

# GREIF INC

## FORM 10-K (Annual Report)

Filed 1/10/1996 For Period Ending 10/31/1995

Address	425 WINTER ROAD DELAWARE, Ohio 43015
Telephone	740-549-6000
CIK	0000043920
Industry	Containers & Packaging
Sector	Basic Materials
Fiscal Year	10/31

**U.S. SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

**FORM 10-K**

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

For the fiscal year ended October 31, 1995  
*Commission File Number 1-566*

**GREIF BROS. CORPORATION**

(Exact name of registrant as specified in its charter)

State of Delaware (State or other jurisdiction of incorporation or organization)	31-4388903 (I.R.S. Employer Identification No.)
621 Pennsylvania Avenue, Delaware, Ohio (Address of principal executive offices)	43015 (Zip Code)

Registrant's telephone number, including area code 614-363-1271

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

Title of each class	Name of each exchange on which registered
Class "A" Common Stock	Chicago Stock Exchange

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

None  
(Title of class)

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 , and (2) has been subject to such filing requirements for the past 90 days.  
Yes X . No .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ X ]

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of December 15, 1995:

Class A Common Stock 10,873,172 shares Class B Common Stock 12,001,793 shares

**Documents Incorporated by Reference**

Document	Incorporated into
Portions of Annual Report to Shareholders for the year ended October 31, 1995	Part I, Part II, Part IV

## PART I

### Item 1. Business

Information on the nature, type of business and industry segments, contained on pages 43-45 in the Company's 1995 Annual Report to Shareholders, is incorporated in the Form 10-K Annual Report.\*

#### Item 2. Properties

The following are the Company's principal locations and products manufactured.

Location	Products Manufactured
Alabama	
Cullman	Steel drums and machine shop
Good Hope	Research center
Mobile	Fibre drums
Arkansas	
Batesville (1)	Fibre drums
California	
Commerce (2)	Corrugated honeycomb
Fontana	Steel drums
LaPalma	Fibre drums
Morgan Hill	Fibre drums
Sacramento	General office
Stockton	Corrugated honeycomb
Stockton	Wood cut stock
Georgia	
Macon	Corrugated honeycomb
Tucker	Fibre drums
Illinois	
Blue Island	Fibre drums
Chicago	Steel drums
Joliet	Steel drums
Lombard	General office
Northlake	Fibre drums and plastic drums
Posen	Corrugated honeycomb
Indiana	
Albany (3)	Corrugated containers

\*Except as specifically indicated herein, no other data appearing in the Company's 1995 Annual Report to Shareholders is deemed to be filed as part of this Form 10-K Annual Report.

## Item 2. Properties (continued)

Location	Products Manufactured
Kansas	
Winfield	Steel drums
Kansas City (4)	Steel drums
Kansas City (5)	Fibre drums
Kentucky	
Louisville	Wood cut stock
Louisiana	
St. Gabriel	Steel drums and plastic drums
Maryland	
Sparrows Point	Steel drums
Massachusetts	
Mansfield	Fibre drums
Westfield	Fibre drums
Worcester	Plywood reels
Michigan	
Eaton Rapids	Corrugated sheets
Grand Rapids	Corrugated sheets
Mason	Corrugated sheets
Taylor	Fibre drums
Wayne	Corrugated containers
Minnesota	
Minneapolis	Fibre drums
Rosemount	Multiwall bags
St. Paul	Tight cooperage
St. Paul (6)	General office
Mississippi	
Durant	Plastic products
Jackson (7)	General office
Missouri	
Kirkwood	Fibre drums
Nebraska	
Omaha	Multiwall bags

## Item 2. Properties (continued)

Location	Products Manufactured
New Jersey	
Rahway	Fibre drums and plastic drums
Spotswood	Fibre drums
Springfield (8)	National accounts sales
office	
Teterboro	Fibre drums
Phillipsburg	Plywood reels
New York	
Lindenhurst (9)	Research center
Syracuse	Fibre drums and steel drums
North Carolina	
Bladenboro	Steel drums
Charlotte	Fibre drums
Concord	Corrugated sheets
Ohio	
Caldwell	Steel drums
Canton (10)	Corrugated containers
Cleveland (11)	Corrugated containers
Delaware	Principal office
Fostoria	Corrugated containers
Hebron	Plastic products and containers
Massillon	Recycled containerboard
Tiffin	Corrugated containers
Youngstown	Steel drums
Zanesville	Corrugated containers and sheets
Oregon	
White City	Laminated panels
Pennsylvania	
Chester	Fibre drums
Darlington	Fibre drums and plastic drums
Hazleton	Corrugated honeycomb
Kelton (12)	Corrugated honeycomb
Reno (13)	Corrugated containers
Stroudsburg	Rims and drum hardware
Washington	Corrugated containers and sheets

Item 2. Properties (continued)

Location	Products Manufactured
Tennessee	
Kingsport	Fibre drums
Memphis	Steel drums
Texas	
Angleton	Steel drums
Fort Worth	Fibre drums
LaPorte	Fibre drums, steel drums and plastic drums
Waco	Corrugated honeycomb
Virginia	
Amherst	Containerboard
Washington	
Woodland	Corrugated honeycomb and wood cut stock
West Virginia	
New Martinsville	Corrugated containers
Wisconsin	
Sheboygan	Fibre drums
Canada	
Belleville, Ontario	Fibre drums and plastic
products	
Bowmanville, Ontario	Spiral tubes
Fort Frances, Ontario	Spiral tubes
Fruitland, Ontario	Drum hardware and machine
shop	
LaSalle, Quebec	Fibre drums and steel drums
Lloydminster, Alberta	Steel drums, fibre drums and plastic drums
Maple Grove, Quebec	Pallets
Milton, Ontario	Fibre drums
Niagara Falls, Ontario	General office
Pointe Aux Trembles, Quebec	Fibre drums and spiral tubes
Stoney Creek, Ontario	Steel drums

Note: All properties are held in fee except as noted below.

Exceptions:

( 1 )	Lease expires March 31, 1997
( 2 )	Lease expires March 30, 1996
( 3 )	Lease expires January 31, 1998
( 4 )	Lease expires June 30, 1999
( 5 )	Lease expires March 31, 1999
( 6 )	Lease expires December 31, 1999
( 7 )	Lease expires November 30, 1995
( 8 )	Lease expires September 7, 1997

## Item 2. Properties (concluded)

( 9 )	Lease expires December 31, 2000
(10)	Lease expires March 31, 1998
(11)	Lease expires November 30, 1995
(12)	Lease expires April 30, 1996
(13)	Lease expires February 28, 1996

The Company also owns in fee a substantial number of scattered timber tracts comprising approximately 320,000 acres in the states of Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi and Virginia and the provinces of Nova Scotia, Ontario and Quebec in Canada.

## Item 3. Legal Proceedings

The Company has no pending material legal proceedings.

From time to time, in the business in which the Company operates, various legal proceedings arise from either the Federal, State or Local levels involving environmental sites to which the Company has shipped directly or indirectly small amounts of toxic waste such as paint solvents, etc. The Company, to date, has been classified as a "de minimis" participant and, as such, has not been subject, in any instance, to material sanctions or sanctions greater than \$100,000.

In addition, also from time to time, but infrequently, the Company has been cited for inadvertent violations of environmental regulations. Except for the following situation, none of these violations involve or are expected to involve sanctions of \$100,000 or more.

Currently, the Company's only exposure which may exceed \$100,000 relates to a pollution situation at its Strother Field plant in Winfield, Kansas. A feasibility study and a remedial plan proposed by the Kansas Department of Health and Environment has set forth estimated remedial costs which could expose the Company to approximately \$3,000,000 in expense under the most extreme assumptions. If the Company ultimately is required to incur this expense, a significant portion would be paid over 10 years. The Kansas site involves underwater pollution and certain soil pollution was found to exist on the Company's property. The estimated costs of the remedy currently preferred by the Kansas Authority for the soil pollution on the Company's land represents approximately \$2,000,000 of the estimated \$3,000,000 in expense.

The final remedies have not been selected and the proposed plan is presently open for public comment. In an effort to reduce its exposure for soil pollution, the Company, believing the soil pollution has been unduly magnified and is not based upon sufficient exploratory data, has undertaken further engineering borings and analysis to attempt to define a more confined soil area subject to the proposed remediation.

A reserve for \$2,000,000 has been recorded by the Company during fiscal 1995.

#### **Item 4. Submission of Matters to a Vote of Security Holders**

There have been no matters submitted to a vote of security holders.

### **PART II**

#### **Item 5. Market for the Registrant's Common Stock and Related Security Holder Matters**

The following information contained in the 1995 Annual Report to Shareholders is incorporated by reference in this Form 10-K Annual Report:\*

Information concerning the principal market on which the Registrant's common stock is traded, high and low sales price of this stock for each quarterly period during the last two fiscal years and number of shareholders is contained on page 41 of the 1995 Annual Report to Shareholders.

The Company generally pays five dividends of varying amounts during its fiscal year computed on the basis described in Note 4, page 34 of the 1995 Annual Report to Shareholders. The annual dividends paid for the last three fiscal years are contained on page 30.

#### **Item 6. Selected Financial Data**

The 5-year selected financial data, contained on page 41 of the 1995 Annual Report to Shareholders, is incorporated in this Form 10-K Annual Report.\*

#### **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following information contained in the 1995 Annual Report to Shareholders is incorporated by reference in this Form 10-K Annual Report:\*

Management's Discussion and Analysis of Liquidity and Capital Resources and Results of Operations - pages 46-50.

