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

# FORM 8-K

## CURRENT REPORT

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

**Date of Report (Date of earliest event reported): December 13, 2011 (December 7, 2011)**

# GREIF, INC.
**(Exact name of registrant as specified in its charter)**

| Delaware | 001-00566 | 31-4388903 |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

| 425 Winter Road, Delaware, Ohio | 43015 |
|---|---|
| (Address of principal executive offices) | (Zip Code) |

**Registrant's telephone number, including area code: (740) 549-6000**

**Not Applicable**
**(Former name or former address, if changed since last report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Section 2 – Financial Information**

**Item 2.02. Results of Operations and Financial Condition.**

On December 7, 2011, Greif, Inc. (the "Company") issued a press release (the "Earnings Release") announcing the financial results for its fourth quarter and fiscal year ended October 31, 2011. The full text of the Earnings Release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The Earnings Release included the following non-GAAP financial measures (the "non-GAAP Measures"):

(i) net income attributable to the Company before special items on a consolidated basis, which is equal to net income attributable to the Company plus restructuring charges, restructuring-related inventory charges, acquisition-related costs and non-cash asset impairment charges, each item net of tax, on a consolidated basis;

(ii) diluted earnings per Class A share and per Class B share before special items on a consolidated basis, which is equal to diluted earnings per Class A share and per Class B share, respectively, plus restructuring charges, restructuring-related inventory charges, acquisition-related costs and non-cash asset impairment charges, each item net of tax, on a consolidated basis;

(iii) operating profit before special items on a consolidated basis, which is equal to operating profit plus restructuring charges, restructuring -related inventory charges, acquisition-related costs and non-cash asset impairment charges on a consolidated basis;

(iv) operating profit before special items for each of the Company's business segments, which is equal to a business segment's operating profit plus that segment's restructuring charges, restructuring-related inventory charges, acquisition-related costs and non-cash asset impairment charges, as applicable to that segment;

(v) EBITDA of the Company on a consolidated basis, which is equal to net income attributable to the Company plus interest expense, net plus income tax expense less equity earnings of unconsolidated affiliates, net of tax plus depreciation, depletion and amortization on a consolidated basis;

(vi) EBITDA for each of the Company's business segments, which is equal to a business segment's operating profit less that segment's other expenses (income), net plus that segment's depreciation, depletion and amortization expense, as applicable to that segment;

(vii) EBITDA of the Company before special items on a consolidated basis, which is equal to EBITDA plus restructuring charges, restructuring-related inventory charges, acquisition-related costs and non-cash asset impairment charges on a consolidated basis;

(viii) EBITDA before special items for each of the Company's business segments, which is equal to a business segment's EBITDA plus that segment's restructuring charges, restructuring-related inventory charges, acquisition-related costs and non-cash asset impairment charges, as applicable to that segment;

(ix) net working capital of the Company on a consolidated basis, which is equal to current assets less current liabilities less cash and cash equivalents on a consolidated basis; and

(x) net debt of the Company on a consolidated basis, which is equal to long-term debt plus current portion of long-term debt plus short-term borrowings less cash and cash equivalents on a consolidated basis.

Management of the Company uses the non-GAAP Measures to evaluate ongoing operations and believes that these non-GAAP Measures are useful to enable investors to perform meaningful comparisons of current and historical performance of the Company. Management of the Company also believes that the non-GAAP measures provide a more stable platform on which to compare the historical performance of the Company than the most nearly equivalent GAAP data.

**Section 7 – Regulation FD**

**Item 7.01. Regulation FD Disclosure.**

On December 8, 2011, management of the Company held a conference call with interested investors and financial analysts to discuss the Company's financial results for its fourth quarter and fiscal year ended October 31, 2011. The file transcript is attached as Exhibit 99.2 to this Current Report on Form 8-K.

**Section 8 – Other Events**

**Item 8.01 Other Events.**

Exhibit 99.3 to this Form 8-K includes certain quarterly statistical information for Greif, Inc. and its subsidiaries for the two fiscal years ended October 31, 2011. This information is being disclosed under both Items 7.01 and 8.01 of this Form 8-K and shall be considered furnished under Item 7.01 and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section.

## Section 9 – Financial Statements and Exhibits

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

| Exhibit No. | Description |
| --- | --- |
| 99.1 | Press release issued by Greif, Inc. on December 7, 2011 announcing the financial results for its fourth quarter and fiscal year ended October 31, 2011. |
| 99.2 | File transcript of conference call held by management of Greif, Inc. on December 8, 2011. |
| 99.3 | Greif, Inc. – certain quarterly statistical information for the two fiscal years ended October 31, 2011. |

SIGNATURES

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

GREIF, INC.

Date: December 13, 2011

By /s/ Robert M. McNutt
Robert M. McNutt,
Senior Vice President and Chief Financial Officer

## EXHIBIT INDEX

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**EXHIBIT 99.1**

# Greif Reports Quarter and Fiscal 2011 Results

DELAWARE, Ohio (Dec. 7, 2011) – Greif, Inc. (NYSE: GEF, GEF.B), a global leader in industrial packaging products and services, today announced results for its fourth quarter and fiscal year, which ended Oct. 31, 2011. The company reported:

- Fiscal 2011 net sales of $4.2 billion, operating profit of $337.1 million, net income of $176.1 million or $3.01 per diluted Class A share, operating profit before special items of $396.5 million, net income before special items of $218.2 million or $3.73 per diluted Class A share before special items and EBITDA before special items of $526.6 million; and

- Fourth quarter net sales of $1.1 billion, operating profit of $69.1 million, net income of $20.8 million or $0.36 per diluted Class A share, operating profit before special items of $94.9 million, net income before special items of $39.0 million or $0.64 per diluted Class A share before special items and EBITDA before special items of $132.3 million.

| | Quarter ended October 31, | | Year ended October 31, | |
|---|---|---|---|---|
| **(Dollars in millions, except per-share amounts)** | **2011** | **2010** | **2011** | **2010** |
| Selected Financial Highlights | | | | |
| Net sales | $ 1,131.5 | $ 993.9 | $ 4,248.0 | $ 3,461.6 |
| Operating profit | 69.1 | 106.3 | 337.1 | 325.4 |
| Operating profit before special items | 94.9 | 119.6 | 396.5 | 379.4 |
| Net income attributable to Greif, Inc. | 20.8 | 76.6 | 176.1 | 210.0 |
| Net income attributable to Greif, Inc. before special items | 39.0 | 88.8 | 218.2 | 255.3 |
| Diluted Class A earnings per share | 0.36 | 1.30 | 3.01 | 3.58 |
| Diluted Class A earnings per share before special items | 0.64 | 1.51 | 3.73 | 4.35 |
| EBITDA [1] | 106.5 | 134.5 | 467.2 | 434.3 |
| EBITDA [1] before special items | 132.3 | 147.8 | 526.6 | 488.3 |
| Special Items | | | | |
| Restructuring charges | $ 19.1 | $ 6.2 | $ 30.5 | $ 26.7 |
| Restructuring-related inventory charges | — | — | — | 0.1 |
| Acquisition-related costs | 5.2 | 7.1 | 24.4 | 27.2 |
| Non-cash asset impairment charges | 1.5 | — | 4.5 | — |
| Total special items | $ 25.8 | $ 13.3 | $ 59.4 | $ 54.0 |
| Total special items, net of tax | $ 18.2 | $ 12.2 | $ 42.1 | $ 45.3 |

| | October 31, 2011 | October 31, 2010 |
|---|---|---|
| Working capital [2] | $ 375.5 | $ 367.8 |
| Net working capital [2] | 248.1 | 260.8 |
| Long-term debt | 1,345.1 | 953.1 |
| Net debt [3] | 1,367.5 | 919.5 |

David B. Fischer, president and chief executive officer, said, "The 2011 results included record net sales and record operating profit before special items and asset gains for the company as well as annual records for several of our businesses; however, our consolidated results were impacted by a decline in industrial packaging demand, particularly in Western Europe, and increased market pressure on both margins and volumes during the second half of the year. As in the past, management is responding promptly and decisively through specific contingency actions to mitigate future impact."

**Consolidated Results**

Fiscal 2011

1 EBITDA is defined as net income plus interest expense, net plus income tax expense less equity earnings of unconsolidated subsidiaries, net of tax plus depreciation, depletion and amortization.

2 Working capital represents current assets less current liabilities. Net working capital represents working capital less cash and cash equivalents.

3 Net debt represents long-term debt plus the current portion of long-term debt plus short-term borrowings less cash and cash equivalents.

Note: A reconciliation of the differences between all non-GAAP financial measures used in this release with the most directly comparable GAAP financial measures is included in the financial statements that are a part of this release.

Net sales were $4,248.0 million for 2011 compared with $3,461.6 million for 2010. The 23 percent increase was due to higher sales volumes (13 percent), which included an 11 percent increase from acquisitions and a 2 percent increase in same-structure volumes, increased selling prices (7 percent) primarily resulting from the pass-through of higher raw material costs and the positive impact of foreign currency translation (3 percent). The higher sales volumes were primarily due to acquisitions in the Rigid Industrial Packaging & Services and Flexible Products & Services segments plus same-structure growth in all segments.

Gross profit increased to $801.2 million for 2011 compared to $703.7 million for 2010 primarily due to higher sales volumes. Gross profit margin declined to 18.9 percent for 2011 compared with 20.3 percent for 2010, principally due to sales mix, inability to capture all cost increases in the Rigid Industrial Packaging & Services segment and higher costs of old corrugated containers in the Paper Packaging segment.

Selling, general and administrative (SG&A) expenses were $448.4 million for 2011 compared with $363.0 million for 2010. The $85.4 million increase was primarily due to the inclusion of SG&A expenses for acquired companies ($48.2 million), the negative impact of foreign currency translation ($10.1 million), higher professional fees ($11.7 million) and non-cash asset impairment charges ($4.5 million). Acquisition-related costs of $24.4 million and $27.2 million were also included in SG&A expenses for 2011 and 2010, respectively. SG&A expenses, as a percentage of net sales, were 10.6 percent and essentially flat year over year.

Operating profit was $337.1 million for 2011 and $325.4 million for 2010. Operating profit before special items was $396.5 million for 2011 compared with $379.4 million for 2010. The $17.1 million increase was due to Flexible Products & Services ($22.5 million increase), Paper Packaging ($13.8 million increase) and Land Management ($10.0 million increase), partially offset by Rigid Industrial Packaging & Services ($29.2 million decrease).

Interest expense, net, was $79.5 million for 2011 compared with $65.8 million for 2010. The increase was primarily due to the higher level of debt resulting from acquisitions and related working capital requirements.

Income tax expense was $71.1 million and $40.5 million for 2011 and 2010, respectively. The company's book tax rate was 29.2 percent for 2011 compared to 16.1 percent last year. The difference in the book tax rate was primarily attributable to the change in global earnings mix, which caused a higher percentage of the company's income to be generated from countries with higher tax rates, recognition of valuation allowances on deferred tax assets in 2011, an incremental benefit from an alternative fuel tax credit in 2010 and other discrete tax items recognized in these periods. Cash taxes related to 2011 activity were approximately 19%.

Net income was $176.1 million, or $3.01 per diluted Class A share and $4.52 per diluted Class B share, for 2011 and $210.0 million, or $3.58 per diluted Class A share and $5.40 per diluted Class B share, for 2010. Net income before special items was $218.2 million for 2011 compared with $255.3 million for 2010. Diluted earnings per share before special items were $3.73 compared to $4.35 per Class A share and $5.60 compared to $6.56 per Class B share for 2011 and 2010, respectively.

