original Notes complies with Rule 14e-4 under the Exchange Act; and

(c) guarantees that delivery to the exchange agent of certificates for the Original Notes to be tendered, proper form for transfer (or confirmation of the book-entry transfer of such Original Notes into the exchange agent's account at the Depository Trust Company, pursuant to the procedures for book-entry transfer set forth in the Prospectus), with delivery of a properly completed and duly executed (or manually signed facsimile) letter of transmittal with any required signatures and any other required documents, will be received by the Exchange Agent at one of its addresses set forth above within three New York Stock Exchange trading days after the Expiration Date.

I HEREBY ACKNOWLEDGE THAT I MUST DELIVER THE LETTER OF TRANSMITTAL AND ORIGINAL NOTES TO BE TENDERED TO THE EXCHANGE AGENT WITHIN THE TIME PERIOD SET FORTH HEREIN AND THAT FAILURE TO DO SO COULD RESULT IN FINANCIAL LOSS TO ME.

_____ Name of Firm	_____ Authorized Signature
_____ Address	_____ Title
_____ Zip Code	_____ Please type name
_____ Telephone Number	_____ Dated

NOTE: DO NOT SEND ORIGINAL NOTES WITH THIS FORM; ORIGINAL NOTES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL SO THAT THEY ARE RECEIVED BY THE EXCHANGE AGENT WITHIN THREE NEW YORK STOCK EXCHANGE TRADING DAYS AFTER THE EXPIRATION DATE.

GRIEF BROS. CORPORATION

EXCHANGE OF ALL OUTSTANDING  
8 7/8 % SENIOR SUBORDINATED NOTES DUE 2012  
FOR  
8 7/8 % SENIOR SUBORDINATED NOTES DUE 2012

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON [\_\_\_\_], 2002, UNLESS EXTENDED (THE "EXPIRATION DATE"). NOTES TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE.

To Our Clients:

We are enclosing herewith a prospectus, dated [\_\_\_\_], 2002, of Greif Bros. Corporation, and the accompanying letter of transmittal that together constitute the offer by Greif Bros. Corporation (the "Exchange Offer"), to exchange its 8 7/8 % Senior Subordinated Notes due 2012 (the "Exchange Notes"), which have been registered under the Securities Act of 1933, as amended (the "Securities Act"), for like principal amount of its issued and outstanding 8 7/8 % Senior Subordinated Notes due 2012 (the "Original Notes"), upon the terms and subject to the conditions set forth in the Exchange Offer.

The Exchange Offer is not conditioned upon any minimum number of Original Notes being tendered.

We are the holder of record of Original Notes held by us for your own account. A tender of such Original Notes can be made only by us as the record holder and pursuant to your instructions. The letter of transmittal is furnished to you for your information only and cannot be used by you to tender Original Notes held by us for your account.

We request instructions as to whether you wish to tender any or all of the Original Notes held by us for your account pursuant to the terms and conditions of the Exchange Offer. We also request that you confirm that we may, on your behalf, make the representations contained in the letter of transmittal.

Pursuant to the letter of transmittal, each holder of Original Notes will represent to Greif Bros. Corporation that:

(i) any Exchange Notes that the holder will acquire in exchange for Original Notes will be acquired in the ordinary course of business of the holder,

(ii) the holder has not engaged in, does not intend to engage in, and has no arrangement with any person to engage in, a distribution of any Exchange Notes issued to the holder, and

(iii) the holder is not an "affiliate" (as defined in Rule 405 under the Securities Act) of Greif Bros. Corporation.

If the holder is a broker-dealer (whether or not it is also an "affiliate") that will receive Exchange Notes for its own account in exchange for Original Notes, it will represent that the Original Notes were acquired as a result of market-making activities or other trading activities, and it will acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of those Exchange Notes. By acknowledging that it will deliver and by delivering a prospectus meeting the requirements of the Securities Act in connection with any resale of those Exchange Notes, the broker-dealer is not deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

Please return your instructions to us in the enclosed envelope within ample time to permit us to submit a tender on your behalf prior to the Expiration Date.

INSTRUCTIONS TO BOOK ENTRY TRANSFER PARTICIPANT

To Participant of the DTC:

The undersigned hereby acknowledges receipt of the prospectus, dated [\_\_\_\_\_], 2002 (the "Prospectus") of Greif Bros. Corporation, and the accompanying letter of transmittal (the "Letter of Transmittal"), that together constitute Greif Bros. Corporation's offer (the "Exchange Offer") to exchange its 8 7/8 % Senior Subordinated Notes due 2012 (the "Exchange Notes"), for all of its outstanding 8 7/8 % Senior Subordinated Notes due 2012 (the "Original Notes"). Capitalized terms used but not defined herein have the meanings ascribed to them in the Prospectus or the Letter of Transmittal.

This will instruct you, the DTC participant, as to the action to be taken by you relating to the Exchange Offer with respect to the Original Notes held by you for the account of the undersigned.

The aggregate face amount of the Original Notes held by you for the account of the undersigned is (FILL IN AMOUNT):

\$\_\_\_\_\_ of the 8 7/8 % Senior Subordinated Notes due 2012.

