

TILE SHOP HOLDINGS, INC.

Form 10-Q

August 05, 2016

Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2016

OR

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

For the transition period from – to –

Commission file number: 001-35629

TILE SHOP HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware 45-5538095
(State or other jurisdiction of incorporation) (I.R.S. Employer Identification No.)

14000 Carlson Parkway
Plymouth, Minnesota 55441
(Address of principal executive offices) (Zip Code)

(763) 852-2988

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Table of Contents

TILE SHOP HOLDINGS, INC.

Table of Contents

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	3
<u>Consolidated Balance Sheets</u>	3
<u>Consolidated Statements of Operations</u>	4
<u>Consolidated Statements of Comprehensive (Loss) Income</u>	5
<u>Consolidated Statements of Stockholders' Equity (Deficit)</u>	6
<u>Consolidated Statements of Cash Flows</u>	7
<u>Notes to Consolidated Financial Statements</u>	8
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	16
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	23
<u>Item 4. Controls and Procedures</u>	23
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	24
<u>Item 1A. Risk Factors</u>	24
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	25
<u>Item 3. Defaults Upon Senior Securities</u>	25
<u>Item 4. Mine Safety Disclosures</u>	25
<u>Item 5. Other Information</u>	25
<u>Item 6. Exhibits</u>	25
<u>Signatures</u>	26
<u>Exhibit Index</u>	27

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Tile Shop Holdings, Inc. and Subsidiaries

Consolidated Balance Sheets

(dollars in thousands, except share and per share data)

(unaudited)

	June 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 13,407	\$ 10,330
Restricted cash	210	219
Trade receivables, net	2,853	1,966
Inventories	63,132	69,878
Prepaid inventory	337	568
Income tax receivable	1,214	735
Other current assets, net	2,637	3,557
Total Current Assets	83,790	87,253
Property, plant and equipment, net	135,781	135,115
Deferred tax assets	20,417	20,846
Other assets	1,677	1,793
Total Assets	\$ 241,665	\$ 245,007
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 15,795	\$ 14,584
Current portion of long-term debt	4,893	4,744
Income tax payable	1,556	1,101
Other accrued liabilities	22,241	19,327
Total Current Liabilities	44,485	39,756
Long-term debt, net	24,904	51,178
Capital lease obligation, net	751	797

Edgar Filing: TILE SHOP HOLDINGS, INC. - Form 10-Q

Deferred rent	36,408	34,983
Other long-term liabilities	3,527	3,092
Total Liabilities	110,075	129,806
Stockholders' Equity:		
Common stock, par value \$0.0001; authorized: 100,000,000 shares; issued and outstanding: 51,509,738 and 51,437,973 shares, respectively	5	5
Preferred stock, par value \$0.0001; authorized: 10,000,000 shares; issued and outstanding: 0 shares	-	-
Additional paid-in-capital	182,981	180,192
Accumulated deficit	(51,378)	(64,985)
Accumulated other comprehensive (loss) income	(18)	(11)
Total Stockholders' Equity	131,590	115,201
Total Liabilities and Stockholders' Equity	\$ 241,665	\$ 245,007

See accompanying Notes to Consolidated Financial Statements.

Table of Contents

Tile Shop Holdings, Inc. and Subsidiaries

Consolidated Statements of Operations

(dollars in thousands, except per share data)

(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Net sales	\$ 84,270	\$ 75,706	\$ 168,984	\$ 148,669
Cost of sales	25,571	24,413	50,580	46,405
Gross profit	58,699	51,293	118,404	102,264
Selling, general and administrative expenses	46,990	42,855	94,939	86,631
Income from operations	11,709	8,438	23,465	15,633
Interest expense	(449)	(795)	(1,019)	(1,598)
Other income	37	34	68	63
Income before income taxes	11,297	7,677	22,514	14,098
Provision for income taxes	(4,448)	(3,187)	(8,907)	(5,949)
Net income	\$ 6,849	\$ 4,490	\$ 13,607	\$ 8,149
Income per common share:				
Basic	\$ 0.13	\$ 0.09	\$ 0.26	\$ 0.16
Diluted	\$ 0.13	\$ 0.09	\$ 0.26	\$ 0.16
Weighted average shares outstanding:				
Basic	51,378,485	51,125,985	51,368,826	51,125,605
Diluted	51,937,924	51,388,602	51,821,615	51,212,955

See accompanying Notes to Consolidated Financial Statements.

Table of Contents

Tile Shop Holdings, Inc. and Subsidiaries

Consolidated Statements of Comprehensive (Loss) Income

(dollars in thousands)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,		
	2016	2015	2016	2015	
Net income	\$ 6,849	\$ 4,490	\$ 13,607	\$ 8,149	
Currency translation adjustment	(9)	1	(7)		0.4
Plus: depreciation and amortization expense	30.3		31.6	31.6	
EBITDA	\$ 154.3	\$ 115.1	\$ 106.1		
Land Management					
Operating profit	\$ 32.9	\$ 15.3	\$ 19.0		
Less: other expense (income), net					
Plus: depreciation, depletion and amortization expense	4.7	3.3	3.0		
EBITDA	37.6	18.6	22.0		
Consolidated EBITDA	\$ 485.7	\$ 430.1	\$ 460.4		

Year 2013 Compared to Year 2012**Net Sales**

Net sales were \$4,353.4 million for 2013 compared with \$4,269.5 million for 2012. The \$83.9 million increase in 2013 compared with 2012 was attributable to Paper Packaging (\$95.7 million increase), Land Management (\$6.3 million increase), Rigid Industrial Packaging & Services (\$13.5 million decrease), and Flexible Products & Services (\$4.6 million decrease).

The 2 percent increase in net sales for 2013 compared with 2012 was primarily due to an increase in sales volumes of 1.8 percent and an increase in sales prices of 0.5 percent, partially offset by a 0.3 percent negative impact of foreign currency translation. Volumes improved in all segments with prices increasing 12.0 percent in the Paper Packaging segment due to the implementation and realization of two containerboard price increases since the third quarter of 2012. Prices in the Rigid Industrial Packaging & Services and Flexible Packaging & Services segments declined during 2013 due to the pass through of lower raw material costs to customers.

Table of Contents

Operating Costs

Gross profit increased to \$832.6 million for 2013 from \$779.6 million for 2012. Gross profit margin was 19.1 percent for 2013 versus 18.3 percent for 2012. The increase in gross profit margin was principally due to higher volumes in all segments, higher selling prices in the Paper Packaging and Land Management segments and increased productivity gains across the segments.

Selling, general and administrative (SG&A) expenses were \$477.3 million, or 11.0 percent of net sales, in 2013 compared with \$468.4 million, or 11.0 percent of net sales, in 2012. The \$8.9 million increase in SG&A expenses was primarily due to higher professional fees and travel costs partially offset by lower performance-based incentive costs and lower acquisition-related costs.

Restructuring Charges

Restructuring charges were \$8.8 million and \$33.4 million for 2013 and 2012, respectively. Restructuring charges for 2013 consisted of \$2.8 million in employee separation costs, \$4.0 million in asset impairments and \$2.0 million in other costs primarily consisting of lease termination costs and professional fees. These charges were related to the rationalization of operations and capacity, plus Life Cycle Services integration in the Rigid Industrial Packaging & Services segment and manufacturing rationalization in Europe and Asia in the Flexible Products & Services segment. Restructuring charges for 2012 consisted of \$13.4 million in employee separation costs, \$10.2 million in asset impairments and \$9.8 million in other costs primarily consisting of lease termination costs and professional fees. These charges were related to the consolidation of operations in the Flexible Products & Services segment and the ongoing implementation of the Greif Business System and the rationalization of operations in Rigid Industrial Packaging & Services.

Acquisition-Related Costs

Acquisition-related costs were \$0.8 million and \$8.2 million for the 2013 and 2012, respectively. For 2013, these costs included \$0.4 million of acquisition-related costs and \$0.4 million of post-acquisition integration costs attributable to acquisitions completed during 2011. For 2012, these costs included \$4.2 million of acquisition-related costs and \$4.0 million of post-acquisition integration costs attributable to acquisitions completed during 2011.

Operating Profit

Operating profit was \$339.6 million and \$282.8 million in 2013 and 2012, respectively. The \$56.8 million increase was due higher results in Paper Packaging (\$40.3 million), Rigid Industrial Packaging & Services (\$11.0 million) and Land Management (\$17.6 million), partially offset by to lower results in Flexible Products & Services (\$12.1 million); compared with 2012. The increase compared to 2012 is attributable to higher volumes in all segments, higher containerboard selling prices in the Paper Packaging segment, productivity gains and timberland gains, offset by capacity utilization issues as well as higher costs related to recent start up manufacturing operations in the Flexible Products & Services segment and higher asset impairment charges.

EBITDA

EBITDA was \$485.7 million and \$430.1 million for 2013 and 2012, respectively. The \$55.6 million increase was primarily due to the same segment results that impacted operating profit. Depreciation, depletion and amortization expense was \$156.9 million for 2013 compared with \$154.8 million for 2012.

Trends

Overall market conditions stabilized during the first half of fiscal 2013 and began to gradually improve during the second half of the year. We expect slow economic recovery in key markets to continue during fiscal 2014 with moderate volume improvement and upward pressure on raw material costs. The Paper Packaging segment is expected to have a strong first quarter 2014 performance based on solid volumes and existing containerboard prices. The Rigid Industrial Packaging & Services segment is expected to have gradual year-over-year improvement in volumes in the first quarter 2014. The Flexible Products & Services segment will continue to experience network utilization issues and higher costs related to recent start up manufacturing facilities in the first quarter 2014. The Land Management segment is anticipated to continue to sell additional parcels of timberland in the first quarter 2014 as part of a multi-phase timberland transaction. Positive contributions are anticipated from ongoing Greif Business System initiatives.

Segment Review

Rigid Industrial Packaging & Services

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

Table of Contents

Selling prices, customer demand and sales volumes;

Raw material costs, primarily steel, resin and containerboard and used industrial packaging for reconditioning;

Energy and transportation costs;

Benefits from executing the Greif Business System;

Restructuring charges;

Contributions from recent acquisitions;

Divestiture of facilities; and

Impact of foreign currency translation.

Net sales were \$3,062.1 million for 2013 compared with \$3,075.6 million for 2012. The 0.4 percent decrease in net sales for 2013 compared with 2012 was primarily due to a 1.9 percent increase in volumes offset by a 1.8 percent decrease in sales prices primarily from the pass-through of lower raw material costs to customers and a 0.5 percent negative impact of foreign currency translation.

Gross profit was \$555.3 million and \$545.9 million for 2013 and 2012, respectively. Gross profit margin increased to 18.1 percent from 17.7 percent for 2013 and 2012, respectively. This increase was primarily due to the timing of pass-through of changes in raw material costs to customers and improved performance in Latin America.

Operating profit was \$196.0 million and \$185.0 million for 2013 and 2012, respectively. The \$11.0 million increase was primarily due to higher volumes, improved performance in Latin America, lower restructuring charges and lower acquisition-related costs, partially offset by higher non-cash asset impairment charges.

EBITDA was \$296.1 million and \$279.5 million for 2013 and 2012, respectively. This increase was due to the same factors that impacted the segment's operating profit. Depreciation, depletion and amortization expense was \$106.7 million for 2013 compared with \$105.2 million for 2012.

Flexible Products & Services

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

Selling prices, customer demand and sales volumes;

Raw material costs, primarily resin and containerboard;

Energy and transportation costs;

Benefits from executing the Greif Business System;

Restructuring charges; and

Impact of foreign currency translation.

Net sales were \$448.7 million for 2013 compared with \$453.3 million for 2012. The 1.0 percent decrease in net sales for 2013 compared with 2012 was primarily due to a 1.3 percent increase in sales volumes offset by a 2.6 percent decrease in prices due to the pass-through of lower polypropylene costs to customers and a positive 0.3 percent impact of foreign currency translation compared with 2012.

Gross profit was \$81.1 million for 2013 versus \$86.2 million for 2012. Gross profit margin was 18.1 percent and 19.0 percent for 2013 and 2012, respectively. The decrease in gross profit margin was primarily due to the impact of changes in product mix as well as higher costs associated with recent start up manufacturing facilities.

There was an operating loss of \$13.1 million for 2013 compared with an operating loss of \$1.0 million for 2012. The negative impact of the non-cash asset impairment charges and higher costs associated with new operations was partially offset by lower restructuring charges and acquisition-related costs.

EBITDA was negative \$2.3 million in 2013 compared with positive \$16.9 million for 2012. This decrease was due to the same factors that impacted the segment's operating profit. Depreciation, depletion and amortization expense was \$15.2 million for 2013 compared with \$14.7 million for 2012.

Table of Contents

Paper Packaging

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

Selling prices, customer demand and sales volumes;

Raw material costs, primarily old corrugated containers;

Energy and transportation costs; and

Benefits from executing the Greif Business System.

Net sales were \$809.5 million for 2013 compared with \$713.8 million for 2012. The 13.4 percent increase in net sales for 2013 compared with 2012 was primarily due to a 12.0 percent increase in sales prices due to implementation and realization of two containerboard price increases since the third quarter of 2012 and a 1.4 increase in volumes.

Gross profit was \$179.8 million for 2013 compared with \$135.7 million for 2012. Gross profit margin increased to 22.2 percent from 19.0 percent for 2013 and 2012, respectively. This increase was primarily due to higher selling prices.

Operating profit was \$123.8 million and \$83.5 million for 2013 and 2012, respectively. The \$40.3 million increase was primarily due to higher prices and higher volumes.

EBITDA was \$154.3 million and \$115.1 million for 2013 and 2012, respectively. This increase was due to the same factors that impacted the segment's operating profit. Depreciation, depletion and amortization expense was \$30.3 million for 2013 compared with \$31.6 million for 2012.

Land Management

As of October 31, 2013, our Land Management segment consisted of approximately 252,475 acres of timber properties in the southeastern United States, which are actively harvested and regenerated, and approximately 10,300 acres in Canada. Key factors influencing profitability in the Land Management segment are:

Planned level of timber sales;

Selling prices and customer demand;

Gains (losses) on sale of timberland; and

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

Net sales were \$33.1 million and \$26.8 million for 2013 and 2012, respectively, primarily due to higher timber sales volumes combined with generally higher prices for timber products. While timber sales are subject to fluctuations, we seek to maintain a consistent cutting schedule, within the limits of market and weather conditions and the age distribution of timber stands.

Operating profit was \$32.9 million including \$17.5 million of gains relating to the sale of timberland in 2013 compared with operating profit of \$15.3 in 2012.

EBITDA was \$37.6 million and \$18.6 million for 2013 and 2012, respectively. This increase was due to the same factors that impacted the segment's operating profit. Depreciation, depletion and amortization expense was \$4.7 million for 2013 compared with \$3.3 million for 2012.

In order to maximize the value of our timber property, we continue to review our current portfolio and explore the development of certain of these properties in Canada and the United States. This process has led us to characterize our property as follows:

Surplus property, meaning land that cannot be efficiently or effectively managed by us, whether due to parcel size, lack of productivity, location, access limitations or for other reasons.

HBU property, meaning land that in its current state has a higher market value for uses other than growing and selling timber.

Development property, meaning HBU land that, with additional investment, may have a significantly higher market value than its HBU market value.

Timberland, meaning land that is best suited for growing and selling timber.

Table of Contents

We report the disposal of surplus and HBU property in our consolidated statements of income under gain on disposals of properties, plants and equipment, net and report the sale of development property under net sales and cost of products sold. All HBU and development property, together with surplus property, continues to be used by us to productively grow and sell timber until sold.

Whether timberland has a higher value for uses other than growing and selling timber is a determination based upon several variables, such as proximity to population centers, anticipated population growth in the area, the topography of the land, aesthetic considerations, including access to lakes or rivers, the condition of the surrounding land, availability of utilities, markets for timber and economic considerations both nationally and locally. Given these considerations, the characterization of land is not a static process, but requires an ongoing review and re-characterization as circumstances change.

