GREIF INC
Form DEF 14A
January 23, 2004

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ Confidential, for use of the Commission Only

(as permitted by Rule 14a-6(e)(2))
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

GREIF, INC.

(Name of Registrant as Specified in Its Charter)

NOT APPLICABLE

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(4) Proposed maximum aggregate value of transaction:

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(1) Amount previously paid: ____________________

(2) Form, Schedule or Registration Statement No.: ____________________

(3) Filing Party: ____________________

(4) Date Filed: ____________________

GREIF, INC.

425 Winter Road

Delaware, Ohio 43015

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of Greif, Inc.

Notice is hereby given that the Annual Meeting of Stockholders of Greif, Inc. (the Company) will be held at its principal executive offices, 425 Winter Road, Delaware, Ohio 43015, on February 23, 2004, at 10:00 A.M., E.S.T., for the following purposes:

1. To elect eight directors to serve for a one-year term;
2. To consider and vote upon a proposal to amend the Company s Long-Term Incentive Plan; and
3. To transact such other business as may properly come before the meeting or any and all adjournments.

Only stockholders of record of the Class B Common Stock at the close of business on January 15, 2004, will be entitled to vote at this meeting.

Whether or not you plan to attend this meeting, we hope that Class B stockholders will sign the enclosed proxy and return it promptly in the enclosed envelope. If you are able to attend the meeting and wish to vote in person, at your request we will cancel your proxy.

Gary R. Martz

January 23, 2004 *Secretary*

GREIF, INC.

425 Winter Road

Delaware, Ohio 43015

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD FEBRUARY 23, 2004

To the Stockholders of Greif, Inc.:

This Proxy Statement is being furnished to all of the stockholders of Greif, Inc., a Delaware corporation (the Company), in connection with the Company s Annual Meeting of Stockholders scheduled to be held on February 23, 2004, at 10:00 A.M., E.S.T., at the Company s principal executive offices, 425 Winter Road, Delaware, Ohio 43015. It is anticipated that this Proxy Statement and form of proxy will first be sent to the stockholders on or about January 23, 2004.

PROXIES AND VOTING

This Proxy Statement is being furnished to Class B stockholders of the Company, the only class of stockholders entitled to vote at the Annual Meeting, in connection with the solicitation by management of proxies that will be used at the Annual Meeting. Class A stockholders are not entitled to vote at the Annual Meeting, and therefore, this Proxy Statement is being furnished to Class A stockholders for informational purposes only, and no proxy is being solicited from them.

At the Annual Meeting, the Class B stockholders will vote upon: (1) the election of eight directors; (2) a proposal to approve an amendment to the Company s Long-Term Incentive Plan; and (3) such other business as may properly come before the meeting or any and all adjournments.

Class B stockholders do not have the right to cumulate their votes in the election of directors, and the eight nominees receiving the highest number of votes will be elected as directors. The vote required for the approval to amend the Company s Long-Term Incentive Plan is the favorable vote of a majority of the outstanding shares of the Class B Common Stock present, in person or by proxy, at the Annual Meeting.

Shares of Class B Common Stock represented by properly executed proxies will be voted at the Annual Meeting in accordance with the choices indicated on the proxy. If no choices are indicated on a proxy, the shares represented by that proxy will be voted in favor of the eight nominees described in this Proxy Statement and to approve the amendment to the Company s Long-Term Incentive Plan. Any proxy may be revoked at any time prior to its exercise by delivering to the Company a subsequently dated proxy or by giving notice of revocation to the Company in writing or in open meeting. A Class B stockholder s presence at the Annual Meeting does not by itself revoke the proxy.

Abstentions will be considered as shares of Class B Common Stock present and entitled to vote at the Annual Meeting and will be counted for purposes of determining whether a quorum is present. Abstentions will not be counted in determining the votes cast for the election of directors and will not have a positive or negative effect on the outcome of the election. Because the proposal to approve an amendment to the Company s Long-Term Incentive Plan requires the favorable vote of a majority of the outstanding shares of Class B Common Stock present, in person or by proxy, at the Annual Meeting, abstentions will have the same effect as a vote against this proposal.