#### **Item 8. Financial Statements and Supplementary Data**

The following information contained in the 1995 Annual Report to Shareholders is incorporated by reference in this Form 10-K Annual Report:\*

The consolidated financial statements and the report thereon of management and Price Waterhouse LLP dated December 1, 1995 - pages 26 through 40.

The selected quarterly financial data - page 41.

\*Except as specifically indicated herein, no other data appearing in the Company's 1995 Annual Report to Shareholders is deemed to be filed as part of this Form 10-K Annual Report.



## Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

### PART III

## Item 10. Directors and Executive Officers of the Registrant

The following information relates to Directors of the Company:  
<CAPTIONS>

Name	Date present term expires	Other positions and offices held	Year first became Director
Michael J. Gasser	(Note: All Directors are elected annually for the ensuing year and serve until their successors are elected and qualify. The annual meeting is held on the fourth Monday of February.)	See response below.	1991
Charles R. Chandler(A)		See response below.	1987
Naomi C. Dempsey(B)		None.	1995
Allan Hull(C)		See response below.	1947
Robert C. Macauley(D)		See response below.	1979
William B. Sparks, Jr.		See response below.	1995
J Maurice Struchen(E)		None.	1993

(A) Charles R. Chandler (age 60) has been, for more than the past five years, the President and Chief Operating Officer of Virginia Fibre Corporation. He is a member of the Executive and Audit Committees.

(B) Naomi C. Dempsey (age 79) is a member of the Compensation, Stock Option and Audit Committees.

(C) Allan Hull is and has been, for more than the past five years, a partner and practicing attorney with Hull and Hull, Legal Counsel, Cleveland, Ohio. See below for present positions with the Company.

(D) Robert C. Macauley (age 72) has been, for more than the past five years, the Chief Executive Officer of Virginia Fibre Corporation. He is a member of the Compensation Committee. He is also a director for W. R. Grace & Co.

**Item 10. Directors and Executive Officers of the Registrant**

(continued)

(E) J Maurice Struchen (age 75) has been, for more than the past five years, the retired former Chairman and Chief Executive Officer of Society Corporation. He is a member of the Compensation, Stock Option and Audit Committees. He is also a director for Forest City Enterprises, Inc.

Mr. Gasser, for more than the past five years, has been a full-time officer of the Company (see below).

Mr. Sparks was elected President and Chief Operating Officer in 1995. Prior to that time, he served as Chief Executive Officer of Down River International, Inc. (see below).

The following information relates to Executive Officers of the Company (elected annually):

Name	Age	Positions and Offices	Year first became Executive Officer
Michael J. Gasser	44	Chairman of the Board of Directors and Chief Executive Officer, member of the Executive and Finance Committees	1988
William B. Sparks, Jr.	54	Director, President and Chief Operating Officer, member of the Executive and Finance Committees	1995
Allan Hull	82	Director, Vice President, General Counsel, member of the Executive Committee	1964
John P. Berg	75	President Emeritus, member of the Finance Committee and General Manager of Western Division	1972
Lloyd D. Baker	62	Vice President, member of the Finance Committee	1975
Leonard W. Berkheimer	61	Vice President	1990
Michael M. Bixby	52	Vice President	1980
Richard R. Caron	63	Vice President	1990
Herbert L. Carpenter, Jr.	73	Vice President, General Manager of Cullman Supply Company	1976

Item 10. Directors and Executive Officers of the Registrant  
(continued)

Name	Age	Positions and Offices	Year first became Executive Officer
John P. Conroy	66	Vice President and Secretary	1991
Edward L. Dean	60	Vice President	1985
Dwight L. Dexter	44	Vice President	1990
Richard E. Gerstner	47	Vice President	1990
Harrison C. Golway, Jr.	66	Vice President	1985
C. J. Guilbeau	48	Vice President, General Manager of Eastern Division	1986
Thomas A. Haire	47	Vice President	1991
James A. Hale	55	Vice President	1990
Ralph A. Kelley	74	Vice President	1976
Jerry D. Kidd	60	Vice President	1992
Anthony Lanza	79	Vice President	1991
Sally W. Messner	59	Vice President	1993
Philip R. Metzger	48	Treasurer	1995
John B. Pope	80	Vice President	1995
Gail T. Randich	61	Vice President	1991
Lawrence A. Ratcliffe	54	Vice President and Director of Industrial Relations	1991
Russell J. Rehark	84	Treasurer Emeritus	1972
John S. Ries	53	Vice President	1994
James T. Robinson	53	Vice President	1990
Harley G. Sasse	50	Vice President	1990
Alvis H. Snipes	90	Vice President	1947
Robert G. Straley	44	Vice President	1990

Item 10. Directors and Executive Officers of the Registrant  
(continued)

Name	Age	Positions and Offices	Year first became Executive Officer
Kenneth R. Swanson	55	Vice President	1990
Ronald L. Waterman, Sr.	56	Vice President	1989
Jeffrey C. Wood	43	Vice President	1992

Except as indicated below, each Executive Officer has served in his present capacity for at least five years.

Mr. John P. Conroy was elected Vice President in 1991. During 1994, Mr. Conroy was elected Secretary. Prior to 1994, he was Assistant Secretary. Mr. Conroy has been a member of the Administrative Committee since 1972.

Mr. Thomas A. Haire was elected Vice President in 1991. During the last five years, he has been manager of the research facility located in Lindenhurst, New York and continues to serve in this capacity.

Mr. Anthony Lanza was elected Vice President in 1991. During the last five years, he has been General Manager - Steel Drum Operations for the former Seymour & Peck Division. He currently serves in this capacity for the Eastern Division.

Mr. Gail T. Randich was elected Vice President in 1991. During the last five years, he has served as Manager - Midwest Operations for the former Seymour & Peck Division. Mr. Randich continues to serve in this capacity for the Eastern Division.

Mr. Lawrence A. Ratcliffe was elected Vice President in 1991. During 1994, Mr. Ratcliffe became Director of Industrial Relations. Prior to 1994, he served as Assistant Director of Industrial Relations.

Mr. Jerry D. Kidd was elected Vice President in 1992. During the last five years, he has served as division purchasing manager for the former Norco and former West Coast Divisions. Mr. Kidd currently serves as division purchasing manager for the Western Division.

Mr. Jeffrey C. Wood was elected Vice President in 1992. Prior to that time, he has served as a divisional fleet manager for the former East Coast Division. Mr. Wood now performs this service in a corporate capacity. In 1994, Mr. Wood was elected to the Administrative Committee.

Mrs. Sally W. Messner was elected Vice President in 1993. During the last five years, she has served as tax manager for the Corporation. She continues to serve in this capacity.

Mr. John S. Ries was elected Vice President in 1994. During the last five years, he has been the Division Controller for the former Norco and former West Coast Divisions. He currently serves as Division Controller for the Western Division.

**Item 10. Directors and Executive Officers of the Registrant**

(concluded)

Mr. Philip R. Metzger was elected Treasurer in 1995. Prior to that time, he served as Assistant Treasurer and Assistant Controller.

Mr. John B. Pope was elected Vice President in 1995. During the last five years, Mr. Pope served as a manager in the corporate office.

**Item 11. Executive Compensation**

The following table sets forth the compensation for the three years ended October 31, 1995 for each of the named executive officers.

Name and Position	Year	Salary	Bonus	Deferred Compensation	All Other	Number of Stock Options Granted
Michael J. Gasser Chairman Chief Executive Officer	1995	\$205,615	\$166,841			30,000
	1994	\$143,166	\$99,999			
	1993	\$110,040	\$35,000			
Charles R. Chandler Director President and Chief Operating Officer of Virginia Fibre Corporation	1995	\$433,803	\$111,977	\$236,537	\$219,807	10,000
	1994	\$414,421	\$94,952	\$218,411	\$52,794	
	1993	\$423,308	\$126,013	\$201,670	\$21,294	
Robert C. Macauley Director Chief Executive Officer of Virginia Fibre Corporation	1995	\$316,500	\$106,065	\$56,222	\$1,873,470	
	1994	\$356,750	\$90,172	\$40,593	\$445,410	
	1993	\$353,550	\$104,782	\$33,990	\$146,520	
John P. Berg President Emeritus	1995	\$146,304	\$103,416			10,000
	1994	\$140,004	\$93,844			
	1993	\$132,766	\$88,532			
William B. Sparks, Jr. Director President and Chief Operating Officer	1995	\$173,048	\$105,000			20,000
	1994	\$140,616	\$53,000			
	1993	\$134,568	\$48,500			

## Item 11. Executive Compensation (continued)

For many years, the Board of Directors has voted bonuses to employees, acting within its complete discretion, based upon the progress of the Company, and upon the contributions of the particular employees to that progress, and upon individual merit, which determines, in the action of the Board, the bonus a specific employee may receive, if any.

Mr. Michael J. Gasser, Chairman and Chief Executive Officer, on November 1, 1995, entered into an employment agreement with Greif Bros. Corporation principally providing for (a) the employment of Mr. Gasser as Chairman and Chief Executive Officer for a term of 15 years; (b) the right of Mr. Gasser to extend his employment on a year-to-year basis until he reaches the age of 65; (c) the agreement of Mr. Gasser to devote all of his time, attention, skill and effort to the performance of his duties as an officer and employee of Greif Bros. Corporation, and; (d) the fixing of the minimum basic salary during such period of employment to the current year's salary plus any additional raises authorized by the Board of Directors within two fiscal years following October 31, 1995.

