

FOCUS ON GROWTH



Despite the most challenging business and economic conditions in nearly eight decades, we continued to execute our growth strategy in 2009. This involved six tuck-in acquisitions completed during the year, which included five industrial packaging companies and one paper packaging company. Four of the acquisitions were in North America, while one each was completed in Asia and Latin America.

For the year 2009, 55 percent of total net sales were from North America, 30 percent of total net sales from Europe, Middle East and Africa (EMEA), and 15 percent of total net sales from our other geographies, including emerging markets.

Growth is integral to Greif's business strategy. From our initial cooperage facility in Cleveland, Ohio in 1877 to our current global footprint of approximately 200 facilities, we have consistently pursued growth and successfully translated challenges into opportunities.

Beginning in the second half of the 20th century, we began to transition from the production of keg and heading mills and cooperage facilities to additional substrates such as fibre, steel and plastic. Today, we are the global leader in industrial packaging with the most comprehensive product line in the industry, which is complemented by attractive paper packaging and land management businesses.

Until 2001, we operated exclusively in North America. The acquisition of Van Leer Industrial Packaging in 2001

transformed Greif into a global business that currently operates in more than 45 countries. Additionally, this acquisition substantially strengthened our industrial packaging product portfolio.

Growth outside of North America continues to influence our geographic sales mix. Organic growth in those regions has exceeded the rate in North America. Key acquisitions have further enhanced our performance. In 2007, we acquired Blagden Packaging Group's steel drum manufacturing and closures business in Europe and Asia, which further strengthened Greif's footprint, especially in Europe. During this same time, we increased our investment in emerging markets, including China, Russia and Latin America. We continue to benefit from serving our multi-national customers as they expand their global operations.

Growth is the key to Greif's future and our strategy is focused on four priorities:

- Industry consolidation
- Emerging markets
- Industry adjacencies
- Product line extensions

Industry consolidation

Net sales for our Industrial Packaging segment represented approximately 81 percent of our total net sales for 2009. We have been a consolidator of this industry, especially during the past decade. While the industrial packaging industry as a whole is mature, growing at approximately the rate of each country's gross domestic product, substantial acquisition opportunities remain in all markets. About one-half of the global market is fragmented, composed of smaller companies with attractive geographic locations or products that could complement Greif's current portfolio. Our focus is on good companies that we can make better. This discipline helps to accelerate integration activities and achievement of accretive results.



Delta offers many advantages for its customers including filling activities.

While 2009 was a year filled with unusual external challenges, we successfully completed five tuck-in acquisitions in our Industrial Packaging segment. At year-end 2009, our acquisition pipeline included potential acquisitions that could further strengthen our footprint and product portfolio in key regions of the world.

Emerging markets

We continue to increase our Industrial Packaging segment's presence in key emerging markets throughout the world. For example, our acquired companies have had a presence in Brazil since 1969, Russia since 1993 and China since 1994.



We continue to increase our Industrial Packaging segment's footprint in key markets throughout the world.

Organic growth rates in emerging markets are attractive, increasing as much as double-digits. This can be attributed to faster growing economies, compared to other regions of the world, and a number of our multi-national customers continuing to expand their operations in these markets. We respond by investing in those markets that serve our customers' growing needs and also offer the greatest long-term opportunity for growth and sustained profitability.

Following initial entry into a market, we evaluate additional opportunities

to increase our presence. This can be achieved by adding facilities and/or expanding product lines to meet local market demand.

Industry adjacencies

In the fourth quarter of 2006, we announced the acquisition of Delta Petroleum Company, Inc., which was the largest privately owned blender and packager of lubricants, chemicals and glycol-based products in North America. Delta's business offers meaningful advantages for industrial packaging customers who may choose to outsource these activities, which include blending, filling and packaging, drumming, warehousing, distribution and logistics services. It also expands value-added service offering for our customers, allowing them to focus on their core businesses.

During the past three years, we have been embedding the Greif Business System into Delta's operations and strengthening its management team. These efforts have also been pursued to position Delta for further growth.

We continue to evaluate other industry adjacencies that can provide value to Greif's market position and long-term financial performance.

Product line extensions

We also consider product line extensions to be an attractive way to increase our market presence. In some cases these products are desired by customers we currently serve, while other products may result in new customers and opportunities to serve new markets.

Among the considerations of a new product line extension is to clearly determine its fit with our existing product portfolio and compatibility with Greif's manufacturing expertise. This involves an evaluation of the proper substrate to use, documentation and testing of product specifications, sourcing

requirements, distribution channels and, importantly, a specific determination of end-market opportunities. Achievement of these goals is enhanced by the fact that the same or similar equipment to what we currently operate may be used to produce these new products.

In addition to meeting the requirements of functionality and product integrity, we view product line extensions as a way to introduce further innovation and differentiation into Greif's product portfolio. Following a period of thorough development and testing, we recently introduced a rain barrel, which is a product line extension. We are excited about this opportunity to reach new customers and markets. It also reflects our ongoing commitment to growth and innovation.