If your Class B Common Stock is held in street name, you will need to instruct your broker regarding how to vote your Class B Common Stock. If you do not provide your broker with voting instructions regarding the election of directors, your broker will nevertheless have the discretion to vote your shares of Class B Common Stock for the election of directors. There are certain other matters, however, over which your broker does not have discretion to vote your Class B Common Stock without your instructions these situations are referred to as broker non-votes. The proposal regarding the amendment to the Company s Long-Term Incentive Plan falls into this category. If you do not provide your broker with voting instructions on this proposal, your shares of Class B Common Stock will not be voted on this proposal. Broker non-votes will not be considered as votes entitled to be cast on this proposal, and therefore broker non-votes will not have a positive or negative effect on the outcome of this proposal.

The close of business on January 15, 2004, has been fixed as the record date for the determination of Class B stockholders entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. On the record date, there were outstanding and entitled to vote 11,662,003 shares of Class B Common Stock. Each share of the Class B Common Stock is entitled to one vote.

PROPOSAL NO. 1 ELECTION OF DIRECTORS

At the Annual Meeting, shares of the Class B Common Stock represented by the proxies, unless otherwise specified, will be voted to elect as directors for one-year terms Michael J. Gasser, Charles R. Chandler, Michael H. Dempsey, Daniel J. Gunsett, Judith D. Hook, Patrick J. Norton, David J. Olderman and William B. Sparks, Jr., the eight persons recommended by the Nominating and Corporate Governance Committee of the Board of Directors (the Board), all of whom are currently directors of the Company. Each of the nominees has consented to being named in this Proxy Statement and to serve if elected. In the event that any nominee named above is unable to serve (which is not anticipated), the persons named in the proxy may vote it for another nominee of their choice.

John C. Kane, currently a director of the Company, has given notice that he wishes to retire from the Board as of the end of his term, and accordingly, he is not standing for re-election. The Nominating and Corporate Governance Committee, which consists solely of independent directors, is in the process of identifying and evaluating qualified candidates to replace Mr. Kane, and that process will not be completed until after the Annual Meeting. Accordingly, the Board has not named a nominee to succeed Mr. Kane, and effective as of the Annual Meeting date, the number of directors will be reduced from nine to eight, in accordance with the Company s by-laws. Upon acceptance by the Board of a recommendation from the Nominating and Corporate Governance Committee, the Board will increase the number of directors to nine and will elect an additional director to serve for a term expiring on the date of the Annual Meeting of Stockholders for 2005, in accordance with the Company s by-laws, among other reasons, this procedure will save the time and expense involved in holding a special meeting of the stockholders for that purpose.

Proxies cannot be voted at the Annual Meeting for a number of persons greater than the eight nominees named in this Proxy Statement.

Directors Biographies

Michael J. Gasser, 52, has been a director since 1991. He has been Chairman of the Board of Directors and Chief Executive Officer of the Company since 1994. He has been an executive officer of the Company since 1988. He is a member of the Executive and Stock Repurchase Committees. He is also a director for Bob Evans Farms, Inc., a restaurant and food products company.

Charles R. Chandler, 68, has been a director since 1987. He has been an investor since his retirement as Vice Chairman of the Company in September 2002, a position he held for more than five years. From 1999 through September 2002, Mr. Chandler also served as President of Soterra LLC, a subsidiary of the Company. He is a member of the Executive Committee.

Michael H. Dempsey, 47, has been a director since 1996. He has been an investor since 1997. Prior to that time, 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, Nominating and Corporate Governance, and Stock Option Committees. Mr. Dempsey is the brother of Judith D. Hook.

Daniel J. Gunsett, 55, 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 Compensation, Executive, Nominating and Corporate Governance, Stock Option and Stock Repurchase Committees.