Mr. William B. Sparks, Jr., President and Chief Operating Officer, on November 1, 1995, entered into an employment agreement with Greif Bros. Corporation principally providing for (a) the employment of Mr. Sparks as President and Chief Operating Officer for a term of 11 years; (b) the agreement of Mr. Sparks to devote all of his time, attention, skill and effort to the performance of his duties as an officer and employee of Greif Bros. Corporation, and; (c) the fixing of the minimum basic salary during such period of employment to the current year's salary plus any additional raises authorized by the Board of Directors within two fiscal years following October 31, 1995.

Mr. Charles R. Chandler, President and Chief Operating Officer of Virginia Fibre Corporation, on August 1, 1986, entered into an employment agreement with Virginia Fibre Corporation, principally providing for (a) the employment of Mr. Chandler as President and Chief Operating Officer for a term of 15 years, (b) the agreement of Mr. Chandler to devote all of his time, attention, skill and effort to the performance of his duties as an officer and employee of Virginia Fibre Corporation, and (c) the fixing of minimum basic salary during such period of employment at \$150,000 per year. During the 1988 fiscal year the employment contract of Mr. Chandler was amended to increase the minimum basic salary during the remainder of the employment period to \$275,000 per year. During the 1992 fiscal year, the employment contract with Mr. Chandler was amended to give Mr. Chandler the right to extend his employment beyond the original term for up to 5 additional years.

Mr. Robert C. Macauley, Chairman and Chief Executive Officer of Virginia Fibre Corporation, on August 1, 1986, entered into an employment agreement with Virginia Fibre Corporation, principally providing for (a) the employment of Mr. Macauley as Chairman and Chief Executive Officer for a term of 10 years, (b) the agreement of Mr. Macauley to devote his time, attention, skill and effort to the performance of his duties as an officer and employee of Virginia Fibre Corporation, and (c) the fixing of minimum basic salary during such period of employment at \$175,000 per year. During the 1992 fiscal year, the employment contract with Mr. Macauley was amended to increase the original term to 18 years and to increase the minimum basic salary during the remainder of the employment period to \$275,000 per year.

Effective during fiscal 1993, no Directors' fees are paid to Directors who are full-time employees of the Company or its subsidiary companies. Directors who are not employees of the Company receive \$20,000 per year plus \$1,000 for each audit, compensation and stock option meeting that they attend.

Supplemental to the pension benefits, Virginia Fibre Corporation has deferred compensation contracts with Robert C. Macauley and Charles R. Chandler. These contracts are designed to supplement the Company's defined benefit pension plan only if the executive retires

**Item 11. Executive Compensation (continued)**

under such pension plan at or after age 65, or if the executive becomes permanently disabled before attaining age 65. No benefit is paid to the executive under this contract if death precedes retirement. The deferred compensation is payable to the executive or his spouse for a total period of 15 years.

Under the above Deferred Compensation Contracts, the annual amounts payable to the executive or his surviving spouse are diminished by the amounts receivable under the Virginia Fibre Corporation's defined benefit pension plan. Mr. Macauley's estimated accrued benefit from the Deferred Compensation Contract is \$85,502 per year for 10 years and \$57,001 per year for an additional 5 years. Mr. Chandler's estimated accrued benefit from the Deferred Compensation Contract is \$202,137 per year for 10 years and \$134,758 per year for an additional 5 years.

The dollar amount in the all other category is the compensation attributable to the 1991 Virginia Fibre Corporation stock option plan to certain key Virginia Fibre Corporation employees. This amount is the difference between the option price and the value attributable to the stock based upon the performance of Virginia Fibre Corporation.

During 1995, the Company adopted an Incentive Stock Option Plan which provides the granting of incentive stock options to key employees and non-statutory options for non-employees. The aggregate number of the Company's Class A Common Stock which options may be granted shall not exceed 1,000,000 shares. Under the terms of the Plan, options are granted at exercise prices equal to the market value on the date the options are granted and become exercisable after two years from the date of grant.

The following table sets forth certain information with respect to options to purchase Class A Common Stock granted during the year ended October 31, 1995 to each of the named executive officers.

Name	OPTION GRANTS TABLE			Potential Net Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (2)			
	Individual Grants % of Total Options Granted to Number of Options Granted (1)	Employees in Fiscal Year	Exercise Price Per Share	Expiration Date	5%	10%	
Michael J. Gasser	30,000	15%	\$26.19	04/17/05	\$494,123	\$1,252,203	
Charles R. Chandler	10,000	5%	\$26.19	04/17/05	\$164,708	\$417,401	
Robert C. Macauley	-0-	-0-%	N/A	N/A	N/A	N/A	
John P. Berg	10,000	5%	\$26.19	04/17/05	\$164,708	\$417,401	
William B. Sparks, Jr.	20,000	10%	\$26.19	04/17/05	\$329,415	\$834,802	

(1) The options granted are exercisable on April 17, 1997.

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

**Item 11. Executive Compensation (continued)**

The following table sets forth certain information with respect to the exercise of options to purchase Class A Common Stock during the year ended October 31, 1995, and the unexercised options held and the value thereof at that date, by each of the named executive officers:

AGGREGATE OPTION EXERCISES AND FISCAL  
YEAR-END OPTION VALUES TABLE

Name	Shares Acquired on Exercise	Value Realized upon Exercise	Number of Unexercised Options Held at Year-End		Value of In-The-Money Options Held at Year-End	
			Exer- cisable	Unexer- cisable	Exer- cisable	Unexer- cisable
Michael J. Gasser	-0-	\$-0-	-0-	30,000	\$-0-	\$-0-
Charles R. Chandler	-0-	\$-0-	-0-	10,000	\$-0-	\$-0-
Robert C. Macauley	-0-	\$-0-	-0-	-0-	\$-0-	\$-0-
John P. Berg	-0-	\$-0-	-0-	10,000	\$-0-	\$-0-
William B. Sparks, Jr.	-0-	\$-0-	-0-	20,000	\$-0-	\$-0-

In 1991, the shareholders of Virginia Fibre Corporation granted non-incentive (as defined in the Internal Revenue Code) stock options to Mr. Robert C. Macauley to purchase up to 135,000 shares of common stock of Virginia Fibre Corporation at a price of \$31.26 per share. The options are exercisable for a period of 15 years from the date of grant.

In addition to the above, Mr. Macauley and Mr. Charles R. Chandler were granted incentive stock options to purchase shares of Virginia Fibre Corporation stock. Mr. Macauley has the option to purchase up to 15,000 shares of Virginia Fibre Corporation stock at an option price, \$35.00, which was not less than 110% of the fair market value of such stock at the time the options were granted. Mr. Chandler has the option to purchase up to 22,050 shares of Virginia Fibre Corporation stock at a price of \$31.26 per share. The options are exercisable for a period of 10 years from the date of grant.

No options were exercised during 1995, 1994 or 1993 by Mr. Macauley or Mr. Chandler.

DEFINED BENEFIT PENSION TABLE  
Annual Benefit for Years of Service

Remuneration	15	20	25	30
\$375,000	\$26,250	\$35,000	\$43,750	\$52,500
\$270,000	\$26,250	\$35,000	\$43,750	\$52,500
\$200,000	\$26,250	\$35,000	\$43,750	\$52,500
\$140,000	\$24,500	\$32,667	\$40,833	\$49,000



**Item 11. Executive Compensation (continued)**

Name of individual or number of persons in group	Credited Years of service	Remuneration used for Calculation of Annual Benefit	Estimated annual benefits under retirement plan
Michael J. Gasser	16	\$253,554	\$28,000
John P. Berg	38	\$234,955	\$52,500
William B. Sparks, Jr.	1	\$235,400	\$1,750
Charles R. Chandler	23	\$209,224	\$48,122
Robert C. Macauley	23	\$209,224	\$48,122

The registrant's pension plan is a defined benefit pension plan with benefits based upon the average of the three consecutive highest-paying years of total compensation and upon years of credited service up to 30 years.

The annual retirement benefits under the defined benefit pension plan of the registrant's subsidiary, Virginia Fibre Corporation, are calculated at 1% per year based upon the average of the five highest out of the last ten years of salary compensation.

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

The annual compensation for Mr. Macauley and Mr. Chandler is reviewed annually by the compensation committee of the Board of Directors of Virginia Fibre Corporation, made up of primarily outside members of that Board and is based primarily on the performance of Virginia Fibre Corporation.

The annual compensation for Michael J. Gasser, Chairman of the Board and Chief Executive Officer of the Registrant, is reviewed annually by the Compensation Committee of the Board of Directors. Mr. Gasser's salary is based upon various measurements which are tied to the performance of Greif Bros. Corporation.

The Compensation Committee, made up primarily of outside directors, reviews the total compensation paid to Mr. Gasser and other executive officers.

**Members of the Compensation Committee are:**

Naomi C. Dempsey  
Robert C. Macauley  
J Maurice Struchen

**Item 11. Executive Compensation (concluded)**

The following graph compares the Registrant's stock performance to that of the Standard and Poor's 500 Index and its industry group (Peer Index). This graph, in the opinion of management, would not be free from the claim that it fails to fully and accurately represent the true value of the Company.

YEAR	STOCK PERFORMANCE CHART		
	GBC STOCK	S&P 500 INDEX	PEER INDEX
1990	100	100	100
1991	125	129	172
1992	129	138	175
1993	142	154	149
1994	159	155	184
1995	184	191	192

The Peer Index is comprised of the paper containers index and paper and forest products index as shown in the Standard & Poor's Statistical Services Guide.

