

GREIF INC
Form 10-Q
September 09, 2010

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

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

**For the quarterly period ended July 31, 2010
Commission File Number 001-00566**

GREIF, INC.

(Exact name of registrant as specified in its charter)

**Delaware
(State or other jurisdiction of
incorporation or organization)**

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

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

**43015
(Zip Code)**

**Registrant's telephone number, including area code (740) 549-6000
Not Applicable**

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

The number of shares outstanding of each of the issuer's classes of common stock at the close of business on August 31, 2010:

Class A Common Stock

Class B Common Stock

24,742,974
shares
22,412,266
shares



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

(Dollars in thousands, except per share amounts)

	Three months ended July 31,		Nine months ended July 31,	
	2010	2009 (As Adjusted) ¹	2010	2009 (As Adjusted) ¹
Net sales	\$ 921,333	\$ 717,567	\$ 2,467,595	\$ 2,031,724
Cost of products sold	730,294	578,140	1,970,328	1,700,636
Gross profit	191,039	139,427	497,267	331,088
Selling, general and administrative expenses ⁽²⁾	90,461	67,374	264,511	191,503
Restructuring charges	9,779	10,277	20,566	57,748
Gain on disposal of properties, plants and equipment, net	(4,875)	(5,256)	(6,904)	(9,810)
Operating profit	95,674	67,032	219,094	91,647
Interest expense, net	15,935	12,125	47,582	37,727
Debt extinguishment charge				782
Other expense, net	713	4,245	4,372	4,075
Income before income tax expense and equity earnings (losses) of unconsolidated affiliates, net	79,026	50,662	167,140	49,063
Income tax expense	14,408	11,489	31,590	9,567
Equity earnings (loss) of unconsolidated affiliates, net of tax	3,141	374	3,272	(221)
Net income	67,759	39,547	138,822	39,275
Net income attributable to noncontrolling interests	1,784	1,736	5,394	2,183
Net income attributable to Greif, Inc.	\$ 65,975	\$ 37,811	\$ 133,428	\$ 37,092
Basic earnings per share attributable to Greif, Inc. common shareholders:				
Class A Common Stock	\$ 1.13	\$ 0.65	\$ 2.29	\$ 0.64
Class B Common Stock	\$ 1.70	\$ 0.98	\$ 3.43	\$ 0.96
Diluted earnings per share attributable to Greif, Inc. common shareholders:				
Class A Common Stock	\$ 1.12	\$ 0.65	\$ 2.28	\$ 0.64

Class B Common Stock	\$	1.70	\$	0.98	\$	3.43	\$	0.96
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See accompanying Notes to Consolidated Financial Statements

- (1) In the first quarter of 2010, the Company changed from using a combination of first-in, first out (FIFO) and last-in, first-out (LIFO) inventory accounting methods to the FIFO method for all of its businesses. All amounts included herein have been presented on the FIFO basis. Refer to Note 4 presented in the Notes to Consolidated Financial Statements.
- (2) In the first quarter of 2010, the Company adopted Statement of Financial Accounting Standards SFAS No. 141(R) (*codified under Accounting Standards Codification ASC 805, Business Combinations*), which requires it to expense acquisition costs

in the period incurred. Previously, these costs were capitalized as part of the purchase price of the acquisition.

Under this guidance, the Company recorded \$2.8 million and \$16.1 million of expenses in the three-month and nine-month periods ended July 31, 2010.

The nine-month period ended July 31, 2010 included \$6.1 million for acquisition costs incurred prior to November 1, 2009 that were previously accumulated to the consolidated balance sheet for acquisitions not consummated by October 31, 2009. Refer to Note 1 presented in the Notes to Consolidated Financial Statements.

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

	July 31, 2010	October 31, 2009 (As Adjusted)¹
Current assets		
Cash and cash equivalents	\$ 84,174	\$ 111,896
Trade accounts receivable, less allowance of \$13,117 in 2010 and \$12,510 in 2009	464,778	337,054
Inventories	353,030	238,851
Deferred tax assets	14,465	19,901
Net assets held for sale	24,789	31,574
Prepaid expenses and other current assets	137,480	105,904
	1,078,716	845,180
Long-term assets		
Goodwill	661,095	592,117
Other intangible assets, net of amortization	150,713	131,370
Assets held by special purpose entities	50,891	50,891
Other long-term assets	100,361	112,092
	963,060	886,470
Properties, plants and equipment		
Timber properties, net of depletion	215,184	197,114
Land	115,933	120,667
Buildings	374,485	380,816
Machinery and equipment	1,195,787	1,148,406
Capital projects in progress	135,289	70,489
	2,036,678	1,917,492
Accumulated depreciation	(861,196)	(825,213)
	1,175,482	1,092,279
Total assets	\$ 3,217,258	\$ 2,823,929

See accompanying Notes to Consolidated Financial Statements

(1) In the first quarter of 2010, the Company

changed from using a combination of FIFO and LIFO inventory accounting methods to the FIFO method for all of its businesses. All amounts included herein have been presented on the FIFO basis. Refer to Note 4 presented in the Notes to Consolidated Financial Statements.

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GREIF, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(Dollars in thousands)
LIABILITIES AND SHAREHOLDERS EQUITY

	July 31, 2010	October 31, 2009 (As Adjusted)¹
Current liabilities		
Accounts payable	\$ 380,890	\$ 335,816
Accrued payroll and employee benefits	72,318	74,475
Restructuring reserves	17,793	15,315
Current portion of long-term debt	20,000	17,500
Short-term borrowings	50,958	19,584
Other current liabilities	138,304	99,407
	680,263	562,097
Long-term liabilities		
Long-term debt	948,626	721,108
Deferred tax liabilities	158,033	161,152
Pension liabilities	79,366	77,942
Postretirement benefit obligations	26,527	25,396
Liabilities held by special purpose entities	43,250	43,250
Other long-term liabilities	111,877	126,392
	1,367,679	1,155,240
Shareholders equity		
Common stock, without par value	105,070	96,504
Treasury stock, at cost	(117,447)	(115,277)
Retained earnings	1,271,435	1,206,614
Accumulated other comprehensive loss:		
- foreign currency translation	(19,903)	(6,825)
- interest rate derivatives	(1,449)	(1,484)
- energy and other derivatives	(93)	(391)
- minimum pension liabilities	(78,467)	(79,546)
Total Greif, Inc. shareholders equity before noncontrolling interests	1,159,146	1,099,595
Noncontrolling interests	10,170	6,997
Total shareholders equity	1,169,316	1,106,592
Total liabilities and shareholders equity	\$ 3,217,258	\$ 2,823,929

See accompanying Notes to Consolidated Financial Statements

- (1) In the first quarter of 2010, the Company changed from using a combination of FIFO and LIFO inventory accounting methods to the FIFO method for all of its businesses. All amounts included herein have been presented on the FIFO basis. Refer to Note 4 presented in the Notes to Consolidated Financial Statements.

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

For the nine months ended July 31,	2010	2009 (As Adjusted)¹
Cash flows from operating activities:		
Net income	\$ 138,822	\$ 39,275
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	84,927	74,562
Asset impairments	2,356	13,332
Deferred income taxes	2,317	(5,182)
Gain on disposals of properties, plants and equipment, net	(6,904)	(9,810)
Equity (earnings) losses of unconsolidated affiliates	(3,272)	221
Increase (decrease) in cash from changes in certain assets and liabilities:		
Trade accounts receivable	(83,713)	78,577
Inventories	(92,845)	118,947
Prepaid expenses and other current assets	(21,144)	2,933
Accounts payable	(71,330)	(167,506)
Accrued payroll and employee benefits	1,774	(33,727)
Restructuring reserves	2,478	3,459
Other current liabilities	29,981	(29,382)
Pension and postretirement benefit liabilities	2,555	(3,394)
Other long-term assets, other long-term liabilities and other	31,773	6,999
Net cash provided by operating activities	17,775	89,304
Cash flows from investing activities:		
Acquisitions of companies, net of cash acquired	(152,739)	(32,999)
Purchases of properties, plants and equipment	(101,046)	(81,400)
Purchases of timber properties	(19,500)	(600)
Proceeds from the sale of properties, plants, equipment and other assets	13,034	14,806
Purchases of land rights and other		(9,588)
Net cash used in investing activities	(260,251)	(109,781)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	2,497,953	2,738,793
Payments on long-term debt	(2,259,612)	(2,629,675)
Proceeds from short-term borrowings, net	20,554	1,125
Dividends paid	(68,607)	(65,864)
Acquisitions of treasury stock and other	(2,696)	(3,145)
Exercise of stock options	1,164	747
Settlement of derivatives	29,248	
Debt issuance cost		(13,124)

Net cash provided by financing activities	218,004	28,857
Effects of exchange rates on cash	(3,250)	(337)
Net increase (decrease) in cash and cash equivalents	(27,722)	8,043
Cash and cash equivalents at beginning of period	111,896	77,627
Cash and cash equivalents at end of period	\$ 84,174	\$ 85,670

See accompanying Notes to Consolidated Financial Statements

- (1) In the first quarter of 2010, the Company changed from using a combination of FIFO and LIFO inventory accounting methods to the FIFO method for all of its businesses. All amounts included herein have been presented on the FIFO basis. Refer to Note 4 presented in the Notes to Consolidated Financial Statements.

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GREIF, INC. AND SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2010

NOTE 1 BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The information furnished herein reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of the consolidated balance sheets as of July 31, 2010 and October 31, 2009 and the consolidated statements of operations and cash flows for the three-month and nine-month periods ended July 31, 2010 and 2009 of Greif, Inc. and subsidiaries (the Company). The consolidated financial statements include the accounts of the Company and all wholly-owned and majority-owned subsidiaries.

The unaudited consolidated financial statements included in the Quarterly Report on Form 10-Q (this Form 10-Q) should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for its fiscal year ended October 31, 2009 (the 2009 Form 10-K) and the Company's Form 8-K filed on May 27, 2010 (the May 27 Form 8-K) to update certain sections of the 2009 Form 10-K to reflect revised financial information and disclosures resulting from the application of a change in an accounting principle from using a combination of the last-in, first-out (LIFO) and the first-in, first-out (FIFO) inventory accounting methods to the FIFO method for all the Company's businesses effective November 1, 2009. All references in this Form 10-Q to the 2009 Form 10-K also include the financial information and disclosures contained in the May 27 Form 8-K. Note 1 of the Notes to Consolidated Financial Statements from the 2009 Form 10-K is specifically incorporated in this Form 10-Q by reference. In the opinion of Management, all adjustments necessary for fair presentation of the consolidated financial statements have been included. Except as disclosed elsewhere in this Form 10-Q, all such adjustments are of a normal and recurring nature.

The consolidated financial statements have been prepared in accordance with the U.S. Securities and Exchange Commission (SEC) instructions to Quarterly Reports on Form 10-Q and include all of the information and disclosures required by accounting principles generally accepted in the United States (GAAP) for interim financial reporting. The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual amounts could differ from those estimates.

The Company's fiscal year begins on November 1 and ends on October 31 of the following year. Any references to the year 2010 or 2009, or to any quarter of those years, relates to the fiscal year or quarter, as the case may be, ending in that year.

Certain and appropriate prior year amounts have been reclassified to conform to the 2010 presentation. In addition, certain prior year financial information has been adjusted to reflect the Company's change in inventory accounting discussed in Note 4.

Newly Adopted Accounting Standards

In December 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 141(R), (*codified under Accounting Standards Codification (ASC) 805 Business Combinations*), which replaces SFAS No. 141. The objective of SFAS No. 141(R) is to improve the relevance, representational faithfulness and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. SFAS No. 141(R) establishes principles and requirements for how the acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) applies to all transactions or other events in which an entity (the acquirer) obtains control of one or more businesses (the acquiree), including those sometimes referred to as true mergers or mergers of equals and combinations achieved without the transfer of consideration. SFAS No. 141(R) applies to any acquisition entered into on or after November 1, 2009. The Company adopted the new guidance beginning on November 1, 2009, which impacted the Company's financial position, results of operations or cash flows and related disclosures.

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In December 2007, the FASB issued SFAS No. 160, *Accounting and Reporting of Noncontrolling Interests in Consolidated Financial Statements*, an amendment of ARB No. 51, (*codified under ASC 810 Consolidation*). The objective of SFAS No. 160 is to improve the relevance, comparability and transparency of the financial information that a reporting entity provides in its consolidated financial statements. SFAS No. 160 amends ARB No. 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 also changes the way the consolidated financial statements are presented, establishes a single method of accounting for changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation, requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated and expands disclosures in the consolidated financial statements that clearly identify and distinguish between the parent's ownership interest and the interest of the noncontrolling owners of a subsidiary. The provisions of SFAS No. 160 are to be applied prospectively as of the beginning of the fiscal year in which SFAS No. 160 is adopted, except for the presentation and disclosure requirements, which are to be applied retrospectively for all periods presented. The Company adopted the new guidance beginning November 1, 2009, and the adoption of the new guidance did not impact the Company's financial position, results of operations or cash flows, other than the related disclosures.

In December 2008, the FASB issued FASB Staff Position FAS 132(R)-1, *Employers' Disclosures About Postretirement Benefit Plan Assets* (FSP FAS 132(R)-1) (*codified under ASC 715 Compensation - Retirement Benefits*), to provide guidance on employers' disclosures about assets of a defined benefit pension or other postretirement plan. FSP FAS 132(R)-1 requires employers to disclose information about fair value measurements of plan assets similar to SFAS No. 157, *Fair Value Measurements*. The objectives of the disclosures are to provide an understanding of: (a) how investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies, (b) the major categories of plan assets, (c) the inputs and valuation techniques used to measure the fair value of plan assets, (d) the effect of fair value measurements using significant unobservable inputs on changes in plan assets for the period and (e) significant concentrations of risk within plan assets. The Company adopted the new guidance beginning November 1, 2009, and the adoption of the new guidance did not impact the Company's financial position, results of operations or cash flows, other than the related disclosures.

Recently Issued Accounting Standards

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets* an amendment of FASB Statement No. 140 (*codified under ASC 860 Transfers and Servicing*). The Statement amends SFAS No. 140 to improve the information provided in financial statements concerning transfers of financial assets, including the effects of transfers on financial position, financial performance and cash flows, and any continuing involvement of the transferor with the transferred financial assets. The provisions of SFAS 166 are effective for the Company's financial statements for the fiscal year beginning November 1, 2010. The Company is in the process of evaluating the impact that the adoption of the guidance may have on its consolidated financial statements and related disclosures. However, the Company does not anticipate a material impact on the Company's financial position, results of operations or cash flows.

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (*codified under ASC 810 Consolidation*). SFAS 167 amends FIN 46(R) to require an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. It also amends FIN 46(R) to require enhanced disclosures that will provide users of financial statements with more transparent information about an enterprise's involvement in a variable interest entity. The provisions of SFAS 167 are effective for the Company's financial statements for the fiscal year beginning November 1, 2010. The Company is in the process of evaluating the impact that the adoption of SFAS No. 167 may have on its consolidated financial statements and related disclosures. However, the Company does not anticipate a material impact on the Company's financial position, results of operations or cash flows.