As of October 31, 2013, we estimated that there were approximately 43,250 acres in Canada and the United States of special-use property, which we expect will be available for sale in the next five to seven years.

Other Income Statement Changes

Interest Expense, Net

Interest expense, net was \$83.8 million and \$89.9 million 2013 and 2012, respectively. The \$6.1 million decrease was primarily due to lower average interest rates and more favorable terms under our December 2012 amended senior secured credit facilities, partially offset by debt extinguishment charges and higher average debt outstanding for most of 2013.

Other Expense, Net

Other expense, net was \$10.8 million and \$7.5 million for 2013 and 2012, respectively. The increase was primarily attributable to higher foreign exchange losses and higher hyperinflation adjustment expenses for Venezuela in 2013.

Income Tax Expense

During 2013, the effective tax rate was 40.0 percent compared to 31.7 percent in 2012. The change in the effective tax rate was primarily attributable to a shift in global earnings mix to countries with higher tax rates, additional discrete tax adjustments, plus the impact of non-deductible non-cash long-lived asset impairment charges against pre-tax income.

Equity earnings of unconsolidated affiliates, net of tax

We recorded \$2.9 million and \$1.3 million of equity earnings of unconsolidated affiliates, net of tax, during 2013 and 2012, respectively.

Net income attributable to noncontrolling interests

Net income attributable to noncontrolling interests represents the portion of earnings from the operations of our majority owned subsidiaries that was deducted from net income to arrive at net income attributable to us. Net income attributable to noncontrolling interests was \$1.7 million and \$5.5 million for 2013 and 2012, respectively.

Net income attributable to Greif, Inc.

Based on the foregoing, net income attributable to Greif, Inc. increased \$24.9 million to \$147.3 million in 2013 from \$122.4 million in 2012.

Year 2012 Compared to Year 2011

Net Sales

Net sales were \$4,269.5 million for 2012 compared with \$4,248.2 million for 2011. The \$21.3 million increase in 2012 compared 2011 was attributable to Rigid Industrial Packaging & Services (\$61.3 million increase), Paper Packaging (\$38.8 million increase), Land Management (\$5.9 million increase) and Flexible Products & Services (\$84.7 million decrease).

The 0.5 percent increase in net sales for 2012 compared with 2011 was primarily due to higher prices. Sales volumes, including acquisitions, increased 3.3 percent for 2012 compared to 2011, but were offset by a negative 3.6 percent impact of foreign currency translation. Overall, volumes on a same structure basis for 2012 decreased 1.6 percent compared with the prior year. This decrease was principally due to market conditions in the Rigid Industrial Packaging & Services and Flexible Products & Services segments, partially offset by stronger volumes in the Paper Packaging segment, compared with the prior year.

Operating Costs

Gross profit decreased to \$779.6 million for 2012 from \$798.3 million for 2011. Gross profit margin was 18.3 percent for 2012 versus 18.8 percent for 2011. The decline in gross profit margin was principally due to market pressure and higher conversion costs in the Rigid Industrial Packaging & Services segment and higher conversion costs and sales mix in the Flexible Products & Services segment, partially offset by lower costs for old corrugated containers in the Paper Packaging segment.

Table of Contents

SG&A expenses were \$468.4 million, or 11.0 percent of net sales, in 2012 compared with \$449.2 million, or 10.6 percent of net sales, in 2011. The dollar increase in SG&A expenses was primarily due to the inclusion of SG&A expenses for acquired companies, higher pension, medical and other employee benefit and incentive costs and higher professional fees, partially offset by the positive impact of foreign currency translation and lower acquisition-related costs. Acquisition-related costs of \$8.2 million and \$24.4 million were included in SG&A expenses for 2012 and 2011, respectively. Acquisition-related costs represent amounts incurred to purchase and integrate our acquisitions.

Restructuring Charges

Restructuring charges were \$33.4 million and \$30.5 million for 2012 and 2011, respectively. Restructuring charges for 2012 consisted of \$13.4 million in employee separation costs, \$10.2 million in asset impairments and \$9.8 million in other costs primarily consisting of lease termination costs and professional fees. These charges were related to the consolidation of operations in the Flexible Products & Services segment and the ongoing implementation of the Greif Business System and the rationalization of operations in Rigid Industrial Packaging & Services. Restructuring charges for 2011 consisted of \$13.3 million in employee separation costs, \$4.5 million in asset impairments and \$12.7 million in other costs primarily consisting of lease termination costs, professional fees, relocation costs and other costs. The focus for restructuring activities during 2011 was on the integration of recent acquisitions in the Rigid Industrial Packaging & Services and Flexible Products & Services segments.

Acquisition-Related Costs

Acquisition-related costs were \$8.2 million and \$24.4 million for the 2012 and 2011, respectively. For 2012, these costs included \$4.2 million of acquisition-related costs and \$4.0 million of post-acquisition integration costs attributable to acquisitions completed during 2011. For 2011, these costs included \$8.5 million of acquisition-related costs and \$15.9 million of post-acquisition integration costs associated with integrating acquired companies, such as costs associated with implementing the Greif Business System, sourcing and supply chain initiatives, and finance and administrative reorganizations.

Operating Profit

Operating profit was \$282.8 million and \$330.2 million in 2012 and 2011, respectively. The \$47.4 million decrease was primarily due to lower results in Rigid Industrial Packaging & Services (\$34.4 million), Flexible Products & Services (\$17.9 million) and Land Management (\$3.7 million) partially offset by higher results in Paper Packaging (\$8.6 million), compared with 2011.

EBITDA

EBITDA was \$430.1 million and \$460.4 million for 2012 and 2011, respectively. The decrease was primarily due to the same segment results that impacted operating profit. Depreciation, depletion and amortization expense was \$154.8 million for 2012 compared with \$144.2 million for 2011.

Segment Review

Rigid Industrial Packaging & Services

Our Rigid Industrial Packaging & Services segment offers a comprehensive line of rigid industrial packaging products, such as steel, fibre and plastic drums, rigid intermediate bulk containers, closure systems for industrial packaging products, water bottles and remanufactured and reconditioned industrial containers, and services, such as

container life cycle management, recycling of industrial containers, blending, filling, logistics, warehousing and other packaging services. Key factors influencing profitability in the Rigid Industrial Packaging & Services segment are:

Selling prices, customer demand and sales volumes;

Raw material costs, primarily steel, resin and containerboard and used industrial packaging for reconditioning;

Energy and transportation costs;

Benefits from executing the Greif Business System;

Restructuring charges;

Contributions from recent acquisitions;

Divestiture of facilities; and

Impact of foreign currency translation.

Table of Contents

Net sales were \$3,075.6 million for 2012 compared with \$3,014.3 million for 2011. The 2.0 percent increase in net sales for 2012 compared with 2011 was primarily due to a 1.9 percent increase in sales prices and a 4.3 percent increase in sales volumes, partially offset by a 4.1 percent negative impact of foreign currency translation.

Gross profit was \$545.9 million and \$557.9 million for 2012 and 2011, respectively. Gross profit margin decreased to 17.7 percent from 18.5 percent for 2012 and 2011, respectively. This reduction was primarily due to market pressure and higher conversion costs.

Operating profit was \$185.0 million and \$219.4 million for 2012 and 2011, respectively. The \$34.4 million decrease was primarily due to higher conversion costs.

EBITDA was \$279.5 million and \$300.2 million for 2012 and 2011, respectively. This \$20.7 million decrease was due to the same factors that impacted the segment's operating profit. Depreciation, depletion and amortization expense was \$105.2 million for 2012 compared with \$93.1 million for 2011.

Flexible Products & Services

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

Selling prices, customer demand and sales volumes;

Raw material costs, primarily resin and containerboard;

Energy and transportation costs;

Benefits from executing the Greif Business System;

Restructuring charges; and

Impact of foreign currency translation.

Net sales were \$453.3 million for 2012 compared with \$538.0 million for 2011. The 15.7 percent decrease in net sales for 2012 compared with 2011 was primarily due to a 9.3 percent decrease in sales volumes due to market conditions, especially in Europe, and restructuring activities, partially offset by higher volumes for multiwall bags in the United States. For 2012, there was also a 1.2 percent decrease in prices and a negative 5.2 percent impact of foreign currency translation compared with 2011.

Gross profit was \$86.2 million for 2012 versus \$115.0 million for 2011. Gross profit margin was 19.0 percent and 21.4 percent for 2012 and 2011, respectively. The decrease in gross profit margin was primarily due to lower sales volumes coupled with higher costs associated with ongoing consolidation of operations and product mix.

There was an operating loss of \$1.0 million for 2012 compared with an operating profit of \$16.9 million for 2011. The negative impact of lower volumes, higher production costs, and startup costs principally related to the fabric hub in Saudi Arabia was partially offset by lower acquisition-related costs.

EBITDA was \$16.9 million and \$32.1 million for 2012 and 2011, respectively. This decrease was due to the same factors that impacted the segment's operating profit. Depreciation, depletion and amortization expense was \$14.7 million for 2012 compared with \$16.6 million for 2011.

Paper Packaging

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

Selling prices, customer demand and sales volumes;

Raw material costs, primarily old corrugated containers;

Energy and transportation costs; and

Benefits from executing the Greif Business System.

Table of Contents

Net sales were \$713.8 million for 2012 compared with \$675.0 million for 2011. The 5.8 percent increase in net sales for 2012 compared with 2011 was primarily due to a 7.0 percent increase in sales volumes, partially offset by 1.2 percent lower selling prices that resulted primarily from product mix.

Gross profit was \$135.7 million for 2012 compared with \$115.8 million for 2011. Gross profit margin increased to 19.0 percent from 17.2 percent for 2012 and 2011, respectively. This increase was primarily due to higher volumes and lower costs for old corrugated containers.

Operating profit was \$83.5 million and \$74.9 million for 2012 and 2011, respectively. The \$8.6 million increase was primarily due to higher volumes and gross profit margin improvement principally due to lower raw material costs.

EBITDA was \$115.1 million and \$106.1 million for 2012 and 2011, respectively. This increase was due to the same factors that impacted the segment's operating profit. Depreciation, depletion and amortization expense was \$31.6 million for 2012 and 2011.

Land Management

As of October 31, 2012, our Land Management segment consisted of approximately 270,100 acres of timber properties in the southeastern United States, which are actively harvested and regenerated, and approximately 11,860 acres in Canada. Key factors influencing profitability in the Land Management segment are:

Planned level of timber sales;

Selling prices and customer demand;

Gains (losses) on sale of timberland; and

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

Net sales were \$26.8 million and \$20.9 million for 2012 and 2011, respectively. While timber sales are subject to fluctuations, we seek to maintain a consistent cutting schedule, within the limits of market and weather conditions and the age distribution of timber stands.

Operating profit was \$15.3 million and \$19.0 million in 2012 and 2011, respectively. During 2011, a purchase price adjustment related to the expropriation of surplus property from a prior period resulted in a \$2.5 million gain.

EBITDA was \$18.6 million and \$22.0 million for 2012 and 2011, respectively. This decrease was due to the same factors that impacted the segment's operating profit. Depreciation, depletion and amortization expense was \$3.3 million for 2012 compared with \$3.0 million for 2011.

As of October 31, 2012, we estimated that there were approximately 45,747 acres in Canada and the United States of special-use property, which we expect will be available for sale in the next five to seven years.

Table of Contents

Other Income Statement Changes

Interest Expense, Net

Interest expense, net was \$89.9 million and \$76.0 million 2012 and 2011, respectively. The increase in interest expense, net was primarily attributable to higher average debt outstanding during most of the year resulting from acquisitions and related working capital requirements.

Other Expense, Net

Other expense, net was \$7.5 million and \$14.1 million for 2012 and 2011, respectively. The decrease was primarily attributable to a reduction in fees associated with the sale of our non-United States accounts receivable and the impact of foreign currency translation.

Income Tax Expense

During 2012, the effective tax rate was 31.7 percent compared to 28.0 percent in 2011. The change in the effective tax rate was primarily attributable to the change in global earnings mix, which caused a higher percentage of our income to be generated from countries with higher tax rates. The effective tax rate may fluctuate based on the mix of income inside and outside the United States and other factors.

Equity earnings of unconsolidated affiliates, net of tax

We recorded \$1.3 million and \$4.8 million of equity earnings of unconsolidated affiliates, net of tax, during 2012 and 2011, respectively.

Net income attributable to noncontrolling interests

Net income attributable to noncontrolling interests represent the portion of earnings from the operations of our majority owned subsidiaries that was deducted from net income to arrive at net income attributable to us. Net income attributable to noncontrolling interests was \$5.5 million and \$2.9 million for 2012 and 2011, respectively.

Net income attributable to Greif, Inc.

Based on the foregoing, net income attributable to Greif, Inc. decreased \$52.3 million to \$122.4 million in 2012 from \$174.7 million in 2011.

BALANCE SHEET CHANGES

Working capital changes

The \$28.1 million increase in trade accounts receivable to \$481.9 million as of October 31, 2013 from \$453.8 as of October 31, 2012 was primarily due to higher revenue and the impact of foreign currency translation.

The \$34.8 million decrease in accounts payable to \$431.3 million as of October 31, 2013 from \$466.1 million as of October 31, 2012 was primarily due to lower steel prices and benefits from early payment discounts where financially justified.

The \$17.4 million increase in prepaid expenses and other current assets to \$132.2 million as of October 31, 2013 from \$114.8 million as of October 31, 2012 was primarily due to the timing of sales of accounts receivables in Europe.

The \$9.1 million decrease in other current liabilities to \$178.8 million as of October 31, 2013 from \$187.9 million as of October 31, 2012 was primarily due to a deferred purchase price payment related to a 2011 acquisition partially offset by increases in various income taxes payable.

Other balance sheet changes

The \$27.4 million increase in goodwill to \$1,003.5 million as of October 31, 2013 from \$976.1 million as of October 31, 2012 was primarily due to the impact of foreign currency translation.

The \$17.8 million decrease in other intangible assets to \$180.8 million as of October 31, 2013 from \$198.6 million as of October 31, 2012 was primarily due to amortization of definite lived intangible assets and the impact of foreign currency translation.

The \$40.9 million decrease in pension liabilities to \$82.5 million as of October 31, 2013 from \$123.4 million as of October 31, 2012 was primarily due to an increase to the discount rate, which contributed to a decrease in the projected benefit obligation.

The \$24.1 million decrease in other long-term liabilities to \$92.9 million as of October 31, 2013 from \$117.0 million as of October 31, 2012 was primarily due to the reclassification to other current liabilities of a future payment for the purchase price of a 2011 acquisition which was due within one year as of October 31, 2013, decreases in other non-current tax liabilities, general liability reserves, environmental reserves and deferred compensation liabilities.

Table of Contents

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are operating cash flows and borrowings under our senior secured credit facility and the senior notes we have issued and, to a lesser extent, proceeds from our trade accounts receivable credit facility and proceeds from the sale of our non-United States accounts receivable. We use these sources to fund our working capital needs, capital expenditures, cash dividends, common stock repurchases and acquisitions. We anticipate continuing to fund these items in a like manner. We currently expect that operating cash flows, borrowings under our senior secured credit facility, proceeds from our U.S. trade accounts receivable credit facility and proceeds from the sale of our non-United States accounts receivable will be sufficient to fund our anticipated working capital, capital expenditures, debt repayment, potential acquisitions of businesses and other liquidity needs for at least 12 months.

Capital Expenditures

During 2013, 2012 and 2011, we invested \$136.4 million (excluding \$9.0 million for timberland properties), \$166.0 million (excluding \$3.7 million for timberland properties), and \$162.4 million (excluding \$3.4 million for timberland properties) in capital expenditures, respectively.

We anticipate future capital expenditures, excluding the potential purchase of timberland properties, of approximately \$153 million through October 31, 2014. The expenditures will replace and improve existing equipment and fund new facilities.