**Item 12. Security Ownership of Certain Beneficial Owners and Management**

The following ownership is as of December 15, 1995:

Name and Address	Class of stock	Type of ownership	Number of shares	Percent of class
Naomi C. Dempsey 782 W. Orange Road Delaware, Ohio	Class B	Record and Beneficially	6,043,236	50.35%
Naomi C. Dempsey, Trustee	Class B	See (1) below	1,663,040	13.86%
John C. Dempsey 621 Pennsylvania Avenue Delaware, Ohio	Class B	Record and Beneficially	480,000	4.00%
Robert C. Macauley 161 Cherry Street New Canaan, Connecticut	Class B	Record and Beneficially	1,200,000	10.00%

(1) Held by Naomi C. Dempsey as successor trustee in the Naomi A. Coyle Trust. John C. Dempsey is the beneficial owner of these shares.

The following information regarding directors is as of December 15, 1995:

Name	Title and Percent of Class	
	Class A	%
Charles R. Chandler	400	-0-%
Naomi C. Dempsey	-0-	-0-%
Michael J. Gasser	-0-	-0-%
Allan Hull	-0-	-0-%
Robert C. Macauley	-0-	-0-%
William B. Sparks, Jr.	1,086	0.01%
J Maurice Struchen	-0-	-0-%

**Item 12. Security Ownership of Certain Beneficial Owners and Management (concluded)**

Name	Title and Class B	Percent of Class %
Charles R. Chandler	4,000	0.03%
Naomi C. Dempsey	7,706,276	64.21%
Michael J. Gasser	11,798	0.10%
Allan Hull	149,600	1.25%
Robert C. Macauley	1,200,000	10.00%
William B. Sparks, Jr.	6,248	0.05%
J Maurice Struchen	7,400	0.06%

In addition to the above referenced shares, Messrs. Gasser, Hull and Baker serve as Trustees of the Greif Bros. Corporation Employees' Retirement Income Plan, which holds 123,752 shares of Class A Common Stock and 76,880 shares of Class B Common Stock. Messrs. Conroy, Hull and Ratcliffe serve as Trustees for the Greif Bros. Corporation Retirement Plan for Certain Hourly Employees, which holds 875 shares of Class B Common Stock. The Trustees of these plans, accordingly, share voting power in these shares.

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

Each class of the following equity securities are owned or controlled by management (i.e. all Directors and Officers) as of December 15, 1995:

Title of class of stock	Amount beneficially owned	Percent of class
Class A	10,108	0.09%
Class B	9,211,236	76.70%

**Item 13. Certain Relationships and Related Transactions**

The law firm of Hull & Hull received \$525,950 in fees for legal services to the Corporation plus reimbursement of out-of-pocket expenses of \$42,120. Mr. Allan Hull, attorney-at-law, is Vice President, General Counsel, member of the Executive Committee and a Director of Greif Bros. Corporation and a partner in the firm of Hull & Hull.

**Item 13. Certain Relationships and Related Transactions**

(concluded)

A subsidiary of the Company annually contributes money to a world-wide relief organization. The founder and chairman of this non-profit organization is also the founder and chairman of the subsidiary company and is a director of the Registrant. During 1995 the subsidiary company contributed approximately \$4,250,000 to this organization.

There are loans that have been made by the Company to certain employees, including certain officers and directors of the Company.

**PART IV****Item 14. Exhibits, Financial Statement Schedules and Reports on**

Form 8-K

(a) The following documents are filed as part of this report:	Page in Annual Report*
(1) Financial Statements:	
Consolidated Statements of Income for the three years ended October 31, 1995	26
Consolidated Balance Sheets at October 31, 1995 and 1994	27-28
Consolidated Statements of Cash Flows for the three years ended October 31, 1995	29
Consolidated Statements of Changes in Shareholders' Equity for the three years ended October 31, 1995	30
Notes to Consolidated Financial Statements	31-38
Report of Management's Responsibilities	39
Report of Independent Accountants	40
Selected Quarterly Financial Data (unaudited)	41

\* Incorporated by reference from the indicated pages of the 1995 Annual Report to Shareholders.

**Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K (concluded)**

(2) Financial Statement Schedules:

Report of Independent Accountants on Financial Statement Schedules

Consolidated Valuation and Qualifying Accounts and Reserves (Schedule II)

(3) Exhibits:

No.

(11.) Statements Re: Computation of Per Share Earnings

(13.) 1995 Annual Report to Shareholders

(21.) Subsidiaries of the Registrant

(b) Reports on Form 8-K

(1) No reports on Form 8-K have been filed during the last quarter of fiscal 1995.

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

The individual financial statements of the Registrant have been omitted since the Registrant is primarily an operating company and all subsidiaries included in the consolidated financial statements, in the aggregate, do not have minority equity interests and/or indebtedness to any person other than the Registrant or its consolidated subsidiaries in amounts which exceed 5% of total consolidated assets at October 31, 1995, excepting indebtedness incurred in the ordinary course of business which is not in default.

## SIGNATURES

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

**GREIF BROS. CORPORATION**  
(Registrant)

Date	January 10, 1996	By
		John K. Dieker Controller

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

Michael J. Gasser  
Chairman of the Board of Directors  
Directors

Charles R. Chandler  
Member of the Board of

Naomi C. Dempsey  
Member of the Board of Directors

Allan Hull  
Member of the Board of Directors

Robert C. Macauley  
Member of the Board of Directors

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

J Maurice Struchen  
Member of the Board of Directors

Each of the above signatures is affixed as of January 10, 1996.

**REPORT OF INDEPENDENT ACCOUNTANTS ON  
FINANCIAL STATEMENT SCHEDULES**

To the Board of Directors  
of Greif Bros. Corporation

Our audits of the consolidated financial statements referred to in our report dated December 1, 1995 appearing on page 40 of the 1995 Annual Report to Shareholders of Greif Bros. Corporation, (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedules listed in Item 14 (a) (2) of this Form 10-K. In our opinion, these Financial Statement Schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

**PRICE WATERHOUSE LLP**

Columbus, Ohio  
December 1, 1995



## SCHEDULE II

### GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

#### CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS AND RESERVES (IN \$000)

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Year ended October 31, 1993:					
Reserves deducted from applicable assets:					
For doubtful items-- trade accounts receivable	\$ 965	\$364	\$24 (A)	\$414 (B)	\$ 939
For doubtful items-- other notes and accounts receivable	697	-0-	-0-	-0-	697
Total reserves deducted from applicable assets	\$1,662	\$364	\$24	\$414	\$1,636
Year ended October 31, 1994:					
Reserves deducted from applicable assets:					
For doubtful items-- trade accounts receivable	\$ 939	\$398	\$23 (A)	\$371 (B)	\$ 989
For doubtful items-- other notes and accounts receivable	697	-0-	-0-	-0-	697
Total reserves deducted from applicable assets	\$1,636	\$398	\$23	\$371	\$1,686
Year ended October 31, 1995:					
Reserves deducted from applicable assets:					
For doubtful items-- trade accounts receivable	\$ 989	\$536	\$37 (A)	\$773 (B)	\$ 789
For doubtful items-- other notes and accounts receivable	697	-0-	-0-	-0-	697
Total reserves deducted from applicable assets	\$1,686	\$536	\$37	\$773	\$1,486

(A) Collections of accounts previously written off.

(B) Accounts written off.

## EXHIBIT 11

### STATEMENTS RE: COMPUTATION OF PER SHARE EARNINGS

Net income per share was calculated using the following number of shares for the periods presented:

	Year Ended October 31,		
	1995	1994	1993
Class A Common Stock	10,873,172	10,873,172	10,873,172
Class B Common Stock	13,252,073	13,344,148	13,436,204

	Three Months Ended October 31,		
	1995	1994	1993
Class A Common Stock	10,873,172	10,873,172	10,873,172
Class B Common Stock	13,201,793	13,311,326	13,425,650

## EXHIBIT 13

### GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

#### CONSOLIDATED STATEMENTS OF INCOME

	(Dollars in thousands, except per share amounts)		
For the years ended October 31,	1995	1994	1993
Net sales	\$719,345	\$583,526	\$526,765
Other income:			
Interest and other	5,822	6,113	6,077
Gain on timber sales	8,067	4,604	5,618
	733,234	594,243	538,460
Costs and expenses (including depreciation of \$22,944 in 1995, \$21,717 in 1994 and \$18,845 in 1993):			
Cost of products sold	561,118	480,666	440,578
Selling, general and administrative	73,733	60,518	58,078
Interest	472	1,447	203
	635,323	542,631	498,859
Income before income taxes	97,911	51,612	39,601
Taxes on income	37,778	17,858	14,992
Net income	\$ 60,133	\$ 33,754	\$ 24,609

Net income per share (based on the average number of shares outstanding during the year, adjusted for two-for-one stock split):

Based on the assumption that earnings were allocated to Class A and Class B Common Stock to the extent that dividends were actually paid for the year and the remainder were allocated as they would be received by shareholders in the event of liquidation, that is, equally to Class A and Class B shares, share and share alike:

	1995	1994	1993
Class A Common Stock	\$2.39	\$1.32	\$ .94
Class B Common Stock	\$2.58	\$1.46	\$1.08

Due to the special characteristics of the Company's two classes of stock (see Note 4), earnings per share can be calculated upon the basis of varying assumptions, none of which, in the opinion of management, would be free from the claim that it fails fully and accurately to represent the true interest of the shareholders of each class of stock and in the retained earnings.