EBITDA was $467.2 million and $434.3 million for 2011 and 2010, respectively. EBITDA before special items was $526.6 million for 2011 compared with $488.3 million for 2010; this $38.3 million increase was primarily due to improved operating profit before special items for the Flexible Products & Services, Paper Packaging and Land Management segments.

Fourth Quarter of 2011

Net sales were $1,131.5 million for the fourth quarter of 2011 compared with $993.9 million for the fourth quarter of 2010. The 14 percent increase was due to higher sales volumes (7 percent), which included a 11 percent increase from acquisitions and a 4 percent decrease in same-structure volumes, increased selling prices (4 percent) primarily resulting from the pass-through of higher raw material costs and the positive impact of foreign currency translation (3 percent). The higher sales volumes were primarily due to acquisitions in the Rigid Industrial Packaging & Services and Flexible Products & Services segments and higher volumes in the Paper Packaging segment. The improved sales volumes were partially offset by weak market conditions and increased market pressure, especially in Western Europe.

Gross profit was $206.4 million for the fourth quarters of 2011 and 2010. Gross profit, as a percent of net sales, was 18.2 percent for the fourth quarter of 2011 and 20.8 percent for the fourth quarter of 2010. The decrease in gross profit margin was primarily due to sales mix, increased costs other than raw materials in the Rigid Industrial Packaging & Services segment and higher old corrugated container costs in the Paper Packaging segment compared to a year ago.

SG&A expenses were $118.9 million for the fourth quarter of 2011 compared with $98.4 million for the fourth quarter of 2010. The $20.5 million increase was primarily due to the inclusion of SG&A expenses for acquired companies ($13.1 million), the negative impact of foreign currency translation ($2.7 million) and higher professional fees ($5.3 million), partially offset by a reduction in performance-based incentive accruals. Acquisition-related costs of $5.2 million and $7.1 million were also included in SG&A expenses for the fourth quarters of 2011 and 2010, respectively. SG&A expenses, as a percentage of net sales, were 10.5 percent for the fourth quarter of 2011 compared with 9.9 percent for the fourth quarter of 2010.

Operating profit was $69.1 million for the fourth quarter of 2011 and $106.3 million for the fourth quarter of 2010. Operating profit before special items was $94.9 million for the fourth quarter of 2011 compared with $119.6 million for the fourth quarter of 2010. The $24.7 million decrease was due to Rigid Industrial Packaging & Services ($20.9 million decrease), Paper Packaging ($7.5 million decrease) and Land Management ($0.1 million decrease), partially offset by Flexible Products & Services ($3.8 million increase).

Interest expense, net, was $25.7 million for the fourth quarter of 2011 compared with $18.2 million for the fourth quarter of 2010. The increase was primarily due to the higher level of debt resulting from acquisitions and related working capital requirements.

Income tax expense was $21.5 million and $8.9 million for the fourth quarters of 2011 and 2010, respectively. The company’s annual book tax rate increased to 29.2 percent compared to 24.3 percent for the first nine months of 2011 due to a shift in global earnings mix, which caused a higher percentage of the company’s income to be generated from countries with higher tax rates, significantly impacting the fourth quarter book tax rate.

Net income was $20.8 million, or $0.36 per diluted Class A share and $0.53 per diluted Class B share, for the fourth quarter of 2011 and $76.6 million, or $1.30 per diluted Class A share and $1.97 per diluted Class B share, for the fourth quarter of 2010. Net income before special items was $39.0 million for the fourth quarter of 2011 compared with $88.8 million for the fourth quarter of 2010. Diluted earnings per share before special items was $0.64 compared to $1.51 per Class A share and $0.96 compared to $2.28 per Class B share for the fourth quarters of 2011 and 2010, respectively.

EBITDA was $106.5 million and $134.5 million for the fourth quarters of 2011 and 2010, respectively. EBITDA before special items was $132.3 million for the fourth quarter of 2011 compared with $147.8 million for the fourth quarter of 2010; this $15.5 million decrease was primarily due to lower operating profit before special items for the Rigid Industrial Packaging & Services segment.

**Segment Results**

Rigid Industrial Packaging & Services

Net sales were $3,014.1 million for 2011 compared with $2,587.9 million for 2010. The 17 percent increase was primarily due to higher sales volumes (6 percent), which included a 4 percent increase from acquisitions and a 2 percent increase in same-structure volumes, higher selling prices (7 percent) primarily resulting from the pass-through of higher input costs and the positive impact of foreign currency translation (4 percent).

Net sales were $812.3 million for the fourth quarter of 2011 compared with $704.8 million for the fourth quarter of 2010. The 15 percent increase was primarily due to higher sales volumes (5 percent), which included an 11 percent increase from acquisitions and a 6 percent decrease in same-structure volumes, higher selling prices

(6 percent) primarily resulting from the pass-through of higher input costs, and the positive impact of foreign currency translation (4 percent), partially offset by lower sales volumes due to decreased demand in Western Europe on a same-structure basis.

Gross profit margin declined to 18.7 percent for 2011 from 20.9 percent for 2010 and to 17.9 percent for the fourth quarter of 2011 from 20.5 percent for the fourth quarter of 2010. The reductions from prior periods were primarily due to sales mix and increased market pressure on margins and volumes.

Operating profit was $226.3 million and $262.3 million for 2011 and 2010, respectively. Operating profit before special items was $261.8 million for 2011 compared to $291.0 million for 2010. Operating profit was $42.1 million and $77.8 million for the fourth quarters of 2011 and 2010, respectively. Operating profit before special items was $63.3 million for the fourth quarter of 2011 compared to $84.2 million for the fourth quarter of 2010. These decreases were primarily due to the lower gross profit margins for this segment.

EBITDA was $307.0 million and $336.3 million for 2011 and 2010, respectively. EBITDA was impacted by restructuring charges of $24.1 million and $21.0 million, acquisition-related costs of $9.9 million and $7.6 million and non-cash asset impairment charges of $1.5 million and zero for 2011 and 2010, respectively. EBITDA before special items was $342.5 million for 2011 and $365.0 million for 2010. EBITDA was $65.7 million and $96.5 million for the fourth quarters of 2011 and 2010, respectively. EBITDA was impacted by restructuring charges of $16.1 million and $5.1 million, acquisition-related costs of $3.6 million and $1.3 million and non-cash asset impairment charges of $1.5 million and zero for the fourth quarters of 2011 and 2010, respectively. EBITDA before special items was $86.9 million for the fourth quarter of 2011 and $102.9 million for the fourth quarter of 2010. EBITDA before special items was primarily lower due to the reduction in gross profit margins for this segment.

Flexible Products & Services

Net sales were $538.0 million for 2011 compared with $233.1 million for 2010. Net sales were $134.0 million for the fourth quarter of 2011 compared with $104.4 million for the fourth quarter of 2010. The increases were primarily due to same-structure growth and sales attributable to flexible intermediate bulk container companies acquired during 2010.

Gross profit margin increased to 21.4 percent for 2011 from 21.1 percent for 2010. Gross profit margin increased to 21.8 percent for the fourth quarter of 2011 from 19.5 percent for the fourth quarter of 2010. The change in gross profit margin was primarily due to operating efficiencies attributable to the Greif Business System.

Operating profit was $16.9 million for 2011 and operating loss was $1.4 million for 2010, respectively. Operating profit before special items increased to $41.3 million for 2011 from $18.8 million for 2010. Operating profit was $5.7 million and $0.1 million for the fourth quarters of 2011 and 2010, respectively. Operating profit before special items increased to $10.3 million for the fourth quarter of 2011 from $6.5 million for the fourth quarter of 2010. These increases were primarily due to acquisitions during 2010 and the improved gross profit margins for this segment.

EBITDA was $32.1 million and $2.3 million for 2011 and 2010, respectively. EBITDA was impacted by restructuring charges of $6.9 million and $0.6 million, acquisition-related costs of $14.5 million and $19.6 million and a non-cash asset impairment charge of $3.0 million and zero for 2011 and 2010, respectively. EBITDA before special items increased to $56.5 million for 2011 from $22.5 million for 2010. EBITDA was $10.4 million and $1.9 million for the fourth quarters of 2011 and 2010, respectively. EBITDA was impacted by restructuring charges of $3.0 million and $0.6 million and acquisition-related costs of $1.6 million and $5.8 million for the fourth quarters of 2011 and 2010, respectively. EBITDA before special items increased to $15.0 million for the fourth quarter of 2011 from $8.3 million for the fourth quarter of 2010. These improvements were primarily due to acquisitions during 2010 and improved gross profit margins for this segment.

Paper Packaging

Net sales were $675.0 million for 2011 compared with $624.1 million for 2010. The 8.2 percent increase in net sales was primarily due to higher sales volumes and higher containerboard selling prices attributable to realization of two containerboard price increases implemented in 2010. Net sales were $178.9 million for the fourth quarter of 2011 compared with $179.6 million for the fourth quarter of 2010 due to lower selling prices offsetting higher sales volumes.

Gross profit margin increased to 17.2 percent for 2011 from 16.8 percent for 2010. This increase was primarily due to higher selling prices and lower energy costs, substantially offset by higher raw material costs, including a year-over-year cost increase of approximately 27 percent or $39 per ton for old corrugated containers compared to last year. Gross profit margin declined to 16.0 percent for the fourth quarter of 2011 from 20.6 percent for the fourth quarter of 2010. This decrease was primarily due to higher raw material costs, including a quarter-over-quarter increase of approximately $48 per ton or 32 percent for old corrugated container costs compared to the same quarter last year.

Operating profit was $74.9 million and $55.5 million for 2011 and 2010, respectively. Operating profit before special items was $74.4 million for 2011 compared to $60.6 million for 2010. The $13.8 million increase was primarily due to the increase in net sales and the higher gross profit margin for 2011. Operating profit was $18.4 million and $25.4 million for the fourth quarters of 2011 and 2010, respectively. Operating profit before special items was $18.4 million for the fourth quarter of 2011 compared to $25.9 million for the fourth quarter of 2010. The $7.5 million decrease was primarily due to the lower gross profit margin for the fourth quarter of 2011.

EBITDA increased to $106.1 million for 2011 compared with $84.6 million in 2010. EBITDA before special items increased to $105.6 million for 2011 from $89.7 million for 2010 primarily due to the increase in net sales and the higher gross profit margin for 2011. EBITDA decreased to $26.6 million for the fourth quarter of 2011 compared with $32.9 million in the fourth quarter of 2010. EBITDA before special items decreased to $26.6 million for the fourth quarter of 2011 from $33.4 million for the fourth quarter of 2010 primarily due to the lower gross profit margin for the fourth quarter of 2011.

Land Management

Net sales were $20.9 million for 2011 compared with $16.5 million for 2010. Net sales were $6.3 million for the fourth quarter of 2011 compared with $5.1 million for the fourth quarter of 2010.

Operating profit and operating profit before special items were $19.0 million for 2011 compared to $9.0 million for 2010. The results of this segment reflect an increase in disposal of special-use properties (surplus, higher and better use and development properties) of $8.9 million for 2011 compared to $3.3 million for 2010. During 2011, a $2.5 million purchase price adjustment related to the expropriation of surplus property from a prior period was recorded. Operating profit and operating profit before special items were $2.9 million for the fourth quarter of 2011 compared to $3.0 million for the fourth quarter of 2010.

EBITDA and EBITDA before special items were $22.0 million for 2011 compared to $11.1 million for 2010. EBITDA and EBITDA before special items were $3.8 million and $3.2 million for the fourth quarter of 2011 and 2010, respectively.

**Other Cash Flow Information**

During 2011, the company’s net debt increased $448.0 million to $1,367.5 million at Oct. 31, 2011, primarily due to funding acquisitions, capital expenditures and increased working capital requirements. The company’s long-term debt was $1,345.1 million and $953.1 million at Oct. 31, 2011 and 2010, respectively.