Sale of Non-United States Accounts Receivable

Certain of our international subsidiaries have entered into discounted receivables purchase agreements and factoring agreements (collectively, the RPAs) pursuant to which trade receivables generated from certain countries other than the United States and which meet certain eligibility requirements are sold to certain international banks or their affiliates. In particular, in April 2012, certain of our international subsidiaries entered into a new RPA with affiliates of a major international bank. Under this new RPA, the maximum amount of receivables that may be financed at any time is 145 million (\$199.9 million as of October 31, 2013). A significant portion of the proceeds from the new RPA was used to pay the obligations under previous RPAs, which were then terminated, and to pay expenses incurred in connection with this transaction. The subsequent proceeds from the new RPA are available for working capital and general corporate purposes. Under the terms of a performance and indemnity agreement, the performance obligations of our international subsidiaries under the new RPA have been guaranteed by Greif, Inc.

Transactions under the RPAs are structured to provide for legal true sales, on a revolving basis, of the receivables transferred from our various subsidiaries to the respective banks or their affiliates. The banks or their affiliates fund an initial purchase price of a certain percentage of eligible receivables based on a formula with the initial purchase price paid by the banks approximating 75 percent to 90 percent of eligible receivables, and under our new RPA, the balance of purchase price to the originating subsidiaries is paid from the proceeds of a related party subordinated loan. The remaining deferred purchase price and the repayment of the subordinated loan are settled upon collection of the receivables. As of the balance sheet reporting dates, we remove from accounts receivable the amount of proceeds received from the initial purchase price since they meet the applicable criteria of Accounting Standards Codification (ASC) 860 Transfers and Servicing, and continue to recognize the deferred purchase price in our accounts receivable. The receivables are sold on a non-recourse basis with the total funds in the servicing collection accounts pledged to the respective banks between the settlement dates. The maximum amount of aggregate receivables that may be financed under our various RPAs was \$216.8 million as of October 31, 2013. As of October 31, 2013, total accounts receivable of \$187.9 million were sold to and held by third party financial institutions or their affiliates under the various RPAs.

At the time the receivables are initially sold, the difference between the carrying amount and the fair value of the assets sold are included as a loss on sale and classified as other expense in the consolidated statements of operations. Expenses associated with the various RPAs totaled \$0.3 million and \$2.2 million for the year ended October 31, 2013 and 2012, respectively. Additionally, we perform collections and administrative functions on the receivables sold similar to the procedures we use for collecting all of our receivables. The servicing liability for these receivables is not material to the consolidated financial statements.

Refer to Note 3 to the Consolidated Financial Statements included in Item 8 of this Form 10-K for additional information regarding these various RPAs.

Acquisitions, Divestitures and Other Significant Transactions

There were no acquisitions and no material divestitures in 2013. During 2013, we made a \$46.6 million deferred cash payment related to an acquisition completed in 2011.

There were no material acquisitions in 2012. During 2012, we made a \$14.3 million deferred cash payment related to an acquisition completed in 2010.

During 2011, we completed eight acquisitions, all in the Rigid Industrial Packaging and Services segment: four European companies acquired in February, May, July and August; two joint ventures entered into in February and August in North America and in the Asia Pacific region, respectively; the acquisition of the remaining outstanding noncontrolling shares from a 2008 acquisition in South America; and the acquisition of additional shares of a company in North America that is a consolidated subsidiary as of October 31, 2011.

The cash paid, net of cash received for the eight 2011 acquisitions was \$344.9 million.

Table of Contents

Refer to Note 2 to the Consolidated Financial Statements included in Item 8 of this Form 10-K for additional disclosures regarding our 2013, 2012 and 2011 acquisitions and other significant transactions.

Borrowing Arrangements

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

	October 31, 2013	October 31, 2012
Amended Credit Agreeemnt	\$ 222.9	\$
2010 Credit Agreement		255.0
Senior Notes due 2017	301.8	302.3
Senior Notes due 2019	244.4	243.6
Senior Notes due 2021	272.9	256.0
Amended Receivables Facility	140.0	
Prior Receivables Facility		110.0
Other long-term debt	35.2	33.4
	1,217.2	1,200.3
Less current portion	(10.0)	(25.0)
Long-term debt	\$ 1,207.2	\$ 1,175.3

Credit Agreement

On December 19, 2012, we and two of our international subsidiaries amended and restated (the Amended Credit Agreement) our existing \$1.0 billion senior secured credit agreement (the 2010 Credit Agreement), which is with substantially the same syndicate of financial institutions. The Amended Credit Agreement and the 2010 Credit Agreement are each described below.

The Amended Credit Agreement provides us with an \$800 million revolving multicurrency credit facility and a \$200 million term loan, both expiring in December 2017, with an option to add \$250 million to the facilities with the agreement of the lenders. The \$200 million term loan is scheduled to amortize by the payment of principal in the amount of \$2.5 million each quarter-end for the first eight quarters, beginning January 2013, \$5.0 million each quarter-end for the next twelve quarters and the remaining balance on the maturity date. The revolving credit facility under the Amended Credit Agreement is available to fund ongoing working capital and capital expenditure needs, for general corporate purposes and to finance acquisitions. Interest is based on a Eurodollar rate or a base rate that resets periodically plus an agreed upon margin amount. As of October 31, 2013, a total of \$222.9 million was outstanding and \$753.8 million was available for borrowing under this facility, which has been reduced by \$13.3 million for outstanding letters of credit as of October 31, 2013. The weighted average interest rate on the Amended Credit Agreement was 1.86% for the twelve months ended October 31, 2013.

The Amended Credit Agreement contains certain covenants, which include financial covenants that require us to maintain a certain leverage ratio and an interest coverage ratio. The leverage ratio generally requires that at the end of any fiscal quarter we will not permit the ratio of (a) our total consolidated indebtedness, to (b) our consolidated net income plus depreciation, depletion and amortization, interest expense (including capitalized interest), income taxes,

and minus certain extraordinary gains and non-recurring gains (or plus certain extraordinary losses and non-recurring losses) and plus or minus certain other items for the preceding twelve months (adjusted EBITDA) to be greater than 4.00 to 1. The interest coverage ratio generally requires that at the end of any fiscal quarter we will not permit the ratio of (a) our consolidated adjusted EBITDA for the preceding twelve month period to (b) our consolidated interest expense to the extent paid or payable, to be less than 3.00 to 1 (the Interest Coverage Ratio Covenant). As of October 31, 2013, we were in compliance with these covenants

During the twelve months ended October 31, 2013, we recorded debt extinguishment charges of \$1.3 million resulting from the write off of unamortized deferred financing costs associated with the 2010 Credit Agreement. Financing costs associated with the Amended Credit Agreement totaling \$3.4 million have been capitalized and included in other long term assets.

The terms of the Amended Credit Agreement limit our ability to make restricted payments, which include dividends and purchases, redemptions and acquisitions of our equity interests. The repayment of amounts borrowed under the Amended Credit Agreement are secured by a security interest in the personal property of Greif, Inc. and certain of our United States subsidiaries, including equipment and inventory and certain intangible assets, as well as a pledge of the capital stock of substantially all of our United States subsidiaries. The repayment of amounts borrowed under the Amended Credit Agreement is also secured, in part, by capital stock of the non-U.S. subsidiaries that are parties to the Amended Credit Agreement. However, in the event that we receive and maintain an investment grade rating from either Moody's Investors Service, Inc. or Standard & Poor's Corporation, we may request the release of such collateral. The payment of outstanding principal under the Amended Credit Agreement and accrued interest thereon may be accelerated and become immediately due and payable upon our default in its payment or other performance obligations or its failure to comply with the financial and other covenants in the Amended Credit Agreement, subject to applicable notice requirements and cure periods as provided in the Amended Credit Agreement.

Until December 19, 2012, we and two of our international subsidiaries were borrowers under the 2010 Credit Agreement with a syndicate of financial institutions. The 2010 Credit Agreement provided us with a \$750 million revolving multicurrency credit facility and a \$250 million term loan, both expiring October 29, 2015, with an option to add \$250 million to the facilities with the agreement of the lenders. The \$250 million term loan was scheduled to amortize by the payment of principal in the amount of \$3.1 million each quarter-end for the first eight quarters, \$6.3 million each quarter-end for the next eleven quarters and the remaining balance on the maturity date. The revolving credit facility under the 2010 Credit Agreement was available to fund ongoing working capital and capital expenditure needs, for general corporate purposes and to finance acquisitions. Interest was based on a Eurodollar rate or a base rate that resets periodically plus an agreed upon margin amount.

Refer to Note 9 to the Consolidated Financial Statements included in Item 8 of this Form 10-K for additional disclosures regarding the Amended Credit Agreement and 2010 Credit Agreement.

Table of Contents***Senior Notes***

We have issued \$300.0 million of our 6.75% Senior Notes due February 1, 2017. Proceeds from the issuance of these Senior Notes were principally used to fund the purchase of our previously outstanding senior subordinated notes and for general corporate purposes. These Senior Notes are general unsecured obligations of Greif, Inc. only, provide for semi-annual payments of interest at a fixed rate of 6.75%, and do not require any principal payments prior to maturity on February 1, 2017. These Senior Notes are not guaranteed by any of our subsidiaries and thereby are effectively subordinated to all of our subsidiaries' existing and future indebtedness. The Indenture pursuant to which these Senior Notes were issued contains covenants, which, among other things, limit our ability to create liens on our assets to secure debt and to enter into sale and leaseback transactions. These covenants are subject to a number of limitations and exceptions as set forth in the Indenture. As of October 31, 2013, we were in compliance with these covenants.

We have issued \$250.0 million of our 7.75% Senior Notes due August 1, 2019. Proceeds from the issuance of these Senior Notes were principally used for general corporate purposes, including the repayment of amounts outstanding under our revolving multicurrency credit facility under our then-existing credit agreement, without any permanent reduction of the commitments thereunder. These Senior Notes are general unsecured obligations of Greif, Inc. only, provide for semi-annual payments of interest at a fixed rate of 7.75%, and do not require any principal payments prior to maturity on August 1, 2019. These Senior Notes are not guaranteed by any of our subsidiaries and thereby are effectively subordinated to all of our subsidiaries' existing and future indebtedness. The Indenture pursuant to which these Senior Notes were issued contains covenants, which, among other things, limit our ability to create liens on our assets to secure debt and to enter into sale and leaseback transactions. These covenants are subject to a number of limitations and exceptions as set forth in the Indenture. As of October 31, 2013, we were in compliance with these covenants.

Our Luxembourg subsidiary has issued 200.0 million of 7.375% Senior Notes due July 15, 2021. These Senior Notes are fully and unconditionally guaranteed on a senior basis by Greif, Inc. A portion of the proceeds from the issuance of these Senior Notes was used to repay non-U.S. borrowings under the 2010 Credit Agreement, without any permanent reduction of the commitments thereunder, with the remaining proceeds available for general corporate purposes, including the financing of acquisitions. These Senior Notes are general unsecured obligations of the Luxembourg subsidiary and Greif, Inc. and provide for semi-annual payments of interest at a fixed rate of 7.375%, and do not require any principal payments prior to maturity on July 15, 2021. These Senior Notes are not guaranteed by any subsidiaries of the issuer or Greif, Inc. and thereby are effectively subordinated to all existing and future indebtedness of the subsidiaries of the issuer and Greif, Inc. The Indenture pursuant to which these Senior Notes were issued contains covenants, which, among other matters, limit our ability to create liens on our assets to secure debt and to enter into sale and leaseback transactions. These covenants are subject to a number of limitations and exceptions as set forth in the Indenture. As of October 31, 2013, we were in compliance with these covenants.

The assumptions used in measuring fair value of Senior Notes are considered level 2 inputs, which were based on observable market pricing for similar instruments.

Refer to Note 9 to the Consolidated Financial Statements included in Item 8 of this Form 10-K for additional disclosures regarding the Senior Notes discussed above.

United States Trade Accounts Receivable Credit Facility

On September 30, 2013, we and certain of our domestic subsidiaries amended and restated our existing receivables financing facility and established a \$170.0 million United States Accounts Receivable Credit Facility (the Amended Receivables Facility) with a financial institution. The Amended Receivables Facility matures in September 2016. In

addition, we can terminate the Amended Receivables Facility at any time upon five days prior written notice. The Amended Receivables Facility is secured by certain of our United States trade accounts receivables and bears interest at a variable rate based on the London InterBank Offered Rate (LIBOR) or an applicable base rate, plus a margin, or a commercial paper rate plus a margin. Interest is payable on a monthly basis and the principal balance is payable upon termination of the Amended Receivables Facility. The Amended Receivables Facility also contains certain covenants and events of default, including a requirement that we maintain a certain interest coverage ratio. The interest coverage ratio generally requires that at the end of any fiscal quarter we will not permit the Interest Coverage Ratio Covenant to be less than 3.00 to 1 during the applicable trailing twelve-month period. As of October 31, 2013, we were in compliance with this covenant. Proceeds of the Amended Receivables Facility are available for working capital and general corporate purposes. As of October 31, 2013, \$140.0 million was outstanding under the Amended Receivables Facility.

Until September 30, 2013, we had a \$130.0 million U.S. trade accounts receivable credit facility (the Prior Receivables Facility) with a financial institution. The Prior Receivables Facility was scheduled to mature in September 2014. In addition, the Prior Receivables Facility was terminable at any time upon five days prior written notice. The Prior Receivables Facility was secured by certain of our United States trade receivables and bore interest at a variable rate based on the applicable base rate or other agreed-upon rate plus a margin amount. Interest was payable on a monthly basis and the principal balance was payable upon termination of the Prior Receivables Facility. The Prior Receivables Facility contained certain covenants, including financial covenants for leverage and fixed charge coverage ratios identical to the 2010 Credit Agreement. On December 19, 2012, this leverage ratio was amended to be identical to the ratio in the Amended Credit Agreement, and the fixed charge coverage ratio was deleted and the interest coverage ratio set forth in the Amended Credit Agreement was included. Proceeds of the Prior Receivables Facility were available for working capital and general corporate purposes. As of October 31, 2013, there was no balance outstanding under the Prior Receivables Facility.

Table of Contents

Refer to Note 9 of the Consolidated Financial Statements included in Item 8 of this Form 10-K for additional disclosures regarding the Receivables Facility.

Other

In addition to the amounts borrowed against the Amended Credit Agreement and proceeds from the Senior Notes and the Receivables Facility, as of October 31, 2013, we had outstanding other debt of \$99.3 million, comprised of \$35.2 million in long-term debt and \$64.1 million in short-term borrowings.

As of October 31, 2013, annual maturities, including the current portion, of long-term debt under our various financing arrangements were \$10.0 million in 2014, \$55.2 million in 2015, \$160.0 million in 2016, \$321.8 million in 2017, \$152.9 million in 2018, and \$517.3 million thereafter.

As of October 31, 2013 and 2012, we had deferred financing fees and debt issuance costs of \$13.4 million and \$14.8 million, respectively, which are included in other long-term assets.

Financial Instruments

Interest Rate Derivatives

We have interest rate swap agreements with various maturities through 2014. These interest rate swap agreements are used to manage our fixed and floating rate debt mix, specifically debt under the Amended Credit Agreement. The assumptions used in measuring fair value of these interest rate derivatives are considered level 2 inputs, which were based on interest received monthly from the counterparties based upon the LIBOR and interest paid based upon a designated fixed rate over the life of the swap agreements. These derivative instruments are designated and qualify as cash flow hedges. Accordingly, the effective portion of the gain or loss on these derivative instruments is reported as a component of other comprehensive income and reclassified into earnings in the same line item associated with the forecasted transaction and in the same period during which the hedged transaction affects earnings. The ineffective portion of the gain or loss on the derivative instrument is recognized in earnings immediately.