[FN]

See accompanying Notes to Consolidated Financial Statements

## GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

## CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

ASSETS	October 31,	1995	1994
CURRENT ASSETS			
Cash and cash equivalents		\$ 31,612	\$ 29,543
U.S. and Canadian government securities		18,981	23,970
Trade accounts receivable -- less allowance of \$789 for doubtful items (\$989 in 1994)		76,950	69,501
Inventories, at the lower of cost (prin- cipally last-in, first-out) or market		53,876	50,944
Prepaid expenses and other		16,482	14,384
Total current assets		197,901	188,342
LONG TERM ASSETS			
Cash surrender value of life insurance		2,838	2,618
Interest in partnership		1,091	1,091
Other long term assets		6,977	5,853
		10,906	9,562
PROPERTIES, PLANTS AND EQUIPMENT -- at cost			
Timber properties -- less depletion		4,518	3,639
Land		11,014	10,521
Buildings		104,892	99,936
Machinery, equipment, etc.		319,785	291,426
Construction in progress		42,102	18,136
Less accumulated depreciation		(223,456)	(202,488)
		258,855	221,170
		\$467,662	\$419,074

See accompanying Notes to Consolidated Financial Statements

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEETS  
(Dollars in thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY		
October 31,	1995	1994
CURRENT LIABILITIES		
Accounts payable	\$ 35,935	\$ 32,948
Current portion of long term obligations	264	249
Accrued payrolls and employee benefits	10,882	7,082
Accrued taxes -- general	1,954	1,952
Taxes on income 0	126	713
Total current liabilities	49,161	42,944
LONG TERM OBLIGATIONS (interest rates from 4.81% - 8.00%; payable to 2002)	14,101	27,966
OTHER LONG TERM LIABILITIES	18,305	14,265
DEFERRED INCOME TAXES	13,562	6,960
Total long term liabilities	45,968	49,191
SHAREHOLDERS' EQUITY		
Capital stock, without par value	9,034	9,034
Class A Common Stock:		
Authorized 32,000,000 shares;		
issued 21,140,960 shares;		
outstanding 10,873,172 shares		
Class B Common Stock:		
Authorized and issued 17,280,000 shares;		
outstanding 13,201,793 shares		
(13,308,348 in 1994)		
Treasury stock, at cost	(40,776)	(38,129)
Class A Common Stock: 10,267,788 shares		
Class B Common Stock: 4,078,207 shares		
(3,971,652 in 1994)		
Retained earnings	407,665	359,712
Cumulative translation adjustment	(3,390)	(3,678)
	372,533	326,939
	\$467,662	\$419,074

See accompanying Notes to Consolidated Financial Statements

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

For the years ended October 31,	1995	1994	1993
Cash flows from operating activities:			
Net income	\$60,133	\$33,754	\$24,609
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and depletion	23,002	21,758	18,881
Deferred income taxes	6,597	4,011	1,133
(Gain) loss on disposals of properties, plants and equipment	(331)	4	175
(Increase) decrease:			
Trade accounts receivable	(7,449)	(12,900)	(543)
Inventories	(2,932)	(8,244)	
5,190			
Prepaid expenses and other	(2,098)	(1,591)	(1,009)
Other long term assets	(1,344)	(848)	554
Increase (decrease):			
Accounts payable	2,987	10,526	2,325
Accrued payrolls and employee benefits	3,800	1,289	708
Accrued taxes -- general	2	332	(55)
Taxes on income	(587)	(735)	(1,318)
Other long term liabilities	4,040	693	(1,175)
Net cash provided by operating activities	85,820	48,049	49,475
Cash flows from investing activities:			
Sales of investments in government securities	9,211	22,177	26,512
Purchases of investments in government securities	(4,223)	(19,214)	(21,553)
Purchase of properties, plants and equipment	(61,066)	(40,682)	(74,521)
Proceeds on disposals of properties, plants and equipment	745	166	103
Net cash used by investing activities	(55,333)	(37,553)	(69,459)
Cash flows from financing activities:			
Proceeds from issuance of long term debt	12,000	7,700	28,108
Payments on long term debt	(25,849)	(7,876)	(677)
Acquisition of treasury stock	(2,647)	(1,789)	(952)
Dividends paid	(12,180)	(9,139)	(9,176)
Net cash (used) provided by financing activities	(28,676)	(11,104)	17,303
Foreign currency translation adjustment	258	(676)	(1,931)
Net increase (decrease) in cash and cash equivalents	2,069	(1,284)	(4,612)
Cash and cash equivalents at beginning of year	29,543	30,827	35,439
Cash and cash equivalents at end of year	\$31,612	\$29,543	\$30,827

See accompanying Notes to Consolidated Financial Statements

## GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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

	Capital Stock		Treasury Stock		Retained	Trans-	Share-
	Shares	Amount	Shares	Amount	Earnings	lation	holders'
						Adjust-	Equity
						ment	
Balance at							
November 1, 1992	24,322	\$9,034	14,099	\$(35,388)	\$319,664	\$ (425)	\$292,885
Net income					24,609		24,609
Dividends paid (Note):							
Class A - \$.30					(3,262)		(3,262)
Class B - \$.44					(5,914)		(5,914)
Treasury shares							
acquired	(49)		49	(952)			(952)
Translation loss						(2,399)	(2,399)
Balance at							
October 31, 1993	24,273	9,034	14,148	(36,340)	335,097	(2,824)	304,967
Net income					33,754		33,754
Dividends paid (Note):							
Class A - \$.30					(3,262)		(3,262)
Class B - \$.44					(5,877)		(5,877)
Treasury shares							
acquired	(91)		91	(1,789)			(1,789)
Translation loss						(854)	(854)
Balance at							
October 31, 1994	24,182	9,034	14,239	(38,129)	359,712	(3,678)	326,939
Net income					60,133		60,133
Dividends paid (Note):							
Class A - \$.40					(4,349)		(4,349)
Class B - \$.59					(7,831)		(7,831)
Treasury shares							
acquired	(107)		107	(2,647)			(2,647)
Translation gain						288	288
Balance at							
October 31, 1995	24,075	\$9,034	14,346	\$(40,776)	\$407,665	\$(3,390)	\$372,533

NOTE: Dividends paid during the calendar years 1995, 1994 and 1993, relating to the results of operations for the fiscal years ended October 31, 1995, 1994 and 1993, were as follows:

1995 calendar year dividends per share - Class A \$.40; Class B \$.59  
1994 calendar year dividends per share - Class A \$.34; Class B \$.50  
1993 calendar year dividends per share - Class A \$.30; Class B \$.44

See accompanying Notes to Consolidated Financial Statements

**GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Consolidation**

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries.

**Revenue Recognition**

Revenue is recognized when goods are shipped.

**Income Taxes**

Income taxes are accounted for under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". In accordance with this statement, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as measured by tax rates currently in effect.

**Cash and Cash Equivalents**

The Company considers highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. Included in these amounts are repurchase agreements and certificates of deposit of \$6,800,000 and \$11,700,000, respectively, in 1995 (\$7,500,000 and \$9,400,000, respectively, in 1994).

**U.S. and Canadian Government Securities**

There are no U.S. marketable securities at October 31, 1995.

The Canadian government securities are classified as available-for-sale and, as such, are reported at their fair value which approximates amortized cost. These securities have maturities to 2001.

During 1995, the Company received \$3,600,000 in proceeds from the sale of available-for-sale securities. The realized gains and losses included in income are immaterial.

**Inventories**

Inventories are comprised principally of raw materials and are stated at the lower of cost (principally on last-in, first-out basis) or market. If inventories were stated on the first-in, first-out basis, they would be \$57,600,000 greater in



1995, \$49,000,000 greater in 1994 and \$42,800,000 greater in 1993. During 1995 and 1993 the Company experienced slight LIFO liquidations which were deemed to be immaterial to the Consolidated Financial Statements.

### **Interest in Partnership**

The 50% interest in Macauley & Company, in which the Company is a limited partner, is accounted for on the cost basis since, as a limited partner, the Company cannot participate in the management of the limited partnership.

### **Properties, Plants and Equipment**

Depreciation on properties, plants and equipment is provided by the straight line method over the estimated useful lives of the assets. Accelerated depreciation methods are used for federal income tax purposes. Expenditures for repairs and maintenance are charged to income as incurred.

Depletion on timber properties is computed on the basis of cost and the estimated recoverable timber acquired.

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

### **Foreign Currency Translation**

In accordance with Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation", the assets and liabilities denominated in foreign currency are translated into U.S. dollars at the current rate of exchange existing at year-end and revenues and expenses are translated at the average monthly exchange rates.

The cumulative translation adjustments which represent the effect of translating assets and liabilities of the Company's foreign operation are presented in the Consolidated Statements of Changes in Shareholders' Equity. The transaction gains and losses included in income are immaterial.

### **Operations by Industry Segment**

Information concerning the Company's industry segments, presented on pages 43-45, is an integral part of these financial statements.

### **Reclassifications**

Certain prior year amounts have been reclassified to conform to the 1995 presentation.

## NOTE 2--INTEREST IN PARTNERSHIP

Effective November 6, 1995, Macauley & Company (the Partnership) was liquidated. Prior to the liquidation, the Partnership held Class B Common Stock (2,400,000 shares) of the Company. Upon liquidation, the Company received 1,200,000 shares of the Class B Common Stock. The Company will record the liquidation by crediting interest in partnership and charging an equal amount to treasury stock.