Judith D. Hook, 50, has been a director since 2003. Mrs. Hook has been an investor for more than five years. She is the sister of Michael H. Dempsey.

Patrick J. Norton, 53, has been a director since 2003. Mr. Norton retired as Executive Vice President and Chief Financial Officer of The Scotts Company, a consumer lawn and garden products company, in January 2003. Mr. Norton served as Executive Vice President and Chief Financial Officer of The Scotts Company from

May 2000 until his retirement and as interim Chief Financial Officer from February 2000 to May 2000. From 1983 until its acquisition by ServiceMaster, Inc. in February 1997, Mr. Norton was the President, Chief Executive Officer and a director of Barefoot Inc., a lawn care company. He is a member of the Audit and Compensation Committees. Mr. Norton also serves as a director of The Scotts Company.

David J. Olderman, 68, has been a director since 1996. He has been an investor since 1997. Prior to that time, 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, Executive and Stock Option Committees.

William B. Sparks, Jr., 62, has been a director since 1995. He has been President and Chief Operating Officer of the Company for more than five years.

In the tabulating of votes, abstentions and broker non-votes will be disregarded and will have no effect on the outcome of the vote.

PROPOSAL NO. 2 APPROVAL OF AMENDMENT TO

THE COMPANY S LONG-TERM INCENTIVE PLAN

At the Annual Meeting, the Class B stockholders will be requested to consider and act upon a proposal to approve an amendment (the Amendment) to the Company s Long-Term Incentive Plan (the Incentive Plan).

At the Annual Meeting held on February 25, 2002, the Company s Class B stockholders approved the Incentive Plan. The primary purposes of the Incentive Plan are to retain, motivate and attract top caliber executives, focus management on the key measures that drive superior performance, provide compensation opportunities that are externally competitive and internally consistent with the Company s total compensation strategies, and provide award opportunities that are comparable in both character and magnitude to those provided through stock-based plans. Incentive compensation awards to participants are paid 80% in cash and 20% in restricted shares of the Company s Class A and/or Class B Common Stock.

Description of the Incentive Plan

The following discussion describes important aspects of the Incentive Plan. This discussion is intended to be a summary of the material provisions of the Incentive Plan. Because it is a summary, some details that may be important to you are not included. For this reason, the entire Incentive Plan, with the proposed amendment to Section 4.4 in bold italics, is attached as Exhibit A to this Proxy Statement.

Administration. The Incentive Plan is administered by the Special Subcommittee on Incentive Compensation of the Board (the Subcommittee). This Subcommittee is composed of independent directors, meaning directors who are not officers or employees of the Company. Among other things, the Subcommittee has the authority to select employees to participate in the Incentive Plan, to determine the size and types of award opportunities and final awards, and to determine the other terms and conditions of award opportunities under the Incentive Plan (subject to the terms of the Incentive Plan). The Subcommittee also has the authority to establish and amend rules and regulations relating to the Incentive Plan and to make all other determinations necessary or advisable for the administration of the Incentive Plan. All decisions made by the Subcommittee pursuant to the Incentive Plan are made in the Subcommittee s sole discretion and will be final and binding.

Eligibility. Employees of the Company who are designated by the Subcommittee as key employees are eligible to participate and receive awards under the Incentive Plan. In general, an employee may be designated as a key employee if he or she is responsible for, or contributes to, the management, growth and/or profitability of the business of the Company in a material way. Key employees who are chosen to participate in the Incentive Plan for any given performance period are so notified in writing and are apprised of the performance criteria and related award opportunities determined for them for the relevant performance period. Performance periods are consecutive and overlapping three-year cycles.