Cash flows provided by operating activities were $172.3 million for 2011 compared with $178.1 million the prior year and $149.6 million for the fourth quarter of 2011 versus $160.3 million a year ago.

The company paid $344.9 million and $179.4 million for acquisitions during 2011 and 2010, respectively, including 8 acquisitions in 2011 and 12 acquisitions in 2010.

Capital expenditures were $162.4 million, excluding timberland purchases of $3.5 million, for 2011 compared with capital expenditures of $144.1 million, excluding timberland purchases of $21.0 million, for 2010. Depreciation, depletion and amortization expense was $144.2 million and $115.9 million for 2011 and 2010, respectively.

On Dec. 6, 2011, the Board of Directors declared quarterly cash dividends of $0.42 per share of Class A Common Stock and $0.62 per share of Class B Common Stock. These dividends are payable on Jan. 1, 2012, to stockholders of record at close of business on Dec. 20, 2011.

**Company Outlook**

The company anticipates continuation of challenging market conditions in the first half of 2012 with recovery during the second half. Compared to 2011, this outlook assumes year-over-year stable raw material costs for rigid industrial packaging and flexible products compared to year-end 2011 levels, improved volumes in most regions, stable market conditions, and lower old corrugated container costs for Paper Packaging. Management will continue to closely monitor its businesses and take appropriate actions to adjust the company's cost structure. The company's three growth platforms are expected to provide solid contributions during 2012. EBITDA is anticipated to be between $500 million and $550 million for 2012.

**Conference Call**

The company will host a conference call to discuss the fourth quarter and fiscal 2011 results on Dec. 8, 2011, at 10 a.m. Eastern Time (ET). To participate, domestic callers should call 877-485-3107 and ask for the Greif conference call. The number for international callers is +1 201-689-8427. Phone lines will open at 9:50 a.m. ET. The conference call will also be available through a live webcast, including slides, which can be accessed at www.greif.com in the Investor Center. A replay of the conference call will be available on the company's website approximately one hour following the call.

**About Greif**

Greif is a world leader in industrial packaging products and services. The company produces steel, plastic, fibre, flexible, corrugated and multiwall containers and containerboard, and provides reconditioning, blending, filling and packaging services for a wide range of industries. Greif also manages timber properties in North America. The company is strategically positioned in more than 55 countries to serve global as well as regional customers. Additional information is on the company's website at www.greif.com.

**Forward-Looking Statements**

All statements, other than statements of historical facts, included in this news release, including without limitation statements regarding the company's future financial position, business strategy, budgets, projected costs, goals and plans and objectives of management for future operations, are forward-looking statements within the meaning of 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 variations thereon or similar terminology. All forward-looking statements made in this news release are based on information currently available to the company's management. Although the company believes that the expectations reflected in forward-looking statements have a reasonable basis, the company 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 the company's business; (ii) historically, the company's business has been sensitive to changes in general economic or business conditions; (iii) the company's operations are subject to currency exchange and political risks; (iv) the continuing consolidation of the company's customer base and suppliers may intensify pricing pressure; (v) the company operates in highly competitive industries; (vi) the company's business is sensitive to changes in industry demands; (vii) raw material and energy price fluctuations and shortages may adversely impact the company's manufacturing operations and costs; (viii) the company may encounter difficulties arising from acquisitions; (ix) the company may incur additional restructuring costs and there is no guarantee that its efforts to reduce costs will be successful; (x) tax legislation initiatives or challenges to the company's tax positions may adversely impact its financial results or condition; (xi) several operations are conducted by joint ventures that the company cannot operate solely for its benefit; (xii) the company's ability to attract, develop and retain talented employees, managers and executives is critical to its success; (xiii) the company's business may be adversely impacted by work stoppages and other labor relations matters; (xiv) the company may be subject to losses that might not be covered in whole or in part by existing insurance reserves or insurance coverage; (xv) the company's business depends on the uninterrupted operations of its facilities, systems and business functions, including its information technology and other business systems; (xvi) legislation/regulation related to climate change and environmental and health and safety matters and product liability claims could negatively impact the company's operations and financial performance; (xvii) changing climate conditions may adversely affect the company's operations and financial performance; (xviii) the company may incur fines or penalties, damage to reputation or other adverse consequences if its employees, agents or business partners violate, or are alleged to have violated, anti-bribery, competition or other laws; and (xix) the frequency and volume of the company's timber and timberland sales will impact its financial performance. 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 detailed discussion of the most significant risks and uncertainties that could cause the company's actual results to differ materially from those projected, see "Risk Factors" in Part I, Item 1A of the company's Form 10-K for the year ended Oct. 31, 2010 and the company's other filings with the Securities and Exchange Commission. All forward-looking statements made in this news release are expressly qualified in their entirety by reference to such risk factors. Except to the limited extent required by applicable law, the company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

**GREIF, INC. AND SUBSIDIARY COMPANIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

UNAUDITED

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

| | Quarter ended October 31, | | Year ended October 31, | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| Net sales | $ 1,131.5 | $ 993.9 | $ 4,248.0 | $ 3,461.6 |
| Cost of products sold | 925.1 | 787.5 | 3,446.8 | 2,757.9 |
| Gross profit | 206.4 | 206.4 | 801.2 | 703.7 |
| Selling, general and administrative expenses | 118.9 | 98.4 | 448.4 | 363.0 |
| Restructuring charges | 19.1 | 6.2 | 30.5 | 26.7 |
| (Gain) on disposal of properties, plants and equipment, net | (0.7) | (4.5) | (14.8) | (11.4) |
| Operating profit | 69.1 | 106.3 | 337.1 | 325.4 |
| Interest expense, net | 25.7 | 18.2 | 79.5 | 65.8 |
| Other expense, net | 4.2 | 2.8 | 14.1 | 7.1 |
| Income before income tax expense and equity earnings of unconsolidated affiliates, net of tax | 39.2 | 85.3 | 243.5 | 252.5 |
| Income tax expense | 21.5 | 8.9 | 71.1 | 40.5 |
| Equity earnings of unconsolidated affiliates, net of tax | 2.8 | 0.3 | 4.8 | 3.5 |
| Net income | 20.5 | 76.7 | 177.2 | 215.5 |
| Net income attributable to noncontrolling interests | 0.3 | (0.1) | (1.1) | (5.5) |
| Net income attributable to Greif, Inc. | $ 20.8 | $ 76.6 | $ 176.1 | $ 210.0 |
| **Basic earnings per share attributable to Greif, Inc. common shareholders:** | | | | |
| Class A Common Stock | $ 0.36 | $ 1.31 | $ 3.02 | $ 3.60 |
| Class B Common Stock | $ 0.53 | $ 1.97 | $ 4.52 | $ 5.40 |
| **Diluted earnings per share attributable to Greif, Inc. common shareholders:** | | | | |
| Class A Common Stock | $ 0.36 | $ 1.30 | $ 3.01 | $ 3.58 |
| Class B Common Stock | $ 0.53 | $ 1.97 | $ 4.52 | $ 5.40 |
| **Shares used to calculate basic earnings per share:** | | | | |
| Class A Common Stock | 25.0 | 24.7 | 24.9 | 24.7 |
| Class B Common Stock | 22.2 | 22.4 | 22.3 | 22.4 |
| **Shares used to calculate diluted earnings per share:** | | | | |
| Class A Common Stock | 25.1 | 25.1 | 25.0 | 25.0 |
| Class B Common Stock | 22.2 | 22.4 | 22.3 | 22.4 |

**GREIF, INC. AND SUBSIDIARY COMPANIES**
**GAAP TO NON-GAAP RECONCILIATION**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
UNAUDITED
(Dollars in millions, except per share amounts)

| | Quarter ended October 31, 2011 | | | Quarter ended October 31, 2010 | | |
|---|---|---|---|---|---|---|
| | | Diluted per share amounts | | | Diluted per share amounts | |
| | | Class A | Class B | | Class A | Class B |
| Operating profit | $ 69.1 | | | $ 106.3 | | |
| Restructuring charges | 19.1 | | | 6.2 | | |
| Acquisition-related costs | 5.2 | | | 7.1 | | |
| Non-cash asset impairment charges | 1.5 | | | — | | |
| Operating profit before special items | $ 94.9 | | | $ 119.6 | | |
| Net income | $ 20.8 | $ 0.4 | $ 0.5 | $ 76.6 | $ 1.3 | $ 2.0 |
| Restructuring charges, net of tax | 13.5 | 0.22 | 0.33 | 5.7 | 0.10 | 0.14 |
| Acquisition-related costs, net of tax | 3.6 | 0.05 | 0.08 | 6.5 | 0.11 | 0.17 |
| Non-cash asset impairment charges, net of tax | 1.1 | 0.01 | 0.02 | — | — | — |
| Net income before special items | $ 39.0 | $ 0.6 | $ 1.0 | $ 88.8 | $ 1.5 | $ 2.3 |

| | Year ended October 31, 2011 | | | Year ended October 31, 2010 | | |
|---|---|---|---|---|---|---|
| | | Diluted per share amounts | | | Diluted per share amounts | |
| | | Class A | Class B | | Class A | Class B |
| Operating profit | $ 337.1 | | | $ 325.4 | | |
| Restructuring charges | 30.5 | | | 26.7 | | |
| Restructuring—related inventory charges | — | | | 0.1 | | |
| Acquisition-related costs | 24.4 | | | 27.2 | | |
| Non-cash asset impairment charges | 4.5 | | | — | | |
| Operating profit before special items | $ 396.5 | | | $ 379.4 | | |
| Net income | $ 176.1 | $ 3.0 | $ 4.5 | $ 210.0 | $ 3.6 | $ 5.4 |
| Restructuring charges, net of tax | 21.6 | 0.38 | 0.56 | 22.4 | 0.38 | 0.57 |
| Restructuring—related inventory charges, net of tax | — | — | — | 0.1 | — | — |
| Acquisition-related costs, net of tax | 17.3 | 0.29 | 0.44 | 22.8 | 0.39 | 0.59 |
| Non-cash asset impairment charges, net of tax | 3.2 | 0.05 | 0.08 | — | — | — |
| Net income before special items | $ 218.2 | $ 3.7 | $ 5.6 | $ 255.3 | $ 4.4 | $ 6.6 |