NOTE 2 ACQUISITIONS, DIVESTITURES AND OTHER SIGNIFICANT TRANSACTIONS

During the first nine months of 2010, the Company completed acquisitions of three rigid industrial packaging companies and two flexible products companies and made a contingent purchase price payment related to a 2008 rigid industrial packaging acquisition. The five 2010 acquisitions consisted of the acquisition of a European rigid industrial

packaging company in November 2009, an Asian rigid industrial packaging company in June 2010, a North American drum reconditioning company in July 2010, and two European flexible products companies, one in February and the other in June 2010. The aggregate purchase price for the five 2010 acquisitions was less than \$200 million. The European and Asian rigid industrial packaging acquisitions are expected to complement the Company's existing product lines that together will provide growth opportunities and economies of scale. The drum reconditioning and flexible products acquisitions expand the Company's product and service offerings.

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During 2009, the Company completed acquisitions of five rigid industrial packaging companies and one paper packaging company and made a contingent purchase price payment related to a 2005 acquisition for an aggregate purchase price of \$90.8 million. These six acquisitions consisted of two North American rigid industrial packaging companies in February 2009, the acquisition of a North American rigid industrial packaging company in June 2009, the acquisition of a rigid industrial packaging company in Asia in July 2009, the acquisition of a South American rigid industrial packaging company in October 2009, and the acquisition of a 75 percent interest in a North American paper packaging company in October 2009. These rigid industrial packaging and paper packaging acquisitions complemented the Company's existing product lines and provided growth opportunities and economies of scale. These acquisitions, included in operating results from the acquisition dates, were accounted for using the purchase method of accounting and, accordingly, the purchase prices were allocated to the assets purchased and liabilities assumed based upon their estimated fair values at the dates of acquisition. The estimated fair values of the net assets acquired were \$23.5 million (including \$8.4 million of accounts receivable and \$4.4 million of inventory) and liabilities assumed were \$20.7 million. Identifiable intangible assets, with a combined fair value of \$34.5 million, including trade-names, customer relationships, and certain non-compete agreements, have been recorded for these acquisitions. The excess of the purchase prices over the estimated fair values of the net tangible and intangible assets acquired of \$53.5 million was recorded as goodwill. The final allocation of the purchase prices may differ due to additional refinements in the fair values of the net assets acquired as well as the execution of consolidation plans to eliminate duplicate operations, in accordance with SFAS No. 141, Business Combinations. This is due to the valuation of certain other assets and liabilities that are subject to refinement and therefore the actual fair value may vary from the preliminary estimates. Adjustments to the acquired net assets resulting from final valuations are not expected to be significant. The Company is finalizing certain closing date adjustments with the sellers, as well as the allocation of income tax adjustments. The Company implemented a restructuring plan for one of the 2009 acquisitions above. The Company's restructuring activities, which were accounted for in accordance with Emerging Task Force Issue No. 95-3, Recognition of Liabilities in Connection with a Purchase Business Combination (EITF 95-3), primarily included exit costs associated with the consolidation of facilities, facility relocation, and the reduction of excess capacity. In connection with these restructuring activities, as part of the cost of the above acquisition, the Company established reserves, primarily for excess facilities, in the amount of \$1.7 million, of which \$0.8 million remains in the restructuring reserve at July 31, 2010.

Had the transactions occurred on November 1, 2008, results of operations would not have differed materially from reported results.

NOTE 3 SALE OF NON-UNITED STATES ACCOUNTS RECEIVABLE

Pursuant to the terms of a Receivable Purchase Agreement (the "RPA") dated October 28, 2004 between Greif Coordination Center BVBA, an indirect wholly-owned subsidiary of Greif, Inc., and a major international bank, the seller agreed to sell trade receivables meeting certain eligibility requirements that seller had purchased from other indirect wholly-owned subsidiaries of Greif, Inc., including Greif Belgium BVBA, Greif Germany GmbH, Greif Nederland BV, Greif Spain SA and Greif UK Ltd, under discounted receivables purchase agreements and from Greif France SAS under a factoring agreement. The RPA was amended on October 28, 2005 to include receivables originated by Greif Portugal Lda, also an indirect wholly-owned subsidiary of Greif, Inc. In addition, on October 28, 2005, Greif Italia S.P.A., also an indirect wholly-owned subsidiary of Greif, Inc., entered into the Italian Receivables Purchase Agreement with the Italian branch of the major international bank (the "Italian RPA") with Greif Italia S.P.A., agreeing to sell trade receivables that meet certain eligibility criteria to the Italian branch of the major international bank. The Italian RPA is similar in structure and terms as the RPA. The RPA was amended April 30, 2007 to include receivables originated by Greif Packaging Belgium NV, Greif Packaging France SAS and Greif Packaging Spain SA, all wholly-owned subsidiaries of Greif, Inc. The maximum amount of receivables that may be sold under the RPA and the Italian RPA is 115 million (\$149.5 million) at July 31, 2010.

In October 2007, Greif Singapore Pte. Ltd., an indirect wholly-owned subsidiary of Greif, Inc., entered into the Singapore Receivable Purchase Agreement (the "Singapore RPA") with a major international bank. The maximum amount of aggregate receivables that may be sold under the Singapore RPA is 15.0 million Singapore Dollars (\$11.0 million) at July 31, 2010.

In October 2008, Greif Embalagens Industriais do Brasil Ltda., an indirect wholly-owned subsidiary of Greif, Inc., entered into agreements (the Brazil Agreements) with Brazilian banks. There is no maximum amount of aggregate receivables that may be sold under the Brazil Agreements; however, the sale of individual receivables is subject to approval by the banks.

In May 2009, Greif Malaysia Sdn Bhd., an indirect wholly-owned Malaysian subsidiary of Greif, Inc., entered into the Malaysian Receivables Purchase Agreement (the Malaysian Agreements) with Malaysian banks. The maximum amount of the aggregate receivables that may be sold under the Malaysian Agreements is 15.0 million Malaysian Ringgits (\$4.7 million) at July 31, 2010.

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The structure of the transactions provide for a legal true sale, on a revolving basis, of the receivables transferred from the various Greif, Inc. subsidiaries to the respective banks. The bank funds an initial purchase price of a certain percentage of eligible receivables based on a formula with the initial purchase price approximating 75 percent to 90 percent of eligible receivables. The remaining deferred purchase price is settled upon collection of the receivables. At the balance sheet reporting dates, the Company removes from accounts receivable the amount of proceeds received from the initial purchase price since they meet the applicable criteria of SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (codified under ASC 860 Transfers and Servicing)*, and continues to recognize the deferred purchase price in its accounts receivable. The receivables are sold on a non-recourse basis with the total funds in the servicing collection accounts pledged to the banks between settlement dates.

At July 31, 2010 and October 31, 2009, 85.3 million (\$110.8 million) and 77.0 million (\$114.0 million), respectively, of accounts receivable were sold under the RPA and Italian RPA. At July 31, 2010 and October 31, 2009, 8.1 million Singapore Dollars (\$5.9 million) and 5.6 million Singapore Dollars (\$4.0 million), respectively, of accounts receivable were sold under the Singapore RPA. At July 31, 2010 and October 31, 2009, 18.1 million Brazilian Reais (\$10.2 million) and 13.3 million Brazilian Reais (\$7.6 million), respectively, of accounts receivable were sold under the Brazil Agreements. At July 31, 2010 and October 31, 2009, 6.6 million Malaysian Ringgits (\$2.1 million) and 6.3 million Malaysian Ringgits (\$1.8 million), respectively, of accounts receivable were sold under the Malaysian Agreements.

At the time the receivables are initially sold, the difference between the carrying amount and the fair value of the assets sold are included as a loss on sale in the consolidated statements of operations.

Expenses, primarily related to the loss on sale of receivables, associated with the RPA and Italian RPA totaled 0.8 million (\$1.0 million) and 0.8 million (\$1.2 million) for the three months ended July 31, 2010 and 2009, respectively; and 2.2 million (\$2.9 million) and 2.9 million (\$3.9 million) for the nine months ended July 31, 2010 and 2009, respectively.

Expenses associated with the Singapore RPA totaled 0.1 million Singapore Dollars (\$0.1 million) and 0.1 million Singapore Dollars (\$0.1 million) for the three months ended July 31, 2010 and 2009, respectively; and 0.3 million Singapore Dollars (\$0.3 million) and 0.3 million Singapore Dollars (\$0.2 million) for the nine months ended July 31, 2010 and 2009, respectively.

Expenses associated with the Brazil Agreements totaled 1.2 million Brazilian Reais (\$0.7 million) and 0.9 million Brazilian Reais (\$0.4 million) for the three months ended July 31, 2010 and 2009, respectively; and 3.3 million (\$1.9 million) and 1.4 million (\$0.7 million) for the nine months ended July 31, 2010 and 2009, respectively.

Expenses associated with the Malaysian Agreements were insignificant for the three months ended July 31, 2010 and 2009; and 0.1 million Malaysian Ringgits (\$0.1 million) for the nine months ended July 31, 2010 and were insignificant for the nine months ended July 31, 2009.

Additionally, the Company performs collections and administrative functions on the receivables sold similar to the procedures it uses for collecting all of its receivables, including receivables that are not sold under the RPA, the Italian RPA, the Singapore RPA, the Brazil Agreements, and the Malaysian Agreements. The servicing liability for these receivables is not material to the consolidated financial statements.

NOTE 4 INVENTORIES

On November 1, 2009, the Company elected to adopt the FIFO method of inventory valuation for all locations, whereas in all prior years inventory for certain U.S. locations was valued using the LIFO method. The Company believes that the FIFO method of inventory valuation is preferable because (i) the change conforms to a single method of accounting for all of the Company's inventories on a U.S. and global basis, (ii) the change simplifies financial disclosures, (iii) financial statement comparability and analysis for investors and analysts is improved, and (iv) the majority of the Company's key competitors use FIFO. The comparative consolidated financial statements of prior periods presented have been adjusted to apply the new accounting method retrospectively. The change in accounting principle is reported through retrospective application as described in ASC 250, *Accounting Changes and Error Corrections*.

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The following consolidated statement of operations line items for the three and nine-month periods ended July 31, 2009 were affected by the change in accounting principle (Dollars in thousands):

	For the three months ended July 31, 2009			For the nine months ended July 31, 2009		
	As Originally		As Adjusted	As Originally		As Adjusted
	Reported	Adjustments		Reported	Adjustments	
Cost of products sold	\$ 575,018	\$ 3,122	\$ 578,140	\$ 1,674,538	\$ 26,098	\$ 1,700,636
Gross profit	142,549	(3,122)	139,427	357,186	(26,098)	331,088
Operating profit	70,154	(3,122)	67,032	117,745	(26,098)	91,647
Income tax expense	12,691	(1,202)	11,489	19,617	(10,050)	9,567
Net income attributable to Greif, Inc.	\$ 39,731	\$ (1,920)	\$ 37,811	\$ 53,139	\$ (16,047)	\$ 37,092

The following consolidated balance sheet line items at October 31, 2009 were affected by the change in accounting principle (Dollars in thousands):

	As Originally		
	Reported	Adjustments	As Adjusted
Inventory	\$ 227,432	\$ 11,419	\$ 238,851
Total assets	\$ 2,812,510	\$ 11,419	\$ 2,823,929
Deferred tax liabilities	\$ 156,755	\$ 4,397	\$ 161,152
Total liabilities	\$ 1,712,940	\$ 4,397	\$ 1,717,337
Retained earnings	\$ 1,199,592	\$ 7,022	\$ 1,206,614
Total liabilities and shareholders' equity	\$ 2,812,510	\$ 11,419	\$ 2,823,929

NOTE 5 NET ASSETS HELD FOR SALE

Net assets held for sale represent land, buildings and land improvements for locations that have met the criteria of held for sale accounting, as specified by SFAS No. 144, Accounting for Impairment or Disposal of Long-Lived Assets (*codified under ASC 360 Property, Plant, and Equipment*). As of July 31, 2010 and October 31, 2009, there were thirteen and fourteen facilities held for sale, respectively. The net assets held for sale are being marketed for sale and it is the Company's intention to complete the facility sales within the upcoming year.

NOTE 6 GOODWILL AND OTHER INTANGIBLE ASSETS

The Company reviews goodwill and indefinite-lived intangible assets for impairment as required by SFAS No. 142 Goodwill and Other Intangible Assets (*codified under ASC 350 Intangibles Goodwill and Other*), either annually or when events and circumstances indicate an impairment may have occurred. The following table summarizes the changes in the carrying amount of goodwill by segment for the nine month period ended July 31, 2010 (Dollars in thousands):

Rigid Industrial Packaging & Services	Flexible Products & Services	Total
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				Paper Packaging		Land Management	
Balance at October 31, 2009	\$	530,717	\$	\$ 61,400	\$	\$ 592,117	
Goodwill acquired		37,372	42,013		150	79,535	
Goodwill adjustments		6,481		(1,075)		5,406	
Currency translation		(15,963)				(15,963)	
Balance at July 31, 2010	\$	558,607	\$ 42,013	\$ 60,325	\$ 150	\$ 661,095	

The goodwill acquired of \$79.5 million consisted of preliminary goodwill related to acquisitions in the Rigid Industrial Packaging & Services and Flexible Products & Services segments. The goodwill adjustments increased goodwill by \$5.4 million and consisted of a \$3.4 million contingent payment relating to a 2008 acquisition, with the balance related to purchase price adjustments for nine of the 2009 acquisitions.

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The detail of other intangible assets by class as of July 31, 2010 and October 31, 2009 are as follows (Dollars in thousands):

	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets
October 31, 2009:			
Trademark and patents	\$ 35,081	\$ 15,457	\$ 19,624
Non-compete agreements	18,842	6,143	12,699
Customer relationships	110,298	17,190	93,108
Other	11,018	5,079	5,939
Total	\$ 175,239	\$ 43,869	\$ 131,370
July 31, 2010:			
Trademark and patents	\$ 39,868	\$ 16,640	\$ 23,228
Non-compete agreements	18,630	6,796	11,834
Customer relationships	131,954	23,771	108,183
Other	13,340	5,872	7,468
Total	\$ 203,792	\$ 53,079	\$ 150,713

Gross intangible assets increased by \$28.5 million for the nine-month period ended July 31, 2010. The increase in gross intangible assets consisted of \$3.0 million in final purchase price allocations related to the 2009 acquisitions in the Rigid Industrial Packaging & Services and Paper Packaging segments, \$29.9 million in preliminary purchase price allocations related to 2010 acquisitions in the Rigid Industrial Packaging & Services and Flexible Products & Services segments and a \$4.4 million decrease due to currency fluctuations both related to the Rigid Industrial Packaging & Services and to the Flexible Products & Services segment. Amortization expense for the nine months ended July 31, 2010 and 2009 was \$10.0 million and \$8.0 million, respectively. Amortization expense for the next five years is expected to be \$18.1 million in 2011, \$17.8 million in 2012, \$14.2 million in 2013, \$12.3 million in 2014 and \$11.7 million in 2015.

All intangible assets for the periods presented are subject to amortization and are being amortized using the straight-line method over periods that range from three to 23 years, except for \$12.4 million related to the Tri-Sure trademark and the trade names related to Blagden Express, Closed-loop, and Box Board, all of which have indefinite lives.