Establishment of Performance Goals/Criteria. Prior to the beginning of each performance period, the Subcommittee will select and establish performance goals for that performance period which, if met, will entitle participants to the payment of the incentive compensation award. The performance goals are based on targeted levels of increases in (a) earnings per share, and (b) free cash flow (as defined in the Incentive Plan) or (c) such other measures of performance success as the Subcommittee may determine. The Subcommittee may establish a range of performance goals which correspond to, and will entitle participants to receive, various levels of award opportunities based on percentage multiples of the target incentive award, which is the incentive compensation amount to be paid to participants when the performance criteria designated as the 100% award level is met. In addition, each range may include levels of performance above and below the 100% performance level, ranging from a minimum of 0% to a maximum of 200% of the target incentive award. The Subcommittee may also establish minimum levels of performance goal achievement below which no awards are paid to any participant. Notwithstanding any other provision in the Incentive Plan to the contrary, the performance criteria applicable to any participant who is, or who is determined by the Subcommittee to be likely to become, a covered employee will be limited to growth, improvement or attainment of certain levels of return on capital, equity, or operating costs, economic value added, margins, total stockholder return on market value, operating profit or net income, cash flow, earnings before interest and taxes, earnings before interest, taxes and depreciation, or earnings before interest, taxes, depreciation and amortization, sales, throughput, or product volumes, or costs or expenses. These performance criteria may be expressed either on an absolute basis or relative to other companies selected by the Subcommittee. Covered employees, as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended from time to time (the Code), are the Company s chief executive officer and its four other most highly compensated executive officers. This requirement is intended to ensure compliance with the exception from Section 162(m) of the Code for qualified performance-based compensation.

Establishment of Awards; Final Awards. After the performance goals are established, the Subcommittee will align the achievement of the performance goals with the award opportunities, such that the level of achievement of the pre-established performance goals at the end of the performance period will determine the final awards (i.e., the actual incentive compensation earned during the performance period by the participant). After establishing the performance criteria, the Subcommittee will establish the award opportunities for the participants which correspond to various levels of achievement of the pre-established performance criteria. The established award opportunities will vary in relation to the job classification of each participant. Once established, the performance criteria normally will not be changed during the performance period. However, if the Subcommittee determines that external or internal changes or other unanticipated business conditions materially affected the fairness of the goals or render the performance criteria unsuitable, then the Subcommittee may approve appropriate adjustments to the performance criteria (either up or down) during the performance period to participants other than covered employees. In addition, at the time the award subject to performance criteria is made and performance criteria are established, the Subcommittee is authorized to determine the manner in which the performance criteria will be calculated or measured to take into account certain factors over which participants have no or limited control. At the end of each performance period, the Subcommittee will certify the extent to which the performance criteria were met during the performance period and determine the final awards for the participants.

Termination of Employment. A participant whose employment terminates because of death, disability or retirement during the performance period for an award will receive a pro rata portion of the award, based upon the extent to which the performance goals had been achieved before such termination. A participant whose employment terminates for any other reason before the end of the performance period for an award will not be entitled to any payment with respect to the award.

Amendment and Termination. The Incentive Plan may be amended, modified or terminated by the Subcommittee at any time, but no such amendment, modification or termination may materially reduce the right of a participant to a payment or distribution under the Incentive Plan to which such participant has already become entitled, without the consent of such participant. In addition, any amendment which will make a change which may require stockholder approval under the rules of any exchange on which the Company s Common Stock is listed, or in order for awards granted under the Incentive Plan to qualify for an exemption from Section 162(m) of the Code, will require stockholder approval.

Description of Amendment

As stated above, the Incentive Plan has been designed to take into account certain limits on the ability of a public corporation to claim tax deductions for compensation paid to certain highly compensated executives. Section 162(m) of the Code generally denies a corporate tax deduction for annual compensation exceeding $1.0 million paid to the chief executive officer and the four other most highly compensated officers of a public corporation. However, qualified performance-based compensation for those covered employees is exempt from this limitation. Qualified performance-based compensation is compensation paid based solely upon the achievement of objective performance goals, the material terms of which are approved by the stockholders of the paying corporation. The terms of an objective formula must preclude discretion to increase the amount of compensation payable to covered employees that would otherwise be due upon attainment of the goal. When the amount of compensation to be paid upon attainment of the performance goal is based upon a percentage of base salary, the objective formula will not be considered discretionary under Section 162(m) of the Code if the maximum dollar amount to be paid is fixed at the time the performance goal is established.