We have two interest rate derivatives, both of which were entered into during the first quarter of 2012 (floating to fixed swap agreements designated as cash flow hedges) with a total notional amount of \$150 million. Under these swap agreements, we receive interest based upon a variable interest rate from the counterparties (weighted average of 0.17% as of October 31, 2013 and 0.21% as of October 31, 2012) and pay interest based upon a fixed interest rate (weighted average of 0.75% as of October 31, 2013 and 0.75% as of October 31, 2012). Losses reclassified to earnings under these contracts (both those that existed as of October 31, 2011 and those entered into in the first quarter 2012) were \$0.8 million, \$0.9 million and \$1.9 million for the twelve months ended October 31, 2013, 2012 and 2011, respectively. These losses were recorded within the consolidated statement of operations as interest expense, net. The change in fair value of these contracts resulted in losses of \$0.9 million and \$1.4 million recorded in accumulated other comprehensive income as of October 31, 2013 and 2012, respectively.

Foreign Exchange Hedges

We conduct business in major international currencies and are subject to risks associated with changing foreign exchange rates. Our objective is to reduce volatility associated with foreign exchange rate changes to allow management to focus its attention on business operations. Accordingly, we enter into various contracts that change in value as foreign exchange rates change to protect the value of certain existing foreign currency assets and liabilities, commitments and anticipated foreign currency revenues and expenses.

As of October 31, 2013, we had outstanding foreign currency forward contracts in the notional amount of \$137.6 million (\$233.2 million as of October 31, 2012). At October 31, 2013, these derivative instruments were designated and qualified as fair value hedges. Adjustments to fair value for fair value hedges are recognized in earnings, offsetting the impact of the hedged item. The assumptions used in measuring fair value of foreign exchange hedges are considered level 2 inputs, which were based on observable market pricing for similar instruments, principally foreign exchange futures contracts. Gains recorded under fair value contracts were immaterial for the twelve months ended October 31, 2013. Losses recorded under fair value contracts were, \$1.6 million and 0.7 million for the twelve months ended October 31, 2012 and 2011, respectively.

Table of Contents

During 2012 and 2011, some derivative instruments were designated and qualified as cash flow hedges. Accordingly, the effective portion of the gain or loss on these derivative instruments was previously reported as a component of other comprehensive income and reclassified into earnings in the same line item associated with the forecasted transaction and in the same period during which the hedged transaction affected earnings. Gains reclassified to earnings for hedging contracts qualifying as cash flow hedges were immaterial for the twelve months ended October 31, 2012. Gains reclassified to earnings for hedging contracts qualifying as cash flow hedges were \$0.1 million for the twelve months ended October 31, 2011. These gains were recorded within the consolidated statement of operations as other (income) expense, net. The change in fair value of these contracts resulted in an immaterial gain recorded in accumulated other comprehensive income as of October 31, 2012. The ineffective portion of the gain or loss on the derivative instrument was previously recognized in earnings immediately.

Energy Hedges

We are exposed to changes in the price of certain commodities. Our objective is to reduce volatility associated with forecasted purchases of these commodities to allow management to focus its attention on business operations. Accordingly, we may enter into derivative contracts to manage the price risk associated with certain of these forecasted purchases.

From time to time, we have entered into certain cash flow hedges to mitigate our exposure to cost fluctuations in natural gas prices. Under these hedge agreements, we had agreed to purchase natural gas at a fixed price. There were no energy hedges in effect as of October 31, 2013 or October 31, 2012. Such prior derivative instruments were previously designated and qualified as cash flow hedges. Accordingly, the effective portion of the gain or loss on such a derivative instrument was previously reported as a component of other comprehensive income and reclassified into earnings in the same line item associated with the forecasted transaction and in the same period during which the hedged transaction affected earnings. The ineffective portion of the gain or loss on such a derivative instrument was previously recognized in earnings immediately. The assumptions used in measuring fair value of energy hedges are considered level 2 inputs, which were based on observable market pricing for similar instruments, principally commodity futures contracts. Losses reclassified to earnings under such prior contracts were \$1.2 million and \$0.4 million for the twelve months ended October 31, 2012 and 2011, respectively. Losses on such contracts were recorded within the consolidated statement of operations as cost of products sold. The change in fair value of these contracts had no impact on accumulated other comprehensive income as of October 31, 2012.

Contractual Obligations

As of October 31, 2013, we had the following contractual obligations (Dollars in millions):

	Total	Payments Due by Period			
		Less than 1 year	1-3 years	3-5 years	After 5 years
Long-term debt	\$ 1,551.5	\$ 64.7	\$ 344.5	\$ 566.7	\$ 575.6
Short-term borrowing	67.7	67.7			
Operating and capital lease obligations	165.2	43.9	62.7	25.2	33.4
Liabilities held by special purpose entities	59.4	2.2	4.5	4.5	48.2
Deferred purchase payments	7.6	6.2	1.4		
Environmental liabilities	26.8	7.3	6.0	5.4	8.1
Current portion of long-term debt	10.0	10.0			

Total	\$ 1,888.2	\$ 202.0	\$ 419.1	\$ 601.8	\$ 665.3
-------	------------	----------	----------	----------	----------

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

Environmental liabilities in the table above are estimates based on remediation plans, but payments could differ.

Our unrecognized tax benefits under ASC 740, *Income Taxes* have been excluded from the contractual obligations table because of the inherent uncertainty and the inability to reasonably estimate the timing of cash outflows.

Stock Repurchase Program and Other Share Acquisitions

Our Board of Directors has authorized us to purchase up to four million shares of Class A Common Stock or Class B Common Stock or any combination of the foregoing. During the year ended October 31, 2013, we repurchased no shares of Class A or Class B Common Stock (refer to Item 5 to this Form 10-K for additional information regarding these repurchases). As of October 31, 2013, we had repurchased 3,184,272 shares, including 1,425,452 shares of Class A Common Stock and 1,758,820 shares of Class B Common Stock under this program, which were all repurchased in prior years. The total cost of the shares repurchased from November 1, 2010 through October 31, 2013 was approximately \$15.1 million.

Effects of Inflation

Inflation did not have a material impact on our operations during 2013, 2012 or 2011.

Variable Interest Entities

We evaluate whether an entity is a variable interest entity (VIE) and determine if the primary beneficiary status is appropriate on a quarterly basis. We consolidate VIE s for which we are the primary beneficiary. If we are not the primary beneficiary and an ownership interest is held, the VIE is accounted for under the equity method of accounting. When assessing the determination of the primary beneficiary, we consider all relevant facts and circumstances, including: the power to direct the activities of the VIE that most significantly impact the VIE s economic performance and the obligation to absorb the expected losses and/or the right to receive the expected returns of the VIE.

Table of Contents

During 2011, we acquired a noncontrolling ownership interest in an entity that is accounted for as an unconsolidated equity investment. This entity is deemed to be a VIE since the total equity investment at risk is not sufficient to permit the legal entity to finance its activities without additional subordinated financial support. However, we are not the primary beneficiary because we do not have (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, or (2) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. As a result, this entity is not consolidated in our results.

Significant Nonstrategic Timberland Transactions

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

In May 2005, STA Timber issued in a private placement its 5.20% Senior Secured Notes due August 5, 2020 (the Monetization Notes) in the principal amount of \$43.3 million. In connection with the sale of the Monetization Notes, STA Timber entered into note purchase agreements with the purchasers of the Monetization Notes (the Note Purchase Agreements) and related documentation. The Monetization Notes are secured by a pledge of the Purchase Note and the Deed of Guarantee. The Monetization Notes may be accelerated in the event of a default in payment or a breach of the other obligations set forth therein or in the Note Purchase Agreements or related documents, subject in certain cases to any applicable cure periods, or upon the occurrence of certain insolvency or bankruptcy related events. The Monetization Notes are subject to a mechanism that may cause them, subject to certain conditions, to be extended to November 5, 2020. The proceeds from the sale of the Monetization Notes were primarily used for the repayment of indebtedness. Greif, Inc. and its other subsidiaries have not extended any form of guaranty of the principal or interest on the Monetization Notes. Accordingly, Greif, Inc. and its other subsidiaries will not become directly or contingently liable for the payment of the Monetization Notes at any time. The Buyer SPE is a separate and distinct legal entity from us; however the Buyer SPE has been consolidated into our operations.

The Buyer SPE is deemed to be a VIE since the Buyer SPE is not able to satisfy its liabilities without financing support from us. While Buyer SPE is a separate and distinct legal entity from us, we are the primary beneficiary because we have (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (2) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. As a result, Buyer SPE has been consolidated into our operations.

Flexible Packaging Joint Venture

In 2010, we formed the Flexible Packaging JV with Dabbagh and its subsidiary National Scientific Company Limited (NSC). The Flexible Packaging JV owns the operations in the Flexible Products & Services segment, with the exception of the North American multi-wall bag business. The Flexible Packaging JV has been consolidated into our operations as of its formation date of September 29, 2010.

All entities contributed to the Flexible Packaging JV were existing businesses acquired by us and were reorganized under Greif Flexibles Asset Holding B.V. and Greif Flexibles Trading Holding B.V. (Asset Co. and Trading Co.), respectively. The Flexible Packaging JV also included Global Textile Company LLC (Global Textile), which owns and operates a fabric hub in Saudi Arabia that commenced operations in the fourth quarter of 2012. We have 51 percent ownership in Trading Co. and 49 percent ownership in Asset Co. and Global Textile. However, we and NSC have equal economic interests in the Flexible Packaging JV, notwithstanding the actual ownership interests in the various legal entities. All investments, loans and capital contributions are to be shared equally by us and NSC and each partner has committed to contribute capital of up to \$150 million and obtain third party financing for up to \$150 million as required.

The Flexible Packaging JV is deemed to be a VIE since the total equity investment at risk is not sufficient to permit the legal entity to finance its activities without additional subordinated financial support from us. We are the primary beneficiary because we have (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (2) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

As of October 31, 2013 and 2012, Asset Co. had outstanding advances to NSC for \$0.6 million which are being used to fund certain costs incurred in Saudi Arabia in respect of the fabric hub being constructed and equipped there. These advances are recorded within the current portion related party notes and advances receivable on our consolidated balance sheet since they are expected to be repaid within the next twelve months. As of October 31, 2013 and 2012, Asset Co. and Trading Co. held short term loans payable to NSC for \$12.7 million and \$8.1 million, respectively, recorded within short-term borrowings on our consolidated balance sheet. These loans are interest bearing and are used to fund certain operational requirements.

Table of Contents***Non-United States Accounts Receivable VIE***

As further described in Note 3 to the Consolidated Financial Statements included in Item 8 of this Form 10-K, Cooperage Receivables Finance B.V. is a party to the Nieuw Amsterdam Receivables Purchase Agreement (the European RPA). Cooperage Receivables Finance B.V. is deemed to be a VIE since this entity is not able to satisfy its liabilities without the financial support from us. While this entity is a separate and distinct legal entity from us and no ownership interest in Cooperage Receivables Finance B.V. is held by us, we are the primary beneficiary because we have (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (2) the obligation to absorb losses of the VIE that could potentially be significant to the VIE. As a result, Cooperage Receivables Finance B.V. has been consolidated into our operations.

Recent Accounting Standards***Newly Adopted Accounting Standards***

In June 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-05 Comprehensive Income: Presentation of comprehensive income. This amendment to Accounting Standards Codification (ASC) 220 Comprehensive Income requires that all non-owner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In the two-statement approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income and the total of comprehensive income. In December 2011, the FASB issued ASU 2011-12 Comprehensive Income: Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05. This amendment to ASC 220 Comprehensive Income deferred the adoption of presentation of reclassification items out of accumulated other comprehensive income. We adopted this new guidance beginning November 1, 2012, and the adoption of the new guidance did not impact our financial position, results of operations or cash flows, other than the related disclosures.

In September 2011, the FASB issued ASU 2011-08 Intangibles Goodwill and Other: Testing Goodwill for Impairment which provides an entity the option to first assess qualitative factors to determine whether it is necessary to perform the current two-step test for goodwill impairment. If an entity believes, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further testing is required. The revised standard is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. We adopted this new guidance, which was fully implemented when the annual goodwill impairment testing which was performed during the fourth quarter of 2013, and the adoption of the new guidance did not impact our financial position, results of operations, comprehensive income or cash flows, other than related disclosures.

In July 2012, the FASB issued ASU 2012-02 Intangibles Goodwill and Other: Testing Indefinite-Lived Intangible Assets for Impairment which provides an entity the option to first assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, an entity concludes that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test by comparing the fair value with the carrying amount. We adopted this new guidance, which was fully implemented when the annual intangible asset impairment testing was performed during the fourth quarter of 2013, and the adoption of the new guidance did not impact our financial

position, results of operations, comprehensive income or cash flows, other than related disclosures.

Recently Issued Accounting Standards

As of October 31, 2013, the FASB has issued ASU s through 2013-11. We have reviewed each recently issued ASU and determined that the adoption of each ASU that is applicable to us will not have a material impact on our financial position, results of operations, comprehensive income or cash flows, other than the related disclosures.

In December 2011, the FASB issued ASU 2011-11 Balance Sheet: Disclosures about Offsetting Assets and Liabilities. The differences in the offsetting requirements in GAAP and International Financial Reporting Standards (IFRS) account for a significant difference in the amounts presented in statements of financial position prepared in accordance with GAAP and in the amounts presented in those statements prepared in accordance with IFRS for certain institutions. This difference reduces the comparability of statements of financial position. The FASB and IASB are issuing joint requirements that will enhance current disclosures. Entities are required to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. We expect to adopt the new guidance beginning on November 1, 2013, and the adoption of the new guidance is not expected to impact our financial position, results of operations, comprehensive income or cash flows, other than the related disclosures.

In January 2013, the FASB issued ASU 2013-01 Balance Sheet: Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities. The main objective in developing this update is to address implementation issues about the scope of ASU 2011-11. FASB stakeholders have told the FASB that because the scope in ASU 2011-11 is unclear, diversity in practice may result. Recent feedback from FASB stakeholders is that standard commercial provisions of many contracts would equate to a master netting arrangement. FASB stakeholders questioned whether it was the FASB s intent to require disclosures for such a broad scope, which would significantly increase the cost of compliance. The objective of this update is to clarify the scope of the offsetting disclosures and address any unintended consequences. We expect to adopt the new guidance beginning on November 1, 2013, and the adoption of the new guidance is not expected to impact our financial position, results of operations, comprehensive income or cash flows, other than the related disclosures.

Table of Contents

In February 2013, the FASB issued ASU 2013-02 Comprehensive Income: Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. The objective of this update is to improve the reporting of reclassifications out of accumulated other comprehensive income. The amendments in this update seek to attain that objective by requiring an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. This would be the case when a portion of the amount reclassified out of accumulated other comprehensive income is reclassified to a balance sheet account instead of directly to income or expense in the same reporting period. We expect to adopt the new guidance beginning on November 1, 2013, and the adoption of the new guidance is not expected to impact our financial position, results of operations, comprehensive income or cash flows, other than the related disclosures.

In March 2013, the FASB issued ASU 2013-05 Foreign Currency Matters: Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or an Investment in a Foreign Entity. The objective of this update is to resolve the diversity in practice about whether ASC 810-10 or ASC 830-30 applies to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas rights) within a foreign entity. We expect to adopt the new guidance beginning November 1, 2014, and the impact of the adoption of the new guidance will be evaluated when an acquisition or divestiture occurs with respect to our financial position, results of operations, comprehensive income, cash flows, and disclosures.

In July 2013, the FASB issued ASU 2013-10 Derivatives and Hedging: Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes. The objective of this update is to permit the Fed Funds Effective Swap Rate (OIS) to be used as a U.S. benchmark interest rate for hedge accounting purposes under Topic 815, in addition to the UST and LIBOR. The amendments also remove the restriction on using different benchmark rates for similar hedges. We adopted the new guidance for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013, and the impact of the adoption of the new guidance did not have an impact our financial position, results of operations, comprehensive income or cash flows, other than the related disclosures.