While our Industrial Packaging segment represents most of the company's total net sales, our Paper Packaging and Land Management segments are also attractive businesses. We operate each of them based on a strategy that addresses their core strengths, market opportunities and compatibility with Greif's long-term goals.

Our Paper Packaging segment has been a strategic focus for several decades. For nearly 50 years, we have produced recycled corrugated products; for nearly 40 years, we've produced kraft paper. We have made substantial investments complemented by key acquisitions during this period that led to the fully integrated containerboard network that operates today. Our current network includes two mills, seven sheet-feeding facilities and several box plants.

Today, we serve primarily middle market customers in the eastern United States, including a number of regional and local businesses. By industry standards, we are considered a niche business; however, our performance is consistently among the top companies in the entire USA containerboard industry. We are able to achieve these results by focusing on our core markets. Further benefits are also being realized as we embed the

Greif Business System throughout our Paper Packaging segment.

We continue to pursue growth opportunities in our paper packaging business through further investment and the introduction of new products. In 2009, we acquired a large integrated box company to further strengthen our network in the southeast United States. Maintaining tight integration between Paper Packaging's operations enables us to increase operating efficiencies and achieve superior results relative to our peers.

One of our paper machines was recently upgraded to produce containerboard more efficiently. This containerboard is desired by current customers and may expand our market penetration going forward. Ongoing efforts such as this help to position Paper Packaging for future growth.

As its new business name indicates, Land Management is involved in much more than just selling timber. Greif has owned timberland since the early 1900s, when it was used as source material for wooden barrels. While those assets were not always managed to their full potential as the cooperage business waned, we have more recently been actively managing all of our timberland and special use properties (surplus land, Higher and Better Use land and development properties). We have also developed additional capabilities and expertise closely aligned with those activities.

During the past several years, more than \$250 million of timber properties have been monetized through the sale of timberland and special use properties. Today, we still own nearly the same amount of acreage as we did in 2002. The operating profit from these activities has been approximately \$15 million to \$20 million annually in recent years. Land Management's portfolio of legacy assets is a large store of value, with attractive, undervalued assets that are now being managed to unlock that value through a disciplined strategy.



The rain barrel is a new product line extension.



The Paper Packaging segment benefits from its integrated containerboard network.



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The Greif Business System: A growth catalyst



The Greif Business System enables us to pursue our growth strategy with greater confidence through fact-based management tools and a strong set of capabilities.

We believe that growth plus the Greif Business System (GBS) contribute directly to creating value. It instills continuous discipline and influences all of our actions. The GBS enables us to pursue our growth strategy with greater confidence through fact-based management tools and a strong set of capabilities.

Implementation of the GBS also benefits from another distinct competitive advantage – our diversity. It includes geographic, business segment, asset class and our people who provide diversity of thought and experience. Each of these forms of diversity plus the GBS help to differentiate Greif and provide added benefits to our performance.

March 2003 marked the beginning of a transforming period in Greif's history. The GBS was introduced to achieve lean manufacturing, and improve balance sheet management and commercial excellence. The GBS provides a disciplined approach to our business and is a catalyst for our long-term performance as we continue to seek to unlock value across the enterprise.

A few years later, strategic sourcing and supply chain capabilities were added to our GBS skill set. Our holistic approach to the introduction of the GBS initially challenged the entire company and temporarily led to lower net sales as key elements of the GBS were implemented. Soon, we achieved measurable benefits and established momentum, which led to accelerated accomplishments. During the past seven years, we have realized \$300 million of cost savings through the GBS, including \$50 million in 2009. We realized an additional \$100 million of annual savings during 2009 through specific contingency actions.

The launch of the GBS also signaled the beginning of Greif's "Re-earn the Right to Grow" phase. In 2003, four specific financial metrics were established: Return on Net Assets; Operating Profit to Net Sales; Selling, General & Administrative

Expense to Net Sales; and Operating Working Capital to Net Sales. This resulted in a strong internal focus from 2003 to 2006 as we worked diligently to achieve these metrics. Each of these three-year goals was achieved ahead of schedule.

The "Earn and Grow" phase commenced in the fall of 2006 and included new metrics for the same measures noted above; however, each metric was increased by at least 25 percent from the previous goal. During the next two years, net sales and profitability continued to increase. Then, the global recession significantly impacted our business beginning in the fourth quarter of 2008. We responded by developing contingency plans to adapt quickly to fast-changing market conditions, and delayed pursuit of the 2009 metrics.

The GBS continues to provide strength and direction to the achievement of growth and our long-term goals. Throughout our global operations, we have performed detailed diagnostics, which identified substantial savings yet to be realized. The GBS is a powerful set of capabilities for flexing and reducing costs, eliminating waste and enhancing revenues. We are implementing plans to optimize and embed the GBS throughout Greif's global operations as we seek to achieve top quartile profitability and be the lowest cost producer while enhancing safety and quality.

We believe we have the focus, discipline and passion to achieve these goals.