NOTE 7 RESTRUCTURING CHARGES

During the first nine months of 2010, the Company recorded restructuring charges of \$20.7 million, which compares to \$57.7 million of restructuring charges during the first nine months of 2009. The restructuring activity for the nine month period ended July 31, 2010 consisted of \$11.4 million in employee separation costs, \$2.3 million in asset impairments and \$6.9 million in other costs. In addition, during that period there was a restructuring-related inventory charge of \$0.1 million recorded in cost of products sold. During the first nine months of 2010, five locations within the Rigid Industrial Packaging & Services and two locations within the Paper Packaging segments were closed and the total number of employees severed was 163. The restructuring activity for the nine month period ended July 31, 2009 consisted of \$29.8 million in employee separation costs, \$14.6 million in asset impairments and \$13.3 million in other costs. In addition, during that period there was a restructuring-related inventory charge for \$10.1 million recorded in cost of products sold. During the nine months of 2009, sixteen company-owned plants in the Rigid Industrial Packaging & Services segment were closed and the total number of employees severed was 1,178.

During the three months ended July 31, 2010, the Company recorded restructuring charges of \$9.8 million, consisting of \$4.7 million in employee separation costs, \$2.1 million in asset impairments, \$1.1 million in professional fees, and \$1.9 million in other costs. In addition, the Company recorded \$0.1 million in restructuring related inventory charges in cost of products sold. During this period, two company owned plants in the Rigid Industrial Packaging & Services segment and two company owned plants in the Paper Packaging segment were closed and the total number of employees severed was 104. During the three months ended July 31, 2009, the Company recorded restructuring charges of \$10.3 million, consisting of \$4.7 million in employee separation costs, \$1.7 million in asset impairments and \$3.9 million in other costs. In addition, the Company recorded \$0.9 million in restructuring related inventory charges in cost of products sold. During the three months of 2009, three company owned plants in the Rigid Industrial Packaging & Services segment were closed and the total number employees severed was 54.

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For each relevant business segment, costs incurred in 2010 are as follows (Dollars in thousands):

	Amounts Expected to be Incurred	Three months ended July 31, 2010	Nine months ended July 31, 2010	Amounts Remaining to be Incurred
Rigid Industrial Packaging & Services				
Employee separation costs	\$ 9,241	\$ 1,959	\$ 8,657	\$ 584
Asset impairments	832	594	832	
Professional fees	4,815	1,045	2,271	2,544
Inventory adjustments	227	94	131	96
Other restructuring costs	9,384	1,661	4,173	5,211
	24,499	5,353	16,064	8,435
Flexible Products & Services				
Other restructuring costs	\$	\$ 45	\$ 45	\$
Paper Packaging				
Employee separation costs	\$ 2,815	\$ 2,699	\$ 2,699	\$ 116
Asset impairments	1,524	1,524	1,524	
Other restructuring costs	2,418	252	365	2,053
	6,757	4,475	4,588	2,169
	\$ 31,256	\$ 9,873	\$ 20,697	\$ 10,604

Total amounts expected to be incurred above are from open restructuring plans which are anticipated to be realized in 2010 and 2011 or plans that are being formulated and have not been announced as of the date of this Form 10-Q.

The following is a reconciliation of the beginning and ending restructuring reserve balances for the nine month period ended July 31, 2010 (Dollars in thousands):

	Cash Charges		Non-cash Charges		Total
	Employee Separation Costs	Other Costs	Asset Impairments	Inventory write-down	
Balance at October 31, 2009	\$ 9,239	\$ 6,076	\$	\$	\$ 15,315
Costs incurred and charged to expense	11,356	6,854	2,356	131	20,697
Costs paid or otherwise settled	(9,034)	(6,698)	(2,356)	(131)	(18,219)
Balance at July 31, 2010	\$ 11,561	\$ 6,232	\$	\$	\$ 17,793

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

On March 28, 2005, Soterra LLC (a wholly owned subsidiary) entered into two real estate purchase and sale agreements with Plum Creek Timberlands, L.P. (Plum Creek) to sell approximately 56,000 acres of timberland and related assets located primarily in Florida for an aggregate sales price of approximately \$90 million, subject to closing adjustments. In connection with the closing of one of these agreements, Soterra LLC sold approximately 35,000 acres of timberland and associated assets in Florida, Georgia and Alabama for \$51.0 million, resulting in a pretax gain of \$42.1 million, on May 23, 2005. The purchase price was paid in the form of cash and a \$50.9 million purchase note payable by an indirect subsidiary of Plum Creek (the Purchase Note). Soterra LLC contributed the Purchase Note to STA Timber LLC (STA Timber), one of the Company s indirect wholly owned subsidiaries. The Purchase Note is secured by a Deed of Guarantee issued by Bank of America, N.A., London Branch, in an amount not to exceed \$52.3 million (the Deed of Guarantee), as a guarantee of the due and punctual payment of principal and interest on the Purchase Note.

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The Company completed the second phase of these transactions in the first quarter of 2006. In this phase, the Company sold 15,300 acres of timberland holdings in Florida for \$29.3 million in cash, resulting in a pre-tax gain of \$27.4 million. The final phase of this transaction, approximately 5,700 acres sold for \$9.7 million, occurred on April 28, 2006 and the Company recognized additional timberland gains in its consolidated statements of operations in the periods that these transactions occurred resulting in a pre-tax gain of \$9.0 million.

On May 31, 2005, STA Timber issued in a private placement its 5.20% Senior Secured Notes due August 5, 2020 (the Monetization Notes) in the principal amount of \$43.3 million. In connection with the sale of the Monetization Notes, STA Timber entered into note purchase agreements with the purchasers of the Monetization Notes (the Note Purchase Agreements) and related documentation. The Monetization Notes are secured by a pledge of the Purchase Note and the Deed of Guarantee. The Monetization Notes may be accelerated in the event of a default in payment or a breach of the other obligations set forth therein or in the Note Purchase Agreements or related documents, subject in certain cases to any applicable cure periods, or upon the occurrence of certain insolvency or bankruptcy related events. The Monetization Notes are subject to a mechanism that may cause them, subject to certain conditions, to be extended to November 5, 2020. The proceeds from the sale of the Monetization Notes were primarily used for the repayment of indebtedness.

In addition, Greif, Inc. and its other subsidiaries have not extended any form of guaranty of the principal or interest on the Monetization Notes. Accordingly, Greif, Inc. and its other subsidiaries will not become directly or contingently liable for the payment of the Monetization Notes at any time.

The Company has consolidated the assets and liabilities of the buyer-sponsored special purpose entity (the Buyer SPE) involved in these transactions as the result of ASC 810. However, because the Buyer SPE is a separate and distinct legal entity from the Company, the assets of the Buyer SPE are not available to satisfy the liabilities and obligations of the Company and its other subsidiaries and the liabilities of the Buyer SPE are not liabilities or obligations of the Company and its other subsidiaries.

Assets of the Buyer SPE at July 31, 2010 and October 31, 2009 consist of restricted bank financial instruments of \$50.9 million, respectively. STA Timber had long-term debt of \$43.3 million as of July 31, 2010 and October 31, 2009, respectively. STA Timber is exposed to credit-related losses in the event of nonperformance by the issuer of the Deed of Guarantee. The accompanying consolidated income statements for the nine-month periods ended July 31, 2010 and 2009 include interest expense on STA Timber debt of \$1.7 million and interest income on Buyer SPE investments of \$1.8 million, respectively.

NOTE 9 LONG-TERM DEBT

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

	July 31, 2010	October 31, 2009
\$700 Million Credit Agreement	\$ 294,007	\$ 192,494
Senior Notes due 2017	303,532	300,000
Senior Notes due 2019	242,158	241,729
Trade accounts receivable credit facility	117,800	
Other long-term debt	11,129	4,385
	968,626	738,608
Less current portion	(20,000)	(17,500)
Long-term debt	\$ 948,626	\$ 721,108

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On February 19, 2009, the Company and Greif International Holding B.V., as borrowers, entered into a \$700 million Senior Secured Credit Agreement (the Credit Agreement) with a syndicate of financial institutions. The Credit Agreement provides for a \$500 million revolving multicurrency credit facility and a \$200 million term loan, both maturing in February 2012, with an option to add \$200 million to the facilities with the agreement of the lenders. The \$200 million term loan is scheduled to amortize by \$2.5 million each quarter-end for the first four quarters, \$5.0 million each quarter-end for the next eight quarters and \$150.0 million on the maturity date. The Credit Agreement is available to fund ongoing working capital and capital expenditure needs, for general corporate purposes, to finance acquisitions, and to repay amounts outstanding under the previous \$450 million credit agreement. Interest is based on a Eurodollar rate or a base rate that resets periodically plus a calculated margin amount. As of July 31, 2010, \$294.0 million was outstanding under the Credit Agreement. The current portion of the Credit Agreement is \$20.0 million and the long-term portion is \$274.0 million. The weighted average interest rate on the Credit Agreement was 3.16% for the nine months ended July 31, 2010 and the interest rate was 3.30% at July 31, 2010.

The Credit Agreement contains financial covenants that require the Company to maintain a certain leverage ratio and a fixed charge coverage ratio. At July 31, 2010, the Company was in compliance with these covenants.

Senior Notes due 2017

On February 9, 2007, the Company issued \$300.0 million of 6.75% Senior Notes due February 1, 2017. Interest on these Senior Notes is payable semi-annually. Proceeds from the issuance of these Senior Notes were principally used to fund the purchase of previously outstanding 8.875% Senior Subordinated Notes in a tender offer and for general corporate purposes.

The fair value of these Senior Notes due 2017 was \$311.0 million at July 31, 2010 based upon quoted market prices. The Indenture pursuant to which these Senior Notes were issued contains certain covenants. At July 31, 2010, the Company was in compliance with these covenants.

Senior Notes due 2019

On July 28, 2009, the Company issued \$250.0 million of 7.75% Senior Notes due August 1, 2019. Interest on these Senior Notes is payable semi-annually. Proceeds from the issuance of Senior Notes were principally used for general corporate purposes, including the repayment of amounts outstanding under the Company's revolving multicurrency credit facility, without any permanent reduction of the commitments.

The fair value of these Senior Notes due 2019 was \$257.5 million at July 31, 2010 based upon quoted market prices. The Indenture pursuant to which these Senior Notes were issued contains certain covenants. At July 31, 2010, the Company was in compliance with these covenants.

United States Trade Accounts Receivable Credit Facility

On December 8, 2008, the Company entered into a \$135.0 million trade accounts receivable credit facility with a financial institution and its affiliate, with a maturity date of December 8, 2013, subject to earlier termination of their purchase commitment on December 6, 2010, or such later date to which the purchase commitment may be extended by agreement of the parties. The credit facility is secured by certain of the Company's trade accounts receivable in the United States and bears interest at a variable rate based on the applicable commercial paper rate plus a margin or other agreed-upon rate (1.71% at July 31, 2010). In addition, the Company can terminate the credit facility at any time upon five days prior written notice. A significant portion of the initial proceeds from this credit facility was used to pay the obligations under the previous trade accounts receivable credit facility, which was terminated. The remaining proceeds were and will be used to pay certain fees, costs and expenses incurred in connection with the credit facility and for working capital and general corporate purposes. At July 31, 2010, there was \$117.8 million outstanding under the Receivables Facility. The agreement for this receivables financing facility contains financial covenants that require the Company to maintain a certain leverage ratio and a fixed charge coverage ratio. At July 31, 2010, the Company was in compliance with these covenants.

Greif Receivables Funding LLC (GRF), an indirect subsidiary of the Company, has participated in the purchase and transfer of receivables in connection with these credit facilities and is included in the Company's consolidated financial statements. However, because GRF is a separate and distinct legal entity from the Company and its other subsidiaries, the assets of GRF are not available to satisfy the liabilities and obligations of the Company and its other subsidiaries,

and the liabilities of GRF are not the liabilities or obligations of the Company and its other subsidiaries. This entity purchases and services the Company's trade accounts receivable that are subject to these credit facilities.

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In addition to the amounts borrowed under the Credit Agreement and proceeds from these Senior Notes and the United States Trade Accounts Receivable Credit Facility, at July 31, 2010, the Company had outstanding other debt of \$62.1 million, comprised of \$11.1 million in long-term debt and \$51.0 million in short-term borrowings, compared to other debt outstanding of \$24.0 million, comprised of \$4.4 million in long-term debt and \$19.6 million in short-term borrowings, at October 31, 2009.

At July 31, 2010, the current portion of the Company's long-term debt was \$20.0 million. Annual maturities, including the current portion, of long-term debt under the Company's various financing arrangements were \$5.0 million in 2010, \$31.1 million in 2011, \$269.0 million in 2012, \$117.8 million in 2013 and \$545.7 million thereafter.

At July 31, 2010 and October 31, 2009, the Company had deferred financing fees and debt issuance costs of \$11.9 million and \$14.9 million, respectively, which are included in other long-term assets.

NOTE 10 FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements (*codified under ASC 820 Fair Value Measurements and Disclosures*). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. Additionally, this guidance established a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of inputs used to measure fair values are as follows:

- Level 1 Observable inputs such as unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2 Observable inputs other than quoted prices in active markets for identical assets and liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

Recurring Fair Value Measurements

The following table presents the fair values adjustments for those assets and (liabilities) measured on a recurring basis as of July 31, 2010 (Dollars in thousands):

	Fair Value Measurement			Total	Balance sheet
	Level 1	Level 2	Level 3		Location
Interest rate derivatives	\$	\$ (2,229)	\$	\$ (2,229)	Other long-term liabilities
Foreign exchange hedges		(2,427)		(2,427)	Other current liabilities
Energy hedges		(143)		(143)	Other current liabilities
Total*	\$	\$ (4,799)	\$	\$ (4,799)	

* The carrying amounts of cash and cash equivalents, trade accounts receivable, accounts payable, current liabilities and short-term

borrowings at
July 31, 2010
approximate
their fair values
because of the
short-term
nature of these
items and are
not included in
this table.

Derivatives and Hedging Activity

The Company uses derivatives from time to time to partially mitigate the effect of exposure to interest rate movements, exposure to currency fluctuations, and energy cost fluctuations. Under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (codified under ASC 815 *Derivatives and Hedging*), all derivatives are to be recognized as assets or liabilities in the balance sheet and measured at fair value. Changes in the fair value of derivatives are recognized in either net income or in other comprehensive income, depending on the designated purpose of the derivative.

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.

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During the next three months, the Company expects to reclassify into earnings a net loss from accumulated other comprehensive loss of approximately \$2.6 million after tax at the time the underlying hedge transactions are realized.

Cross-Currency Interest Rate Swaps

The Company entered into cross-currency interest rate swap agreements which were designated as a hedge of a net investment in a foreign operation. Under these swap agreements, the Company received interest semi-annually from the counterparties in an amount equal to a fixed rate of 6.75% on \$200.0 million and paid interest in an amount equal to a fixed rate of 6.25% on 146.6 million. During the third quarter of 2010, the Company terminated these swap agreements, including any future cash flows. The termination of these swap agreements resulted in a cash benefit of \$25.7 million (\$15.8 million, net of tax) which is included within foreign currency translation adjustments. At October 31, 2009, the Company had recorded an other comprehensive loss of \$14.6 million as a result of these swap agreements.