**GREIF, INC. AND SUBSIDIARY COMPANIES**
**GAAP TO NON-GAAP RECONCILIATION**
**SEGMENT OPERATING PROFIT AND OTHER DATA**
UNAUDITED
(Dollars in millions)

| | Quarter ended October 31, | | Year ended October 31, | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| **Net sales** | | | | |
| Rigid Industrial Packaging & Services | $ 812.3 | $ 704.8 | $ 3,014.1 | $ 2,587.9 |
| Flexible Products & Services | 134.0 | 104.4 | 538.0 | 233.1 |
| Paper Packaging | 178.9 | 179.6 | 675.0 | 624.1 |
| Land Management | 6.3 | 5.1 | 20.9 | 16.5 |
| Total net sales | $ 1,131.5 | $ 993.9 | $ 4,248.0 | $ 3,461.6 |
| **Operating profit (loss):** | | | | |
| Rigid Industrial Packaging & Services | $ 42.1 | $ 77.8 | $ 226.3 | $ 262.3 |
| Flexible Products & Services | 5.7 | 0.1 | 16.9 | (1.4) |
| Paper Packaging | 18.4 | 25.4 | 74.9 | 55.5 |
| Land Management | 2.9 | 3.0 | 19.0 | 9.0 |
| Total operating profit | 69.1 | 106.3 | 337.1 | 325.4 |
| **Restructuring charges:** | | | | |
| Rigid Industrial Packaging & Services | 16.1 | 5.1 | 24.1 | 21.0 |
| Flexible Products & Services | 3.0 | 0.6 | 6.9 | 0.6 |
| Paper Packaging | — | 0.5 | (0.5) | 5.1 |
| Total restructuring charges | 19.1 | 6.2 | 30.5 | 26.7 |
| **Restructuring—related inventory charges:** | | | | |
| Rigid Industrial Packaging & Services | — | — | — | 0.1 |
| Total restructuring—related inventory charges | — | — | — | 0.1 |
| **Acquisition-related costs:** | | | | |
| Rigid Industrial Packaging & Services | 3.6 | 1.3 | 9.9 | 7.6 |
| Flexible Products & Services | 1.6 | 5.8 | 14.5 | 19.6 |
| Total acquisition-related costs | 5.2 | 7.1 | 24.4 | 27.2 |
| **Non-cash asset impairment charges:** | | | | |
| Rigid Industrial Packaging & Services | 1.5 | — | 1.5 | — |
| Flexible Products & Services | — | — | 3.0 | — |
| Total non-cash asset impairment charges | 1.5 | — | 4.5 | — |
| **Operating profit before special items:** | | | | |
| Rigid Industrial Packaging & Services | 63.3 | 84.2 | 261.8 | 291.0 |
| Flexible Products & Services | 10.3 | 6.5 | 41.3 | 18.8 |
| Paper Packaging | 18.4 | 25.9 | 74.4 | 60.6 |
| Land Management | 2.9 | 3.0 | 19.0 | 9.0 |
| Total operating profit before special items | $ 94.9 | $ 119.6 | $ 396.5 | $ 379.4 |

**GREIF, INC. AND SUBSIDIARY COMPANIES**
**GEOGRAPHIC DATA**
UNAUDITED
(Dollars in millions)

| | Quarter ended October 31, | | Year ended October 31, | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| **Net sales** | | | | |
| North America | $ 506.7 | $ 485.8 | $ 1,932.9 | $ 1,732.9 |
| Europe, Middle East and Africa | 448.6 | 344.7 | 1,645.6 | 1,171.4 |
| Asia Pacific and Latin America | 176.2 | 163.4 | 669.5 | 557.3 |
| Total net sales | $ 1,131.5 | $ 993.9 | $ 4,248.0 | $ 3,461.6 |
| **Operating profit before special items:** | | | | |
| North America | $ 53.0 | $ 68.2 | $ 206.0 | $ 195.6 |
| Europe, Middle East and Africa | 32.0 | 37.7 | 160.2 | 140.2 |
| Asia Pacific and Latin America | 9.9 | 13.7 | 30.3 | 43.6 |
| Total operating profit before special items | $ 94.9 | $ 119.6 | $ 396.5 | $ 379.4 |

## GREIF, INC. AND SUBSIDIARY COMPANIES

## GAAP TO NON-GAAP RECONCILIATION
## CONSOLIDATED EBITDA [4]

UNAUDITED
(Dollars in millions)

| | Quarter ended October 31, | | Year ended October 31, | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| Net income | $ 20.5 | $ 76.7 | $ 177.2 | $ 215.5 |
| Plus: interest expense, net | 25.7 | 18.2 | 79.5 | 65.8 |
| Plus: income tax expense | 21.5 | 8.9 | 71.1 | 40.5 |
| Plus: depreciation, depletion and amortization expense | 41.6 | 31.0 | 144.2 | 116.0 |
| Less: equity earnings of unconsolidated affiliates, net of tax | 2.8 | 0.3 | 4.8 | 3.5 |
| EBITDA | 106.5 | 134.5 | 467.2 | 434.3 |
| Restructuring charges | 19.1 | 6.2 | 30.5 | 26.7 |
| Restructuring—related inventory charges | — | — | — | 0.1 |
| Acquisition-related costs | 5.2 | 7.1 | 24.4 | 27.2 |
| Non-cash asset impairment charges | 1.5 | — | 4.5 | — |
| EBITDA before special items | $ 132.3 | $ 147.8 | $ 526.6 | $ 488.3 |
| | | | | |
| Net income | $ 20.5 | $ 76.7 | $ 177.2 | $ 215.5 |
| Plus: interest expense, net | 25.7 | 18.2 | 79.5 | 65.8 |
| Plus: income tax expense | 21.5 | 8.9 | 71.1 | 40.5 |
| Plus: other expense, net | 4.2 | 2.8 | 14.1 | 7.1 |
| Less: equity earnings of unconsolidated affiliates, net of tax | 2.8 | 0.3 | 4.8 | 3.5 |
| Operating profit | 69.1 | 106.3 | 337.1 | 325.4 |
| Less: other expense, net | 4.2 | 2.8 | 14.1 | 7.1 |
| Plus: depreciation, depletion and amortization expense | 41.6 | 31.0 | 144.2 | 116.0 |
| EBITDA | 106.5 | 134.5 | 467.2 | 434.3 |
| Restructuring charges | 19.1 | 6.2 | 30.5 | 26.7 |
| Restructuring—related inventory charges | — | — | — | 0.1 |
| Acquisition-related costs | 5.2 | 7.1 | 24.4 | 27.2 |
| Non-cash asset impairment charges | 1.5 | — | 4.5 | — |
| EBITDA before special items | $ 132.3 | $ 147.8 | $ 526.6 | $ 488.3 |

4 EBITDA is defined as net income plus interest expense, net plus income tax expense less equity earnings of unconsolidated affiliates, net of tax plus depreciation, depletion and amortization. EBITDA is a non-GAAP financial measure. As demonstrated by this table, EBITDA can be either reconciled to GAAP net income or GAAP operating profit yielding the same result.

**GREIF, INC. AND SUBSIDIARY COMPANIES**
**GAAP TO NON-GAAP RECONCILIATION**
**SEGMENT EBITDA [5]**
UNAUDITED
(Dollars in millions)

| | Quarter ended October 31, 2011 | Quarter ended October 31, 2010 | Year ended October 31, 2011 | Year ended October 31, 2010 |
|---|---|---|---|---|
| **Rigid Industrial Packaging & Services** | | | | |
| Operating profit | $ 42.1 | $ 77.8 | $ 226.3 | $ 262.3 |
| Less: other expense (income), net | 4.8 | 0.8 | 12.3 | 5.1 |
| Plus: depreciation and amortization expense | 28.4 | 19.5 | 93.0 | 79.1 |
| EBITDA | 65.7 | 96.5 | 307.0 | 336.3 |
| Restructuring charges | 16.1 | 5.1 | 24.1 | 21.0 |
| Restructuring—related inventory charges | — | — | — | 0.1 |
| Acquisition-related costs | 3.6 | 1.3 | 9.9 | 7.6 |
| Non-cash asset impairment charges | 1.5 | — | 1.5 | — |
| EBITDA before special items | $ 86.9 | $ 102.9 | $ 342.5 | $ 365.0 |
| **Flexible Products & Services** | | | | |
| Operating profit (loss) | $ 5.7 | $ 0.1 | $ 16.9 | $ (1.4) |
| Less: other expense (income), net | (0.6) | 1.2 | 1.4 | 1.2 |
| Plus: depreciation and amortization expense | 4.1 | 3.0 | 16.6 | 4.9 |
| EBITDA | 10.4 | 1.9 | 32.1 | 2.3 |
| Restructuring charges | 3.0 | 0.6 | 6.9 | 0.6 |
| Acquisition-related costs | 1.6 | 5.8 | 14.5 | 19.6 |
| Non-cash asset impairment charges | — | — | 3.0 | — |
| EBITDA before special items | $ 15.0 | $ 8.3 | $ 56.5 | $ 22.5 |
| **Paper Packaging** | | | | |
| Operating profit | $ 18.4 | $ 25.4 | $ 74.9 | $ 55.5 |
| Less: other expense (income), net | — | 0.1 | 0.4 | 0.1 |
| Plus: depreciation and amortization expense | 8.2 | 7.6 | 31.6 | 29.2 |
| EBITDA | 26.6 | 32.9 | 106.1 | 84.6 |
| Restructuring charges | — | 0.5 | (0.5) | 5.1 |
| EBITDA before special items | $ 26.6 | $ 33.4 | $ 105.6 | $ 89.7 |
| **Land Management** | | | | |
| Operating profit | $ 2.9 | $ 3.0 | $ 19.0 | $ 9.0 |
| Less: other expense (income), net | — | 0.7 | — | 0.7 |
| Plus: depreciation, depletion and amortization expense | 0.9 | 0.9 | 3.0 | 2.8 |
| EBITDA and EBITDA before special items | $ 3.8 | $ 3.2 | $ 22.0 | $ 11.1 |
| Consolidated EBITDA | $ 106.5 | $ 134.5 | $ 467.2 | $ 434.3 |
| Consolidated EBITDA before special items | $ 132.3 | $ 147.8 | $ 526.6 | $ 488.3 |

[5] EBITDA is defined as net income plus interest expense, net plus income tax expense less equity earnings of unconsolidated affiliates, net of tax plus depreciation, depletion and amortization. However, because the company does not calculate net income by segment, this table calculates EBITDA by segment with reference to operating profit by segment, which as demonstrated in the preceding table is another method to achieve the same result.

**GREIF, INC. AND SUBSIDIARY COMPANIES**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
UNAUDITED
(Dollars in millions)

| | October 31, 2011 | October 31, 2010 [6] |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 127.4 | $ 107.0 |
| Trade accounts receivable | 568.6 | 480.1 |
| Inventories | 432.5 | 396.6 |
| Current portion related party notes receivable | 1.7 | — |
| Other current assets | 175.1 | 165.5 |
| | 1,305.3 | 1,149.2 |
| LONG-TERM ASSETS | | |
| Goodwill | 1,004.9 | 709.7 |
| Intangible assets | 229.8 | 173.2 |
| Related party note receivable | 18.3 | — |
| Assets held by special purpose entities | 50.9 | 50.9 |
| Other long-term assets | 162.8 | 123.6 |
| | 1,466.7 | 1,057.4 |
| PROPERTIES, PLANTS AND EQUIPMENT | 1,435.3 | 1,291.8 |
| | $ 4,207.3 | $ 3,498.4 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| CURRENT LIABILITIES | | |
| Accounts payable | $ 487.8 | $ 467.9 |
| Short-term borrowings | 137.3 | 60.9 |
| Current portion of long-term debt | 12.5 | 12.5 |
| Other current liabilities | 292.2 | 240.1 |
| | 929.8 | 781.4 |
| LONG-TERM LIABILITIES | | |
| Long-term debt | 1,345.1 | 953.1 |
| Liabilities held by special purpose entities | 43.3 | 43.3 |
| Other long-term liabilities | 496.9 | 384.8 |
| | 1,885.3 | 1,381.2 |
| SHAREHOLDERS' EQUITY | 1,392.2 | 1,335.8 |
| | $ 4,207.3 | $ 3,498.4 |

[6] The consolidated balance sheet at Oct. 31, 2010 includes a correction of an error between accounts payable within current liabilities and shareholders' equity for $19.6 million. The correction did not impact consolidated net income, total assets or cash flows.