Under the Incentive Plan, the Company desires to have the compensation paid to an employee upon achievement of the performance goals based upon a percentage of the base salary of that employee. Accordingly, with respect to covered employees, it is necessary to fix the maximum dollar amount payable at the time of the establishment of performance goals by the Subcommittee by fixing the amount of any salary increases that will be considered for purposes of calculating final compensation awards.

It is proposed that the target incentive award for each participant be a percentage of that participant s average base salary (exclusive of any bonus and other benefits) (Base Salary). However, in the event that a covered employee s average Base Salary for a three-year performance period exceeds by more than 130% that employee s salary on the first day of that performance period, the average Base Salary of that covered employee for purposes of determining the final award compensation will be capped at 130% of that covered employee s Base Salary on the first day of the performance period. In addition, the Company also desires to place an absolute cap on the amount of any final award payable to any employee for any three-year performance period. The proposed cap is $6,000,000 for any three-year performance period, which, given that the Incentive Plan will continue in effect until October 2011, the Board and the Subcommittee believes is prudent.

Consequently, it is proposed that Section 4.4 of the Incentive Plan be amended by adding the following provision at the end of that Section:

The Target Incentive Award for each Participant will be a percentage of that Participant s average base salary (exclusive of any bonus and other benefits) (the Base Salary) during the Performance Period; provided, however, that in the event that a Covered Employee s average Base Salary during the Performance Period exceeds by more than 130% the Base Salary of that Covered Employee on the first day of the Performance Period, such Covered Employee s average Base Salary for purposes of calculating the Final Award shall be capped at 130% of such Covered Employee s Base Salary on the first day of the Performance Period. In addition, in no event shall the Final Award paid to any Employee under this Plan for any Performance Period exceed $6,000,000.

A copy of the Incentive Plan, including the proposed amendment to Section 4.4 (which amendment is in bold italics) is attached as Exhibit A to this Proxy Statement.

Reasons for Stockholder Approval

Under the listing standards of the New York Stock Exchange (NYSE), listed companies, such as the Company, are required to receive stockholder approval for compensation plans and any material revisions to the terms of such plans, which provide equity-based awards to employees or directors. The Amendment constitutes a material revision to an equity-based compensation plan. In addition, stockholder approval of the material terms of the Incentive Plan is necessary in order for compensation under the Incentive Plan to be qualified performance-based compensation for purposes of Section 162(m) of the Code. For these reasons, stockholders of the Company are being asked to approve the Amendment.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF THE PROPOSED AMENDMENT TO THE INCENTIVE PLAN.

BOARD OF DIRECTORS AND COMMITTEES

The Board has affirmatively determined that a majority of the Company s directors, as well as each of the members of the Board s Audit, Compensation, and Nominating and Corporate Governance Committees, are independent as defined in the NYSE listing standards and meet the categorical standards of independence adopted by the Board. The only directors who are not independent are Messrs. Gasser and Sparks, who are employees of the Company, and Mr. Chandler, who is a former employee of the Company. The Board-adopted standards of independence are set forth in the Independence Standards for Directors, which is available on the Company s Internet Web site at www.greif.com under Investor Center Corporate Governance.

The Board held four meetings during the 2003 fiscal year. Each director attended at least 75% of the meetings held by the Board and committees on which he or she served during the 2003 fiscal year.

The Board has established an Executive Committee, a Compensation Committee, an Audit Committee, a Stock Option Committee, a Stock Repurchase Committee, and a Nominating and Corporate Governance Committee.

The Board has adopted charters for the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. Copies of these charters will be available on the Company s Internet Web site at www.greif.com under Investor Center Corporate Governance.