Interest Rate Derivatives

The Company has interest rate swap agreements with various maturities through 2012. These interest rate swap agreements are used to manage the Company's fixed and floating rate debt mix. Under these agreements, the Company receives interest monthly from the counterparties based upon a designated London Interbank Offered Rate (LIBOR) and pays interest based upon a designated fixed rate over the life of the swap agreements.

The Company has two interest rate derivatives (floating to fixed swap agreements recorded as cash flow hedges) with a total notional amount of \$125 million. Under these swap agreements, the Company receives interest based upon a variable interest rate from the counterparties (weighted average of 0.27% at July 31, 2010 and 0.25% at October 31, 2009) and pays interest based upon a fixed interest rate (weighted average of 1.78% at July 31, 2010 and 2.71% at October 31, 2009).

In the first quarter of 2010, the Company entered into a \$100.0 million fixed to floating swap agreement which was recorded as a fair value hedge. Under this swap agreement, the Company received interest from the counterparty based upon a fixed rate of 6.75% and paid interest based upon a variable rate on a semi-annual basis. In the third quarter of 2010, the Company terminated this swap agreement, including any future cash flows. The termination of this swap agreement resulted in a cash benefit of \$3.6 million (\$2.2 million, net of tax) which is included within long-term debt on the balance sheet.

Foreign Exchange Hedges

At July 31, 2010, the Company had outstanding foreign currency forward contracts in the notional amount of \$148.1 million (\$70.5 million at October 31, 2009). The purpose of these contracts is to hedge the Company's exposure to foreign currency transactions and short-term intercompany loan balances in its international businesses. The fair value of these contracts at July 31, 2010 resulted in an immaterial gain recorded in the consolidated statements of operations and a loss of \$2.4 million recorded in other comprehensive income. The fair value of similar contracts at October 31, 2009 resulted in an immaterial loss in the consolidated statements of operations.

Energy Hedges

The Company has entered into certain cash flow agreements to mitigate its exposure to cost fluctuations in natural gas prices through October 31, 2010. Under these hedge agreements, the Company agrees to purchase natural gas at a fixed price. At July 31, 2010, the notional amount of these hedges was \$3.0 million (\$4.0 million at October 31, 2009). The other comprehensive loss on these agreements was \$0.1 million at July 31, 2010 and \$0.6 million at October 31, 2009. As a result of the high correlation between the hedged instruments and the underlying transactions, ineffectiveness has not had a material impact on the Company's consolidated statements of operations for the quarter ended July 31, 2010.

Other financial instruments

The estimated fair values of the Company's long-term debt were \$991.5 million and \$744.9 million compared to the carrying amounts of \$968.6 million and \$738.6 million at July 31, 2010 and October 31, 2009, respectively. The current portion of the long-term debt was \$20.0 million and \$17.5 million at July 31, 2010 and October 31, 2009, respectively. The fair values of the Company's long-term obligations are estimated based on either the quoted market prices for the same or similar issues or the current interest rates offered for debt of the same remaining maturities.

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Non-Recurring Fair Value Measurements

The Company has reviewed its non-financial assets and non-financial liabilities for fair value treatment under the current guidance.

Net Assets Held for Sale

Net assets held for sale are considered level three inputs which include recent purchase offers, market comparables and/or data obtained from commercial real estate brokers. As of July 31, 2010, the Company has not recognized impairments related to the net assets held for sale.

Long-Lived Assets

As part of the Company's restructuring plans following current and future acquisitions, the Company may shut down manufacturing facilities during the next few years. The long-lived assets are considered level three inputs which were valued based on bids received from third parties and using discounted cash flow analysis based on assumptions that the Company believes market participants would use. Key inputs included anticipated revenues, associated manufacturing costs, capital expenditures and discount, growth and tax rates. For the three-month and nine-month periods ended July 31, 2010, the Company recorded restructuring related expenses of \$2.1 million and \$2.4 million, respectively on long lived assets with net book values of \$3.5 million and \$4.0 million, respectively over the same period.

Goodwill

On an annual basis, the Company performs its impairment tests for goodwill as defined under SFAS No. 142, (*codified under ASC 350 Intangibles-Goodwill and Other*). As a result of this review during 2009, the Company concluded that no impairment existed at that time. As of July 31, 2010, the Company has concluded that no impairment exists.

NOTE 11 STOCK-BASED COMPENSATION

On November 1, 2005, the Company adopted SFAS No. 123(R), *Share-Based Payment (codified under ASC 718 Compensation Stock Compensation)*, which requires companies to estimate the fair value of share-based awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense in the Company's consolidated statements of operations over the requisite service periods. The Company uses the straight-line single option method of expensing stock options to recognize compensation expense in its consolidated statements of operations for all share-based awards. Because share-based compensation expense is based on awards that are ultimately expected to vest, share-based compensation expense will be reduced to account for estimated forfeitures. SFAS No. 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. No options have been granted in 2010 and 2009. For any options granted in the future, compensation expense will be based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123(R). There was no share-based compensation expense recognized under SFAS No. 123(R) for the first nine months of 2010 or 2009.

NOTE 12 INCOME TAXES

The quarterly effective tax rate was 18.2% and 22.7% in the third quarter of 2010 and 2009, respectively. The year to date effective tax rate was 18.9% and 19.5% in the nine month periods ended July 31, 2010 and 2009, respectively. The change in the effective tax rate is primarily due to a change in the forecasted mix of income in the United States versus outside the United States for the respective periods as well as an incremental benefit from an alternative fuel credit.

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The Company has estimated the reasonably possible expected net change in unrecognized tax benefits through July 31, 2011 based on expected settlements or payments of uncertain tax positions, and lapses of the applicable statutes of limitations of unrecognized tax benefits under FASB Interpretation No. (FIN) 48, Accounting for Uncertainty in Income Taxes. FIN 48 is an interpretation of SFAS No. 109, Accounting for Income Taxes, and clarifies the accounting for uncertainty in income tax positions (codified under ASC 740 Income Taxes). The Company estimates that the range of possible change in unrecognized tax benefits within the next 12 months is a decrease of approximately zero to \$2.8 million. Actual results may differ materially from this estimate.

The Company's uncertain tax positions for the nine months ended July 31, 2010 were reduced by approximately \$1.7 million due to settlements with tax authorities. There were no other significant changes in the Company's uncertain tax positions for this period.

NOTE 13 RETIREMENT PLANS AND POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

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

	Three months ended		Nine months ended	
	July 31		July 31	
	2010	2009	2010	2009
Service cost	\$ 2,293	\$ 1,842	\$ 6,879	\$ 5,526
Interest cost	3,998	4,143	11,994	12,429
Expected return on plan assets	(4,524)	(4,398)	(13,572)	(13,194)
Amortization of prior service cost, initial net asset and net actuarial gain	1,700	288	5,100	864
Net periodic pension costs	\$ 3,467	\$ 1,875	\$ 10,401	\$ 5,625

The Company made \$12.2 million in pension contributions in the nine months ended July 31, 2010. The Company estimates \$17.1 million of pension contributions for the entire 2010 fiscal year.

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

	Three months ended		Nine months ended	
	July 31		July 31	
	2010	2009	2010	2009
Service cost	\$ 1	\$	\$ 3	\$
Interest cost	283	374	849	1,122
Amortization of prior service cost and recognized actuarial gain	(251)	(283)	(753)	(849)
Net periodic cost for postretirement benefits	\$ 33	\$ 91	\$ 99	\$ 273

NOTE 14 CONTINGENT LIABILITIES

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

All lawsuits, claims and proceedings are considered by the Company in establishing reserves for contingencies in accordance with SFAS No. 5, Accounting for Contingencies (codified under ASC 450 Contingencies). In accordance with the provisions of this standard, the Company accrues for a litigation-related liability when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Based on currently

available information known to the Company, the Company had no recorded legal liabilities at July 31, 2010 and October 31, 2009. The ultimate outcome of any pending matters is not likely to have a material adverse effect on the Company's financial position or results from operations.

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

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At July 31, 2010 and October 31, 2009, the Company had recorded liabilities of \$31.1 million and \$33.4 million, respectively, for estimated environmental remediation costs. The liabilities were recorded on an undiscounted basis and are included in other long-term liabilities. At July 31, 2010 and October 31, 2009, the Company had recorded environmental liability reserves of \$17.4 million and \$17.9 million, respectively, for its blending facility in Chicago, Illinois; \$9.3 million and \$10.9 million, respectively, for various European drum facilities acquired in November 2006; and \$2.8 million and \$3.4 million, respectively, related to the Company's facility in Lier, Belgium. These reserves are principally based on environmental studies and cost estimates provided by third parties, but also take into account management estimates.

These environmental liabilities were not individually material. The Company only reserves for those unasserted claims that it believes are probable of being asserted at some time in the future. The liabilities recorded are based upon an evaluation of currently available facts with respect to each individual site, including the results of environmental studies and testing, and considering existing technology, presently enacted laws and regulations, and prior experience in remediation of contaminated sites. The Company initially provides for the estimated cost of environmental-related activities when costs can be reasonably estimated. If the best estimate of costs can only be identified as a range and no specific amount within that range can be determined more likely than any other amount within the range, the minimum of the range is accrued.

The estimated liabilities are reduced to reflect the anticipated participation of other potentially responsible parties in those instances where it is probable that such parties are legally responsible and financially capable of paying their respective shares of relevant costs. For sites that involve formal actions subject to joint and several liability, these actions have formal agreements in place to apportion the liability. The Company's potential future obligations for environmental contingencies related to facilities acquired in the 2001 Van Leer Industrial Packaging acquisition may, under certain circumstances, be reduced by insurance coverage and seller cost sharing provisions. In connection with that acquisition, the Company was issued a 10-year term insurance policy, which insures the Company against environmental contingencies unidentified at the acquisition date, subject to a \$50.0 million aggregate self-insured retention. Liability for this first \$50.0 million of unidentified environmental contingencies is shared 70 percent by the seller and 30 percent by the Company if such contingency is identified within 10 years following the acquisition date. The Company is liable for identified environmental contingencies at the acquisition date up to an aggregate \$10.0 million, and thereafter the liability is shared 70 percent by the Company and 30 percent by the seller.

The Company anticipates that cash expenditures in future periods for remediation costs at identified sites will be made over an extended period of time. Given the inherent uncertainties in evaluating environmental exposures, actual costs may vary from those estimated at July 31, 2010. The Company's exposure to adverse developments with respect to any individual site is not expected to be material. Although environmental remediation could have a material effect on results of operations if a series of adverse developments occur in a particular quarter or fiscal year, the Company believes that the chance of a series of adverse developments occurring in the same quarter or fiscal year is remote. Future information and developments will require the Company to continually reassess the expected impact of these environmental matters.

NOTE 15 EARNINGS PER SHARE***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 (codified under ASC 260 Earnings Per Share)*. In accordance with guidance, 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.

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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, 2010:				
Class A Common Stock	128,000,000	42,281,920	24,731,074	17,550,846
Class B Common Stock	69,120,000	34,560,000	22,412,266	12,147,734
October 31, 2009:				
Class A Common Stock	128,000,000	42,281,920	24,474,773	17,807,147
Class B Common Stock	69,120,000	34,560,000	22,462,266	12,097,734

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

	Three months ended July 31		Nine months ended July 31	
	2010	2009	2010	2009
Class A Common Stock:				
Basic shares	24,687,006	24,386,195	24,623,262	24,289,802
Assumed conversion of stock options	312,895	361,572	307,577	307,566
Diluted shares	24,999,901	24,747,767	24,930,839	24,597,368
Class B Common Stock:				
Basic and diluted shares	22,444,488	22,462,266	22,456,340	22,480,187

No stock options were antidilutive for the three or nine months ended July 31, 2010. There were no stock options that were antidilutive for the three months ended July 31, 2009 and 20,000 stock options that were antidilutive for the nine months ended July 31, 2009.

Dividends per share

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

	Three Months ended July 31		Nine Months ended July 31	
	2010	2009	2010	2009
Class A Common Stock	\$ 0.42	\$ 0.38	\$ 1.18	\$ 1.14
Class B Common Stock	\$ 0.63	\$ 0.57	\$ 1.76	\$ 1.70

Class A Common Stock is entitled to cumulative dividends of 1 cent a share per year after which Class B Common Stock is entitled to non-cumulative dividends up to one half (1/2) cent per share per year. Further distribution in any year must be made in proportion of one cent a share for Class A Common Stock to one and one-half (1 1/2) cents a share for Class B Common Stock. The Class A Common Stock has no voting rights unless four quarterly cumulative dividends upon the Class A Common Stock are in arrears or unless changes are proposed to the Company's certificate of incorporation. The Class B Common Stock has full voting rights. There is no cumulative voting for the election of directors.

Common stock repurchases

The Company's Board of Directors has authorized the purchase of up to four million shares of Class A Common Stock or Class B Common Stock or any combination of the foregoing. During the first nine months of 2010, the Company did not repurchase any shares of Class A Common Stock, but did purchase 50,000 shares of Class B Common Stock. As of July 31, 2010, the Company had repurchased 2,883,272 shares, including 1,416,752 shares of Class A Common

Stock and 1,466,520 shares of Class B Common Stock, under this program. The total cost of the shares repurchased from November 1, 2008 through July 31, 2010 was approximately \$5.8 million.

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Equity earnings (losses) of unconsolidated affiliates, net of tax represent investments in affiliates in which the Company does not exercise control and has a 20 percent or more voting interest. Such investments in affiliates are accounted for using the equity method of accounting. If the fair value of an investment in an affiliate is below its carrying value and the difference is deemed to be other than temporary, the difference between the fair value and the carrying value is charged to earnings. The Company has an equity interest in six affiliates, and the equity earnings of these interests were recorded in net income. Equity earnings (losses) of unconsolidated affiliates, net of tax for the three months ended July 31, 2010 and 2009 were \$3.1 and \$0.4 million, respectively. Equity earnings (losses) of unconsolidated affiliates, net of tax for the nine months ended July 31, 2010 and 2009 were \$3.3 and (\$0.2) million, respectively. There were no dividends received from the Company's equity method affiliates for the nine months ended July 31, 2010 and 2009.

Noncontrolling interests

Noncontrolling interests reflect the portion of earnings or losses of operations that are majority owned by the Company which are applicable to the noncontrolling interest partners. Noncontrolling interests for the three months ended July 31, 2010 and 2009 were \$1.8 million and \$1.7 million, respectively. Noncontrolling interests for the nine months ended July 31, 2010 and 2009 were \$5.4 million and \$2.2 million, respectively, and were deducted from net income to arrive at net income attributable to Greif, Inc.