**GREIF, INC. AND SUBSIDIARY COMPANIES**
**GAAP TO NON-GAAP RECONCILIATION**
**WORKING CAPITAL AND NET DEBT**
UNAUDITED
(Dollars in millions)

| | October 31, 2011 | October 31, 2010 |
|---|---|---|
| Current assets | $ 1,305.3 | $ 1,149.2 |
| Less: current liabilities | 929.8 | 781.4 |
| Working capital | 375.5 | 367.8 |
| Less: cash and cash equivalents | 127.4 | 107.0 |
| Net working capital | $ 248.1 | $ 260.8 |
| | | |
| Long-term debt | $ 1,345.1 | $ 953.1 |
| Plus: current portion of long-term debt | 12.5 | 12.5 |
| Plus: short-term borrowings | 137.3 | 60.9 |
| Less: cash and cash equivalents | 127.4 | 107.0 |
| Net debt | $ 1,367.5 | $ 919.5 |

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

| | Quarter ended October 31, | | Year ended October 31, | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Net income | $ 20.5 | $ 76.7 | $ 177.2 | $ 215.5 |
| Depreciation, depletion and amortization | 41.6 | 31.0 | 144.2 | 115.9 |
| Increase (decrease) in cash from changes in certain assets and liabilities and other | 87.5 | 52.6 | (149.1) | (153.3) |
| Cash flows provided by operating activities | 149.6 | 160.3 | 172.3 | 178.1 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Acquisitions of companies, net of cash acquired | (159.2) | (26.7) | (344.9) | (179.4) |
| Purchases of properties, plants and equipment | (44.6) | (43.1) | (162.4) | (144.1) |
| Other | 14.3 | 2.8 | 6.9 | (3.7) |
| Cash flows used in investing activities | (189.5) | (67.0) | (500.4) | (327.2) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| Proceeds (payments) on debt | 105.4 | (26.3) | 462.9 | 232.6 |
| Dividends paid | (24.4) | (24.5) | (97.8) | (93.1) |
| Other | (15.8) | (21.3) | (17.0) | 6.4 |
| Cash flows provided by (used in) financing activities | 65.2 | (72.1) | 348.1 | 145.9 |
| EFFECTS OF EXCHANGE RATES ON CASH | (7.0) | 1.6 | 0.4 | (1.7) |
| Net increase (decrease) in cash and cash equivalents | 18.3 | 22.8 | 20.4 | (4.9) |
| Cash and cash equivalents at beginning of the period | 109.1 | 84.2 | 107.0 | 111.9 |
| Cash and cash equivalents at end of the period | $ 127.4 | $ 107.0 | $ 127.4 | $ 107.0 |

FINAL TRANSCRIPT

Thomson StreetEvents℠

# Conference Call Transcript

## GEF - Q4 2011 Greif Inc Earnings Conference Call

Event Date/Time: Dec 08, 2011 / 03:00PM GMT





THOMSON REUTERS

**Dec 08, 2011 / 03:00PM GMT, GEF - Q4 2011 Greif Inc Earnings Conference Call**

CORPORATE PARTICIPANTS

**Deb Strohmaier**
*Greif Inc—VP of Communications*

**Rob McNutt**
*Greif Inc—SVP, CFO*

**David Fischer**
*Greif Inc—President and CEO*

CONFERENCE CALL PARTICIPANTS

**Phil Gresh**
*JPMorgan—Analyst*

**Ghansham Panjabi**
*Robert W. Baird & Co.—Analyst*

**Steve Chercover**
*D.A. Davidson & Co.—Analyst*

**Chris Manuel**
*Wells Fargo Investment—Analyst*

**Paul Owens**
*Avoca Capital—Analyst*

**Jason Lee**
*Brookfield Investment Management—Analyst*

PRESENTATION

**Operator**

Greetings and welcome to the Greif, Inc. fourth quarter 2011 earnings conference call. At this time all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation.

(Operator Instructions)

As a reminder this conference is being recorded. It is now my pleasure to introduce your host, Debra Strohmaier, Vice President, Corporate Communications for Greif, Inc. Thank you, Ms. Strohmaier, you may begin.

**Deb Strohmaier —*Greif Inc—VP of Communications***

Thank you, Rob. Good morning. As a reminder, you may follow this presentation on the web at Greif.com in the Investor Center under conference calls. If you don't already have the earnings release it is also available on our website. We are on slide two. The information provided during this morning's call contains forward-looking statements. Actual results or outcomes may differ materially from those that may be expressed or implied. Some factors that could cause the results or outcomes to differ are on slide two of this presentation, in our 2010 form 10K and in other Company SEC filings as well as Company earnings news releases.

As noted on slide three, this presentation uses certain non-GAAP financial measures including those that exclude special items such as restructuring charges and acquisition-related costs, and EBITDA before and after special items. EBITDA is defined as net income plus interest expense net plus income tax expense less equity earnings of unconsolidated subsidiaries net of tax plus depreciation, depletion and amortization expense. Management believes the non-GAAP measures provide a better indication of operational performance and a more stable platform on which to compare the historical performance of the Company than the most nearly equivalent GAAP data.

All non-GAAP data in the presentation are indicated by footnotes. Tables showing the reconciliation between GAAP and non-GAAP measures are available at the end of this presentation and in the fourth quarter and fiscal 2011 earnings release. Giving prepared remarks today are, in order of speaking, Senior Vice President and CFO, Rob McNutt; and President and CEO, David Fischer. Executive Chairman, Mike Gasser, will be available to answer questions during the Q&A session as well. I will now turn the call over to Mr. McNutt.

**Rob McNutt —*Greif Inc—SVP, CFO***

Thank you, Deb. Please turn to slide four. While we fell short of our own and market expectations for the year, driven largely by weakness in Europe in the back half of the year, I don't want to lose sight of the fact that 2011 was a good year in several dimensions. First, net sales were a record $4.2 billion, with solid contributions from all business segments. Second, operating profit before special items and asset gains was a record $382 million. Third, EBITDA before special items was $527 million, the highest in our history. And finally, earnings per class A share before special items were $3.73 and the third highest in Greif's 134-year history.

The financial summary on slide five includes key performance items for the fourth quarter on a year-over-year basis. The 14% increase in net sales to $1.1 billion was primarily due to increased sales volumes of 7% including 11% from acquisitions completed during the past 12 months, partially offset by a 4% decline in same-structure volumes, higher selling prices that represented 4% and positive impact from foreign currency translation of 3%. We experienced weaker market conditions and increased market pressures in the industrial packaging segment, especially in European markets in the second half of the year.

Gross profit was $206 million for the fourth quarters of 2011 and 2010. Gross profit margin declined 2.6 percentage points to 18.2% of net sales in the fourth quarter. This was attributable to lower market demand in rigid industrial packaging, increased manufacturing costs, overall product mix and higher OCC costs for paper packaging compared to the same quarter last year. SG&A expenses were $119 million for the fourth quarter of 2011 compared with $98 million. This increase of approximately $21 million, included $13 million of SG&A expenses, related to acquired companies, nearly $3 million of negative impact from foreign currency translation and approximately $5 million of higher professional fees, particularly directed towards sourcing and administrative excellence initiatives.

Operating profit before special items was approximately $95 million for the fourth quarter of 2011 versus $120 million in 2010. Special items totaled $26 million compared to $13 million for the same period last year and were $18 million and $12 million net of tax, respectively for both periods. These included $19 million of restructuring charges driven by consolidation activities in our flexibles business as we continued to integrate those acquisitions as well as restructuring in our rigids business in response to weak markets in Europe. Approximately 80% of these restructuring charges were cash. The most significant items included severance costs which are higher in Europe than in other regions and the cost to terminate lease commitments. There were also $5 million of acquisition-related costs and a $1.5 million non-cash asset impairment charge for the quarter.

Net interest expense was $26 million for the fourth quarter of 2011 compared with $18 million last year. This was due to the higher level of debt related to acquisitions during the past year, consistent with our growth strategy including pack2pack on August 1, and the related working capital requirements. Income tax expense was approximately $22 million for the fourth quarter of 2011 versus $9 million last year. Our annual book tax rate increased to 29.2% for 2011 versus 16.1% for 2010.

This increase is due to the change in global earnings mix. That is, a greater proportion of our taxable income came from higher tax jurisdictions than we would normally expect and recognition of a valuation allowance on deferred tax assets in 2011, incremental benefit from alternative fuel tax credit in fourth-quarter of 2010 and other discrete tax items that were recognized in both periods. Cash taxes related to 2011 activity were approximately 19%.

Net income before special items was $39 million versus $89 million for fourth quarters of 2011 and 2010, respectively, which represent $0.64 per Class A share before special items for the fourth quarter of 2011 versus $1.51 last year. EBITDA before special items was $132 million for the fourth quarter of 2011 compared to $148 million last year, which is principally due to lower results for European markets within the Rigid Industrial Packaging segment.

Please turn to slide six. Rigid Industrial Packaging net sales increased 15% to $812 million per fourth quarter compared with $705 million last year. Higher sales volumes were 5 percentage points of this increase, including 11 percentage points due to acquisitions, partially offset by a 6% decline in same-structure volumes. Higher selling prices represented an additional 6 percentage points attributable to the pass-through of higher input costs and a positive impact from foreign currency translation added another 4 percentage points.

Operating profit before special items was $63 million compared with $84 million for the fourth quarter of 2010. EBITDA before special items declined to $87 million for the fourth quarter of 2011, from $103 million a year ago, primarily due to lower gross profit for this segment. Both of these measures were below the prior year, primarily due to lower gross profit in Western Europe. There were two operating issues that also impacted the Rigid Industrial Packaging results for the fourth quarter. One of them was normal integration related to an acquisition in EMEA. This has cost us a little more and taken us a little longer than we had initially planned. The other issue involves production issues in an operation in Latin America which are currently being resolved. Together, the impact was approximately $6 million for the quarter, versus our expectation. These issues should only impact our first-quarter results as we anticipate they will be resolved by the end of Q1.

I am now on slide seven. The Flexible Products segment had net sales of $134 million for the quarter. That is an increase of $30 million, which was due to improved pricing, same-structure growth and benefits from two acquisitions in the fourth quarter of 2010. Gross profit margin for this segment increased to 21.8% of net sales for the fourth quarter from 19.5% last year. This increase was primarily attributable to increased operating efficiencies that resulted from further implementation of the Greif Business System.

Operating profit before special items was $10 million for the quarter compared with $7 million last year, while EBITDA before special items nearly doubled to $15 million for the fourth quarter, 2011 from $8 million last year. EBITDA margins in this business went from 7.7% in Q4 of 2010 to 11.2% in Q4 of 2011.

Please turn to slide eight. In our Paper Packaging segment, fourth quarter 2011 net sales of approximately $179 million was essentially flat with fourth quarter of 2010. Modestly higher sales volumes were offset by slightly lower selling prices.

Gross margin for the fourth quarter was adversely impacted by higher input costs. The most significant of these costs, old corrugated containers, was $48 a ton above the fourth quarter of 2010. This contributed to a decline in gross profit margin for the quarter to 16% from 20.6% last year. Operating profit before special items for this segment declined to $18 million for the fourth quarter of 2011 from $26 million for the same period last year, primarily due to higher OCC costs.

EBITDA before special items was approximately $27 million for the fourth quarter versus $33 million last year, reflecting the lower gross profit previously noted. In early November, the first month of our fiscal 2012, OCC cost dropped by a range of $40 to $50 per ton in key regions of the US, which should incrementally benefit Paper Packaging's 2012 segment results provided containerboard pricing and other costs remain stable.

As shown on slide nine, Land Management finished the year with solid results. Net sales were $6 million for the fourth quarter, compared with $5 million a year ago. This segment's revenue sources continue to diversify and grow. Examples include recreational lease fees, mineral payments and consulting fees.

Operational profit before special items was similar at approximately $3 million for both periods. EBITDA before special items increased to approximately $4 million for the fourth quarter, from $3 million a year ago.

Please turn to slide 10. Cash flows provided by operating activities were approximately $172 million for 2011 versus $178 million for the prior year. Net debt was $1.37 billion, at October 31, 2011, or $448 million higher than at year-end 2010.