## NOTE 3--LONG TERM OBLIGATIONS

The Company's long term obligations include the following as of October 31 (Dollars in thousands):

	1995	1994
Current portion of long term obligations	\$ 264	\$ 249
Long term obligations	\$12,076	\$25,702
Capital lease	2,025	2,264
Total long term obligations	\$14,101	\$27,966

During 1992, a subsidiary of the Company entered into an unsecured revolving loan agreement, as amended in 1995, with a bank for \$25 million of financing through 1996. On October 31, 1995, there were no outstanding long term obligations. The interest is an adjustable rate tied to the London Interbank Offered Rates. There is no penalty for prepayment. As part of this revolving loan agreement, the subsidiary agreed to certain provisions and restrictions including a restriction on its additional indebtedness.

On November 16, 1994, a different subsidiary of the Company signed a loan commitment letter for an eight year unsecured revolving line of credit with a bank for \$17 million. On October 31, 1995, the amount in long term obligations was \$12 million. This revolving credit arrangement was used to finance the construction of a manufacturing plant in Michigan which was completed in November 1995. At the Company's discretion, the interest rate may be tied to either the London Interbank Offered Rates plus 50 basis points or the bank's prime rate less 25 basis points. There is no penalty for prepayment. As part of the revolving credit arrangement, the subsidiary agreed to certain restrictions including a restriction on its additional indebtedness.

During 1993, the Company entered into a capital lease agreement covering the land, building and machinery and equipment at one of its plant locations. The amount that is capitalized under this agreement is \$2,708,000 and has accumulated depreciation of \$416,000 as of October 31, 1995 (\$227,000 as of October 31, 1994). In addition to the capital lease, the Company has entered into non-cancelable operating leases for buildings and office space. The future minimum lease payments for the non-cancelable operating leases are \$556,000 in 1996, \$418,000 in 1997, \$318,000 in 1998, \$178,000 in 1999, \$64,000 in 2000 and \$116,000 thereafter. Rent expense was \$3,246,000 in 1995, \$2,553,000 in 1994 and \$2,555,000 in 1993.

Annual maturities of the long term obligations and capital lease are \$392,000 in 1996, \$391,000 in 1997, \$388,000 in 1998, \$2,675,000 in 1999, \$3,731,000 in 2000 and \$7,276,000 thereafter. The amount that represents future executory costs and interest payments for the capital lease is \$488,000 as of October 31, 1995 (\$630,000 as of October 31, 1994).

During 1995, the Company paid \$1,359,000 of interest (\$1,599,000 in 1994 and \$363,000 in 1993) for the long term obligations and capital lease. Interest of \$780,000 in 1995, \$211,000 in 1994 and \$272,000 in 1993 was capitalized.

#### **NOTE 4--CAPITAL STOCK**

In March 1995, authorized Class A Common Stock was increased from 16,000,000 shares to 32,000,000 shares and Class B Common Stock from 8,640,000 shares to 17,280,000 shares. At the same time, all issued shares were split two-for-one.

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 1/2 cent a share per year. Further distribution in any year must be made in proportion of 1 cent a share for Class A Common Stock to 1-1/2 cents a share for Class B Common Stock. The Class A Common Stock shall have no voting power nor shall it be entitled to notice of meetings of the shareholders, all rights to vote and all voting power being vested exclusively in the Class B Common Stock unless four quarterly cumulative dividends upon the Class A Common Stock are in arrears. There is no cumulative voting.

#### **NOTE 5--STOCK OPTIONS**

During 1995, the Company adopted an Incentive Stock Option Plan (the Plan) which provides the granting of incentive stock options to key employees and non-statutory options for non-employees. The aggregate number of the Company's Class A Common Stock which options may be granted shall not exceed 1,000,000 shares. Under the terms of the Plan, options are granted at exercise prices equal to the market value on the date the options are granted and become exercisable after two years from the date of grant. Options expire ten years after date of grant.

In 1995, 155,000 and 44,500 incentive stock options have been granted with option prices of \$26.19 per share and \$22.94 per share, respectively. In addition, 10,000 non-statutory options have been granted with option prices of \$23.75 per share.

Virginia Fibre Corporation has existing stock option plans under which additional shares may be issued but with restrictions which ensure that, ultimately, these shares will be purchased by the Company. If all of these options were fully exercised, and no shares were purchased by the Company, Greif Bros. Corporation would then be the record holder of approximately 90% of the outstanding stock of Virginia Fibre Corporation.

## NOTE 6--INCOME TAXES

Income tax expense is comprised as follows (Dollars in thousands):

	U.S. Federal	Foreign	State and Local	Total
1995:				
Current	\$27,053	\$ 1,616	\$ 3,567	\$32,236
Deferred	3,655	258	1,629	5,542
	\$30,708	\$ 1,874	\$ 5,196	\$37,778
1994:				
Current	\$10,592	\$ 1,882	\$ 2,166	\$14,640
Deferred	4,767	(196)	(1,353)	3,218
	\$15,359	\$ 1,686	\$ 813	\$17,858
1993:				
Current	\$10,290	\$ 1,483	\$ 2,117	\$13,890
Deferred	1,221	(119)	--	1,102
	\$11,511	\$ 1,364	\$ 2,117	\$14,992

Foreign income before income taxes amounted to \$4,452,000 in 1995 (\$4,111,000 in 1994 and \$3,208,000 in 1993).

During 1994, the Company was awarded a Virginia state tax credit. The state of Virginia allows a tax credit equal to 10% of the qualified purchase for the recycled paper machine in the year the equipment was placed in service and for five additional years, subject to certain income and percentage limitations.

The following is a reconciliation of the U.S. statutory federal income tax rate to the Company's effective tax rate:

	1995	1994	1993
U.S. federal statutory tax rate	35.0%	35.0%	34.8%
State taxes, net of federal tax benefit	3.9%	1.0%	3.5%
Other	(.3%)	(1.4%)	(.4%)
Effective income tax rate	38.6%	34.6%	37.9%

Significant components of the Company's deferred tax assets and liabilities are as follows (Dollars in thousands):		
	1995	1994
Current deferred tax assets	\$ 4,244	\$ 2,804
Current deferred tax liabilities	\$ 36	\$ 32
Book basis on acquired assets	\$12,264	\$13,257
Other	3,791	1,656
Long term deferred tax assets	\$16,055	\$14,913
Plants and equipment	\$25,823	\$17,625
Undistributed Canadian net income	1,402	1,402
Pension costs	1,733	1,737
Other	659	1,109
Long term deferred tax liabilities	\$29,617	\$21,873

Deferred income taxes have been provided on accumulated earnings that could be considered as not permanently reinvested in the Canadian subsidiary. As of October 31, 1995, permanently reinvested earnings are \$17,150,000. If deferred taxes were provided on permanently reinvested earnings, the amount would approximate \$1 million.

During 1995, the Company paid \$27,680,000 in U. S. Federal income taxes (\$10,898,000 in 1994 and \$10,639,000 in 1993).

#### **NOTE 7--RETIREMENT PLANS**

The Company has non-contributory defined benefit pension plans that cover most of its employees. These plans include plans self-administered by the Company along with Union administered multi-employer plans. The self-administered hourly and Union plans' benefits are based primarily upon years of service. The self-administered salaried plan's benefits are based primarily on years of service and earnings. The Company contributes an amount that is not less than the minimum funding nor more than the maximum tax-deductible amount to these plans. The plans' assets consist of unallocated insurance contracts, equity securities, government obligations and the allowable amount of the Company's stock (123,752 shares of Class A Common Stock and 77,755 shares of Class B Common Stock at October 31, 1995 and 1994).

The pension expense for the plans included the following  
(Dollars in thousands):

	1995	1994	1993
Service cost, benefits earned during the year	\$ 2,365	\$ 1,415	\$ 1,427
Interest cost on projected benefit obligation	3,839	2,444	2,167
Actual return on assets	(2,464)	(1,844)	(4,244)
Net amortization	(1,919)	(1,699)	813
	1,821	316	163
Multi-employer and non-U.S. pension expense	790	341	384
Total pension expense	\$ 2,611	\$ 657	\$ 547

The range of weighted average discount rate and expected long term rate of return on plan assets used in the actuarial valuation was 7.0% - 9.0% for 1995, 1994 and 1993. The rate of compensation increases for salaried employees used in the actuarial valuation range from 4.0% - 6.5% for 1995, 1994 and 1993.

The following table sets forth the plans' funded status and amounts recognized in the Consolidated Financial Statements (Dollars in thousands):

	ASSETS EXCEED ACCUMULATED BENEFITS		ACCUMULATED BENEFITS EXCEED ASSETS	
	1995	1994	1995	1994
Actuarial present value of benefit obligations:				
Vested benefit obligation	\$30,816	\$22,568	\$ 8,389	\$ 8,209
Accumulated benefit obligation	\$31,122	\$22,828	\$10,152	\$ 9,440
Projected benefit obligation	\$45,027	\$32,290	\$10,152	\$ 9,440
Plan assets at fair value	\$48,399	\$45,591	\$ 9,290	\$ 8,552
Plan assets greater than (less than) projected benefit obligation	\$ 3,372	\$13,301	\$ (862)	\$ (888)
Unrecognized net (gain) loss	(7,806)	1,889	897	(1,952)
Prior service cost not yet recognized in net periodic pension cost	7,077	513	1,880	1,940
Adjustment required to recognize minimum liability	--	--	(938)	(1,013)
Unrecognized net obligation (asset) from transition	1,056	(11,851)	(1,839)	1,025
Prepaid pension cost (liability)	\$ 3,699	\$ 3,852	\$ (862)	\$ (888)

During 1995 and 1994, the Company, in accordance with the provisions of Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions", recorded the "adjustment required to recognize minimum liability". The amount was offset by a long term asset, of an equal amount, recognized in the Consolidated Financial Statements.