In July 2013, the FASB issued ASU 2013-11 Income Taxes: Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. The objective of this update is to eliminate the diversity in practice in the presentation of unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists. The amendments in this update seek to attain that objective by requiring an entity to present an unrecognized tax benefit in the financial statements as a reduction to a deferred tax asset for those instances described above, except in certain situations discussed in the update. We expect to adopt the new guidance beginning on November 1, 2014, and the adoption of the new guidance is not expected to impact our financial position, results of operations, comprehensive income or cash flows, other than the related disclosures.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We are subject to interest rate risk related to our financial instruments that include borrowings under the Amended Credit Agreement, proceeds from our Senior Notes and U.S. trade accounts receivable credit facility, and interest rate swap agreements. We do not enter into financial instruments for trading or speculative purposes. The interest rate swap agreements have been entered into to manage our exposure to variability in interest rates and changes in the fair value of fixed rate debt.

We had interest rate swap agreements with an aggregate notional amount of \$150.0 million as of October 31, 2013 and 2012, with various maturities through 2014. The interest rate swap agreements are used to manage our fixed and floating rate debt mix. Under certain of these agreements, we receive interest monthly from the counterparties equal to LIBOR and pay interest at a fixed rate over the life of the contracts. A liability for the loss on interest rate swap contracts, which represented their fair values, in the amount of \$0.9 million and \$1.4 million was recorded as of October 31, 2013 and 2012, respectively.

The tables below provide information about our derivative financial instruments and other financial instruments that are sensitive to changes in interest rates. For the Amended Credit Agreement, 2010 Credit Agreement, Senior Notes and U.S. trade accounts receivable credit facility, the tables present scheduled amortizations of principal and the weighted average interest rate by contractual maturity dates as of October 31, 2013 and 2012. For interest rate swaps, the tables present annual amortizations of notional amounts and weighted average interest rates by contractual maturity dates. Under the cash flow swap agreements, we receive interest monthly from the counterparties and pay interest monthly to the counterparties.

The fair values of our Amended Credit Agreement, 2010 Credit Agreement, Senior Notes Amended Receivables Facility and Prior Receivables Facility are based on rates available to us for debt of the same remaining maturity as of October 31, 2013 and 2012. The fair value of the interest rate swap agreements has been determined based upon the market settlement prices of comparable contracts as of October 31, 2013 and 2012.

Table of Contents**Financial Instruments**

As of October 31, 2013

(Dollars in millions)

	Expected maturity Date					After 2018	Total	Fair Value
	2014	2015	2016	2017	2018			
Amended Credit Agreement:								
Scheduled amortizations	\$ 10	\$ 20	\$ 20	\$ 20	\$ 153		\$ 223	\$ 223.0
Average interest rate (1)	1.86%	1.86%	1.86%	1.86%	1.86%		1.86%	
Senior Notes due 2017:								
Scheduled amortizations				\$ 300			\$ 300	\$ 334.5
Average interest rate	6.75%	6.75%	6.75%	6.75%			6.75%	
Senior Notes due 2019:								
Scheduled amortizations						\$ 250	\$ 250	\$ 289.9
Average interest rate	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	
Senior Notes due 2021:								
Scheduled amortizations						\$ 273	\$ 273	\$ 317.9
Average interest rate	7.38%	7.38%	7.38%	7.38%	7.38%	7.38%	7.38%	
Amended Receivables Facility:								
Scheduled amortizations			\$ 140				\$ 140	\$ 140.0
Interest rate swaps:								
Scheduled amortizations			\$ 150				\$ 150	\$ 149.1
Average pay rate (2)			0.75%					
Average receive rate (3)			0.17%					

- (1) Variable rate specified is based on LIBOR or an alternative base rate plus a calculated margin as of October 31, 2013. The rates presented are not intended to project our expectations for the future.
- (2) The average pay rate is based upon the fixed rates we were scheduled to pay as of October 31, 2013. The rates presented are not intended to project our expectations for the future.
- (3) The average receive rate is based upon the LIBOR we were scheduled to receive as of October 31, 2013. The rates presented are not intended to project our expectations for the future.

Table of Contents**Financial Instruments**

As of October 31, 2012

(Dollars in millions)

	Expected maturity Date					After 2018	Total	Fair Value
	2013	2014	2015	2016	2017			
2010 Credit Agreement:								
Scheduled amortizations	\$ 25	\$ 25	\$ 205	\$			\$ 255	\$ 255.0
Average interest rate (1)	2.15%	2.15%	2.15%				2.15%	
Senior Notes due 2017:								
Scheduled amortizations					\$ 300		\$ 300	\$ 333.1
Average interest rate	6.75%	6.75%	6.75%	6.75%	6.75%		6.75%	
Senior Notes due 2019:								
Scheduled amortizations						\$ 250	\$ 250	\$ 286.9
Average interest rate	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	
Senior Notes due 2021:								
Scheduled amortizations						\$ 256	\$ 256	\$ 280.4
Average interest rate	7.38%	7.38%	7.38%	7.38%	7.38%	7.38%	7.38%	
Prior Receivables Facility:								
Scheduled amortizations			\$ 110				\$ 110	\$ 110.0
Interest rate swaps:								
Scheduled amortizations			\$ 150				\$ 150	\$ 148.6
Average pay rate (2)			0.75%					
Average receive rate (3)			0.21%					

- (1) Variable rate specified is based on LIBOR or an alternative base rate plus a calculated margin as of October 31, 2012. The rates presented are not intended to project our expectations for the future.
- (2) The average pay rate is based upon the fixed rates we were scheduled to pay as of October 31, 2012. The rates presented are not intended to project our expectations for the future.
- (3) The average receive rate is based upon the LIBOR we were scheduled to receive as of October 31, 2012. The rates presented are not intended to project our expectations for the future.

The fair market value of the interest rate swaps as of October 31, 2013 was a net liability of \$0.9 million. Based on a sensitivity analysis we performed as of October 31, 2013, a 100 basis point decrease in interest rates would decrease the fair value of the swap agreements by \$0.4 million to a net liability of \$1.3 million. Conversely, a 100 basis point increase in interest rates would increase the fair value of the swap agreements by \$1.7 million to a net asset of \$0.8 million.

Currency Risk

As a result of our international operations, our operating results are subject to fluctuations in currency exchange rates. The geographic presence of our operations mitigates this exposure to some degree. Additionally, our transaction exposure is somewhat limited because we produce and sell a majority of our products in local currency within each

country in which we operate.

As of October 31, 2013, we had outstanding foreign currency forward contracts in the notional amount of \$137.6 million (\$233.2 million as of October 31, 2012). The purpose of these contracts is to hedge our exposure to foreign currency transactions and short-term intercompany loan balances in our international businesses. The fair value of these contracts as of October 31, 2013 resulted in an immaterial gain recorded in the consolidated statements of operations. The fair value of similar contracts as of October 31, 2012 resulted in a loss of \$1.6 million recorded in consolidated statements of operations and an immaterial gain recorded in accumulated other comprehensive income.

A sensitivity analysis to changes in the foreign currencies hedged indicates that if the U.S. dollar strengthened by 10 percent, the fair value of these instruments would decrease by \$4.8 million to a net liability of \$5.5 million. Conversely, if the U.S. dollar weakened by 10 percent, the fair value of these instruments would increase by \$5.3 million to a net asset of \$4.6 million.

Commodity Price Risk

We purchase commodities such as steel, resin, containerboard, pulpwood and energy. We do not currently engage in material hedging of commodities, other than hedges in natural gas, because there has historically been a high correlation between the commodity cost and the ultimate selling price of our products. There were no commodity hedging contracts outstanding as of October 31, 2013.

Table of Contents**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA****GREIF, INC. AND SUBSIDIARY COMPANIES****CONSOLIDATED STATEMENTS OF INCOME**

(Dollars in millions, except per share amounts)

For the years ended October 31,	2013	2012	2011
Net sales	\$ 4,353.4	\$ 4,269.5	\$ 4,248.2
Costs of products sold	3,520.8	3,489.9	3,449.9
Gross profit	832.6	779.6	798.3
Selling, general and administrative expenses	477.3	468.4	449.2
Restructuring charges	8.8	33.4	30.5
Timberland gains	(17.5)		
Asset impairment charges	30.0	2.6	4.5
Gain on disposal of properties, plants and equipment, net	(5.6)	(7.6)	(16.1)
Operating profit	339.6	282.8	330.2
Interest expense, net	83.8	89.9	76.0
Debt extinguishment charges	1.3		
Other expense, net	10.8	7.5	14.1
Income before income tax expense and equity earnings of unconsolidated affiliates, net	243.7	185.4	240.1
Income tax expense	97.6	58.8	67.3
Equity earnings of unconsolidated affiliates, net of tax	2.9	1.3	4.8
Net income	149.0	127.9	177.6
Net income attributable to noncontrolling interests	(1.7)	(5.5)	(2.9)
Net income attributable to Greif, Inc.	\$ 147.3	\$ 122.4	\$ 174.7
Basic earnings per share attributable to Greif, Inc.:			
Class A Common Stock	\$ 2.52	\$ 2.10	\$ 3.00
Class B Common Stock	\$ 3.77	\$ 3.14	\$ 4.48
Diluted earnings per share attributed to Greif, Inc.:			
Class A Common Stock	\$ 2.52	\$ 2.10	\$ 2.99
Class B Common Stock	\$ 3.77	\$ 3.14	\$ 4.48

GREIF, INC. AND SUBSIDIARY COMPANIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Dollars in millions)

For the years ended October 31,	2013	2012	2011
Net income	\$ 149.0	\$ 127.9	\$ 177.6
Other comprehensive income (loss), net of tax:			
Foreign currency translation	7.2	(46.4)	(12.9)
Reclassification of cash flow hedges to earnings, net of tax	0.5	1.3	1.4
Unrealized gain on cash flow hedges, net of tax	(0.2)	(2.4)	(0.7)
Minimum pension liabilities, net of tax	30.9	(24.4)	(25.1)
Other comprehensive income (loss), net of tax	38.4	(71.9)	(37.3)
Comprehensive income	187.4	56.0	140.3
Comprehensive income (loss) attributable to noncontrolling interests	3.1	(14.0)	17.5
Comprehensive income attributable to Greif, Inc.	\$ 184.3	\$ 70.0	\$ 122.8

Refer to the accompanying Notes to Consolidated Financial Statements.

Table of Contents**GREIF, INC. AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS**

(Dollars in millions)

As of October 31,	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	\$ 78.1	\$ 91.5
Trade accounts receivable, less allowance of \$13.5 in 2013 and \$17.1 in 2012	481.9	453.8
Inventories	375.3	373.5
Deferred tax assets	22.2	18.9
Net assets held for sale	1.5	0.1
Current portion related party notes and advances receivable	2.8	2.5
Prepaid expenses and other current assets	132.2	114.8
	1,094.0	1,055.1
Long-term assets		
Goodwill	1,003.5	976.1
Other intangible assets, net of amortization	180.8	198.6
Deferred tax assets	28.0	13.6
Related party notes receivable	12.6	15.7
Assets held by special purpose entities	50.9	50.9
Other long-term assets	114.1	118.3
	1,389.9	1,373.2
Properties, plants and equipment		
Timber properties, net of depletion	215.2	217.8
Land	141.5	139.3
Buildings	496.7	464.1
Machinery and equipment	1,523.7	1,472.8
Capital projects in progress	128.7	149.3
	2,505.8	2,443.3
Accumulated depreciation	(1,107.5)	(1,018.2)
	1,398.3	1,425.1
Total assets	\$ 3,882.2	\$ 3,853.4

Refer to the accompanying Notes to Consolidated Financial Statements.

Table of Contents**GREIF, INC. AND SUBSIDIARY COMPANIES****CONSOLIDATED BALANCE SHEETS**

(Dollars in millions)

As of October 31,	2013	2012
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Accounts payable	\$ 431.3	\$ 466.1
Accrued payroll and employee benefits	103.0	96.1
Restructuring reserves	3.0	8.0
Current portion of long-term debt	10.0	25.0
Short-term borrowings	64.1	76.1
Deferred tax liabilities	11.5	8.1
Other current liabilities	178.8	187.9
	801.7	867.3
Long-term liabilities		
Long-term debt	1,207.2	1,175.3
Deferred tax liabilities	238.1	197.0
Pension liabilities	82.5	123.4
Postretirement benefit obligations	18.5	19.3
Liabilities held by special purpose entities	43.3	43.3
Other long-term liabilities	92.9	117.0
	1,682.5	1,675.3
Shareholders equity		
Common stock, without par value	129.4	123.8
Treasury stock, at cost	(131.0)	(131.4)
Retained earnings	1,443.8	1,394.8
Accumulated other comprehensive loss:		
foreign currency translation	(63.3)	(69.1)
interest rate and other derivatives	(0.6)	(0.9)
minimum pension liabilities	(95.1)	(126.0)
Total Greif, Inc. shareholders equity	1,283.2	1,191.2
Noncontrolling interests	114.8	119.6
Total shareholders equity	1,398.0	1,310.8
Total liabilities and shareholders equity	\$ 3,882.2	\$ 3,853.4

Refer to the accompanying Notes to Consolidated Financial Statements.

Table of Contents**GREIF, INC. AND SUBSIDIARY COMPANIES****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Dollars in millions)

For the years ended October 31,	2013	2012	2011
Cash flows from operating activities:			
Net income	\$ 149.0	\$ 127.9	\$ 177.6
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	156.9	154.8	144.3
Asset impairments	34.0	12.9	9.0
Unrealized foreign exchange (gain) loss	7.1	(0.1)	(2.7)
Deferred income taxes	2.0	20.2	9.8
Gain on disposals of properties, plants and equipment, net	(23.1)	(7.6)	(16.1)
Equity earnings of affiliates	(2.9)	(1.3)	(4.8)
Other, net	0.7	(2.8)	(3.8)
Increase (decrease) in cash from changes in certain assets and liabilities:			
Trade accounts receivable	(35.4)	96.7	(20.6)
Inventories	(3.5)	40.3	17.4
Deferred purchase price on sold receivables	(8.0)	(20.9)	7.0
Accounts payable	(37.1)	3.5	(7.5)
Restructuring reserves	(5.0)	(11.4)	(0.6)
Pension and postretirement benefit liabilities	7.5	15.8	(26.5)
Other, net	8.1	45.3	(110.3)
Net cash provided by operating activities	250.3	473.3	172.2
Cash flows from investing activities:			
Acquisitions of companies, net of cash acquired			(344.9)
Purchases of properties, plants and equipment	(136.4)	(166.0)	(162.4)
Purchases of timber properties	(9.0)	(3.7)	(3.4)
Proceeds from the sale of properties, plants, equipment and other assets	41.5	13.9	31.0
Payments on (issuance of) notes receivable with related party, net	3.2	2.0	(20.0)
Purchases of land rights			(0.7)
Net cash used in investing activities	(100.7)	(153.8)	(500.4)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	1,253.8	2,947.2	3,859.4
Payments on long-term debt	(1,266.5)	(3,129.8)	(3,465.8)
Proceeds from (payments on) short-term borrowings, net	(30.2)	(43.3)	74.3
Proceeds from (payments on) trade accounts receivable credit facility, net	30.0	(20.0)	(5.0)
Proceeds from joint venture partner		4.0	

Edgar Filing: TILE SHOP HOLDINGS, INC. - Form 10-Q

Dividends paid	(98.3)	(97.7)	(97.8)
Acquisitions of treasury stock and other		(0.1)	(15.1)
Exercise of stock options	1.3	1.8	2.5
Fees paid for amended credit agreement	(3.4)		
Cash paid for deferred purchase price related to acquisitions	(46.6)	(14.3)	
Debt issuance costs paid			(4.4)
Net cash provided by (used in) financing activities	(159.9)	(352.2)	348.1
Effects of exchange rates on cash	(3.1)	(3.1)	0.4
Net increase (decrease) in cash and cash equivalents	(13.4)	(35.8)	20.3
Cash and cash equivalents at beginning of year	91.5	127.3	107.0
Cash and cash equivalents at end of year	\$ 78.1	\$ 91.5	\$ 127.3

Refer to the accompanying Notes to Consolidated Financial Statements.