This increase was primarily due to funding $345 million of acquisitions and $162 million of capital expenditures. We completed eight acquisitions during 2011, including three in the fourth quarter. By comparison, we completed 12 acquisitions during 2010. As previously stated, we are focused on successfully integrating these acquisitions, realizing their synergies and we're not currently adding to our acquisition pipeline.

Depreciation, depletion and amortization expense was $144 million versus $116 million the prior year. Net working capital was $248 million at the end of 2011 compared with $261 million last year. The year-over-year change was due to strong inventory management in Q4. We're actively pursuing plans to continue to improve our working capital on a same-structure basis and also through successful acquisition integration. We purchased 250,000 shares of stock including 241,300 Class B shares and 8,700 Class A shares during the fourth quarter of 2011 for approximately $12 million. There are about 817,000 shares still authorized under a plan approved by the Board of Directors, which can include the repurchase of either Class A and/or Class B shares.

Cash dividends were $1.68 and $2.51 per Class A and Class B share, respectively during the last 12 months, and on Tuesday we announced that quarterly cash dividends payable January 1, 2012, will be $0.42 and $0.62 for the Class A and Class B shares, respectively. The dividend yield is approximately 3.6% for Class A shares and 5.5% for Class B shares based on yesterday's closing stock price. Now turn to slide 11. We had solid results in North American and Asia-Pacific regions of our Rigid Industrial Packaging segment as well as solid performance in the Flexible Products, Paper Packaging and Land Management segments in 2011 that were particularly offset by lower results in Western Europe, which includes several strategic business units.

We implemented contingency actions in response to weak market conditions through cost savings measures and expanded the scope of those actions during the fourth quarter to mitigate future impact. We anticipate continuation of challenging market conditions during the first half of 2012 with recovery in the second half of the year. Compared to 2011, this outlook assumes year-over-year stable raw material costs for rigid industrial packaging and flexible products compared with year-end 2011 levels, improved volumes in most regions, stable market conditions and lower OCC costs for paper packaging.

Management will continue to monitor closely its businesses, take appropriate actions to adjust our cost structure and we expect solid contributions in 2012 from the acquisitions we made in 2011. Given that backdrop, we expect to produce EBITDA between $500 million and $550 million in 2012 compared to $467 million in 2011. Both of these numbers are after special items. That concludes my remarks. I'll now turn the call over to David Fischer for his remarks.

**David Fischer *—Greif Inc—President and CEO***

Thank you, Rob. Please turn to slide 12. As indicated by Rob's remarks, 2011 was a year of two distinct halves. Despite the abrupt slowdown that began in our third-quarter, 2011 was a record year in terms of operating income. Key businesses such as Rigid Industrial Packaging and Services in North America and Asia-Pacific, Paper Packaging and Flexible Products all had record years. Land Management also turned in solid results for 2011.

We continue to aggressively address the business challenges that have emerged in the second half of the year across the globe with the most serious impact on our Western European market. The Greif Business System is a critical tool for addressing the new market conditions and optimizing our production network. We remain active in this effort. We're on slide 13 now. We made substantial progress during 2011 regarding the accelerated integration of our three growth platforms of flexible industrial packaging, reconditioning and rigid intermediate bulk containers.

These businesses complement, reinforce and diversify our existing businesses and we expect these portfolio additions to make solid contributions to our consolidated financial performance when fully integrated. We also look forward to the completion and production start-up of the fabric hub in the Kingdom of Saudi Arabia in 2012. This facility will have unparalleled scale and cost advantages once fully operational. This segment is on track to achieve its 15% operating profit goal by 2015.

In 2011 we became the largest industrial packaging reconditioner in the world through the acquisition of pack2pack in Europe which is now a vital part of our EarthMinded ™ Lifecycle Services business. This business is developing innovative technology and business models to help industrial packaging users achieve their sustainability objectives. EarthMinded ™ LCS includes operations in Europe and North America which are among the top industrial packaging markets globally. We are implementing a strategy to achieve targeted growth and profitability goals that will provide additional long-term benefits to both Greif and its rigid packaging customers including a more efficient energy, water and carbon footprint service offering for customers.

The acquisition of Fustiplast in August of 2011 enables us to proceed with our global growth strategy for rigid intermediate bulk containers. We have been busy replicating Fustiplast's operation in several markets around the world in response to customer requests for these products. Fustiplast product offering will strengthen our comprehensive rigid industrial packaging product portfolio across the globe. Please go to slide 14. While each of these growth strategies presents exciting future benefits, we remain focused on the present.

Greif's management team has a record of promptly responding to business challenges through a set of comprehensive contingency actions that are designed to improve our long-term performance. We are currently implementing contingency actions that respond to the reduced market demand and profitability in Western Europe that began to surface late in the third quarter and have continued through the fourth quarter. While this situation is impacting our near-term quarterly results, we are confident that our actions will position Greif to be a stronger, more profitable Company in the future.

Slide 15. Following five months of intense activity, our 2011 strategy team submitted its report to executive management and our Board of Directors. Our strategy, summarized on slide 15, includes number one, accelerating sustainability, including safety, innovative products and energy savings. Number two, expanding the capabilities and reach of the Greif Business System. Three, focusing on integrating our acquisitions to strengthen our expanding core business and four, investigating and pursuing adjacencies where appropriate.

The strategy team took into account global population trends, environmental challenges and other strategic factors and determined potential growth areas based on those drivers. They then matched our portfolio and our core capabilities with the opportunities inherent in their findings. The result is yet again another sound strategy for Greif and forms the basis of our activities for the coming three years. We expect this strategy to help us become a $7 billion company by 2015. This concludes our prepared remarks. Rob, Mike and I will now answer your questions.

QUESTION AND ANSWER

**Operator**

Thank you. We will now be conducting a question-and-answer session.

(Operator Instructions)

Phil Gresh, JPMorgan.

**Phil Gresh —*JPMorgan—Analyst***

Good morning. A couple questions on the guidance. Rob, you said the EBITDA guidance is after special items, so I assume you're kind of redirecting us to kind of think of it that way moving forward. Is there a planned special items number that you're thinking about for this year in terms of restructuring or other items just based on what we've been seeing for the past couple of years?

**Rob McNutt —*Greif Inc—SVP, CFO***

No. Good question, Phil. If you look at the 2011 results they have approximately $60 million of special items in those. If you look at what we've got plugged in for 2012, we've got around $30 million, $35 million plugged in for special items into that.

**Phil Gresh —*JPMorgan—Analyst***

Is that all restructuring or is some of that still acquisition related?

**Rob McNutt —*Greif Inc—SVP, CFO***

It's really a bucket, but most of that is going to be focused on restructuring. The bulk of that, that is in there today, is related to continuing as we implement our Greif Business System in the flexibles business, continuing to drive efficiencies and continuing to be able to track some costs there. Some of that also relates to the rigids business but the bulk of it is in the flexibles business.

**Phil Gresh —*JPMorgan—Analyst***

Okay. And then just on the cost-cutting front, you talked about it here in the prepared remarks, but last downturn you guys gave a pretty good road map in terms of the cost-cutting opportunities and I think you generally exceeded those targets. I'm wondering if you could give us a little more color perhaps in the guidance for this year. How much cost savings are actually in that number based on what you've been doing so far and perhaps what you're planning to do moving forward? Is there opportunity for that number to be bigger? Just some thoughts around that.

**David Fischer —*Greif Inc—President and CEO***

This is David. Let me talk a little bit about some color commentary around the contingencies. In the fourth quarter, copying a lot of the same type of approach we used in the previous downturn, we implemented contingency plans that we had built in our business plans in case the market did what it did. Those contingency plans yielded about $12 million worth of savings within the quarter and going forward, it's highly dependent upon where the economy goes here, forward. We are prepared with more than we need, we believe in the contingency sector. But, it would not — if the market turns down and continues to stay down, I can see our way to a similar amount through the first half of the year but, again, it depends on the macro economy and where it goes.

**Phil Gresh** ***—JPMorgan—Analyst***

Okay. And then, do you have an explicit kind of free cash flow target for the year? I know this past year was a bit of a challenging year in the free cash flow front, so I'm wondering how you're thinking about that this year in terms of CapEx and just the opportunities around working capital?

**Rob McNutt** ***—Greif Inc—SVP, CFO***

Yes, let me give you a couple of thoughts around that. If you take the $500 million to $550 million of EBITDA, for CapEx what we've currently got scheduled in is spending $130 million, about $18 million to $20 million of that is carryover from projects that have begun in 2011 that we'll finish up in 2012. So, the new spending on CapEx is targeted about 70% of depreciation. Beyond that, operating working capital we ended the year at net working capital of about $250 million. I think we can get another 10% out of that and that's what we are asking of our businesses and into their commitments to us and then interest, depending on where your model takes debt, is somewhere in that $90 million range. Cash taxes, we continue to see in that 20% range.

**Phil Gresh** ***—JPMorgan—Analyst***

Okay. Got it. And then, just I guess the last question is just, you've had some lags here obviously with the price cost spread situation. And, you're expecting raw materials to be more — I guess more flattish moving forward with the 4Q level. Do you expect recovery on the price front from some of the actions you have had to take with respect to the input cost increases moving forward? Or, are you assuming you'll be more price cost neutral moving forward? I'm just trying to get a sense of the competitive environment out there.

**David Fischer** ***—Greif Inc—President and CEO***

Yes. In terms of the margins, it really depends on where the market goes. As we've indicated previously, with the downturn in Western Europe, we've had some competitive market pressure out there that we have made choices to respond to, in some cases by reducing price in some cases by walking away from the business. Less aggressive in other places in the world. But again as you see commodity prices softening a little bit here in recent months, especially we've seen in steel coming off, and now the recent weeks in OCC, we anticipate that we'll get some help on our margins from that.

**Phil Gresh** ***—JPMorgan—Analyst***

Okay. All right. I'll turn it over, thanks.

**David Fischer** ***—Greif Inc—President and CEO***

Thanks.

**Operator**

Ghansham Panjabi, Robert W. Baird.

**Ghansham Panjabi** ***—Robert W. Baird & Co.—Analyst***

Hey guys, good morning. On the rigid industrial packaging business, I think last quarter you gave us a pretty nice intra-quarter volume trajectory. I was wondering if you could do the same. Also, sort of comment on where trends were in November and which, if any end markets were weaker 4Q versus 3Q? Thanks.

**David Fischer —*Greif Inc—President and CEO***

Yes, this is David. I'll give you first a global perspective and then I'll try to run through some area specifics to give you some flavor of what's happening by region rather than just painting it at a global level. Through the year we saw, versus our original plan, a pretty significant fall-off in Europe, in the double digits I think Mike has previously reported. That seems to still be the case from a global standpoint but stabilized from a European standpoint. In the other areas of the world we were talking in the range of mid-single digits. Again that seems to be still the case and it has stabilized.

From a quarter-to-quarter and month-to-month type comparison, Western Europe is still off double digits as I mentioned, but quarter-to-quarter we saw a slight softening into the fourth quarter in Europe. Some areas more affected than others, Netherlands, France and Germany being more acute in their, let's say, the echo of what's going on in the macro economic picture there. In Eastern Europe — that was Western Europe — in Eastern Europe, we're generally flat, quarter-over-quarter, not the same type of acute impact on the big production countries as I mentioned just now. They seem to have stabilized.

North America is generally flat, quarter-over-quarter still down mid-single digits year-over-year but has gone flat and I'm anticipating a little better or early recovery in North America than some of the other areas of the world. Latin America, I'm going to throw out seasonality, Brazil got a bit softer in the recent quarter but not much and it's so little it's hard to tell whether that was just seasonality or a true, fundamental softening in their economy.