The Executive Committee, whose current members are Messrs. Gasser, Chandler, Dempsey, Gunsett, Kane and Olderman, has the same authority, subject to certain limitations, as the Board during intervals between meetings of the Board. The Executive Committee held six meetings during the 2003 fiscal year.

The Compensation Committee, whose current members are Messrs. Dempsey, Gunsett, Kane, Norton and Olderman, is responsible, among other matters, for discharging the Board s responsibility relating to the compensation of executive officers and directors. This is accomplished by evaluating the compensation, fringe benefits and perquisites provided to the Company s officers and adopting compensation policies applicable to the Company s executive officers, including the specific relationship, if any, of corporate performance to executive compensation and the factors and criteria upon which the compensation of the Company s Chief Executive Officer should be based. The Compensation Committee held three meetings during the 2003 fiscal year.

The Audit Committee, whose current members are Messrs. Kane, Norton and Olderman, is responsible, among other matters, for engaging and, when appropriate, replacing the Company s independent auditors, reviewing with such auditors the scope and results of their audit, reviewing the Company s accounting functions, operations and management, and considering the adequacy and effectiveness of the internal accounting controls and internal auditing methods, policies and procedures of the Company. The Audit Committee held five meetings during the 2003 fiscal year.

The Stock Option Committee, whose current members are Messrs. Dempsey, Gunsett, Kane and Olderman, is responsible for administering the Company s Incentive Stock Option Plan which provides for the granting of options for shares of the Company s Class A Common Stock to key employees. The Stock Option Committee held one meeting during the 2003 fiscal year.

The Stock Repurchase Committee, whose current members are Messrs. Gasser and Gunsett, is responsible for administering the Company s Stock Repurchase Program. The Stock Repurchase Committee held one meeting during the 2003 fiscal year.

The Company s standing nominating committee, called the Nominating and Corporate Governance Committee (the Nominating Committee), whose current members are Messrs. Dempsey and Gunsett, functions pursuant to a written charter adopted by the Board. The Nominating Committee is responsible for recommending to the Board a slate of director nominees for election at each Annual Meeting of the Company s stockholders and director nominees for election at any other stockholder meeting held for the election of one or more directors. The Board then acts on the Nominating Committee s recommendations and is responsible for (1) recommending to stockholders a slate of director nominees for election at each Annual Meeting of the Company s stockholders and director nominees for election at any other stockholder meeting held for the election of one or more directors, and (2) nominating at such meetings those persons it has recommended as director nominees.

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

Effective for the Annual Meeting of Stockholders to be held in 2005 (scheduled for February 21, 2005), except for the director nominees recommended by the Nominating Committee to the Board, no person may be nominated for election as a director of the Company during any stockholder meeting unless such person was first recommended by a stockholder for Board membership in accordance with the procedures set forth in the preceding paragraph and the Recommendation Notice is received by the Company not less than 60 days nor more than 90 days prior to the date of such meeting; provided, however, if less than 75 days notice or prior public disclosure of the date of a stockholders meeting is given or made to stockholders, then, in order to be timely received, the Recommendation Notice must be received by the Company no later than the close of business on the 10th day following the day on which such notice of the date of the stockholders meeting was mailed or such public disclosure was made.

The Nominating Committee s Charter sets forth certain specific, minimum qualifications that must be met by a Nominating Committee-recommended nominee for a position on the Board, as well as qualities and skills that Board members possess. The Nominating Committee determines, and reviews with the Board on an annual basis, the desired skills and characteristics for directors as well as the composition of the Board as a whole. This assessment considers director s qualification as independent, as well as diversity, age, skill and experience in the context of the needs of the Board. At a minimum, directors should share the values of the Company and should possess the following characteristics: high personal and professional integrity; the ability to exercise sound business judgment; an inquiring mind; and the time available to devote to Board activities and the willingness to do so. Ultimately, the Nominating Committee will select prospective Board members who the Nominating Committee believes will be effective, in conjunction with the other members of the Board, in collectively serving the long-term interests of the stockholders.