## **REPORT OF MANAGEMENT'S RESPONSIBILITIES**

To the Shareholders of  
Greif Bros. Corporation

The Company's management is responsible for the financial and operating information included in this Annual Report to Shareholders, including the Consolidated Financial Statements of Greif Bros. Corporation and its subsidiaries. These statements were prepared in accordance with generally accepted accounting principles and, as such, include certain estimates and judgements made by management.

The system of internal accounting control, which is designed to provide reasonable assurance as to the integrity and reliability of financial reporting, is established and maintained by the Company's management. This system is continuously reviewed by the internal auditor of the Company. In addition, Price Waterhouse LLP, an independent accounting firm, audits the financial statements of Greif Bros. Corporation and its subsidiaries and issues reports to management concerning the internal controls of the Company. The Audit Committee of the Board of Directors meets periodically with the internal auditor and the independent accountants to discuss the internal control structure and the results of their audits.

Michael J. Gasser John K. Dieker Chairman and Chief Executive Officer Controller



## REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and the  
Board of Directors of  
Greif Bros. Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of changes in shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Greif Bros. Corporation and its subsidiaries at October 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended October 31, 1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse LLP Columbus, Ohio December 1, 1995

QUARTERLY FINANCIAL DATA (Unaudited)

The quarterly results of operations for fiscal 1995 and 1994 are shown below (Dollars in thousands, except per share amounts).

	Quarter ended,			
	Jan. 31, 1995	Apr. 30, 1995	July 31, 1995	Oct. 31, 1995
Net sales	\$170,058	\$184,869	\$184,159	\$180,259
Gross profit	37,400	37,969	46,148	36,710
Net income	15,378	14,881	17,588	12,286

Net income per share:

Assuming distributions as actually paid out in dividends and the balance as in liquidation:

Class A Common Stock	\$ .58	\$ .60	\$ .71	\$ .50
Class B Common Stock	\$ .68	\$ .63	\$ .74	\$ .53

Market price (Class A Common Stock):

High	\$27-1/2	\$28-7/8	\$27-3/8	\$25-1/2
Low	\$21-3/16	\$25	\$22-1/4	\$21-1/4

	Quarter ended,			
	Jan. 31, 1994	Apr. 30, 1994	July 31, 1994	Oct. 31, 1994
Net sales	\$128,772	\$139,916	\$147,629	\$167,209
Gross profit	19,593	22,732	26,025	34,510
Net income	4,564	6,352	8,701	14,137

Net income per share:

Assuming distributions as actually paid out in dividends and the balance as in liquidation:

Class A Common Stock	\$ .15	\$ .25	\$ .35	\$ .57
Class B Common Stock	\$ .23	\$ .27	\$ .37	\$ .59

Market price (Class A Common Stock):

High	\$21-3/4	\$21-1/2	\$19-15/16	\$23-1/4
Low	\$18-7/8	\$19	\$18-5/8	\$19-1/2

The prior year per share amounts have been adjusted to reflect the two-for-one stock split (see Note 4 to the Consolidated Financial Statements).

The Class A Common Stock is traded on the Chicago Stock Exchange. There is no active market for the Class B Common Stock.

As of November 30, 1995, there were 812 shareholders of record of Class A Common Stock and 199 shareholders of Class B Common Stock.

SELECTED FINANCIAL DATA

(Dollars in thousands, except per share amounts)

YEAR ENDED OCTOBER 31

	1995	1994	1993	1992	1991
Net sales	\$719,345	\$583,526	\$526,765	\$510,995	\$437,379
Net income	\$ 60,133	\$ 33,754	\$ 24,609	\$ 29,719	\$ 23,923
Total assets	\$467,662	\$419,074	\$381,183	\$340,173	\$327,693
Long term obligations	\$ 14,101	\$ 27,966	\$ 28,015	\$ 768	\$ 916
Dividends per share of common stock:					
Class A Common Stock	\$ .40	\$ .30	\$ .30	\$ .28	\$ .28
Class B Common Stock	\$ .59	\$ .44	\$ .44	\$ .41	\$ .41

Net income per share:

Based on the assumption that earnings were allocated to Class A and Class B Common Stock to the extent that dividends were actually paid for the year and the remainder were allocated as they would be received by shareholders in the event of liquidation, that is, equally to Class A and Class B shares, share and share alike:

	1995	1994	1993	1992	1991
Class A Common Stock	\$2.39	\$1.32	\$ .94	\$1.15	\$ .91
Class B Common Stock	\$2.58	\$1.46	\$1.08	\$1.28	\$1.04

Due to the special characteristics of the Company's two classes of stock (see Note 4 to the Consolidated Financial Statements), earnings per share can be calculated upon the basis of varying assumptions, none of which, in the opinion of management, would be free from the claim that it fails fully and accurately to represent the true interest of the shareholders of each class of stock and in the retained earnings.

The prior year per share amounts have been adjusted to reflect the two-for-one stock split (see Note 4 to the Consolidated Financial Statements).

## **THE BUSINESS**

The Company principally manufactures shipping containers and containerboard and related products which it sells to customers in many industries primarily in the United States and Canada, through direct sales contact with its customers. There were no significant changes in the business since the beginning of the fiscal year.

The Company operates 95 locations in 29 states of the United States and in 3 provinces of Canada and as such is subject to federal, state, local and foreign regulations in effect at the various localities.

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

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

The Company's business is highly competitive in all respects (price, quality and service) and the Company experiences substantial competition in selling its products. Many of the Company's competitors are larger than the Company.

While research and development projects are important to the Company's continued growth, the amount expended in any year is not material in relation to the results of operations of the Company.

The Company's raw materials are principally pulpwood, waste paper for recycling, paper, steel and resins. In the current year, as in prior years, certain of these materials have been in short supply, but to date these shortages have not had a significant effect on the Company's operations.

The Company's business is not materially dependent upon patents, trademarks, licenses or franchises.

The business of the Company is not seasonal to any significant extent.

The approximate number of persons employed during the year was 4,500.

### **Industry Segments**

The Company operates in two industry segments, shipping containers and materials (shipping containers) and containerboard and related products (containerboard).

Operations in the shipping containers segment involve the production and sale of fibre, steel and plastic drums, multiwall bags, cooperage, dunnage, pallets, laminated particle board, wood cut stock and miscellaneous items. These products are manufactured and principally sold throughout the United States and Canada.

Operations in the containerboard segment involve the production and sale of containerboard, both virgin and recycled, and related corrugated products including corrugated sheets and corrugated containers. These products are manufactured and sold in the United States and Canada.

In computing operating profit for the two industry segments, interest expense, other income and expense, timber property management costs and income taxes have not been added or deducted. These latter amounts, excluding income taxes, comprise general corporate other income and expense, net.

Each segment's operating assets are those assets used in the manufacture and sale of shipping containers or containerboard. Corporate assets are principally cash, marketable securities, timber properties and other investments.

The following segment information is presented for the three years ended October 31, 1995, except as to asset information which is as of October 31 (Dollars in thousands):

	1995	1994	1993
Net sales:			
Shipping containers	\$392,505	\$353,992	\$340,326
Containerboard	326,840	229,534	186,439
Total	\$719,345	\$583,526	\$526,765
Operating profit:			
Shipping containers	\$ 9,059	\$ 9,573	\$ 6,709
Containerboard	80,476	30,306	18,354
Total segment	89,535	39,879	25,063
General corporate other income and expense, net	8,376	11,733	14,538
Income before income taxes	97,911	51,612	39,601
Income taxes	37,778	17,858	14,992
Net income	\$ 60,133	\$ 33,754	\$ 24,609
Identifiable assets:			
Shipping containers	\$190,982	\$179,794	\$170,783
Containerboard	220,213	178,053	146,550
Total segment	411,195	357,847	317,333
Corporate assets	56,467	61,227	63,850
Total	\$467,662	\$419,074	\$381,183
Depreciation expense:			
Shipping containers	\$ 13,114	\$ 13,271	\$ 13,697
Containerboard	9,765	8,388	5,097
Total segment	22,879	21,659	18,794
Corporate assets	65	58	51
Total	\$ 22,944	\$ 21,717	\$ 18,845
Property additions:			
Shipping containers	\$ 12,540	\$ 16,226	\$ 15,503
Containerboard	47,593	24,065	58,453
Total segment	60,133	40,291	73,956
Corporate assets	933	391	565
Total	\$ 61,066	\$ 40,682	\$ 74,521

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FINANCIAL DATA

Presented below are certain comparative data illustrative of the following discussion of the Company's results of operations, financial condition and changes in financial condition (Dollars in thousands):

	1995	1994	1993	1992
Net sales:				
Shipping containers	\$392,505	\$353,992	\$340,326	\$335,012
Containerboard	326,840	229,534	186,439	175,983
Total	\$719,345	\$583,526	\$526,765	\$510,995
Operating profit:				
Shipping containers	\$ 9,059	\$ 9,573	\$ 6,709	\$ 16,292
Containerboard	80,476	30,306	18,354	18,194
Total	\$ 89,535	\$ 39,879	\$ 25,063	\$ 34,486
Net Income	\$ 60,133	\$ 33,754	\$ 24,609	\$ 29,719
Current ratio	4.0:1	4.4:1	5.4:1	6.1:1
Cash flow from operations	\$ 85,820	\$ 48,049	\$ 49,475	\$ 42,567
Increase (decrease) in working capital	\$ 3,342	\$ 7,202	\$(15,105)	\$(2,991)
Capital expenditures	\$ 61,066	\$ 40,682	\$ 74,521	\$ 43,406

### RESULTS OF OPERATIONS

The 1995 results of operations established a record for net sales and net income of the Company. Net sales to customers, compared with the previous year, increased \$136 million or 23% in 1995. Net income increased \$26 million or 78% over last year.