And then in Asia-Pacific, I'll divide my comments into China and the rest are Southeast Asia. China seems to be flat quarter-over-quarter and Southeast Asia is also flat with the exception of a couple smaller places in Southeast Asia where we've seen a softness in the last couple of weeks that we're monitoring closely. So, overall, I think we are seeing kind of a bottoming out of demand except for Europe, which got a little bit softer during the quarter and it was already down the most acute in the year.

**Ghansham Panjabi —*Robert W. Baird & Co.—Analyst***

Okay. And were any end markets in particular weaker 4Q versus 3Q?

**David Fischer —*Greif Inc—President and CEO***

Nothing that stands out dramatically, a little bit in specialty chemicals which is a big end use for our chemical sector of our rigid packaging offering.

**Ghansham Panjabi —*Robert W. Baird & Co.—Analyst***

Okay. And just two more questions if I could. First off on the outlook for EBITDA. As we think about it on a quarterly basis, obviously you have some seasonality in your business. Should we expect perhaps continued weakness in 1Q and then more of a back-end loaded for the rest of the quarters? How should we think about that?

**Rob McNutt —*Greif Inc—SVP, CFO***

Yes, got you. This is Rob. In the rigids business in particular, we're looking at 2012 being a bit of a mirror image of 2011, so where the front half of '11 was strong and the back half weaker especially in Western Europe, we're anticipating continued weakness through the first half of the year in Europe and some recovery in the back half. Frankly, the balance of the rigids business, we're expecting fairly stable as it was through 2011, not lighting the world on fire but not materially different from what we're seeing now.

In our paper packaging business, we're anticipating that again, the economy in the US stays relatively stable, we'll get some margin improvement here in the earlier part of the year that will be throughout the year. Now in our numbers there, what we had anticipated was the margin improvement would show up sometime in the spring rather than as early as it has in the OCC prices. So there's some potential upside there for us.

**Ghansham Panjabi** ***—Robert W. Baird & Co.—Analyst***

Okay and just a bigger-picture question — the revenue target of $7 billion by '15, obviously a huge increase relative to your current run rate. I would assume it depends on large part on acquisitions. But just started looking at your balance sheet, you're 2.5 times leveraged now using the midpoint of your '12 guidance, are you signaling that perhaps you'd be more aggressive in monetizing the loaned assets relative to what you've done in the past? Or, is there something else that I'm missing here?

**Rob McNutt** ***—Greif Inc—SVP, CFO***

Yes, I think that as you look at our leverage today, and you look at our acquisition pipeline today, as we've said for several quarters now, we are not actively seeking to add to that pipeline today. And so the intent is consolidate our acquisitions we've made recently and take the cost out of those, apply the GBS, use that cash flow to pay down debt. At the same time we've got some growth targets out there related to our flexibles business to take that by 2015 from its roughly $0.5 billion that we produce this last year to $1 billion. And then beyond that, you would look at incremental growth.

We've got the Fustiplast platform that, as David mentioned, we're looking at pushing that into markets where we're getting customer demand in specific places around the world. And then the reconditioning business is also going to show nice growth for us as that is a nice growth business in the developed world. So those are the three growth platforms. A lot of the base for those platforms is already in place. We will consolidate, pay down debt for a while, get our balance sheet back to where we're comfortable with before we start refilling the acquisition pipeline actively.

**Ghansham Panjabi** ***—Robert W. Baird & Co.—Analyst***

Got it. Thanks so much.

**Rob McNutt** ***—Greif Inc—SVP, CFO***

Thank you.

**Operator**

Steve Chercover, D.A. Davidson.

**Steve Chercover** ***—D.A. Davidson & Co.—Analyst***

Thank you, good morning. First of all since you've indicated that M&A activity will be down significantly from recent levels, should we expect a drop in SG&A from that kind of $25 million level to maybe mid-single digits or something?

**David Fischer** ***—Greif Inc—President and CEO***

Well, SG&A, if you look at SG&A as a percentage of sales, it's been in the 10%-ish range for some time. And, as we consolidate and take out a lot of the cost as we integrate, especially in the flexibles business, we should be bringing that down.

**Rob McNutt** ***—Greif Inc—SVP, CFO***

And I would say that when you consider the fact that we had 12 acquisitions in the prior year, eight this one, we have a fair runway of work to standardize along the GBS the type of work processes we have in our heritage business. That gives us some opportunity. We are also having effort in the area of shared services to make sure we become more efficient on the back end of some of these acquisitions and that's going yield us some, on a share-weighted average, some opportunities to lower our SG&A in coming years.

**Steve Chercover *—D.A. Davidson & Co.—Analyst***

Thanks. And, on slide 14 where you're discussing your response to the challenges, you indicate that redundant property sales are part of the mix there. Would it be a leap to say that even timberlands might be redundant in your portfolio?

**Rob McNutt *—Greif Inc—SVP, CFO***

Yes. I think that would be a leap at this point in time. We look at them as a core holding of our Company at this point in time. We're really referring to the industrial sites that become vacant through the GBS as we consolidate these 20 acquisitions and also in response to any market downturn as we always optimize our nearly 300-site production network around the world.

**Steve Chercover *—D.A. Davidson & Co.—Analyst***

Okay and last quick one, I guess similar to Ghansham's, but to get to that $7 billion, you've got the three platforms that are your growth, but there will be some bolt-on acquisitions, I guess after 2012. I mean, are you investigating them now?

**David Fischer *—Greif Inc—President and CEO***

We keep a list of pretty much an entire map of the world that's in our core business in every country; we follow our customers in those countries, as needed. We believe there will continue to be long-term bolt-on acquisitions much like we've done in the previous eight years, but at this point in time we're focusing on what we've already bought, integrating those, as Rob said, driving down our debt, producing cash and really focusing on doing a good job with what we have right now. In addition to that I want to underscore one more time that those three growth platforms in and of themselves are significant for us. But the launch of the Saudi hub is going to give us some significant capabilities in a couple product lines that we think are going to spur quite a bit of organic growth for us.

**Steve Chercover *—D.A. Davidson & Co.—Analyst***

And that's on track for mid-2012?

**David Fischer *—Greif Inc—President and CEO***

Yes. We plan to release the facility to operations starting in May, with production start-up commencing then and running through the following month. We have not said anything publicly about what our plans are to fill the first phase of that up. We're still looking at our entire network making sure we have a good balanced approach to our production needs.

**Steve Chercover *—D.A. Davidson & Co.—Analyst***

But, the real impact to margins is really a fiscal 2013 in all likelihood?

**David Fischer *—Greif Inc—President and CEO***

That's correct.

**Steve Chercover *—D.A. Davidson & Co.—Analyst***

Okay, thank you very much and happy holidays.

**David Fischer —*Greif Inc—President and CEO***

Thank you.

**Operator**

Chris Manuel, Wells Fargo.

**Chris Manuel —*Wells Fargo Investment—Analyst***

Good morning, gentlemen. Couple questions for you. I'll start with a couple cleanup ones first. Rob, did you have — you may mentioned this earlier and I missed it, but what the book tax rate was or would be for 2012?

**Rob McNutt —*Greif Inc—SVP, CFO***

The book tax rate, we're currently forecasting that to be in the 29% range, similar to this year. That will move — the attributes that we can say right now have good visibility and move it between 25% and 30% for the book tax rate but the cash tax rate expect to stay around the 20% level.

**Chris Manuel —*Wells Fargo Investment—Analyst***

Okay that's helpful. And then, if I do the math right you were suggesting D&A probably in that 160 range it sounded like for next year and CapEx, 130. What's a maintenance level at this point given all the acquisitions in different components that you've done over the last few years?

**Rob McNutt —*Greif Inc—SVP, CFO***

Yes our view of that and obviously we have — the different businesses have different capital intensity and different flexibility in that. But as a rule of thumb, I think about half of that 130 I would call maintenance level of cap, maybe a little bit more, 65, 70.

**Chris Manuel —*Wells Fargo Investment—Analyst***

Okay that's helpful. And then, when I think about the last couple of years as you pointed out, quite a large number of acquisitions, 20 or so, pretty significant spend even this past year. When we look at that $500 million to $550 million of EBITDA that you're looking at for 2012, could you give us a sense as to — so that we can, as we are doing our own modeling, think about what the base business component of that is and what you're assuming in 2012 is from acquired stuff that you've completed and is spillover, if you will?

**David Fischer —*Greif Inc—President and CEO***

Yes, that's a really tough one because as we acquire things, we go through the integrations. And so, for example, we acquire somebody in Singapore, where we've already got operations and is the growth in Singapore related to our base operation or the acquired operation as we consolidate things out and implement GBS so that's very, very tough to get your arms around. The best way to think about it in my mind is to think about our acquisitions that historically we buy at somewhere in the 5 to 7 times trailing 12 months EBITDA, assume that those businesses are subject to similar market conditions as our base business, but you can run the numbers from that and do that math. Obviously as we incur the cost of restructuring and implementing the GBS, those costs show up but we try to lay those out for you so you've got better transparency into those.

**Chris Manuel —*Wells Fargo Investment—Analyst***

Okay, that's somewhat helpful. And I'll think about this a little more and maybe come back to you. The last question I had was, when we think about returns that you are receiving from some of your restructuring or other components, over the past couple of years, the restructuring cost component has been pretty substantial and it looks like another $30 million or so this year. How do you think about payback or cost reduction activity? How should we gauge that? Is that something that you spend $30 million, it takes you a couple years to get a payback on? Or how would you suggest we consider that?

**David Fischer —*Greif Inc—President and CEO***

Those are really all over the map and I mean, for example, in our flexibles business where we have improved productivity in some of those assets in the 30%, 40% range in terms of productivity that we inherited, and so if I can get that kind of productivity increase and shut something down and pay some severance to get through that, if that's in Turkey, that's one answer. If it's in France where basically if I lay somebody off I've got a cost of roughly 18 months' worth of wages, the payback is different. So, it really depends on where it is and what particular restructuring is. We think broadly about the GBS as really, on our legacy operations, as overcoming inflation, largely is the way I think about it. And then the restructuring beyond that, again something like flexibles — that's where a lot of that margin increase comes from. If you look at where we took that business from, I think the numbers I gave you were in the seven and change range on an EBITDA margin last year, to north of 11 this year, a lot of that is attributable to the GBS and the restructuring that we've done in that business.

**Chris Manuel —*Wells Fargo Investment—Analyst***

Okay. Last question, if I could ask one further, is when we look at some of the change in volume trajectory you've seen over the last quarter, let's call it 100 days or so, because it started towards the end of your previous quarter as well — when we look at underlying, within some of those regions you mentioned, Germany, France, different pieces, or even Asia that's flattened out seemingly for you, and we look at underlying GDP levels in those regions or indications of what things would be with PMIs or things of that nature, they're still showing flattish in Europe or even some expansion in South America and Asia where your business seemingly is showing some slowdown.

Is there anything unique with what you're doing that could help explain maybe some of that divergence? I mean, I could think of, maybe customers are taking a level of inventory out that would make this a temporary-ish event or a one-time in nature and we move forward. Is there anything else going on that maybe, you're losing some market share, your products — we're seeing substitution or something of that nature that would explain maybe some of the divergence for what we're seeing in underlying maybe GDP levels or indications of what purchasing would be in some of these regions?

**David Fischer —*Greif Inc—President and CEO***

Chris, it's David. We spent a lot of time looking at this and I will tell you that the first assumption you made is spot on. We're hearing from a lot of our big customers that their customers are driving down their inventories for year-end and also, to a bit more aggressive level because of the uncertainty in the markets that we play in. We follow also, for example, the chemical industry in a quite detailed fashion. One of our products that we package a lot of, all around the world, are polyurethanes, particularly in the isocyanate region. And these products go into durable goods, shoe soles, insulation for appliances, insulation for home, furniture, car seats, those sort of applications.