In the event that the Nominating Committee, the Board or the Chairman/Chief Executive Officer identifies the need to fill a vacancy or to add a new member to fill a newly created position on the Board with specific criteria, the Nominating Committee initiates a search process and informally keeps the Board apprised of progress. The Nominating Committee may seek input from members of the Board, the Chairman/Chief Executive Officer and other management and, if necessary, hire a search firm. In addition, as a matter of policy, the Nominating Committee will consider candidates for Board membership recommended by stockholders. The initial candidate or candidates, including anyone recommended by a stockholder, who satisfy the specific criteria for Board membership and otherwise qualify for membership on the Board are then reviewed and evaluated by the Nominating Committee; the evaluation process for candidates recommended by stockholders is not to be different. The Nominating Committee is to maintain and update a list of candidates recommended from all sources. The Nominating Committee will then determine the Nominating Committee member or Board member or other person involved in the process (such as a search firm) who will make the initial contact with the prospective candidate or candidates. The Chairman/Chief Executive Officer and at least one member of the Nominating Committee will interview the identified candidate or candidates. Based on the interviews and all other information available to the Nominating Committee, the Nominating Committee will meet to consider and approve a final candidate or candidates, as the case may be. The Nominating Committee then will make its recommendation to the Board.

The Company has not, as of January 15, 2004, received any recommendations from stockholders for nominees for the Board.

The non-management directors of the Company meet without the Company s management at least four times each year, and during at least one of those meetings, the non-management directors schedule an executive session that includes only independent directors. These meetings are typically held in conjunction with a regularly scheduled Board meeting and at such other times as necessary or appropriate. The chairpersons of the Company s Audit Committee, Compensation Committee and Nominating Committee rotate as chairperson of meetings of the non-management directors.

The Board believes it is important for stockholders to have a process to send communications to the Board. Accordingly, any stockholder or other interested party who desires to make his or her concerns known to the non-management directors or to the entire Board may do so by communicating with the chairperson of the Audit Committee by e-mail to audit.comm@greif.com or in writing to Audit Committee Chairperson, Greif, Inc., 425 Winter Road, Delaware, Ohio 43015. All such communications will be forwarded to the non-management directors or the entire Board as requested in the communication.

It is the Company s policy that directors are expected to attend the Company s Annual Meeting of Stockholders. All of the directors standing for re-election attended last year s Annual Meeting of Stockholders.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information, as of January 15, 2004, with respect to the only persons known by the Company to be the beneficial owners of 5% or more of the Class B Common Stock, the Company s only class of voting securities:

Name and Address	Class of Stock	Type of Ownership	Number of Shares	Percent of Class
Michael H. Dempsey 2240 Encinitas Boulevard Suite D-403 Encinitas, California	Class B	See (1) below	5,998,756	51.44%
Naomi C. Dempsey Trust c/o Michael H. Dempsey, Trustee 2240 Encinitas Boulevard Suite D-403 Encinitas, California	Class B	See (2) below	5,375,904	46.10%
Robert C. Macauley 161 Cherry Street New Canaan, Connecticut	Class B	Record and Beneficially	1,100,000	9.43%
Virginia D. Ragan 546 Westbury Woods Court Westerville, Ohio	Class B	Record and Beneficially	627,021	5.38%
Mary T. McAlpin 81 Fairway Drive Snowmass Village, Colorado	Class B	Record and Beneficially	618,969	5.31%

(1) Held by Michael H. Dempsey (508,077 shares), Michael H. Dempsey as trustee of the Naomi C. Dempsey Trust (5,375,904 shares) and the Naomi C. Dempsey Charitable Lead Annuity Trust (114,775 shares).

(2) Held of record and beneficially by the Naomi C. Dempsey Trust. Michael H. Dempsey is the trustee of this Trust. See (1) above.