Table of Contents**GREIF, INC. AND SUBSIDIARY COMPANIES****CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY**

(Amounts in millions, except per share amounts)

	Capital Stock		Treasury Stock		Retained Earnings	Noncontrolling interests	Accumulated Other Comprehensive Income (Loss)	Shareholders Equity
	Shares	Amount	Shares	Amount				
As of October 31, 2010	47,169	\$ 106.0	29,673	\$ (117.4)	\$ 1,293.2	\$ 115.7	\$ (91.7)	\$ 1,305.8
Net income					174.7	2.9		177.6
Other comprehensive income (loss):								
- Foreign currency translation						14.6	(27.5)	(12.9)
- Reclassification of cash flow hedges to earnings, net of income tax benefit of \$0.9 million							1.4	1.4
- Unrealized gain on cash flow hedges, net of income tax expense of \$0.1 million							(0.7)	(0.7)
- Minimum pension liability adjustment, net of income tax benefit of \$10.6							(25.1)	(25.1)
Comprehensive income								140.3
Acquisitions of noncontrolling interests and other						(5.3)		(5.3)
Dividends paid					(97.8)			(97.8)
Treasury shares acquired	(300)		300	(15.0)				(15.0)
Stock options exercised or forfeited	168	2.2	(168)	0.3				2.5
Restricted stock directors	11	0.7	(11)					0.7
	5	0.3	(5)					0.3

Edgar Filing: TILE SHOP HOLDINGS, INC. - Form 10-Q

Restricted stock executives								
Tax benefit of stock options and other		2.2						2.2
Long-term incentive shares issued	40	2.4	(40)	0.1				2.5
As of October 31, 2011	47,093	\$ 113.8	29,749	\$ (132.0)	\$ 1,370.1	\$ 127.9	\$ (143.6)	\$ 1,336.2
Net income					122.4	5.5		127.9
Other comprehensive income (loss):								
- Foreign currency translation						(19.5)	(26.9)	(46.4)
- Reclassification of cash flow hedges to earnings, net of income tax benefit of \$0.8 million							1.3	1.3
- Unrealized gain on cash flow hedges, net of income tax expense of \$1.3 million							(2.4)	(2.4)
- Minimum pension liability adjustment, net of income tax benefit of \$9.4 million							(24.4)	(24.4)
Comprehensive income								56.0
Acquisitions of noncontrolling interests and other						5.7		5.7
Dividends paid					(97.7)			(97.7)
Treasury shares acquired	(1)		1					
Stock options exercised or forfeited	158	1.8	(158)	0.3				2.1
Restricted stock directors	14	0.7	(14)					0.7
Restricted stock executives	5	0.2	(5)					0.2
Tax benefit of stock options and other		1.4						1.4
Long-term incentive shares issued	134	5.9	(134)	0.3				6.2
	47,403	\$ 123.8	29,439	\$ (131.4)	\$ 1,394.8	\$ 119.6	\$ (196.0)	\$ 1,310.8

As of October 31, 2012								
Net income					147.3		1.7	149.0
Other comprehensive income (loss):								
- Foreign currency translation							1.4	5.8
- Reclassification of cash flow hedges to earnings, net of income tax benefit of \$0.3 million								0.5
- Unrealized gain on cash flow hedges, net of income tax expense of \$0.2 million								(0.2)
- Minimum pension liability adjustment, net of income tax expense of \$22.2 million								30.9
Comprehensive income								187.4
Acquisitions of noncontrolling interests and other							(7.9)	(7.9)
Dividends paid					(98.3)			(98.3)
Stock options exercised	99	1.3	(99)	0.2				1.5
Restricted stock executives	21	1.0	(21)	0.1				1.1
Stock forfeiture		0.2						0.2
Tax benefit of stock options and other		1.0						1.0
Long-term incentive shares issued	54	2.1	(54)	0.1				2.2
As of October 31, 2013								
	47,577	\$ 129.4	29,265	\$ (131.0)	\$ 1,443.8	\$ 114.8	\$ (159.0)	\$ 1,398.0

Refer to the accompanying Notes to Consolidated Financial Statements.

Table of Contents

GREIF, INC. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Business

Greif, Inc. and its subsidiaries (collectively, Greif, our, or the Company) principally manufacture industrial packaging products, complemented with a variety of value-added services, including blending, packaging, reconditioning, logistics and warehousing, flexible intermediate bulk containers and containerboard and corrugated products, that they sell to customers in many industries throughout the world. The Company has operations in over 50 countries. In addition, the Company owns timber properties in the southeastern United States, which are actively harvested and regenerated, and also owns timber properties in Canada.

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

Because the Company supplies a cross section of industries, such as chemicals, paints and pigments, food and beverage, petroleum, industrial coatings, agricultural, pharmaceutical and mineral products, and must make spot deliveries on a day-to-day basis as its products are required by its customers, the Company does not operate on a backlog to any significant extent and maintains only limited levels of finished goods. Many customers place their orders weekly for delivery during the same week.

The Company's raw materials are principally steel, resin, containerboard, old corrugated containers for recycling, used industrial packaging for reconditioning and pulpwood.

There are approximately 13,085 employees of the Company as of October 31, 2013.

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of Greif, Inc., all wholly-owned and majority-owned subsidiaries, joint ventures managed by the Company including the joint venture relating to the Flexible Products & Services segment and equity earnings of unconsolidated affiliates. All intercompany transactions and balances have been eliminated in consolidation. Investments in unconsolidated affiliates are accounted for using the equity or cost methods based on the Company's ownership interest in the unconsolidated affiliate.

The Company's consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States (GAAP). Certain prior year and prior quarter amounts have been reclassified to conform to the current year presentation.

The Company's fiscal year begins on November 1 and ends on October 31 of the following year. Any references to the year 2013, 2012 or 2011, or to any quarter of those years, relates to the fiscal year ended in that year.

The Company presents various fair value disclosures in Notes 3, 10 and 13 to these Consolidated Financial Statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates, judgments, and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The most significant estimates are related to the allowance for doubtful accounts, inventory reserves, expected useful lives assigned to properties, plants and equipment, goodwill and other intangible assets, estimates of fair value, restructuring reserves, environmental liabilities, pension and postretirement benefits, income taxes, derivatives, net assets held for sale, self-insurance reserves and contingencies. Actual amounts could differ from those estimates.

Cash and Cash Equivalents

The Company considers highly liquid investments with an original maturity of three months or less to be cash equivalents. The carrying value of cash equivalents approximates fair value.

The Company had total cash and cash equivalents held outside of the United States in various foreign jurisdictions of \$54.0 million as of October 31, 2013. Under current tax laws and regulations, if cash and cash equivalents held outside the United States are repatriated to the United States in the form of dividends or otherwise, we may be subject to additional U.S. income taxes (subject to an adjustment for foreign tax credits) and foreign withholding taxes.

Table of Contents

Allowance for Doubtful Accounts

Trade receivables represent amounts owed to the Company through its operating activities and are presented net of allowance for doubtful accounts. The allowance for doubtful accounts totaled \$13.5 million and \$17.1 million as of October 31, 2013 and 2012, respectively. The Company evaluates the collectability of its accounts receivable based on a combination of factors. In circumstances where the Company is aware of a specific customer's inability to meet its financial obligations to the Company, the Company records a specific allowance for bad debts against amounts due to reduce the net recognized receivable to the amount the Company reasonably believes will be collected. In addition, the Company recognizes allowances for bad debts based on the length of time receivables are past due with allowance percentages, based on its historical experiences, applied on a graduated scale relative to the age of the receivable amounts. If circumstances such as higher than expected bad debt experience or an unexpected material adverse change in a major customer's ability to meet its financial obligations to the Company were to occur, the recoverability of amounts due to the Company could change by a material amount. Amounts deemed uncollectible are written-off against an established allowance for doubtful accounts.

Concentration of Credit Risk and Major Customers

The Company maintains cash depository accounts with banks throughout the world and invests in high quality short-term liquid instruments. Such investments are made only in instruments issued by high quality institutions. These investments mature within three months and the Company has not incurred any related losses for the years ended October 31, 2013, 2012, and 2011.

Trade receivables can be potentially exposed to a concentration of credit risk with customers or in particular industries. Such credit risk is considered by management to be limited due to the Company's many customers, none of which are considered principal in the total operations of the Company, and its geographic scope of operations in a variety of industries throughout the world. The Company does not have an individual customer that exceeds 10 percent of total revenue. In addition, the Company performs ongoing credit evaluations of its customers' financial conditions and maintains reserves for credit losses. Such losses historically have been within management's expectations.

Inventory Reserves

Reserves for slow moving and obsolete inventories are provided based on historical experience, inventory aging and product demand. The Company continuously evaluates the adequacy of these reserves and makes adjustments to these reserves as required. The Company also evaluates reserves for losses under firm purchase commitments for goods or inventories.

Net Assets Held for Sale

Net assets held for sale represent land, buildings and land improvements for locations that have met the criteria of held for sale accounting, as specified by Accounting Standards Codification (ASC) 360, Property, Plant, and Equipment. As of October 31, 2013, there were two asset groups held for sale in the Flexible Products & Services segment. The effect of suspending depreciation on the facilities held for sale is immaterial to the results of operations. The net assets held for sale are being marketed for sale and it is the Company's intention to complete the sales of these assets within the upcoming year.

Goodwill and Other Intangibles

Goodwill is the excess of the purchase price of an acquired entity over the amounts assigned to tangible and intangible assets and liabilities assumed in the business combination. The Company accounts for purchased goodwill and indefinite-lived intangible assets in accordance with ASC 350, Intangibles—Goodwill and Other. Under ASC 350, purchased goodwill and intangible assets with indefinite lives are not amortized, but instead are tested for impairment at least annually. Intangible assets with finite lives, primarily customer relationships, patents and trademarks, continue to be amortized over their useful lives on a straight-line basis. The useful lives for finite lived intangible assets vary depending on the type of asset and the terms of contracts or the valuation performed. The Company tests for impairment of goodwill and indefinite-lived intangible assets during the fourth quarter of each fiscal year, or more frequently if certain indicators are present or changes in circumstances suggest that impairment may exist. The Company tests for impairment of finite lived intangible assets at least annually, or more frequently if certain indicators are present to suggest that impairment may exist.

ASC 350 requires that testing for goodwill impairment be conducted at the reporting unit level using a two-step approach. The first step requires a comparison of the carrying value of the reporting units to the estimated fair value of these units. If the carrying value of a reporting unit exceeds its estimated fair value, the Company performs the second step of the goodwill impairment to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the estimated implied fair value of a reporting unit's goodwill to its carrying value. The Company allocates the estimated fair value of a reporting unit to all of the assets and liabilities in that reporting unit, including intangible assets, as if the reporting unit had been acquired in a business combination. Any excess of the estimated fair value of a reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill.

The Company's determination of estimated fair value of the reporting units is based on a discounted cash flow analysis utilizing the income approach. Under this method, the principal valuation focus is on the reporting unit's cash-generating capabilities. The discount rates used for impairment testing are based on a market participant's weighted average cost of capital. The use of alternative estimates, including different peer groups or changes in the industry, or adjusting the discount rate, or earnings before interest, taxes, depreciation, depletion and amortization (EBITDA) forecasts used could affect the estimated fair value of the reporting units and potentially result in goodwill impairment. Any identified impairment would result in an expense to the Company's results of operations. The Company performed its annual impairment test for fiscal years 2013, 2012 and 2011, which resulted in no impairment charges. During 2013, the annual impairment test identified potential impairment indicators in the Flexible Products & Services reporting unit, requiring the Company to perform additional analysis. Based on the results of the additional analysis of the goodwill for the Flexible Products & Services reporting unit, it was concluded that no goodwill impairment was required. Refer to Note 6 for additional information regarding goodwill and other intangible assets.

Table of Contents***Acquisitions***

From time to time, the Company acquires businesses and/or assets that augment and complement its operations, in accordance with ASC 805, Business Combinations. These acquisitions are accounted for under the purchase method of accounting. The consolidated financial statements include the results of operations from these business combinations from the date of acquisition.

In order to assess performance, the Company classifies costs incurred in connection with acquisitions as acquisition-related costs. These costs consist primarily of transaction costs, integration costs and changes in the fair value of contingent payments (earn-outs) and are recorded within selling, general and administrative costs. Acquisition transaction costs are incurred during the initial evaluation of a potential targeted acquisition and primarily relate to costs to analyze, negotiate and consummate the transaction as well as financial and legal due diligence activities. Post-acquisition integration activities are costs incurred to combine the operations of an acquired enterprise into the Company's operations.

Internal Use Software

Internal use software is accounted for under ASC 985, Software. Internal use software is software that is acquired, internally developed or modified solely to meet the Company's needs and for which, during the software's development or modification, a plan does not exist to market the software externally. Costs incurred to develop the software during the application development stage and for upgrades and enhancements that provide additional functionality are capitalized and then amortized over a three to ten year period.

Properties, Plants and Equipment

Properties, plants and equipment are stated at cost. Depreciation on properties, plants and equipment is provided on the straight-line method over the estimated useful lives of the assets as follows:

	Years
Buildings	30 - 45
Machinery and equipment	3 - 19

Depreciation expense was \$131.9 million, \$131.4 million and \$122.7 million, in 2013, 2012 and 2011, respectively. Expenditures for repairs and maintenance are charged to expense as incurred. When properties are retired or otherwise disposed of, the cost and accumulated depreciation are eliminated from the asset and related allowance accounts. Gains or losses are credited or charged to income as incurred.

The Company capitalizes interest on long-term fixed asset projects using a rate that approximates the weighted average cost of borrowing. As of October 31, 2013, 2012, and 2011, the Company capitalized interest costs of \$1.7 million, \$2.7 million, and \$3.8 million, respectively.

The Company tests for impairment of properties, plants and equipment at least annually, or more frequently if certain indicators are present to suggest that impairment may exist.

The Company owns timber properties in the southeastern United States and in Canada. With respect to the Company's United States timber properties, which consisted of approximately 252,475 acres as of October 31, 2013, depletion expense on timber properties is computed on the basis of cost and the estimated recoverable timber. Depletion

expense was \$4.3 million, \$2.9 million and \$2.7 million in 2013, 2012 and 2011, respectively. The Company's land costs are maintained by tract. The Company begins recording pre-merchantable timber costs at the time the site is prepared for planting. Costs capitalized during the establishment period include site preparation by aerial spray, costs of seedlings, planting costs, herbaceous weed control, woody release, labor and machinery use, refrigeration rental and trucking for the seedlings. The Company does not capitalize interest costs in the process. Property taxes are expensed as incurred. New road construction costs are capitalized as land improvements and depreciated over 20 years. Road repairs and maintenance costs are expensed as incurred. Costs after establishment of the seedlings, including management costs, pre-commercial thinning costs and fertilization costs, are expensed as incurred. Once the timber becomes merchantable, the cost is transferred from the pre-merchantable timber category to the merchantable timber category in the depletion block.

Merchantable timber costs are maintained by five product classes, pine sawtimber, pine chip-n-saw, pine pulpwood, hardwood sawtimber and hardwood pulpwood, within a depletion block, with each depletion block based upon a geographic district or subdistrict. Currently, the Company has eight depletion blocks. These same depletion blocks are used for pre-merchantable timber costs. Each year, the Company estimates the volume of the Company's merchantable timber for the five product classes by each depletion block. These estimates are based on the current state in the growth cycle and not on quantities to be available in future years. The Company's estimates do not include costs to be incurred in the future. The Company then projects these volumes to the end of the year. Upon acquisition of a new timberland tract, the Company records separate amounts for land, merchantable timber and pre-merchantable timber allocated as a percentage of the values being purchased. These acquisition volumes and costs acquired during the year are added to the totals for each product class within the appropriate depletion block(s). The total of the beginning, one-year growth and acquisition volumes are divided by the total undepleted historical cost to arrive at a depletion rate, which is then used for the current year. As timber is sold, the Company multiplies the volumes sold by the depletion rate for the current year to arrive at the depletion cost.