Clearly, consumer confidence has impacted the sale of a lot of those durable goods and we go as far as following such detail of byproducts that come off of the chemical industry. And one of the ones I look from near-term standpoint is, I look at the hydrochloric acid sales, not only the volumes but the pricing for these byproducts which are directly a result of many of the processes for durable goods. Those around the world have risen. Particularly, one example in the United States they've gone up significantly on the US Gulf coast, signaling even a shortfall in recent weeks of hydrochloric acid.

I think the chemical companies and their customers are tightening their belts in terms of inventories for year-end, are very uncertain about the macroeconomic conditions. And, their indices that we all follow, whether it's the Verbunder Commission out of Germany or if it's ICIS or Triple I out of the United States, those indices typically lag some of those downturns were seeing. So, I think it's a combination of what customers are doing but I also think it's more acutely felt in some of the products that we package that go into durable goods.

**Chris Manuel —*Wells Fargo Investment—Analyst***

Okay so just to kind of follow up on that as you watch some of those various components whether it's hydrochloric acid, whether it's a number of the other components you mentioned there, have you begun to see reflected in those, and I recognize you said that it's on a bit of a lag, but at this point, we're talking about four or five months into this. Have you seen in some of those regions those start to — absent the prices that have moved up, those go down, say in Europe, double digits, 15%, 20%, and flat not in Europe or other regions as well? Because as we look at end goods, auto sales aren't down in those regions those amounts, you referred to car seats. Different things of that nature. So I'm just trying to kind of connect the dots or put them together, that if it's just inventory, in theory we should anticipate a pretty good rebound here soon to kind of refill some — the pipeline would have to get pretty thin.

**David Fischer —*Greif Inc—President and CEO***

Yes, I think that the pipeline is very thin right now and I'm only echoing what our customers are telling us about their year-end efforts. We also, just to give you an idea sell quite a bit of accessories and parts and closures to lots of packaging producers around the world, the sales of those customers we have which are our competitors in other areas, those sales are also mirroring the same type numbers we've echoed in our demand. So that gives us confirmation on, not only the market share, but the broad-based nature of the supply-chain impact and the downturn in customer orders.

**Rob McNutt —*Greif Inc—SVP, CFO***

Chris, this is a Rob. Just to highlight, you mentioned inventories and to give you a couple of anecdotal points in a couple of our businesses one in North America, more so but another one in Europe more recently, we have seen very quick order demand from folks, that is I need it tomorrow. And in our filling business here in North America we have had that and starting to expand here the last three weeks or so into multiple customers and a couple of different regions and then in Europe we've seen the very front end of that. Now, that's all anecdotal. I don't have decent statistics that say it's a trend, but that tells me that inventories are in pretty lean shape right now relative to current market demand.

**David Fischer —*Greif Inc—President and CEO***

And one last point, Chris, not to pile onto your answer but try to provide clarity, one of the other insights we now have through our new business of recycling industrial packages, we can point to the fact that empty, recyclable containers available to be recycled either wash, burned and repainted or recycled in their current form are scarce and very hard to find in most all markets of Western Europe. That tells us people are just not emptying the drums at the same rate or consumers are not buying the goods that are in there requiring them to empty them at the same rate they heretofore have been in 2011. And that's a key signal to us. So we kind of triangulate it with the inputs, with some of the chemical production data that is out there, the durable goods data that is out there and also the recycling the back end and clearly, they all point to the same factor that consumption is off significantly.

**Chris Manuel —*Wells Fargo Investment—Analyst***

Okay, well thank you. I appreciate the color. I'll jump back in the queue. I have a couple more questions.

**David Fischer —*Greif Inc—President and CEO***

Thanks.

**Operator**

Paul Owens, Avoca Capital.

**Paul Owens —*Avoca Capital—Analyst***

Thank you for taking my question. My question is going to be about inventories and you just gave the best answer I could possibly hope for. So, I will — my question has been answered perfectly. Thank you very much, gentlemen.

**David Fischer —*Greif Inc—President and CEO***

Thanks, Paul.

**Operator**

[Jason Lee], Brookfield Investment Management.

**Jason Lee —*Brookfield Investment Management—Analyst***

Morning, gentlemen. I've got one quick follow-on from some of the earlier questioning. You talked about the kind of growth targets in a couple of different platforms looking to generate some cash, pay down debt to a level more comfortable with. What level of debt or leverage is that number roughly before kind of increasing some M&A activity again toward that 2015 revenue target?

**David Fischer —*Greif Inc—President and CEO***

I'll answer. Rob and I go back and forth on this all the time, but we like to be at or under and I'll emphasize under two times EBITDA for our overall debt structure. Were running a little higher than that right now as we completed our strategy to build out the portfolio of the growth engines and we aim to bring ourselves back within a historic level that we're more comfortable with, under two times.

**Jason Lee —*Brookfield Investment Management—Analyst***

Okay, that's clear. Thank you.

**David Fischer —*Greif Inc—President and CEO***

Thank you.

**Operator**

Thank you. Ladies and gentlemen we have reached the end of our allotted time for question-and-answer session for today's conference. I would now like to turn the floor back to Mr. Fischer for closing comments.

**David Fischer —*Greif Inc—President and CEO***

I'd like to take a few moments to reiterate key points concerning our financial results for 2011 and growth strategies that are expected to position us for solid, long-term growth and increased profitability. We completed eight acquisitions during 2011, including three in the fourth quarter. By comparison we completed 12 acquisitions during 2010. As previously stated, we are focused on successfully integrating these acquisitions, realizing identified synergies and not adding to our acquisition pipeline.

As Rob stated we anticipate a continuation of challenging market conditions during the first half of 2012 with recovery in the second half of the year. This outlook assumes stable volumes and raw material costs for rigid industrial packaging and flexible products compared with year-end 2011 levels, stable market conditions and lower OCC costs for paper and packaging compared with 2011. Our management team is aggressively monitoring our businesses and taking appropriate actions to adjust our cost structure. Greif's three growth platforms, flexible products, EarthMinded ™ Lifecycle Services and rigid intermediate bulk containers, are expected to contribute positively to our financial results in 2012. I'll now turn it back over to Deb.

**Deb Strohmaier —*Greif Inc—VP of Communications***

Thank you, David. A replay of this conference call will be available in approximately one hour on our website at www.greif.com. We appreciate your interest and participation in this conference call. Thank you for joining us.

**Operator**

You may now disconnect your lines at this time and we thank you again for your participation.

**Exhibit 99.3**

# Greif, Inc.
## Quarterly Net Sales Statistics

| | Q1 2011 | Q2 2011 | Q3 2011 | Q4 2011 |
|---|---|---|---|---|
| **Rigid Containers (A)** | | | | |
| Volume (Units in Millions) (1) | 20.2 | 22.4 | 22.8 | 21.8 |
| Selling price change per unit over prior quarter (1) | 2.9% | 2.6% | 5.2% | -0.2% |
| **Flexible Products (B)/(BB)** | | | | |
| Volume (Kg in Millions) (2) | 21.4 | 21.8 | 20.5 | 19.1 |
| Selling price change per kg over prior quarter (2) | N/A | 4.6% | 9.3% | -5.6% |
| **Paper Packaging (C)** | | | | |
| Volume (US Tons in Thousands) (3) | 233.4 | 248.0 | 257.5 | 271.7 |
| Selling price change per ton over prior quarter (3) | -0.1% | 0.0% | 1.3% | -2.4% |

| | Q1 2010 | Q2 2010 | Q3 2010 | Q4 2010 |
|---|---|---|---|---|
| **Rigid Containers (A)** | | | | |
| Volume (Units in Millions) (1) | 18.2 | 21.3 | 22.3 | 22.4 |
| Selling price change per unit over prior quarter (1) | 4.5% | 0.9% | 8.4% | 2.1% |
| **Paper Packaging (C)** | | | | |
| Volume (US Tons in Thousands) (3) | 214.5 | 225.9 | 240.6 | 259.7 |
| Selling price change per ton over prior quarter (3) | 8.1% | 8.3% | 11.1% | 2.6% |

**General Notes:**

All selling prices and volumes are based on net sales by Greif, Inc. and its subsidiaries (collectively, the “Company”) to third party customers and therefore exclude inter-company sales.

Selling price changes include the effect of changes in the costs of key raw materials (such as steel, resin, paper and old corrugated containers), freight, labor and other costs. The selling price changes have been adjusted to reduce the impact of foreign currency translation and the impact of product volume increases and decreases. All references to quarters mean the fiscal quarters of the Company.

Selling price changes and volumes relating to an acquired company or business are included commencing with the third quarter succeeding the quarter in which that acquisition is closed, except that the impact of all acquisitions completed in 2010 involving Flexible Products are included in the 2011 statistics. Selling price changes and volumes relating to joint ventures that are consolidated as subsidiaries are included upon formation, but are not material.

**2011 Segment Notes:**

(A) Rigid Containers include the following product categories: large steel drums and large plastic drums (unit sizes above 42 gallons or 160 liters) and fibre drums and rigid intermediate bulk containers (RIBCs), and exclude intermediate and small steel and plastic containers, as well as other products and services such as water bottles, blending and filling, reconditioning and closure systems.

(1) The volume was calculated based on the number of units of Rigid Containers sold during the quarter. Each drum is counted as one unit, and each RIBC, given its size, is counted as five units. The selling price change per unit for each quarter is determined by first calculating for each product category the difference between its net sales per unit for that quarter over the immediately preceding quarter, divided by the net sales per unit for that product category in the immediately preceding quarter. In addition, given the price differences among the product categories, each such calculation is adjusted by multiplying the product selling price change per unit for that quarter by the ratio of the net sales of that product category for that quarter to the net sales of all Rigid Containers for that quarter. Then, the adjusted calculations for all product categories for that quarter are added together.

(B) Flexible Products include the following product categories: one loop, two loop and four loop polywoven products, and exclude multiwall bag products and other products and services.

(2) The volume was calculated based on the number of units of Flexible Products sold during the quarter converted into kilograms for all Flexible Products (including management estimates based on the average weight of the products that were sold from four facilities representing approximately 25% of the volume of Flexible Products). The selling price change per kilogram for each quarter is determined by first calculating for each product category the difference between its net sales per kilogram for that quarter over the immediately preceding quarter, divided by the net sales per kilogram for that product category in the immediately preceding quarter. In addition, given the price differences among the product categories, each such calculation is adjusted by mulitplying the product selling price change per unit for that quarter by the ratio of the net sales of that product category for that quarter to the net sales of all Flexible Products for that quarter. Then, the adjusted calculations for all product categories for that quarter are added together.

(C) Paper Packaging includes the following product categories: containerboard, corrugated sheets and corrugated boxes.

(3) The volume was calculated based on the actual number of US tons of containerboard sold during the quarter plus the number of million square feet of corrugated sheets and corrugated boxes sold during the quarter converted to US tons. The selling price change per US ton for each quarter is determined by first calculating for each product category the difference between its net sales per US ton for that quarter over the immediately preceding quarter, divided by the net sales per US ton for that product category in the immediately preceding quarter. In addition, given the price differences among the product categories, each such calculation is adjusted by multiplying the product selling price change per unit for that quarter by the ratio of the net sales of that product category for that quarter to the net sales of all Paper Packaging for that quarter. Then, the adjusted calculations for all product categories for that quarter are added together.

**2010 Segment Note:**

(BB) Flexible Products activity in 2010 was not representative of the current business since the segment was established in the second quarter and key acquisitions were completed during the remainder of the year. Therefore, 2010 statistics are not presented for Flexible Products.