Historically, revenues or earnings may or may not be representative of future operations because of various economic factors. As explained below, the Company is subject to the general economic conditions of its customers and the industry in which it is included.

The Company remains confident that, with the financial strength that it has built over its 118 year existence, it will be able to adequately compete in highly competitive markets.

#### Net Sales

The containerboard segment had an increase in net sales of \$97 million in 1995, which is due primarily to higher sales prices. The increase in sales prices resulted from shortages in the containerboard and related products industry. In addition, there was a less significant increase in unit sales of the segment because of the inclusion of an entire year of sales in 1995 for the 325 ton per day

recycled paper machine at a subsidiary of the Company which was completed in December 1993.

The shipping containers segment had an increase in sales of \$38 million in 1995, resulting from more volume because of capital expenditures made in the current and prior years. In addition, there were some sales price increases that were made because of the increase in the cost of the Company's raw materials.

The increase in sales in 1994 of 10.8% was primarily the result of the addition of the recycled paper machine, discussed above, coupled with shortages in containerboard and related products that resulted in increased selling prices. Other capital expenditures made in 1994 and previous years also contributed to this increase.

The increase in sales in 1993 of 3.1% was the result of capital additions expended in 1993 and previous years offset by reduced selling prices on some of the Company's products. The price decreases resulted from competitive price pressures.

### **Operating Profit**

The overall increase in operating profit since the prior year is due to higher net sales, as discussed above, and a better gross profit margin of 22.0% of net sales in 1995 compared to 17.6% of net sales in 1994. This improvement in the gross profit margin is due to a higher percent of the net sales being comprised of the containerboard segment, which has a higher gross profit margin than the Company's other segment.

The operating profit of the containerboard segment is \$80 million or 24.6% of net sales in 1995 compared to \$30 million or 13.2% of net sales in 1994. This increase is due to the increase in sales coupled with more favorable gross profit margins. The increase in 1994 as compared to the two prior years is also due to these reasons.

The operating profit of the shipping containers segment is \$9 million or 2.3% of net sales in 1995 compared to \$10 million or 2.7% of net sales in 1994. The operating profits of this segment have decreased since fiscal 1992 due to severe price pressures on its products, especially during 1993. In addition, the Company's cost of certain raw materials have continued to increase over the past couple years. However, due to the Company's ongoing efforts to reduce operating costs by cost control measures, manufacturing innovations and capital expenditures, the operating profits have increased from 1993 to 1995.

### **Other Income**

The other income of the Company increased in 1995 primarily due to the sale of timber properties and more salvage timber sales. The increase in volume of timber sales was accompanied by higher timber prices.



The 1994 other income, compared with the previous year, decreased due to less timber sales.

The 1993 other income was adversely affected by the reduced rates available on the Company's investable funds. The Company's investable funds were also reduced due to the significant capital additions during the year. This reduction in other income was offset to a degree by the large amount of timber sales in 1993. These sales were the result of the harvest of mature timber in certain areas.

### **Income Before Income Taxes**

In 1995, income before income taxes increased because of higher sales and more favorable gross profit margins. In addition, as discussed above, there was an increase in the sale of timber and timber properties in the current year.

The 1994 increase in income before income taxes was the result of the sales increase and increase in gross margin. This increase was slightly offset by a reduction in timber sales and an increase in interest expense that resulted from the Company's long term obligations.

The 1993 decrease in income before income taxes was the result of competitive price pressures of the Company's products, coupled with increases in the cost of certain raw materials.

## **LIQUIDITY AND CAPITAL RESOURCES**

As indicated in the Consolidated Balance Sheets, elsewhere in this Report and in the ratios set forth immediately above, the Company is dedicated to maintaining a strong financial position. It is our belief that this dedication is extremely important during all economic times.

The Company's financial strength is important to continue to achieve the following goals:

- (a) To protect the assets of the Company and the intrinsic value of shareholders' equity in periods of adverse economic conditions.
- (b) To respond to any large and presently unanticipated cash demands that might result from future drastic events.
- (c) To be able to benefit from new developments, new products and new opportunities in order to achieve the best results for our shareholders.
- (d) To replace and improve plants and equipment. When plants and production machinery must be replaced, either because of wear or to obtain the cost-reducing potential of technological improvement required to remain a low cost producer in the

highly competitive environment in which the Company operates, the cost of new plants and machinery are often much higher, sometimes significantly higher, than the historical cost of the items being replaced.

The Company, during 1995, invested approximately \$61 million in capital additions. During the last three years, the Company has invested \$176 million. The Company began operations in its new injection molding facility in Durant, Mississippi during the year. This location replaced an existing operation at a nearby location. In addition, a subsidiary of the Company built a new manufacturing plant in Mason, Michigan in 1995. The new plant, which caused a significant increase in construction in progress as compared to the prior year, was completed in November 1995. As noted in our 1993 Report to Shareholders, the Company during 1993 undertook a major addition at Virginia Fibre Corporation. This project was completed in December 1993 and resulted in additional capacity for 1994 and 1995.

Self-financing and low interest rate borrowing have been the primary source for such capital expenditures. The Company will attempt to finance future capital expenditures in a like manner. While there is no commitment to continue such a practice, at least one new manufacturing plant or a major addition to an existing plant has been undertaken in each of the last three years.

These investments are an indication of the Company's commitment to be the quality, low cost producer and the desirable long term supplier to all of our customers.

(e) To continue to pay competitive and sound remuneration, including the ever-increasing costs of employee benefits, to Company employees who produce the results for the Company's shareholders.

During 1995, the Company performed a complete study of the compensation and retirement policies. As a result of this study, an Incentive Stock Option Plan was implemented. In addition, improvements were made to the pension plans and a 401(k) Plan was begun to supplement the benefits of our office and salaried employees.

Management believes that the present financial strength of the Company will be sufficient to achieve the foregoing goals.

In spite of such necessary financial strength, the Company's shipping containers business, where packages manufactured by Greif Bros. Corporation are purchased by other manufacturers and suppliers, is wholly subject to the general economic conditions and business success of the Company's customers.

Similarly, the Company's containerboard and related products business is also subject to the general economic conditions and the effect of the operating rates of the containerboard industry, including pricing pressures from its competition.

The historical financial strength generated by these segments has enabled them to remain independently liquid during adverse economic conditions.

Long term obligations are lower at October 31, 1995 compared to October 31, 1994 due to the pre-payment of long term debt. The decrease caused by this pre-payment was partially offset by additional long term debt which was incurred to build the plant in Mason, Michigan.

During 1995, a subsidiary company approved a \$35 million mill modernization program in Virginia. In addition, the Company has approved future purchases, primarily for equipment, of approximately \$11 million. As explained above, self-financing and low interest rate borrowing have been the primary source for financing such capital expenditures.

\*\*\*\*\*

Greif Bros. Corporation will furnish to any shareholder of record, upon written request, without charge, a copy of its most recently filed Form 10-Q and/or Form 10-K, as filed with the Securities and Exchange Commission. Written requests should be directed to Secretary, Greif Bros. Corporation, 621 Pennsylvania

Avenue, Delaware, Ohio 43015.

## EXHIBIT 21

### SUBSIDIARIES OF REGISTRANT

The following companies are wholly-owned subsidiaries of the Company and are included in the consolidated financial statements:

Name of Subsidiary	Incorporated Under Laws of
Barzon Corporation	Delaware
Down River International, Inc.	Michigan
Greif Board Corporation	Delaware
Greif Containers Inc.	Canada
Michigan Packaging Company	Delaware
Soterra, Incorporated	Delaware
Virginia Fibre Corporation	Virginia

## ARTICLE 5

This schedule contains summary financial information extracted from the Form 10-K and is qualified in its entirety by reference to such Form 10-K.

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	OCT 31 1995
PERIOD END	OCT 31 1995
CASH	31,612
SECURITIES	18,981
RECEIVABLES	77,739
ALLOWANCES	(789)
INVENTORY	53,876
CURRENT ASSETS	197,901
PP&E	482,311
DEPRECIATION	223,456
TOTAL ASSETS	467,662
CURRENT LIABILITIES	49,161
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	9,034
OTHER SE	363,499
TOTAL LIABILITY AND EQUITY	467,662
SALES	719,345
TOTAL REVENUES	733,234
CGS	561,118
TOTAL COSTS	561,118
OTHER EXPENSES	73,733
LOSS PROVISION	0
INTEREST EXPENSE	472
INCOME PRETAX	97,911
INCOME TAX	37,778
INCOME CONTINUING	60,133
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	60,133
EPS PRIMARY	2.39 <sup>1</sup>
EPS DILUTED	2.39 <sup>1</sup>

<sup>1</sup> Amount represents the earnings per share for the Class A Common Stock. The earnings per share for the Class B Common Stock are \$2.58.

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**End of Filing**

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