NOTE 17 COMPREHENSIVE INCOME

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

	Three months ended		Nine months ended	
	July 31		July 31	
	2010	2009	2010	2009
		(As		(As
		Adjusted)		Adjusted)
Net income	\$ 67,759	\$ 39,547	\$ 138,822	\$ 39,275
Other comprehensive income:				
Foreign currency translation adjustment	79,050	8,989	(13,078)	(29,343)
Changes in fair value of interest rate derivatives, net of tax	(1,432)	(178)	35	610
Changes in fair value of energy and other derivatives, net of tax	309	1,300	298	3,217
Minimum pension liability adjustment, net of tax	136	(137)	1,079	(728)
Comprehensive income	\$ 145,822	\$ 49,521	\$ 127,156	\$ 13,031

The following is the income tax benefit (expense) for each other comprehensive income line items:

	Three months ended		Nine months ended	
	July 31		July 31	
	2010	2009	2010	2009
		(As		(As
		Adjusted)		Adjusted)
Income tax benefit (expense):				

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Changes in fair value of interest rate derivatives, net of tax	771	96	(19)	(328)
Changes in fair value of energy and other derivatives, net of tax	(166)	(700)	(160)	(1,732)
Minimum pension liability adjustment, net of tax	(30)	40	(251)	176

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NOTE 18 BUSINESS SEGMENT INFORMATION

The Company operates in four business segments: Rigid Industrial Packaging & Services, Flexible Products & Services, Paper Packaging, and Land Management.

Operations in the Rigid Industrial Packaging & Services segment involve the production and sale of industrial packaging products, such as steel, fiber and plastic drums, intermediate bulk containers, closure systems for industrial packaging products, transit protection products, polycarbonate water bottles and reconditioned containers, and services, such as container lifecycle management, blending, filling and other packaging services, logistics and warehousing. These products are manufactured and sold in over 50 countries throughout the world.

Operations in the Flexible Products & Services segment involve the production, global distribution and sale of flexible intermediate bulk containers as well as industrial and consumer multiwall bag products, and related services in the North America market. These products are manufactured in North America, Europe, the Middle East, and Asia and sold throughout the world.

Operations in the Paper Packaging segment involve the production and sale of containerboard (both semi-chemical and recycled), corrugated sheets, corrugated containers and related services. These products are manufactured and sold in North America. Operations related to the Company's industrial and consumer multiwall bag products have been reclassified from this segment to the Flexible Products & Services segment.

Operations in the Land Management segment involve the management and sale of timber and special use properties from approximately 267,000 acres of timber properties in the southeastern United States. The Company also owns approximately 24,700 acres of timber properties in Canada, which are not actively managed at this time. In addition, the Company sells, from time to time, timberland and special use land, which consists of surplus land, higher and better use land, and development land.

The Company's reportable segments are strategic business units that offer different products. The accounting policies of the reportable segments are substantially the same as those described in the Description of Business and Summary of Significant Accounting Policies note (see Note 1) in the 2009 Form 10-K.

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

	Three months ended July 31		Nine months ended July 31	
	2010	2009 (As Adjusted)	2010	2009 (As Adjusted)
Net sales:				
Rigid Industrial Packaging & Services	\$ 681,709	\$ 594,236	\$ 1,883,017	\$ 1,650,825
Flexible Products & Services	66,938	9,222	128,679	29,120
Paper Packaging	168,758	110,971	444,548	339,522
Land Management	3,928	3,138	11,351	12,257
Total net sales	\$ 921,333	\$ 717,567	\$ 2,467,595	\$ 2,031,724
Operating profit:				
Operating profit, before the impact of restructuring charges, restructuring-related inventory charges and acquisition-related costs:				
Rigid Industrial Packaging & Services	\$ 79,417	\$ 67,467	\$ 206,836	\$ 117,406
Flexible Products & Services	5,747	1,754	12,277	5,085
Paper Packaging	23,337	4,578	34,784	27,095
Land Management	2,522	4,340	6,013	9,924
Operating profit, before the impact of restructuring charges, restructuring-related inventory charges and acquisition-related costs	111,023	78,139	259,910	159,510
Restructuring charges:				
Rigid Industrial Packaging & Services	5,259	10,022	15,933	54,760
Flexible Products & Services	45		45	
Paper Packaging	4,475	245	4,588	2,828
Land Management		10		160
Total restructuring charges	9,779	10,277	20,566	57,748
Restructuring-related inventory charges:				
Rigid Industrial Packaging & Services	94	830	131	10,115
Total restructuring-related inventory charges	94	830	131	10,115
Acquisition-related costs:				
Rigid Industrial Packaging & Services	2,587		6,390	
Flexible Products & Services	2,889		13,729	
Total acquisition-related costs	5,476		20,119	
Total operating profit	\$ 95,674	\$ 67,032	\$ 219,094	\$ 91,647

Depreciation, depletion and amortization expense:

Rigid Industrial Packaging & Services	\$ 18,394	\$ 18,058	\$ 59,585	\$ 53,071
Flexible Products & Services	902	398	1,882	764
Paper Packaging	7,801	5,818	21,611	19,220
Land Management	652	770	1,850	1,905
Total depreciation, depletion and amortization expense	\$ 27,749	\$ 25,044	\$ 84,928	\$ 74,960

	July 31, 2010	October 31, 2009 (As Adjusted)
Assets:		
Rigid Industrial Packaging & Services	\$ 1,960,887	\$ 1,783,821
Flexible Products & Services	177,953	15,296
Paper Packaging	434,813	402,787
Land Management	273,827	254,856
Total segments	2,847,480	2,456,760
Corporate and other	369,778	367,169
Total assets	\$ 3,217,258	\$ 2,823,929

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

	Three months ended July 31,		Nine months ended July 31,	
	2010	2009	2010	2009
		(As Adjusted)		(As Adjusted)
Net sales:				
North America	\$ 465,268	\$ 374,636	\$ 1,247,095	\$ 1,129,996
Europe, Middle East and Africa	313,756	233,504	826,674	608,215
Other	142,309	109,427	393,826	293,513
Total net sales	\$ 921,333	\$ 717,567	\$ 2,467,595	\$ 2,031,724

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

	July 31, 2010	October 31, 2009
		(As Adjusted)
Assets:		
North America	\$ 1,960,081	\$ 1,826,840
Europe, Middle East and Africa	757,489	601,841
Other	499,688	395,248
Total assets	\$ 3,217,258	\$ 2,823,929

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

GENERAL

The terms Greif, our company, we, us and our as used in this discussion refer to Greif, Inc. and its subsidiaries. Our fiscal year begins on November 1 and ends on October 31 of the following year. Any references in this Form 10-Q to the years 2010 or 2009, or to any quarter of those years, relates to the fiscal year or quarter, as the case may be, ending in that year.

The discussion and analysis presented below relates to the material changes in financial condition and results of operations for our consolidated balance sheets as of July 31, 2010 and October 31, 2009, and for the consolidated statements of operations for the three and nine months ended July 31, 2010 and 2009. This discussion and analysis should be read in conjunction with the consolidated financial statements that appear elsewhere in this Form 10-Q and

Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended October 31, 2009 (the 2009 Form 10-K) and our Form 8-K filed on May 27, 2010 (the May 27 Form 8-K) to update certain sections of the 2009 Form 10-K to reflect revised financial information and disclosures resulting from the application of a change in an accounting principle from using a combination of the last-in, first-out (LIFO) and the first-in, first-out (FIFO) inventory accounting methods to the FIFO method for all of our businesses effective November 1, 2009. All references in this Form 10-Q to the 2009 Form 10-K also include the financial information and disclosures contained in the May 27 Form 8-K. Readers are encouraged to review the entire 2009 Form 10-K, as it includes information regarding Greif not discussed in this Form 10-Q. This information will assist in your understanding of the discussion of our current period financial results.

All statements, other than statements of historical facts, included in this Form 10-Q, including without limitation, statements regarding our future financial position, business strategy, budgets, projected costs, goals and plans and objectives of management for future operations, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements generally can be identified by the use of forward-looking terminology such as may, will,

expect, intend, estimate, anticipate, project, believe, continue, on track or target or the negative thereof or similar terminology. All forward-looking statements made in this Form 10-Q are based on information currently available to our management. Although we believe that the expectations reflected in forward-looking statements have a reasonable basis, we can give no assurance that these expectations will prove to be correct. Forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed in or implied by the statements. Such risks and uncertainties that might cause a difference include, but are not limited to, the following: (i) the current and future challenging global economy may adversely affect our business, (ii) historically our business has been sensitive to changes in general economic or business conditions, (iii) our operations are subject to currency exchange and political risks, (iv) we operate in highly competitive industries, (v) our business is sensitive to changes in industry demands, (vi) the continuing consolidation of our customer base

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may intensify pricing pressure, (vii) raw material and energy price fluctuations and shortages may adversely impact our manufacturing operations and costs, (viii) tax legislation initiatives or challenges to our tax positions may adversely impact our financial results or condition, (ix) we may encounter difficulties arising from our acquisitions or joint ventures, or both (x) environmental and health and safety matters and product liability claims may adversely impact our operations or financial performance, (xi) our business may be adversely impacted by work stoppages and other labor relations disputes, (xii) we may be subject to losses that might not be covered in whole or in part by existing insurance reserves or insurance coverage, (xiii) the volatility in the frequency and volume of our timber and timberland sales impacts our financial performance, and (xiv) our restructuring efforts may not realize the expected benefits. The risks described above are not all inclusive and given these and other possible risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. For a more detailed discussion of the most significant risks and uncertainties that could cause Greif's actual results to differ materially from those projected, see "Risk Factors" in Part I, Item 1A of the 2009 Form 10-K, updated by Part II, Item 1A of this Form 10-Q. All forward-looking statements made in this Form 10-Q are expressly qualified in their entirety by reference to such risk factors. Except to the limited extent required by applicable law, Greif undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

OVERVIEW

We operate in four business segments: Rigid Industrial Packaging & Services; Flexible Products & Services; Paper Packaging; and Land Management.

We are a leading global provider of rigid industrial packaging products, such as steel, fibre and plastic drums, rigid intermediate bulk containers, closure systems for industrial packaging products, transit protection products, polycarbonate water bottles and reconditioned containers, and services, such as container lifecycle management, blending, filling and other packaging services, logistics and warehousing. We sell our industrial packaging products to customers in industries such as chemicals, paints and pigments, food and beverage, petroleum, industrial coatings, agricultural, pharmaceutical and mineral, among others.

We are a leading global provider of flexible intermediate bulk containers and North American provider of industrial and consumer multiwall bag products. Our flexible intermediate bulk containers consist of a polypropylene-based woven fabric that is partly produced at our fully integrated production sites, as well as sourced from strategic regional suppliers. Our flexible products are sold globally and service similar customers and market segments as our Rigid Industrial Packaging & Services segment. Additionally, our flexible products significantly expand our presence in the agricultural and food industries, among others. Our industrial and consumer multiwall bag products are used to ship a wide range of industrial and consumer products, such as seed, fertilizers, chemicals, concrete, flour, sugar, feed, pet foods, popcorn, charcoal and salt, primarily for the agricultural, chemical, building products and food industries.

We sell containerboard, corrugated sheets and other corrugated products 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. Operations related to our industrial and consumer multiwall bag products have been reclassified to our Flexible Products & Services segment.

As of July 31, 2010, we owned approximately 267,000 acres of timber properties in the southeastern United States, which were actively managed, and approximately 24,700 acres of timber properties in Canada. Our Land Management team is focused on the active harvesting and regeneration of our United States timber properties to achieve sustainable long-term yields. While timber sales are subject to fluctuations, we seek to maintain a consistent cutting schedule, within the limits of market and weather conditions. We also sell, from time to time, timberland and special use land, which consists of surplus land, higher and better use (HBU) land, and development land.

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

more effectively leverage our global spending and lay the foundation for a world-class sourcing and supply chain capability. In response to the economic slowdown that began at the end of 2008, we accelerated the implementation of certain Greif Business System initiatives.

Table of Contents**CRITICAL ACCOUNTING POLICIES**

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

Our significant accounting policies are discussed in Part II, Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operation of the 2009 Form 10-K. We believe that the consistent application of these policies enables us to provide readers of the consolidated financial statements with useful and reliable information about our results of operations and financial condition. The following accounting policy is important to the portrayal of our results of operations and financial condition for the three and nine-month periods ended July 31, 2010.

Inventory. At the beginning of fiscal 2010, we changed our method of accounting for inventories at certain of our U.S. locations from the lower of cost, as determined by the LIFO method of accounting, or market to the lower of cost, as determined by the FIFO method of accounting, or market. We believe that this change is preferable because: (1) the change conforms to a single method of accounting for all of our inventories on a U.S. and global basis, (2) the change simplifies financial disclosures, (3) financial statement comparability and analysis for investors and analysts is improved, and (4) the majority of our key competitors use FIFO. The financial information presented has been adjusted for all prior periods presented as if we had used FIFO instead of LIFO for each reporting period for all of our operations. The change in accounting principle is further discussed in Note 4 to the Consolidated Financial Statements included in this Form 10-Q.

Other Items. Other items that could have a significant impact on the financial statements include the risks and uncertainties listed in Part I, Item 1A Risk Factors, of the 2009 Form 10-K, as updated by Part II, Item 1A of this Form 10-Q. Actual results could differ materially using different estimates and assumptions, or if conditions are significantly different in the future.

RESULTS OF OPERATIONS

The following comparative information is presented for the three-month and nine-month periods ended July 31, 2010 and 2009. Historically, revenues or earnings may or may not be representative of future operating results due to various economic and other factors.

The non-GAAP financial measure of operating profit before the impact of restructuring charges, restructuring-related inventory charges and acquisition-related costs is used throughout the following discussion of our results of operations. Operating profit before the impact of restructuring charges, restructuring-related inventory charges and acquisition-related costs is equal to operating profit plus restructuring charges, restructuring-related inventory charges and acquisition-related costs. We use operating profit before the impact of restructuring charges, restructuring-related inventory charges and acquisition-related costs because we believe that this measure provides a better indication of our operational performance because it excludes restructuring charges, restructuring-related inventory charges and acquisition-related costs, which are not representative of ongoing operations, and it provides a more stable platform on which to compare our historical performance.

As discussed in Critical Accounting Policies, at the beginning of fiscal 2010, we changed our method of accounting for inventories at certain of our U.S. locations from the LIFO method of accounting to the FIFO method of accounting. The financial information presented in Results of Operations has been adjusted for all prior periods presented as if we had used the FIFO method of accounting instead of the LIFO method of accounting for each reporting period for all of our operations. Refer to the May 27 Form 8-K which updated certain sections of the 2009 Form 10-K for revised financial information and disclosures resulting from the application of a change in an accounting principle from using a combination of the LIFO and the FIFO inventory accounting methods to the FIFO method for all of our businesses effective November 1, 2009.

In the second quarter of 2010, we acquired Storsack Holding GmbH and its subsidiaries (Storsack), which is the world s largest producer of flexible intermediate bulk containers. Based on an analysis of the qualitative and

quantitative standards, Storsack's results are included in a new reporting segment called Flexible Products & Services. Our multiwall bag operations, previously included in the Paper Packaging segment, are also included in Flexible Products & Services. The Industrial Packaging segment has been renamed Rigid Industrial Packaging & Services.

Table of Contents**Third Quarter Results****Overview**

Net sales increased 28 percent to \$921.3 million in the third quarter of 2010 compared to \$717.6 million in the third quarter of 2009. The 28 percent increase was due to higher sales volumes (23 percent or 10 percent excluding acquisitions) and higher selling prices (5 percent). The \$203.7 million increase was due to Rigid Industrial Packaging & Services (\$87.5 million increase), Flexible Products & Services (\$57.7 million increase), Paper Packaging (\$57.8 million increase) and Land Management (\$0.7 million increase).