With respect to the Exchange Offer, we hereby instruct you (check appropriate box):

TO TENDER the following amount of Original Notes you hold for our account (Insert Principal Amount of Original Notes to be Tendered, if any) \$\_\_\_\_\_.

NOT TO TENDER any Original Notes you hold for our account.

If we instruct you to tender the Original Notes held by you for our account, it is understood that you are authorized to make, on behalf of us (and, by signing below, we hereby make to you), the representations contained in the Letter of Transmittal that are to be made with respect to us as a beneficial owner, including, but not limited to, the representations, that:

(i) any Exchange Notes that we will acquire in exchange for Original Notes will be acquired in the ordinary course of our business;

(ii) we have not engaged in, do not intend to engage in, and have no arrangement with any person to engage in, a distribution of any Exchange Notes issued to us; and

(iii) we are not an "affiliate" (as defined in Rule 405 under the Securities Act) of Greif Bros. Corporation.

If we are a broker-dealer that will receive Exchange Notes for our own account in exchange for Original Notes, we represent that the Original Notes were acquired as a result of market-making activities or other trading activities, and we acknowledge that we will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of those Exchange Notes. By acknowledging that we will deliver and by delivering a prospectus meeting the requirements of the Securities Act in connection with any resale of those Exchange Notes, we are not deemed to admit that we are an "underwriter" within the meaning of the Securities Act.

Name of beneficial owner(s): \_\_\_\_\_

Signature(s): \_\_\_\_\_

Name(s) (please print): \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Taxpayer Identification or Social Security Number: \_\_\_\_\_

Date: \_\_\_\_\_

LETTER TO  
DEPOSITORY TRUST COMPANY PARTICIPANTS

GREIF BROS. CORPORATION

EXCHANGE OF ALL OUTSTANDING  
8/7/8% SENIOR SUBORDINATED NOTES DUE 2012  
FOR  
8/7/8% SENIOR SUBORDINATED NOTES DUE 2012

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON  
[\_\_\_\_], 2002, UNLESS EXTENDED (THE "EXPIRATION DATE")

ORIGINAL NOTES TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME  
PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE.

To Depository Trust Company Participants:

We are enclosing herewith the material listed below relating to the offer  
by Greif Bros. Corporation, to exchange its 8/7/8% Senior Subordinated Notes  
due 2012 (the "Exchange Notes"), which have been registered under the Securities  
Act of 1933, as amended (the "Securities Act"), for like principal amount of its  
issued and outstanding 8/7/8% Senior Subordinated Notes due 2012 (the "Original  
Notes"), upon the terms and subject to the conditions set forth in Greif Bros.  
Corporation's prospectus, dated [\_\_\_\_], 2002, and the related letter of  
transmittal (which together constitute the "Exchange Offer").

Enclosed are copies of the following documents:

1. Prospectus, dated [\_\_\_\_], 2002;
2. Letter of Transmittal (together with accompanying Substitute Form  
W-9 Guidelines);
3. Notice of Guaranteed Delivery; and
4. Letter that may be sent to your clients for whose account you hold  
Original Notes in your name or in the name of your nominee, with space  
provided for obtaining such client's instruction with regard to the  
Exchange Offer.

We urge you to contact your clients promptly. Please note that the Exchange  
Offer will expire on the Expiration Date unless extended.

The Exchange Offer is not conditioned upon any minimum number of Original  
Notes being tendered.

Pursuant to the letter of transmittal, each holder of Original Notes will  
represent to Greif Bros. Corporation that:

(i) any Exchange Notes that the holder will acquire in exchange for  
Original Notes will be acquired in the ordinary course of business of the  
holder,

(ii) the holder has not engaged in, does not intend to engage in, and  
has no arrangement with any person to engage in, a distribution of any  
Exchange Notes issued to the holder, and

(iii) the holder is not an "affiliate" (as defined in Rule 405 under  
the Securities Act) of Greif Bros. Corporation.



If the holder is a broker-dealer (whether or not it is also an "affiliate") that will receive Exchange Notes for its own account in exchange for Original Notes, it will represent that the Original Notes were acquired as a result of market-making activities or other trading activities, and it will acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of those Exchange Notes. By acknowledging that it will deliver and by delivering a prospectus meeting the requirements of the Securities Act in connection with any resale of those Exchange Notes, the broker-dealer is not deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The enclosed Letter to Clients contains an authorization by the beneficial owners of the Original Notes for you to make the foregoing representations.

Greif Bros. Corporation will not pay any fee or commission to any broker or dealer to any other persons (other than the Exchange Agent) in connection with the solicitation of tenders of Original Notes pursuant to the Exchange Offer. Greif Bros. Corporation will pay or cause to be paid any transfer taxes payable on the transfer of Original Notes to it, except as otherwise provided in Instruction 6 of the enclosed letter of transmittal. Additional copies of the enclosed material may be obtained from the undersigned.

Very truly yours,

J.P. MORGAN TRUST COMPANY,  
NATIONAL ASSOCIATION