The following table sets forth certain information, as of January 15, 2004, with respect to the Class A Common Stock and Class B Common Stock (the only equity securities of the Company) beneficially owned, directly or indirectly, by each director and each executive officer named in the summary compensation table:

Name	Title and Percent of Class (1)	
	Class A	%
Charles R. Chandler	100,187	*
Michael H. Dempsey	16,874	*
Michael J. Gasser	172,987	1.62%
Daniel J. Gunsett	16,000	*
Judith D. Hook	6,233	*
Donald S. Huml	1,503	*
John C. Kane	13,000	*
John S. Lilak	35,763	*
Gary R. Martz	15,771	*
Patrick J. Norton	2,000	*
David J. Olderman	9,000(2)	*
William B. Sparks, Jr.	103,152	*

Name	Title and Percent of Class (1) Class B	%
Charles R. Chandler	1,000	*
Michael H. Dempsey	5,998,756(3)	51.44%
Michael J. Gasser	11,898	*
Daniel J. Gunsett	1,000	*
Judith D. Hook	390,231(4)	3.35%
Donald S. Huml	0	*
John C. Kane	0	*
John S. Lilak	0	*
Gary R. Martz	300	*
Patrick J. Norton	0	*
David J. Olderman	31,074(5)	*
William B. Sparks, Jr.	3,448	*

* Less than one percent.

(1) Except as otherwise indicated below, the persons named in the table (and their spouses, if applicable) have sole voting and investment power with respect to all shares of Class A Common Stock or Class B Common Stock, as the case may be, owned by them. This table includes shares for Class A Common Stock subject to currently exercisable options, or options exercisable within 60 days of January 15, 2004, granted by the Company under certain stock option plans, for the following directors and named executive officers: Mr. Chandler 89,000; Mr. Dempsey 16,000; Mr. Gasser 163,000; Mr. Gunsett 16,000; Mr. Kane 8,000; Mr. Lilak 27,000; Mr. Martz 15,000; Mr. Norton 2,000; Mr. Olderman 8,000 and Mr. Sparks 98,000.

(2) Held by David J. Olderman (8,000 shares) and David J. Olderman s self-directed profit sharing plan (1,000 shares).

(3) Held by Michael H. Dempsey (508,077 shares), Michael H. Dempsey as trustee of the Naomi C. Dempsey Trust (5,375,904 shares) and the Naomi C. Dempsey Charitable Lead Annuity Trust (114,775 shares).

(4) Held by Judith D. Hook (389,771 shares) and Judith D. Hook as trustee of the Judith D. Hook Trust (460 shares).

(5) Held by David J. Olderman (25,814 shares), David J. Olderman s self-directed profit sharing plan (2,260 shares) and David J. Olderman as trustee of the Jean Olderman Trust (1,000 shares), Jill Olderman Trust (1,000 shares) and David Olderman Trust (1,000 shares).

The Class A Common Stock has no voting power, except when four quarterly cumulative dividends upon the Class A Common Stock are in arrears.

The following table sets forth the equity securities owned or controlled by all directors and executive officers as a group (17 persons) as of January 15, 2004:

Title of Class of Stock	Amount Beneficially Owned	Percent of Class
Class A Common Stock(1)	541,001	5.05%

Class B Common Stock	6,438,007	55.20%

(1) Shares represent the number of shares beneficially owned, directly or indirectly, by each director and executive officer as of January 15, 2004. The number includes shares subject to currently exercisable options or options exercisable within 60 days of January 15, 2004, granted by the Company under certain stock option plans, for the directors and executive officers as a group 489,450 shares.

EXECUTIVE COMPENSATION

The following table sets forth the compensation for the three years ended October 31, 2003, for the Company s Chief Executive Officer and the Company s four other most highly compensated executive officers.

Summary Compensation Table

		Annual Compensation			Long-Term Compensation		
Name & Position	Year	Salary	Bonus (1)	All Other (2)	Incentive Plan Payouts (3)	Restricted Stock Awards (3)	Number of Stock Options Granted
Michael J. Gasser	2003	$ 691,670					
Chairman and	2002	$ 638,341					
Chief Executive Officer	2001	$ 568,351					