Table of Contents

For 2013, the Company recorded a gain of \$17.5 million relating to the sale of timberland.

The Company's Canadian timber properties, which consisted of approximately 10,300 as of October 31, 2013, are not actively managed at this time, and therefore, no depletion expense is recorded.

Equity Earnings of Unconsolidated Affiliates, net of tax and Noncontrolling Interests including Variable Interest Entities

The Company accounts for equity earnings of unconsolidated affiliates, net of tax and noncontrolling interests under ASC 810, Consolidation. ASC 810 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. ASC 810 requires a single method of accounting for changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation, that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated and that the consolidated financial statements clearly identify and distinguish between the parent's ownership interest and the interest of the noncontrolling owners of a subsidiary. Refer to Note 16 for additional information regarding the Company's unconsolidated affiliates and noncontrolling interests.

ASC 810 also provides a framework for identifying variable interest entities (VIE) and determining when a company should include the assets, liabilities, noncontrolling interests and results of operations of a VIE in its consolidated financial statements. In general, a VIE is a corporation, partnership, limited liability company, trust or any other legal structure used to conduct activities or hold assets that either (1) has an insufficient amount of equity to carry out its principal activities without additional subordinated financial support, (2) has a group of equity owners that are unable to make significant decisions about its activities or (3) has a group of equity owners that do not have the obligation to absorb losses or the right to receive returns generated by its operations. ASC 810 requires a VIE to be consolidated if a party with an ownership, contractual or other financial interest in the VIE (a variable interest holder) is obligated to absorb a majority of the risk of loss from the VIE's activities, is entitled to receive a majority of the VIE's residual returns (if no party absorbs a majority of the VIE's losses), or both. One of the companies acquired in 2011 is considered a VIE. However, because the Company is not the primary beneficiary, the Company will report its ownership interest in this acquired company using the equity method of accounting.

On September 29, 2010, Greif, Inc. and its indirect subsidiary Greif International Holding Supra C.V. (Greif Supra), a Netherlands limited partnership, completed a Joint Venture Agreement with Dabbagh Group Holding Company Limited (Dabbagh) and National Scientific Company Limited (NSC), a subsidiary of Dabbagh, referred to herein as the Flexible Packaging JV. The joint venture owns the operations in the Flexible Products & Services segment, with the exception of the North American multi-wall bag business. Greif Supra and NSC have equal economic interests in the joint venture, notwithstanding the actual ownership interests in the various legal entities. All investments, loans and capital injections are shared 50 percent by Greif and the Dabbagh entities. Greif has deemed this joint venture to be a VIE based on the criteria outlined in ASC 810. Greif exercises management control over this joint venture and is the primary beneficiary due to supply agreements and broader packaging industry customer risks and rewards. Therefore, Greif has fully consolidated the operations of this joint venture as of the formation date of September 29, 2010 and has reported Dabbagh's share in the profits and losses in this joint venture from this date on the Company's income statement under net income attributable to noncontrolling interests.

The Company has consolidated the assets and liabilities of STA Timber LLC (STA Timber) in accordance with ASC 810 which was involved in the transactions described in Note 8. Because STA Timber is a separate and distinct legal entity from Greif, Inc. and its other subsidiaries, the assets of STA Timber are not available to satisfy the liabilities and obligations of these entities and the liabilities of STA Timber are not liabilities or obligations of these entities. The Company has also consolidated the assets and liabilities of the buyer-special purpose entity described in Note 8 (the Buyer SPE) involved in that transaction as a result of ASC 810. However, because the Buyer SPE is a separate

and distinct legal entity from Greif, Inc. and its other subsidiaries, the assets of the Buyer SPE are not available to satisfy the liabilities and obligations of the Company, and the liabilities of the Buyer SPE are not liabilities or obligations of the Company.

On April 27, 2012, Cooperage Receivables Finance B.V. and Greif Coordination Center BVBA, an indirect wholly owned subsidiary of Greif, Inc., entered into the Nieuw Amsterdam Receivables Purchase Agreement with affiliates of a major international bank. Cooperage Receivables Finance B.V. is deemed to be a VIE since this entity is not able to satisfy its liabilities without the financial support from the Company. While this entity is a separate and distinct legal entity from the Company and no ownership interest in this entity is held by the Company, the Company is the primary beneficiary because it has (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (2) the obligation to absorb losses of the VIE that could potentially be significant to the VIE. As a result, Cooperage Receivables Finance B.V. has been consolidated into the operations of the Company. Refer to Note 3 for additional information regarding the sale of non-United States accounts receivable.

Contingencies

Various lawsuits, claims and proceedings have been or may be instituted or asserted against the Company, including those pertaining to environmental, product liability, and safety and health matters. While the amounts claimed may be substantial, the ultimate liability cannot currently be determined because of the considerable uncertainties that exist.

All lawsuits, claims and proceedings are considered by the Company in establishing reserves for contingencies in accordance with ASC 450, Contingencies. In accordance with the provisions of ASC 450, the Company accrues for a litigation-related liability when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Based on currently available information known to the Company, the Company believes that its reserves for these litigation-related liabilities are reasonable and that the ultimate outcome of any pending matters is not likely to have a material adverse effect on the Company's financial position or results of operations.

Table of Contents

Environmental Cleanup Costs

The Company accounts for environmental cleanup costs in accordance with ASC 450. The Company expenses environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible. Expenditures that extend the life of the related property or mitigate or prevent future environmental contamination are capitalized. The Company determines its liability on a site-by-site basis and records a liability at the time when it is probable and can be reasonably estimated. The Company's estimated liability is reduced to reflect the anticipated participation of other potentially responsible parties in those instances where it is probable that such parties are legally responsible and financially capable of paying their respective shares of the relevant costs.

Self-Insurance

The Company is self-insured for certain of the claims made under its employee medical and dental insurance programs. The Company had recorded liabilities totaling \$2.9 million and \$2.7 million for estimated costs related to outstanding claims as of October 31, 2013 and 2012, respectively. These costs include an estimate for expected settlements on pending claims, administrative fees and an estimate for claims incurred but not reported. These estimates are based on management's assessment of outstanding claims, historical analyses and current payment trends. The Company recorded an estimate for the claims incurred but not reported using an estimated lag period based upon historical information. The Company believes the reserves recorded are adequate based upon current facts and circumstances.

The Company has certain deductibles applied to various insurance policies including general liability, product, auto and workers' compensation. The Company maintains liabilities totaling \$14.3 million and \$16.1 million for anticipated costs related to general liability, product, auto and workers' compensation as of October 31, 2013 and 2012, respectively. These costs include an estimate for expected settlements on pending claims, defense costs and an estimate for claims incurred but not reported. These estimates are based on the Company's assessment of its deductibles, outstanding claims, historical analysis, actuarial information and current payment trends.

Income Taxes

Income taxes are accounted for under ASC 740, *Income Taxes*. In accordance with ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as measured by enacted tax rates that are expected to be in effect in the periods when the deferred tax assets and liabilities are expected to be settled or realized. Valuation allowances are established where expected future taxable income does not support the realization of the deferred tax assets.

The Company's effective tax rate is impacted by the amount of income allocated to each taxing jurisdiction, statutory tax rates and tax planning opportunities available to the Company in the various jurisdictions in which the Company operates. Significant judgment is required in determining the Company's effective tax rate and in evaluating its tax positions.

Tax benefits from uncertain tax positions are recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. The amount recognized is measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon settlement. The Company's effective tax rate includes the impact of reserve provisions and changes to reserves that it considers appropriate as well as related interest and penalties.

A number of years may elapse before a particular matter, for which the Company has established a reserve, is audited and finally resolved. The number of years with open tax audits varies depending on the tax jurisdiction. While it is often difficult to predict the final outcome or the timing of resolution of any particular tax matter, the Company believes that its reserves reflect the probable outcome of known tax contingencies. Unfavorable settlement of any particular issue would require use of the Company's cash. Favorable resolution would be recognized as a reduction to the Company's effective tax rate in the period of resolution.

Restructuring Charges

The Company accounts for all exit or disposal activities in accordance with ASC 420, Exit or Disposal Cost Obligations. Under ASC 420, a liability is measured at its fair value and recognized as incurred.

Employee-related costs primarily consist of one-time termination benefits provided to employees who have been involuntarily terminated. A one-time benefit arrangement is an arrangement established by a plan of termination that applies for a specified termination event or for a specified future period. A one-time benefit arrangement exists at the date the plan of termination meets all of the following criteria and has been communicated to employees:

- (1) Management, having the authority to approve the action, commits to a plan of termination.

- (2) The plan identifies the number of employees to be terminated, their job classifications or functions and their locations, and the expected completion date.

Table of Contents

- (3) The plan establishes the terms of the benefit arrangement, including the benefits that employees will receive upon termination (including but not limited to cash payments), in sufficient detail to enable employees to determine the type and amount of benefits they will receive if they are involuntarily terminated.
- (4) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Facility exit and other costs consist of accelerated depreciation, equipment relocation costs, project consulting fees. A liability for other costs associated with an exit or disposal activity shall be recognized and measured at its fair value in the period in which the liability is incurred (generally, when goods or services associated with the activity are received). The liability shall not be recognized before it is incurred, even if the costs are incremental to other operating costs and will be incurred as a direct result of a plan.

Pension and Postretirement Benefits

Under ASC 715, Compensation Retirement Benefits, employers recognize the funded status of their defined benefit pension and other postretirement plans on the consolidated balance sheet and record as a component of other comprehensive income, net of tax, the gains or losses and prior service costs or credits that have not been recognized as components of the net periodic benefit cost.

Transfer and Service of Assets

An indirect wholly-owned subsidiary of Greif, Inc. agrees to sell trade receivables meeting certain eligibility requirements that it had purchased from other indirect wholly-owned subsidiaries of Greif, Inc., under a non-U.S. factoring agreement. The structure of the transactions provide for a legal true sale, on a revolving basis, of the receivables transferred from the various Greif, Inc. subsidiaries to the respective banks or their affiliates. The banks and their affiliates fund an initial purchase price of a certain percentage of eligible receivables based on a formula with the initial purchase price approximating 75 percent to 90 percent of eligible receivables. The remaining deferred purchase price is settled upon collection of the receivables. At the balance sheet reporting dates, the Company removes from accounts receivable the amount of proceeds received from the initial purchase price since they meet the applicable criteria of ASC 860, Transfers and Servicing, and continues to recognize the deferred purchase price in its other current assets. The receivables are sold on a non-recourse basis with the total funds in the servicing collection accounts pledged to the banks between settlement dates.

Stock-Based Compensation Expense

The Company recognizes stock-based compensation expense in accordance with ASC 718, Compensation Stock Compensation. ASC 718 requires the measurement and recognition of compensation expense, based on estimated fair values, for all share-based awards made to employees and directors, including stock options, restricted stock, restricted stock units and participation in the Company's employee stock purchase plan.

ASC 718 requires companies to estimate the fair value of share-based awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense in the Company's consolidated statements of income over the requisite service periods. No options were granted in 2013, 2012, or 2011. For any options granted in the future, compensation expense will be based on the grant date fair value estimated in accordance with the standard.

The Company uses the straight-line single option method of expensing stock options to recognize compensation expense in its consolidated statements of income for all share-based awards. Because share-based compensation expense is based on awards that are ultimately expected to vest, share-based compensation expense will be reduced to account for estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Revenue Recognition

The Company recognizes revenue when title passes to customers or services have been rendered, with appropriate provision for returns and allowances. Revenue is recognized in accordance with ASC 605, Revenue Recognition.

Timberland disposals, timber, HBU, surplus and development property revenues are recognized when closings have occurred, required down payments have been received, title and possession have been transferred to the buyer, and all other criteria for sale and profit recognition have been satisfied.

The Company reports the sale of HBU and surplus property in our consolidated statements of income under gain on disposals of properties, plants and equipment, net and reports the sale of development property under net sales and cost of products sold. All HBU and development property, together with surplus property, is used by the Company to productively grow and sell timber until the property is sold.

Shipping and Handling Fees and Costs

The Company includes shipping and handling fees and costs in cost of products sold.

Table of Contents

Other Expense, Net

Other expense, net primarily represents non-United States trade receivables program fees, currency transaction gains and losses and other infrequent non-operating items.

Currency Translation

In accordance with ASC 830, Foreign Currency Matters, the assets and liabilities denominated in a foreign currency are translated into United States dollars at the rate of exchange existing at year-end, and revenues and expenses are translated at average exchange rates.

The cumulative translation adjustments, which represent the effects of translating assets and liabilities of the Company's international operations, are presented in the consolidated statements of changes in shareholders' equity in accumulated other comprehensive income (loss). Transaction gains and losses on foreign currency transactions denominated in a currency other than an entity's functional currency are credited or charged to income. The amounts included in other expense, net related to transaction losses, net of tax were \$3.9 million, \$0.8 million and \$4.7 million in 2013, 2012 and 2011, respectively.

Derivative Financial Instruments

In accordance with ASC 815, Derivatives and Hedging, the Company records all derivatives in the consolidated balance sheet as either assets or liabilities measured at fair value. Dependent on the designation of the derivative instrument, changes in fair value are recorded to earnings or shareholders' equity through other comprehensive income (loss). The Company may use the following derivatives from time to time.

The Company uses interest rate swap agreements for cash flow hedging purposes. For derivative instruments that hedge the exposure of variability in interest rates, designated as cash flow hedges, the effective portion of the net gain or loss on the derivative instrument is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

Interest rate swap agreements that hedge against variability in interest rates effectively convert a portion of floating rate debt to a fixed rate basis, thus reducing the impact of interest rate changes on future interest expense. The Company uses the variable cash flow method for assessing the effectiveness of these swaps. The effectiveness of these swaps is reviewed at least every quarter. Hedge ineffectiveness has not been material during any of the years presented herein.

The Company enters into currency forward contracts to hedge certain currency transactions and short-term intercompany loan balances with its international businesses. Such contracts limit the Company's exposure to both favorable and unfavorable currency fluctuations. These contracts are adjusted to reflect market value as of each balance sheet date, with the resulting changes in fair value being recognized in other comprehensive income (loss).

The Company has used derivative instruments to hedge a portion of its natural gas purchases. These derivatives were designated as cash flow hedges. The effective portion of the net gain or loss was reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period during which the hedged transaction affects earnings.

Any derivative contract that is either not designated as a hedge, or is so designated but is ineffective, would be adjusted to market value and recognized in earnings immediately. If a cash flow or fair value hedge ceases to qualify

for hedge accounting, the contract would continue to be carried on the balance sheet at fair value until settled and future adjustments to the contract's fair value would be recognized in earnings immediately. If a forecasted transaction were no longer probable to occur, amounts previously deferred in accumulated other comprehensive income (loss) would be recognized immediately in earnings.

Fair Value

The Company uses ASC 820, Fair Value Measurements and Disclosures to account for fair value. ASC 820 defines fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. Additionally, this standard established a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

Level 1 Observable inputs such as unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 Observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The Company presents various fair value disclosures in Notes 9, 10 and 13 to these consolidated financial statements.

Table of Contents***Newly Adopted Accounting Standards***

In June 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-05 Comprehensive Income: Presentation of comprehensive income. This amendment to Accounting Standards Codification (ASC) 220 Comprehensive Income requires that all non-owner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In the two-statement approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income, and the total of comprehensive income. In December 2011, the FASB issued ASU 2011-12 Comprehensive Income: Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05. This amendment to ASC 220 Comprehensive Income deferred the adoption of presentation of reclassification items out of accumulated other comprehensive income. The Company adopted this new guidance beginning November 1, 2012, and the adoption of the new guidance did not impact the Company's financial position, results of operations or cash flows, other than the related disclosures.