Operating profit was \$95.7 million and \$67.0 million in the third quarter of 2010 and 2009, respectively. Operating profit before the impact of restructuring charges, restructuring-related inventory charges and acquisition-related costs was \$111.1 million for the third quarter of 2010 compared to \$78.1 million for the third quarter of 2009. The \$33.0 million increase in operating deficit before the impact of restructuring charges, restructuring related inventory charges and acquisition related costs was due to Rigid Industrial Packaging & Services (\$11.9 million increase), Flexible Products & Services (\$4.0 million increase) and Paper Packaging (\$18.9 million increase), partially offset by Land Management (\$1.8 million decrease).

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

For the three months ended July 31,	2010	2009 (As Adjusted)
Net Sales		
Rigid Industrial Packaging & Services	\$ 681,709	\$ 594,236
Flexible Products & Services	66,938	9,222
Paper Packaging	168,758	110,971
Land Management	3,928	3,138
Total net sales	\$ 921,333	\$ 717,567
Operating Profit:		
Operating profit, before the impact of restructuring charges, restructuring-related inventory charges and acquisition-related costs:		
Rigid Industrial Packaging & Services	\$ 79,417	\$ 67,467
Flexible Products & Services	5,747	1,754
Paper Packaging	23,337	4,578
Land Management	2,522	4,340
Total operating profit before the impact of restructuring charges, restructuring-related inventory charges and acquisition-related costs:	\$ 111,023	\$ 78,139
Restructuring charges:		
Rigid Industrial Packaging & Services	\$ 5,259	\$ 10,022
Flexible Products & Services	45	
Paper Packaging	4,475	245
Land Management		10
Restructuring charges	\$ 9,779	\$ 10,277
Restructuring-related inventory charges:		
Rigid Industrial Packaging & Services	\$ 94	\$ 830
Acquisition-related costs:		

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Rigid Industrial Packaging & Services	\$	2,587	\$	
Flexible Products & Services		2,889		
Acquisition-related costs	\$	5,476	\$	
Operating profit:				
Rigid Industrial Packaging & Services	\$	71,477	\$	56,615
Flexible Products & Services		2,813		1,754
Paper Packaging		18,862		4,333
Land Management		2,522		4,330
Total operating profit	\$	95,674	\$	67,032

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Segment Review

Rigid Industrial Packaging & Services

Our Rigid Industrial Packaging & Services segment offers a comprehensive line of industrial packaging products, such as steel, fibre and plastic drums, intermediate bulk containers, closure systems for industrial packaging products, transit protection products, polycarbonate water bottles and reconditioned containers, and services, such as container lifecycle management, blending, filling and other packaging services, logistics and warehousing. The key factors influencing profitability in the Rigid Industrial Packaging & Services segment are:

Selling prices, customer demand and sales volumes;

Raw material costs, primarily steel, resin and containerboard;

Energy and transportation costs;

Benefits from executing the Greif Business System;

Restructuring charges;

Contributions from recent acquisitions;

Divestiture of business units; and

Impact of foreign currency translation.

In this segment, net sales were \$681.7 million in the third quarter of 2010 compared to \$594.2 million in the third quarter of 2009. The 15 percent increase in net sales was due to higher sales volumes (11 percent or 6 percent excluding acquisitions) and higher selling prices (5 percent) due to the pass-through of higher input costs, partially offset by the impact of foreign currency translation (1 percent).

Operating profit was \$71.5 million in the third quarter of 2010 and \$56.7 million in the third quarter of 2009. Operating profit before the impact of restructuring charges, restructuring-related inventory charges and acquisition-related costs increased to \$79.4 million in the third quarter of 2010 from \$67.5 million in the third quarter of 2009. The \$11.9 million increase in operating profit before the impact of restructuring charges, restructuring-related inventory charges and acquisition-related costs was primarily due to higher sales volumes, slight margin expansion, disciplined execution of the Greif Business System and further benefits from the permanent cost savings achieved during 2009.

Flexible Products & Services

Our Flexible Products & Services segment offers a comprehensive line of flexible products, such as flexible intermediate bulk containers and multiwall bags. The key factors influencing profitability in the Flexible Products & Services segment are:

Selling prices, customer demand and sales volumes;

Raw material costs, primarily resin and containerboard;

Energy and transportation costs;

Benefits from executing the Greif Business System;

Contributions from recent acquisitions; and

Impact of foreign currency translation.

In this segment, net sales were \$66.9 million in the third quarter of 2010 compared to \$9.2 million in the third quarter of 2009. The increase was primarily due to the acquisition of Storsack during the second quarter of 2010. Both periods included our multiwall bag operations, which were previously included in the Paper Packaging segment, but which have been reclassified to conform to the current year's presentation.

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Operating profit was \$2.8 million in the third quarter of 2010 and \$1.8 million in the third quarter of 2009. Operating profit before the impact of restructuring charges and acquisition-related costs increased to \$5.8 million in the third quarter of 2010 from \$1.8 million in the third quarter of 2009 primarily as a result of the Storsack acquisition in the second quarter of 2010.

Paper Packaging

Our Paper Packaging segment sells containerboard, corrugated sheets, and corrugated containers in North America. The key factors influencing profitability in the Paper Packaging segment are:

Selling prices, customer demand and sales volumes;

Raw material costs, primarily old corrugated containers;

Energy and transportation costs;

Benefits from executing the Greif Business System;

Contributions from recent acquisitions; and

Restructuring charges.

In this segment, net sales were \$168.8 million in the third quarter of 2010 compared to \$116.0 million in the third quarter of 2009. The 46 percent increase in net sales was due to higher sales volumes, recent acquisitions and higher selling prices.

Operating profit was \$18.9 million and \$4.2 million in the third quarter of 2010 and 2009, respectively. Operating profit before the impact of restructuring charges increased to \$23.4 million in the third quarter of 2010 from \$4.5 million in the third quarter of 2009 primarily due to higher sales volumes, improved selling prices, recent acquisitions and disciplined execution of the Greif Business System.

Land Management

As of July 31, 2010, our Land Management segment consists of approximately 267,000 acres of timber properties in the southeastern United States, which are actively harvested and regenerated, and approximately 24,700 acres in Canada. The key factors influencing profitability in the Land Management segment are:

Planned level of timber sales;

Selling prices and customer demand;

Gains (losses) on sale of timberland; and

Gains on the sale of special use properties (surplus, HBU, and development properties).

Net sales were \$3.9 million and \$3.2 million in the third quarter of 2010 and 2009, respectively.

Operating profit was \$2.5 million and \$4.3 million in the third quarter of 2010 and 2009, respectively. Included in these amounts were profits from the sale of special use properties (surplus, HBU, and development properties) of \$1.3 million and \$3.9 million in the third quarters of 2010 and 2009, respectively.

Table of Contents**Other Income Statement Changes***Cost of products sold*

Cost of products sold, as a percentage of net sales, decreased to 79 percent for the third quarter of 2010 compared to 81 percent for the third quarter of 2009. The lower cost of products sold, as a percentage of net sales, was primarily due to higher sales volumes, slight margin expansion, disciplined execution of the Greif Business System and further benefits from the permanent cost savings achieved during 2009.

Selling, general and administrative (SG&A) expenses

SG&A expenses were \$90.5 million, or 10 percent of net sales, in the third quarter of 2010 compared to \$67.3 million, or 9 percent of net sales, in the third quarter of 2009. The increase in SG&A expenses was primarily due to the inclusion of SG&A of acquired companies, acquisition-related costs, and higher employment-related costs as compared to the same period in 2009, when normal increases and certain benefits were curtailed.

Restructuring charges

The focus of the 2010 restructuring activities is primarily related to the business realignment due to the economic downturn and further implementation of the Greif Business System. During the third quarter of 2010, we recorded restructuring charges of \$9.7 million, consisting of \$4.7 million in employee separation costs, \$2.1 million in asset impairments and \$2.9 million in other costs.

The focus of the 2009 restructuring activities was on business realignment due to the economic downturn. During the third quarter of 2009, we recorded restructuring charges of \$10.3 million, consisting of \$4.7 million in employee separation costs, \$1.7 million in asset impairments, and \$3.9 million in other costs.

Gain on disposal of properties, plants and equipment, net

During the third quarter of 2010, we recorded gains on disposals of properties, plants and equipment, net of \$4.9 million, primarily from gains on the sale of properties in the Rigid Industrial Packaging & Services segment of \$2.0 million, the sale of equipment in the Paper Packaging segment of \$1.6 million and the sale of special use properties (surplus, HBU, and development properties) in the Land Management segment of \$1.3 million. During the third quarter of 2009, we recorded gains on disposals of properties, plants and equipment, net of \$5.3 million, primarily from gains on the sale of properties in the Rigid Industrial Packaging & Services segment of \$1.4 million and special use properties (surplus, HBU, and development properties) in the Land Management segment of \$3.9 million.

Interest expense, net

Interest expense, net was \$16.0 million and \$12.1 million for the third quarter of 2010 and 2009, respectively. The increase in interest expense, net was primarily attributable to a higher amount of average debt outstanding and an increase in our borrowing costs. We refinanced our senior secured credit facility in February 2009 and also issued new senior notes in July 2009, both at higher interest rates.

Other expense, net

Other expense, net was \$0.7 million and \$4.2 million for the third quarter of 2010 and 2009, respectively. The decrease in other expense, net was primarily due to fees associated with the sale of non-United States account receivable as well as favorable foreign currency exchange translation in the third quarter of 2010 compared to the third quarter of 2009.

Income tax expense

The effective tax rate was 18.2% in the third quarter of 2010 compared to an adjusted effective tax rate of 22.7% in the third quarter of 2009. The change in the effective tax rate was primarily due to a change in the forecasted mix of income in the United States versus outside the United States for the respective periods as well as an incremental benefit from an alternative fuel credit.

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Equity earnings of unconsolidated affiliates, net of tax

During the third quarter of 2010 and 2009, we recorded equity earnings of unconsolidated affiliates, net of tax of \$3.1 million and \$0.4 million, respectively.

Noncontrolling interests

Noncontrolling interests reflect the portion of earnings or losses of operations that are majority owned by us which are applicable to the noncontrolling interest partners. During the third quarter of 2010 and 2009, noncontrolling interests were \$1.8 million and \$1.7 million, respectively, and were deducted from net income to arrive at net income attributable to us.

Net income

Based on the foregoing, we recorded net income of \$65.8 million for the third quarter of 2010 compared to net income of \$37.8 million in the third quarter of 2009.

Year-to-Date Results

Overview

Net sales increased 22 percent (19 percent excluding the impact of foreign currency translation) to \$2,467.6 million in the first nine months of 2010 compared to \$2,031.7 million in the first nine months of 2009. The \$435.9 million increase was due to Rigid Industrial Packaging & Services (\$232.2 million increase), Flexible Products & Services (\$99.6 million increase) and Paper Packaging (\$105.0 million increase), slightly offset by Land Management (\$0.9 million decrease).

Operating profit was \$219.1 million and \$91.7 million in the first nine months of 2010 and 2009, respectively. Operating profit before the impact of restructuring charges, restructuring-related inventory charges and acquisition-related costs was \$259.9 million for the first nine months of 2010 compared to \$159.5 million for the first nine months of 2009. The \$100.4 million increase in operating profit before the impact of restructuring charges, restructuring-related inventory charges and acquisition-related costs was principally due to higher operating profit in Rigid Industrial Packaging & Services (\$89.4 million increase), Flexible Products & Services (\$7.2 million increase) and Paper Packaging (\$7.7 million increase), partially offset by Land Management (\$3.9 million decrease).

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

For the nine months ended July 31,	2010	2009
Net Sales		
Rigid Industrial Packaging & Services	\$ 1,883,017	\$ 1,650,825
Flexible Products & Services	128,679	29,120
Paper Packaging	444,548	339,522
Land Management	11,351	12,257
Total net sales	\$ 2,467,595	\$ 2,031,724
Operating Profit:		
Operating profit, before the impact of restructuring charges, restructuring-related inventory charges and acquisition-related costs:		
Rigid Industrial Packaging & Services	\$ 206,836	\$ 117,406
Flexible Products & Services	12,277	5,085
Paper Packaging	34,784	27,095
Land Management	\$ 6,013	\$ 9,924
Total operating profit before the impact of restructuring charges, restructuring-related inventory charges and acquisition related costs:	\$ 259,910	\$ 159,510
Restructuring charges:		
Rigid Industrial Packaging & Services	\$ 15,933	\$ 54,760
Flexible Products & Services	45	
Paper Packaging	4,588	2,828
Land Management		160
Restructuring charges	\$ 20,566	\$ 57,748
Restructuring-related inventory charges:		
Rigid Industrial Packaging & Services	\$ 131	\$ 10,115
Acquisition-related costs:		
Rigid Industrial Packaging & Services	\$ 6,390	\$
Flexible Products & Services	13,729	
Acquisition-related costs	\$ 20,119	\$
Operating profit (loss):		
Rigid Industrial Packaging & Services	\$ 184,382	\$ 52,531
Flexible Products & Services	(1,497)	5,085
Paper Packaging	30,196	24,267
Land Management	6,013	9,764
Total operating profit	\$ 219,094	\$ 91,647

Segment Review

Rigid Industrial Packaging & Services

Our Rigid Industrial Packaging & Services segment offers a comprehensive line of industrial packaging products, such as steel, fibre and plastic drums, intermediate bulk containers, closure systems for industrial packaging products, transit protection products, polycarbonate water bottles and reconditioned containers, and services, such as container lifecycle management, blending, filling and other packaging services, logistics and warehousing. The key factors influencing profitability in the Rigid Industrial Packaging & Services segment are:

Selling prices and sales volumes;

Raw material costs, primarily steel, resin and containerboard;

Energy and transportation costs;

Benefits from executing the Greif Business System;

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Restructuring charges;
Contributions from recent acquisitions;
Divestiture of business units; and
Impact of foreign currency translation.

In this segment, net sales increased to \$1,883.0 million in the first nine months of 2010 compared to \$1,650.8 million in the first nine months of 2009 – an increase of 14 percent excluding the impact of foreign currency translation. The increase in net sales was primarily attributable to the higher sales volumes and higher selling prices due to the pass-through of higher input costs in most of the Rigid Industrial Packaging & Services businesses.

Operating profit was \$184.4 million in the first nine months of 2010 compared to \$52.6 million in the first nine months of 2009. Operating profit before the impact of restructuring charges, restructuring-related inventory charges and acquisition-related costs increased to \$206.8 million in the first nine months of 2010 compared to \$117.4 million in the first nine months of 2009. The \$89.4 million increase was primarily due to higher sales volumes, slight margin expansion, disciplined execution of the Greif Business System and further benefits from the permanent cost savings achieved during 2009.

Flexible Products & Services

Our Flexible Products & Services segment offers a comprehensive line of flexible industrial packaging products, such as flexible intermediate bulk containers and multiwall bags. The key factors influencing profitability in the Flexible Products & Services segment are:

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

In this segment, net sales were \$128.7 million in the first nine months of 2010 compared to \$29.1 million in the first nine months of 2009. The increase was primarily due to the acquisition of Storsack during the second quarter of 2010. Both periods include our multiwall bag operations, which were previously included in the Paper Packaging segment but which have been reclassified to conform to the current year's presentation.

Operating loss was \$1.5 million in the first nine months of 2010 and operating profit was \$5.1 million in the first nine months of 2009. Operating profit before the impact of restructuring charges and acquisition-related costs increased to \$12.3 million in the first nine months of 2010 from \$5.1 million in the first nine months of 2009 primarily as a result of the Storsack acquisition in the second quarter of 2010.

Paper Packaging

Our Paper Packaging segment sells containerboard, corrugated sheets, and corrugated containers in North America. The key factors influencing profitability in the Paper Packaging segment are:

Selling prices, customer demand and sales volumes;

Raw material costs, primarily old corrugated containers;

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Energy and transportation costs;
Benefits from executing the Greif Business System;
Contributions from recent acquisition, and
Restructuring charges.

In this segment, net sales were \$444.5 million in the first nine months of 2010 compared to \$339.5 million in the first nine months of 2009. The increase in net sales was principally due to strong volume recovery, recent acquisitions and higher selling prices in the first nine months of 2010 compared to first nine months of 2009.

Operating profit was \$30.2 million and \$24.3 million in the first nine months of 2010 and 2009, respectively. Operating profit before the impact of restructuring charges increased to \$34.8 million in the first nine months of 2010 compared to \$27.1 million in the first nine months of 2009. The \$7.7 million increase in operating profit before the impact of restructuring charges was primarily due to higher sales volumes, improved selling prices, recent acquisitions and disciplined execution of the Greif Business System.

Land Management

As of July 31, 2010, our Land Management segment consists of approximately 267,000 acres of timber properties in the southeastern United States, which are actively harvested and regenerated, and approximately 24,700 acres in Canada. The key factors influencing profitability in the Land Management segment are:

Planned level of timber sales;
Selling prices and customer demand
Gains (losses) on sale of timberland; and
Sale of special use properties (surplus, HBU, and development properties).

Net sales were \$11.4 million in the first nine months of 2010 and \$12.3 million in the first nine months of 2009.

Operating profit was \$6.0 million and \$9.7 million in the first nine months of 2010 and 2009, respectively. Operating profit before the impact of restructuring charges was \$6.0 million in the first nine months of 2010 compared to \$9.9 million in the first nine months of 2009. Included in these amounts were profits from the sale of special use properties of \$4.1 million in the first nine months of 2010 and \$5.4 million in the first nine months of 2009.

Other Income Statement Changes

Cost of products sold

The cost of products sold, as a percentage of net sales, was 80 percent for the first nine months of 2010 compared to 84 percent for the first nine months of 2009. The lower cost of products sold as a percentage of net sales were primarily due to higher net sales which were driven by higher selling prices and lower raw material costs in the Rigid Industrial Packaging & Services segment on a period over period basis. In addition, we achieved permanent cost savings during 2009 from the execution of our Greif Business System.

SG&A expenses

SG&A expenses were \$264.5 million, or 11 percent of net sales, in the first nine months of 2010 compared to \$191.5 million, or 9 percent of net sales, in the first nine months of 2009. The increase in SG&A expense as a percent of sales was due to the inclusion of SG&A of acquired companies, acquisition-related costs, and higher employment-related costs as compared to the same period in 2009, when normal increases and certain benefits were curtailed.

Table of Contents*Restructuring charges*

During the first nine months of 2010, we recorded restructuring charges of \$20.6 million, consisting of \$11.4 million in employee separation costs, \$2.3 million in asset impairments and \$6.9 million in other costs. The focus of the 2010 restructuring activities is on continued business realignment due to the economic downturn and further implementation of the Greif Business System.

During the first nine months of 2009, we recorded restructuring charges of \$57.7 million, consisting of \$29.8 million in employee separation costs, \$13.3 million in asset impairments and \$14.6 million in other costs. The focus of the 2009 restructuring activities was on business realignment due to the economic downturn and further implementation of the Greif Business System.

Gain on disposal of properties, plants, and equipment, net

During the first nine months of 2010, we recorded gains on disposals of properties, plants and equipment, net of \$6.9 million, primarily from gains on the sale of properties and equipment in the Rigid Industrial Packaging & Services segment of \$3.5 million, the sale of properties and equipment in the Paper Packaging segment of \$1.3 million, and the sale of special use properties (surplus, HBU, and development properties) in the Land Management segment of \$2.1 million. During the first nine months of 2009, we recorded gains on disposals of properties, plants and equipment, net of \$9.8 million, primarily from gains on the sale of properties in the Rigid Industrial Packaging & Services segment of \$3.0 million, properties in the Paper Packaging segment of \$1.3 million, and special use properties (surplus, HBU, and development properties) in the Land Management segment of \$5.5 million.

Interest expense, net

Interest expense, net was \$47.6 million and \$37.7 million for the first nine months of 2010 and 2009, respectively. The increase in interest expense, net was primarily attributable to higher average debt outstanding and an increase in our borrowing costs. We refinanced our senior secured credit facility in February 2009 and also issued new senior notes in July 2009, both at higher interest rates.

Debt extinguishment charge

In the first nine months of 2009, we completed a \$700 million senior secured credit facility which replaced an existing \$450 million revolving credit facility. As a result of this transaction, a debt extinguishment charge of \$0.8 million in non-cash items, such as write-off of unamortized capitalized debt issuance costs, was recorded. There were no debt extinguishment charges in 2010.

Other expense, net

Other expense, net for the first nine months of 2010 and 2009 was \$4.4 million and \$4.1 million, respectively. The increase in other expense, net was primarily due to fees associated with the sale of non-United States account receivable.

Income tax expense

The effective tax rate was 18.9% and 19.5% in the first nine months of 2010 and 2009, respectively. The change in the effective tax rate was primarily due to a change in the forecasted mix of income in the United States for the respective periods as well as an incremental benefit from an alternative fuel credit.

Equity earnings (losses) of unconsolidated affiliates, net of tax

Equity earnings of unconsolidated affiliates, net of tax were \$3.3 million for the first nine months of 2010 while equity losses of unconsolidated affiliates, net of tax were \$0.2 million for the first nine months of 2009.

Noncontrolling interests

Noncontrolling interests reflect the portion of earnings or losses of operations that are majority owned by us which are applicable to the noncontrolling interest partners. Noncontrolling interests were \$5.4 million and \$2.2 million during the first nine months of 2010 and 2009, respectively, and were deducted from net income to arrive at net income attributable to us.

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Net income

Based on the foregoing, we recorded net income of \$133.4 million for the first nine months of 2010 compared to net income of \$37.1 million in the first nine months of 2009.

BALANCE SHEET CHANGES

Accounts receivable increased \$127.7 million from October 31, 2009 to July 31, 2010 primarily due to higher sales activity, acquisitions in our Rigid Industrial Packaging & Services segment and Flexible Products & Services segment, and the impact of foreign currency translation.

Inventories increased \$114.2 million from October 31, 2009 to July 31, 2010 primarily due to acquisitions in our Rigid Industrial Packaging & Services segment and Flexible Products & Services segment, higher steel and resin costs, and growth in our Latin America and Asia Pacific regions.

Goodwill increased \$69.0 million from October 31, 2009 to July 31, 2010 due to acquisitions in the Rigid Industrial Packaging & Services segment and Flexible Products & Services segment, a contingent purchase price payment related to a 2008 Rigid Industrial Packaging & Services segment acquisition and final purchase price adjustments from our 2009 acquisitions less foreign currency translation adjustments.

Property, plant and equipment increased \$119.2 million from October 31, 2009 to July 31, 2010 primarily due to assets acquired through acquisitions and additional capital projects.

Accounts payable increased \$45.1 million from October 31, 2009 to July 31, 2010 due to acquisitions in the Flexible Products & Services segment, seasonality factors and the timing of payments, which were partially offset by the impact of foreign currency translation.

Short-term borrowings increased \$31.4 million from October 31, 2009 to July 31, 2010 due to acquisitions in the Rigid Industrial Packaging & Services segment and Flexible Products & Services segment.

Other current liabilities increased \$38.9 million from October 31, 2009 to July 31, 2010 due to acquisitions in the Rigid Industrial Packaging & Services segment and timing of accruals and payments.

Long-term debt increased \$227.5 million through the \$700 million credit facility and the trade accounts receivable credit facility to finance acquisitions, payment of dividends, and continued capital expenditures.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are operating cash flows, the proceeds from our trade accounts receivable credit facility, proceeds from the sale of our non-United States accounts receivable and borrowings under our Credit Agreement and Senior Notes, further discussed below. We have used these sources to fund our working capital needs, capital expenditures, cash dividends, common stock repurchases and acquisitions. We anticipate continuing to fund these items in a like manner. We currently expect that operating cash flows, the proceeds from our trade accounts receivable credit facility, proceeds from the sale of our non-United States accounts receivable and borrowings under our Credit Agreement and Senior Notes will be sufficient to fund our currently anticipated working capital, capital expenditures, debt repayment, potential acquisitions of businesses and other liquidity needs for at least 12 months.

Capital Expenditures

During the first nine months of 2010, we invested \$101.0 million in capital expenditures, excluding timberland purchases of \$19.5 million, compared with capital expenditures of \$81.4 million, excluding timberland purchases of \$0.6 million, during the same period last year.

We expect capital expenditures, excluding timberland purchases, to be approximately \$130 million in 2010. The expenditures will primarily be to replace and improve equipment.

Table of Contents**Business Acquisitions and Divestitures**

During the first nine months of 2010, we completed acquisitions of three rigid industrial packaging companies and two flexible products companies and made a contingent purchase price payment related to a 2008 rigid industrial packaging acquisition. The five 2010 acquisitions consisted of the acquisition of a European rigid industrial packaging company in November 2009, an Asian rigid industrial packaging company in June 2010, two European flexible products companies, one in February and the other in June 2010, and a North American drum reconditioning company in July 2010. The aggregate purchase price for the five 2010 acquisitions was less than \$200 million.

There were \$20.1 million of acquisition-related costs recognized in the nine month period ended July 31, 2010 included in SG&A expenses. This amount included \$16.1 million of acquisition costs previously capitalized as part of the purchase price of acquisitions, of which \$6.1 million was incurred prior to November 1, 2009, the date on which we adopted SFAS No. 141(R) (codified under ASC 805, *Business Combinations*). In addition, we recorded post acquisition-related integration costs of \$4.0 million which represented costs associated with integrating acquired companies, such as costs associated with Greif Business System initiatives, sourcing and supply chain initiatives, and finance and administrative reorganizations.

Borrowing Arrangements***Credit Agreements***

We have a \$700 million Senior Secured Credit Agreement (the *Credit Agreement*) with a syndicate of financial institutions. The Credit Agreement provides us with a \$500.0 million revolving multicurrency credit facility and a \$200.0 million term loan, both maturing in February 2012, with an option to add \$200.0 million to the facilities with the agreement of the lenders. The \$200 million term loan is scheduled to amortize by \$2.5 million per quarter for the first four quarters, \$5.0 million per quarter for the next eight quarters and \$150.0 million on the maturity date. The Credit Agreement is available to fund ongoing working capital and capital expenditure needs, to finance acquisitions and for general corporate purposes. Interest is based on either a Eurodollar rate or a base rate that resets periodically plus a calculated margin amount. There was \$294.0 million outstanding under the Credit Agreement at July 31, 2010.

The Credit Agreement contains certain covenants, which include financial covenants that require us to maintain a certain leverage ratio and a fixed charge coverage ratio. The leverage ratio generally requires that at the end of any fiscal quarter we will not permit the ratio of (a) our total consolidated indebtedness, to (b) our consolidated net income plus depreciation, depletion and amortization, interest expense (including capitalized interest), income taxes, and minus certain extraordinary gains and non-recurring gains (or plus certain extraordinary losses and non-recurring losses) and plus or minus certain other items for the preceding twelve months (*EBITDA*) to be greater than 3.5 to 1. The fixed charge coverage ratio generally requires that at the end of any fiscal quarter we will not permit the ratio of (a) (i) consolidated EBITDA, less (ii) the aggregate amount of certain cash capital expenditures, and less (iii) the aggregate amount of Federal, state, local and foreign income taxes actually paid in cash (other than taxes related to asset sales not in the ordinary course of business), to (b) the sum of (i) consolidated interest expense to the extent paid or payable in cash during such period and (ii) the aggregate principal amount of all regularly scheduled principal payments or redemptions or similar acquisitions for value of outstanding debt for borrowed money, but excluding any such payments to the extent refinanced through the incurrence of additional indebtedness, to be less than 1.5 to 1. At July 31, 2010, we were in compliance with the covenants under the Credit Agreement.

The terms of the Credit Agreement limit our ability to make restricted payments, which includes dividends and purchases, redemptions and acquisitions of our equity interests. The repayment of this facility is secured by a security interest in our personal property and the personal property of our United States subsidiaries, including equipment and inventory and certain intangible assets, as well as a pledge of the capital stock of substantially all of our United States subsidiaries and, in part, by the capital stock of international borrowers. The payment of outstanding principal under the Credit Agreement and accrued interest thereon may be accelerated and become immediately due and payable upon the default in our payment or other performance obligations or our failure to comply with the financial and other covenants in the Credit Agreement, subject to applicable notice requirements and cure periods as provided in the Credit Agreement.

See Note 9 to the Consolidated Financial Statements included in Item 1 of Part I of this Form 10-Q for additional disclosures regarding the Credit Agreement.

Table of Contents***Senior Notes***

We have issued \$300.0 million of our 6.75% Senior Notes due February 1, 2017. Proceeds from the issuance of these Senior Notes were principally used to fund the purchase of our previously outstanding senior subordinated notes and for general corporate purposes. These Senior Notes are general unsecured obligations of Greif, Inc. only, provide for semi-annual payments of interest at a fixed rate of 6.75%, and do not require any principal payments prior to maturity on February 1, 2017. These Senior Notes are not guaranteed by any of our subsidiaries and thereby are effectively subordinated to all of our subsidiaries' existing and future indebtedness. The Indenture pursuant to which these Senior Notes were issued contains covenants, which, among other things, limit our ability to create liens on our assets to secure debt and to enter into sale and leaseback transactions. These covenants are subject to a number of limitations and exceptions as set forth in the Indenture. At July 31, 2010, we were in compliance with these covenants.

We have issued \$250.0 million of our 7.75% Senior Notes due August 1, 2019. Proceeds from the issuance of these Senior Notes were principally used for general corporate purposes, including the repayment of amounts outstanding under our revolving multicurrency credit facility under the Credit Agreement, without any permanent reduction of the commitments. These Senior Notes are general unsecured obligations of Greif, Inc. only, provide for semi-annual payments of interest at a fixed rate of 7.75%, and do not require any principal payments prior to maturity on August 1, 2019. These Senior Notes are not guaranteed by any of our subsidiaries and thereby are effectively subordinated to all of our subsidiaries' existing and future indebtedness. The Indenture pursuant to which these Senior Notes were issued contains covenants, which, among other things, limit our ability to create liens on our assets to secure debt and to enter into sale and leaseback transactions. These covenants are subject to a number of limitations and exceptions as set forth in the Indenture. At July 31, 2010, we were in compliance with these covenants.

See Note 9 to the Consolidated Financial Statements included in Item 1 of Part I of this Form 10-Q for additional disclosures regarding the Senior Notes.

United States Trade Accounts Receivable Credit Facility

We have a \$135.0 million trade accounts receivable facility (the *Receivables Facility*) with a financial institution and its affiliate (the *Purchasers*). The *Receivables Facility* matures in December 2013, subject to earlier termination by the *Purchasers* of their purchase commitment in December 2010. In addition, we can terminate the *Receivables Facility* at any time upon five days prior written notice. The *Receivables Facility* is secured by certain of our United States trade receivables and bears interest at a variable rate based on the commercial paper rate, or alternatively, the LIBOR, plus a margin. Interest is payable on a monthly basis and the principal balance is payable upon termination of the *Receivables Facility*. The *Receivables Facility* contains certain covenants, including financial covenants for leverage and fixed charge ratios identical to the Credit Agreement. Proceeds of the *Receivables Facility* are available for working capital and general corporate purposes. At July 31, 2010, \$117.8 million was outstanding under the *Receivables Facility*.

See Note 9 to the Consolidated Financial Statements included in Item 1 of Part I of this Form 10-Q for additional disclosures regarding this credit facility.

Sale of Non-United States Accounts Receivable

Certain of our international subsidiaries have entered into discounted receivables purchase agreements and factoring agreements (the *RPAs*) pursuant to which trade receivables generated from certain countries other than the United States and which meet certain eligibility requirements are sold to certain international banks or their affiliates. The structure of these transactions provides for a legal true sale, on a revolving basis, of the receivables transferred from our various subsidiaries to the respective banks. The banks fund an initial purchase price of a certain percentage of eligible receivables based on a formula with the initial purchase price approximating 75 percent to 90 percent of eligible receivables. The remaining deferred purchase price is settled upon collection of the receivables. At the balance sheet reporting dates, we remove from accounts receivable the amount of proceeds received from the initial purchase price since they meet the applicable criteria of SFAS No. 140, *Accounting for Transfer and Servicing of Financial Assets and Extinguishments of Liabilities (codified under ASC 860 Transfers and Servicing)*, and continue to recognize the deferred purchase price in our accounts receivable. The receivables are sold on a non-recourse basis with the total funds in the servicing collection accounts pledged to the respective banks between the settlement dates. The maximum amount of aggregate receivables that may be sold under our various *RPAs* was \$165.2 million at

July 31, 2010. At July 31, 2010, total accounts receivable of \$129.0 million were sold under the various RPAs.

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At the time the receivables are initially sold, the difference between the carrying amount and the fair value of the assets sold are included as a loss on sale and classified as other expense in the consolidated statements of operations. Expenses associated with the various RPAs totaled \$1.8 million for the three months ended July 31, 2010. Additionally, we perform collections and administrative functions on the receivables sold similar to the procedures we use for collecting all of our receivables. The servicing liability for these receivables is not material to the consolidated financial statements.

See Note 3 to the Consolidated Financial Statements included in Item 1 of Part I of this Form 10-Q for additional information regarding these various RPAs.

Other

In addition to the amounts borrowed against the Credit Agreement and proceeds from the Senior Notes and the United States trade accounts receivable credit facility, at July 31, 2010, we had outstanding other debt of \$62.1 million, comprised of \$11.1 million in long-term debt and \$51.0 million in short-term borrowings.

At July 31, 2010, annual maturities, including current portion, of our long-term debt under our various financing arrangements were \$5.0 million in 2010, \$31.1 million in 2011, \$269.0 million in 2012, \$117.8 million in 2013 and \$545.7 million thereafter.

At July 31, 2010 and October 31, 2009, we had deferred financing fees and debt issuance costs of \$11.9 million and \$14.9 million, respectively, which were included in other long-term assets.

Financial Instruments***Cross-Currency Interest Rate Swaps***

We entered into cross-currency interest rate swap agreements which were designated as a hedge of a net investment in a foreign operation. Under these swap agreements, we received interest semi-annually from the counterparties in an amount equal to a fixed rate of 6.75% on \$200.0 million and paid interest in an amount equal to a fixed rate of 6.25% on 146.6 million. During the third quarter of 2010, we terminated these swap agreements, including any future cash flows. The termination of these swap agreements resulted in a cash benefit of \$25.7 million (\$15.8 million, net of tax) which is included within foreign currency translation adjustments. At October 31, 2009, we had recorded an other comprehensive loss of \$14.6 million as a result of these swap agreements.

Interest Rate Derivatives

We have interest rate swap agreements with various maturities through 2012. These interest rate swap agreements are used to manage our fixed and floating rate debt mix. Under these swap agreements, we receive interest monthly from the counterparties based on LIBOR, and we pay interest based upon a designated fixed rate over the life of the swap agreements.

We have two interest rate derivatives (floating to fixed swap agreements recorded as cash flow hedges) with a total notional amount of \$125 million. Under these swap agreements, we receive interest based upon a variable interest rate from the counterparties (weighted average of 0.27% at July 31, 2010 and 0.25% at October 31, 2009) and pays interest based upon a fixed interest rate (weighted average of 1.78% at July 31, 2010 and 2.71% at October 31, 2009).

In the first quarter of 2010, we entered into a \$100.0 million fixed to floating swap agreement which was recorded as a fair value hedge. Under this swap agreement, we received interest from the counterparty based upon a fixed rate of 6.75% and paid interest based upon a variable rate on a semi-annual basis. In the third quarter of 2010, we terminated this swap agreement, including any future cash flows. The termination of this swap agreement resulted in a cash benefit of \$3.6 million (\$2.2 million, net of tax) which is included within long-term debt on the balance sheet.

Foreign Exchange Hedges

At July 31, 2010, we had outstanding foreign currency forward contracts in the notional amount of \$148.1 million (\$70.5 million at October 31, 2009). The purpose of these contracts is to hedge our exposure to foreign currency transactions and short-term intercompany loan balances in our international businesses. The fair value of these contracts at July 31, 2010 resulted in an immaterial gain recorded in the consolidated statements of operations and a loss of \$2.4 million recorded in other comprehensive income. The fair value of similar contracts at October 31, 2009 resulted in an immaterial loss recorded in the consolidated statements of operations.

Table of Contents**Energy Hedges**

We have entered into certain cash flow hedge agreements to mitigate our exposure to cost fluctuations in natural gas prices through October 31, 2010. Under these hedge agreements, we have agreed to purchase natural gas at a fixed price. At July 31, 2010, the notional amount of these hedge agreements was \$3.0 million (\$4.0 million at October 31, 2009). The other comprehensive loss on these hedge agreements was \$0.1 million at July 31, 2010 and \$0.6 million at October 31, 2009. As a result of the high correlation between the hedged instruments and the underlying transactions, ineffectiveness has not had a material impact on the our consolidated statements of operations for the quarter ended July 31, 2010.

Contractual Obligations

As of July 31, 2010, we had the following contractual obligations (Dollars in millions):

	Total	Less than 1 year	Payments Due by Period		
			1-3 years	3-5 years	After 5 years
Long-term debt	\$ 1,310.3	\$ 13.0	\$ 540.2	\$ 79.3	\$ 677.8
Current portion of long-term debt	20.0	5.0	15.0		
Short-term borrowing	54.1	51.8	2.3		
Capital lease obligations	0.4	0.1	0.2	0.1	
Operating leases	6.9	0.6	3.9	2.0	0.4
Liabilities held by special purpose entities	67.3	0.6	4.5	2.2	60.0
Total	\$ 1,459.0	\$ 71.1	\$ 566.1	\$ 83.6	\$ 738.2

Note: Amounts presented in the contractual obligation table include interest.

Our unrecognized tax benefits under FIN 48, Accounting for Uncertainty in Income Taxes (codified under ASC 740 Income Taxes) have been excluded from the contractual obligations table because of the inherent uncertainty and the inability to reasonably estimate the timing of cash outflows.

Significant Nonstrategic Timberland Transactions

In connection with a 2005 timberland transaction with Plum Creek Timberlands, L.P. (Plum Creek), Soterra LLC (one of our wholly-owned subsidiaries) received cash and a \$50.9 million purchase note payable by an indirect subsidiary of Plum Creek (the Purchase Note). Soterra LLC contributed the Purchase Note to STA Timber LLC (STA Timber), one of our indirect wholly-owned subsidiaries. The Purchase Note is secured by a Deed of Guarantee issued by Bank of America, N.A., London Branch, in an amount not to exceed \$52.3 million (the Deed of Guarantee). STA Timber has issued in a private placement 5.20% Senior Secured Notes due August 5, 2020 (the Monetization Notes) in the principal amount of \$43.3 million. The Monetization Notes are secured by a pledge of the Purchase Note and the Deed of Guarantee. Greif, Inc. and its other subsidiaries have not extended any form of guaranty of the principal or interest on the Monetization Notes. Accordingly, Greif, Inc. and its other subsidiaries will not become directly or contingently liable for the payment of the Monetization Notes at any time. See Note 8 to the Consolidated Financial Statements included in Item 1 of this Form 10-Q for additional information regarding these transactions.

RECENT ACCOUNTING STANDARDS**Newly Adopted Accounting Standards**

In December 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 141(R), (codified under ASC 805 Business Combinations), which replaces SFAS No. 141. The objective of SFAS No. 141(R) is to improve the relevance, representational faithfulness and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. SFAS No. 141(R) establishes principles and requirements for how the acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable

users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) applies to all transactions or other events in which an entity (the acquirer) obtains control of one or more businesses (the acquiree), including those sometimes referred to as true mergers or mergers of equals and combinations achieved without the transfer of consideration. SFAS No. 141(R) applies to any acquisition entered into on or after November 1, 2009. We adopted the new guidance beginning on November 1, 2009, which impacted our financial position, results of operations, cash flows and related disclosures.

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In December 2007, the FASB issued SFAS No. 160, *Accounting and Reporting of Noncontrolling Interests in Consolidated Financial Statements*, an amendment of ARB No. 51, (*codified under ASC 810 Consolidation*). The objective of SFAS No. 160 is to improve the relevance, comparability and transparency of the financial information that a reporting entity provides in its consolidated financial statements. SFAS No. 160 amends ARB No. 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 also changes the way the consolidated financial statements are presented, establishes a single method of accounting for changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation, requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated and expands disclosures in the consolidated financial statements that clearly identify and distinguish between the parent's ownership interest and the interest of the noncontrolling owners of a subsidiary. The provisions of SFAS No. 160 are to be applied prospectively as of the beginning of the fiscal year in which SFAS No. 160 is adopted, except for the presentation and disclosure requirements, which are to be applied retrospectively for all periods presented. We adopted the new guidance beginning November 1, 2009, and the adoption of the new guidance did not impact our financial position, results of operations or cash flows, other than the related disclosures.

In December 2008, the FASB issued FASB Staff Position FAS 132(R)-1, *Employers' Disclosures About Postretirement Benefit Plan Assets* (FSP FAS 132(R)-1) (*codified under ASC 715 Compensation Retirement Benefits*), to provide guidance on employers' disclosures about assets of a defined benefit pension or other postretirement plan. FSP FAS 132(R)-1 requires employers to disclose information about fair value measurements of plan assets similar to SFAS No. 157, *Fair Value Measurements*. The objectives of the disclosures are to provide an understanding of: (a) how investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies, (b) the major categories of plan assets, (c) the inputs and valuation techniques used to measure the fair value of plan assets, (d) the effect of fair value measurements using significant unobservable inputs on changes in plan assets for the period and (e) significant concentrations of risk within plan assets. We adopted the new guidance beginning November 1, 2009, and the adoption of the new guidance did not impact our financial position, results of operations or cash flows, other than the related disclosures.

Recently Issued Accounting Standards

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets* an amendment of FASB Statement No. 140 (*codified under ASC 860 Transfers and Servicing*). The Statement amends SFAS No. 140 to improve the information provided in financial statements concerning transfers of financial assets, including the effects of transfers on financial position, financial performance and cash flows, and any continuing involvement of the transferor with the transferred financial assets. The provisions of SFAS 166 are effective for our financial statements for the fiscal year beginning November 1, 2010. We are in the process of evaluating the impact that the adoption of the guidance may have on our consolidated financial statements and related disclosures. However, we do not anticipate a material impact on our financial position, results of operations or cash flows.

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (*codified under ASC 810 Consolidation*). SFAS 167 amends FIN 46(R) to require an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. It also amends FIN 46(R) to require enhanced disclosures that will provide users of financial statements with more transparent information about an enterprise's involvement in a variable interest entity. The provisions of SFAS 167 are effective for our financial statements for the fiscal year beginning November 1, 2010. We are in the process of evaluating the impact, if any, that the adoption of SFAS No. 167 may have on our consolidated financial statements and related disclosures. However, we do not anticipate a material impact on our financial position, results of operations or cash flows.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

There has not been a significant change in the quantitative and qualitative disclosures about our market risk from the disclosures contained in the 2009 Form 10-K.

Table of Contents**ITEM 4. CONTROLS AND PROCEDURES**

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

Information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission;

Information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure; and

Our disclosure controls and procedures are effective.

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

PART II. OTHER INFORMATION**ITEM 1A. RISK FACTORS**

There have been no other material changes in our risk factors from those disclosed in the 2009 Form 10-K under Part I, Item 1A Risk Factors.

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

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased under the Plans or Programs (1)
November 2009				1,166,728
December 2009				1,166,728
January 2010				1,166,728
February 2010				1,166,728
March 2010				1,166,728
April 2010				1,166,728
May 2010				1,166,728
June 2010				1,116,728
July 2010				1,116,728

Issuer Purchases of Class B Common Stock

**Maximum
Number (or**

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value) of Shares that May Yet Be Purchased under the Plans or Programs (1)
November 2009				1,166,728
December 2009				1,166,728
January 2010				1,166,728
February 2010				1,166,728
March 2010				1,166,728
April 2010				1,166,728
May 2010				1,166,728
June 2010	50,000	53.92	50,000	1,116,728
July 2010				1,116,728

(1) Our Board of Directors has authorized a stock repurchase program which permits us to purchase up to 4.0 million shares of our Class A Common Stock or Class B Common Stock, or any combination thereof. As of July 31, 2010, the maximum number of shares that may yet be purchased was 1,116,728 shares, which may be any combination of Class A Common Stock or Class B Common Stock.

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ITEM 6. EXHIBITS

(a.) Exhibits

Exhibit No.	Description of Exhibit
10.1	Fourth Amendment (dated as of June 22, 2010) to the Transfer and Administration Agreement dated as of December 8, 2008, by and among Greif Receivables Funding LLC, Greif Packaging LLC, YC SUSI Trust, as Conduit Investor and Uncommitted Investor, and Bank of America National Association, as Agent, Managing Agent, an Administrator and a Committed Investor.
10.2	Formation Agreement dated as of June 14, 2010, by and among Greif, Inc. and Greif International Holding Supra C.V. and National Scientific Company Limited and Dabbagh Group Holding Company Limited.
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a 14(a) of the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a 14(a) of the Securities Exchange Act of 1934.
32.1	Certification of Chief Executive Officer required by Rule 13a 14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code.
32.2	Certification of Chief Financial Officer required by Rule 13a 14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code.

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SIGNATURES

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

Greif, Inc.
(Registrant)

Date: September 9, 2010

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