In September 2011, the FASB issued ASU 2011-08 Intangibles Goodwill and Other: Testing Goodwill for Impairment , which provides an entity the option to first assess qualitative factors to determine whether it is necessary to perform the current two-step test for goodwill impairment. If an entity believes, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further testing is required. The revised standard is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The Company has adopted this new guidance, which was implemented when the annual goodwill impairment testing was performed during the fourth quarter of 2013, and the adoption of the new guidance did not impact the Company's financial position, results of operations, comprehensive income or cash flows, other than related disclosures.

In July 2012, the FASB issued ASU 2012-02 Intangibles Goodwill and Other: Testing Indefinite-Lived Intangible Assets for Impairment which provides an entity the option to first assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more-likely-than-not that the indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, an entity concludes that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test by comparing the fair value with the carrying amount. The Company has adopted this new guidance, which was implemented when the annual intangible asset impairment testing was performed during the fourth quarter of 2013, and the adoption of the new guidance did not impact the Company's financial position, results of operations, comprehensive income or cash flows, other than related disclosures.

Recently Issued Accounting Standards

As of October 31, 2013, the FASB has issued ASU's through 2013-11. The Company has reviewed each recently issued ASU and the adoption of each ASU that is applicable to the Company is not expected to have a material impact on the Company's financial position, results of operations, comprehensive income or cash flows, other than the related disclosures.

In December 2011, the FASB issued ASU 2011-11 Balance Sheet: Disclosures about Offsetting Assets and Liabilities. The differences in the offsetting requirements in GAAP and International Financial Reporting Standards (IFRS) account for a significant difference in the amounts presented in statements of financial position prepared in accordance

with GAAP and in the amounts presented in those statements prepared in accordance with IFRS for certain institutions. This difference reduces the comparability of statements of financial position. The FASB and IASB are issuing joint requirements that will enhance current disclosures. Entities are required to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. The Company is expected to adopt the new guidance beginning on November 1, 2013, and the adoption of the new guidance is not expected to impact the Company's financial position, results of operations, comprehensive income or cash flows, other than the related disclosures.

In January 2013, the FASB issued ASU 2013-01 Balance Sheet: Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities. The main objective in developing this update is to address implementation issues about the scope of ASU 2011-11. FASB stakeholders have told the FASB that because the scope in ASU 2011-11 is unclear, diversity in practice may result. Recent feedback from FASB stakeholders is that standard commercial provisions of many contracts would equate to a master netting arrangement. FASB stakeholders questioned whether it was the FASB's intent to require disclosures for such a broad scope, which would significantly increase the cost of compliance. The objective of this update is to clarify the scope of the offsetting disclosures and address any unintended consequences. The Company is expected to adopt the new guidance beginning on November 1, 2013, and the adoption of the new guidance is not expected to impact the Company's financial position, results of operations, comprehensive income or cash flows, other than the related disclosures.

In February 2013, the FASB issued ASU 2013-02 Comprehensive Income: Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. The objective of this update is to improve the reporting of reclassifications out of accumulated other comprehensive income. The amendments in this update seek to attain that objective by requiring an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. This would be the case when a portion of the amount reclassified out of accumulated other comprehensive income is reclassified to a balance sheet account instead of directly to income or expense in the same reporting period. The Company is expected to adopt the new guidance beginning on November 1, 2013, and the adoption of the new guidance is not expected to impact the Company's financial position, results of operations, comprehensive income or cash flows, other than the related disclosures.

Table of Contents

In March 2013, the FASB issued ASU 2013-05 Foreign Currency Matters: Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or an Investment in a Foreign Entity. The objective of this update is to resolve the diversity in practice about whether ASC 810-10 or ASC 830-30 applies to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas rights) within a foreign entity. The Company is expected to adopt the new guidance beginning November 1, 2014, and the impact of the adoption of the new guidance will be evaluated when an acquisition or divestiture occurs with respect to the Company's financial position, results of operations, comprehensive income, cash flows and disclosures.

In July 2013, the FASB issued ASU 2013-10 Derivatives and Hedging: Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes. The objective of this update is to permit the Fed Funds Effective Swap Rate (OIS) to be used as a U.S. benchmark interest rate for hedge accounting purposes under Topic 815, in addition to the UST and LIBOR. The amendments also remove the restriction on using different benchmark rates for similar hedges. The Company adopted the new guidance for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013, and the impact of the adoption of the new guidance did not have an impact the Company's financial position, results of operations, comprehensive income or cash flows, other than the related disclosures.

In July 2013, the FASB issued ASU 2013-11 Income Taxes: Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. The objective of this update is to eliminate the diversity in practice in the presentation of unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists. The amendments in this update seek to attain that objective by requiring an entity to present an unrecognized tax benefit in the financial statements as a reduction to a deferred tax asset for those instances described above, except in certain situations discussed in the update. The Company is expected to adopt the new guidance beginning on November 1, 2014, and the adoption of the new guidance is not expected to impact the Company's financial position, results of operations, comprehensive income or cash flows, other than the related disclosures.

NOTE 2 ACQUISITIONS AND OTHER SIGNIFICANT TRANSACTIONS

The following table summarizes the Company's acquisition activity in 2013, 2012 and 2011 (Dollars in millions).

Segment	# of Acquisitions	Purchase Price, net of Cash	Tangible Assets, net	Intangible Assets	Goodwill
Total 2013 Acquisitions		\$			
Total 2012 Acquisitions		\$			
Total 2011 Acquisitions	8	\$ 344.9	\$ 101.7	\$ 77.7	\$ 307.2

Note: Purchase price, net of cash acquired, represents cash paid in the period of each acquisition and does not include assumed debt, subsequent payments for deferred purchase adjustments or earn-out provisions.

During 2013, the Company completed no material acquisitions and no material divestitures. The Company made a \$46.6 million deferred cash payment during 2013 related to an acquisition completed in 2011.

During 2012, the Company completed no material acquisitions and no material divestitures. The Company made a \$14.3 million deferred cash payment during 2012 for an acquisition completed in fiscal year 2010.

During 2011, the Company completed eight acquisitions, all in the Rigid Industrial Packaging and Services segment: four European companies acquired in February, May, July and August; two joint ventures entered into in February and August in North America and Asia Pacific, respectively; the acquisition of the remaining outstanding noncontrolling shares from a 2008 acquisition in South America; and the acquisition of additional shares of a company in North America that was a consolidated subsidiary as of October 31, 2011. The Company's 2011 acquisitions were made in part to obtain technologies, patents, equipment, customer lists and access to markets. During 2011 there were no divestitures.

Pro Forma Information

In accordance with ASU 2010-29, Disclosure of Supplementary Pro Forma Information for Business Combinations, the Company has considered the effect of the 2011 acquisitions in the consolidated statements of income for each period presented. The revenue and operating profit of the 2011 acquisitions included in the Company's consolidated statements of income totaled \$432.5 million and \$17.0 million, respectively, for the year ended October 31, 2013. The revenue and operating profit of the 2011 acquisitions included in the Company's consolidated statements of income totaled \$427.7 million and \$4.0 million, respectively, for the year ended October 31, 2012. The revenue and operating (loss) of the 2011 acquisitions included in the Company's consolidated statements of income totaled \$119.2 million and (\$19.6) million, respectively, for the year ended October 31, 2011. None of the 2011 acquisitions were of companies listed on a stock exchange or otherwise publicly traded or required to provide public financial information. Therefore, pro forma results of operations are not presented.

Table of Contents**NOTE 3 SALE OF NON-UNITED STATES ACCOUNTS RECEIVABLE**

On April 27, 2012, Cooperage Receivables Finance B.V. (the Main SPV) and Greif Coordination Center BVBA, an indirect wholly owned subsidiary of Greif, Inc. (Seller), entered into the Nieuw Amsterdam Receivables Purchase Agreement (the European RPA) with affiliates of a major international bank (the Purchasing Bank Affiliates). Under the European RPA, the Seller has agreed to sell trade accounts receivables that meet certain eligibility requirements that Seller had purchased from other indirect wholly owned subsidiaries of Greif, Inc. under discounted receivables purchase agreements and related agreements. These other indirect wholly owned subsidiaries of Greif, Inc. include Greif Belgium BVBA, Pack2pack Rumbeke N.V., Pack2pack Zwolle B.V., Greif Nederland B.V., Pack2pack Halsteren B.V., Greif Italia S.p.A., Fustiplast S.p.A., Greif France S.A.S., Pack2pack Lille S.A.S., Greif Packaging Spain S.A., Greif UK Ltd., Greif Germany GmbH, Fustiplast GmbH, Pack2pack Mendig GmbH, Greif Portugal S.A., Greif Sweden Aktiebolag, Greif Packaging Sweden Aktiebolag and Greif Norway A.S. (the Selling Subsidiaries). Under the terms of a Performance and Indemnity Agreement, the performance obligations of the Selling Subsidiaries under the transaction documents have been guaranteed by Greif, Inc. The European RPA may be amended from time to time to add additional subsidiaries of Greif, Inc. The maximum amount of receivables that may be sold and outstanding under the European RPA at any time is 145 million (\$199.9 million as of October 31, 2013). A significant portion of the proceeds from this trade receivables facility was used to pay the obligations under the previous European trade receivables facilities described below, which were then terminated, and to pay expenses incurred in connection with this transaction. The subsequent proceeds from this facility are available for working capital and general corporate purposes.

Under the terms of a Receivable Purchase Agreement (the RPA) between Seller and a major international bank, the Seller had agreed to sell trade receivables meeting certain eligibility requirements that Seller had purchased from other indirect wholly owned subsidiaries of Greif, Inc., including Greif Belgium BVBA, Greif Germany GmbH, Greif Nederland B.V., Greif Packaging Belgium NV, Greif Spain S.A., Greif Sweden AB, Greif Packaging Norway A.S., Greif Packaging France S.A.S., Greif Packaging Spain S.A., Greif Portugal S.A. and Greif UK Ltd., under discounted receivables purchase agreements and from Greif France S.A.S. under a factoring agreement. In addition, Greif Italia S.p.A., also an indirect wholly owned subsidiary of Greif, Inc., had entered into an Italian Receivables Purchase Agreement with the Italian branch of the major international bank (the Italian RPA) agreeing to sell trade receivables that meet certain eligibility criteria to such branch. The Italian RPA was similar in structure and terms as the RPA. On April 27, 2012, the RPA and the Italian RPA were terminated.

In October 2007, Greif Singapore Pte. Ltd., an indirect wholly-owned subsidiary of Greif, Inc., entered into the Singapore Receivable Purchase Agreement (the Singapore RPA) with a major international bank. The maximum amount of aggregate receivables that may be financed under the Singapore RPA is 15.0 million Singapore Dollars (\$12.1 million as of October 31, 2013).

In May 2009, Greif Malaysia Sdn Bhd., an indirect wholly-owned subsidiary of Greif, Inc., entered into the Malaysian Receivables Purchase Agreement (the Malaysian Agreements) with Malaysian banks. The maximum amount of the aggregate receivables that may be financed under the Malaysian Agreements is 15.0 million Malaysian Ringgits (\$4.8 million as of October 31, 2013).

These transactions are structured to provide for true legal sales, on a revolving basis, of the receivables transferred from the various Greif, Inc. subsidiaries to the respective banks and affiliates. Under the European RPA, the Singapore RPA and the Malaysian Agreements, the banks and affiliates fund an initial purchase price of a certain percentage of eligible receivables based on a formula with the initial purchase price approximating 75 percent to 90 percent of eligible receivables. The remaining deferred purchase price is settled upon collection of the receivables; although under the European RPA, the Seller provides a subordinated loan to the Main SPV, which is used to fund the

remaining purchase price owed to the Selling Subsidiaries. The repayment of the subordinated loan to the Seller is paid from the collections of the receivables. As of the balance sheet reporting dates, the Company removes from accounts receivable the amount of cash proceeds received from the initial purchase price since they meet the applicable criteria of ASC 860, Transfers and Servicing, and continues to recognize the deferred purchase price within other current assets on the Company's consolidated balance sheet as of the time the receivables are initially sold; accordingly the difference between the carrying amount and the fair value of the assets sold are included as a loss on sale in the consolidated statements of operations within other expense, net. The receivables are sold on a non-recourse basis with the total funds in the servicing collection accounts pledged to the banks between settlement dates.

Table of Contents

The table below contains information related to the Company's accounts receivables programs (Dollars in millions):

For the years ended October 31,	2013	2012	2011
European RPA			
Gross accounts receivable sold to third party financial institution	\$ 1,071.3	\$ 702.7	\$
Cash received for accounts receivable sold under the programs	947.0	619.1	
Deferred purchase price related to accounts receivable sold	124.3	83.6	
Loss associated with the programs	2.5	1.9	
Expenses associated with the programs		1.9	
RPA and Italian RPA			
Gross accounts receivable sold to third party financial institution	\$	\$ 189.4	\$ 958.6
Cash received for accounts receivable sold under the programs		167.7	848.4
Deferred purchase price related to accounts receivable sold		21.7	110.2
Loss associated with the programs		1.6	4.4
Expenses associated with the programs			
Singapore RPA			
Gross accounts receivable sold to third party financial institution	\$ 70.5	\$ 73.8	\$ 70.5
Cash received for accounts receivable sold under the program	70.5	73.8	70.5
Deferred purchase price related to accounts receivable sold			
Loss associated with the program			
Expenses associated with the program	0.2	0.2	0.2
Malaysian Agreements			
Gross accounts receivable sold to third party financial institution	\$ 22.9	\$ 24.2	\$ 19.0
Cash received for accounts receivable sold under the program	22.9	24.2	19.0
Deferred purchase price related to accounts receivable sold			
Loss associated with the program	0.2	0.1	0.2
Expenses associated with the program	0.1	0.1	
Total RPAs and Agreements			
Gross accounts receivable sold to third party financial institution	\$ 1,164.7	\$ 990.1	\$ 1,048.1
Cash received for accounts receivable sold under the program	1,040.4	884.8	937.9
Deferred purchase price related to accounts receivable sold	124.3	105.3	110.2
Loss associated with the program	2.7	3.6	4.6
Expenses associated with the program	0.3	2.2	0.2

October 31, October 31,

	2013	2012
European RPA		
Accounts receivable sold to and held by third party financial institution	\$ 179.0	\$ 185.6
Uncollected deferred purchase price related to accounts receivable sold	11.5	3.5
RPA and Italian RPA		
Accounts receivable sold to and held by third party financial institution	\$	\$
Uncollected deferred purchase price related to accounts receivable sold		
Singapore RPA		
Accounts receivable sold to and held by third party financial institution	\$ 4.4	\$ 3.9
Uncollected deferred purchase price related to accounts receivable sold		
Malaysian Agreements		
Accounts receivable sold to and held by third party financial institution	\$ 4.5	\$ 2.9
Uncollected deferred purchase price related to accounts receivable sold		
Total RPAs and Agreements		
Accounts receivable sold to and held by third party financial institution	\$ 187.9	\$ 192.4
Uncollected deferred purchase price related to accounts receivable sold	\$ 11.5	\$ 3.5

The deferred purchase price related to the accounts receivable sold is reflected as prepaid and other current assets on the Company's consolidated balance sheet and was initially recorded at an amount which approximates its fair value due to the short-term nature of these items. The cash received initially and the deferred purchase price relate to the sale or ultimate collection of the underlying receivables and are not subject to significant other risks given their short nature; therefore, the Company reflects all cash flows under the accounts receivable sales programs as operating cash flows on the Company's consolidated statements of cash flows.

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

Table of Contents**NOTE 4 INVENTORIES**

The inventories are stated at the lower of cost or market and summarized as follows as of October 31 for each year (Dollars in millions):

	2013	2012
Finished goods	\$ 98.5	\$ 96.9
Raw materials	240.4	240.2
Work-in process	36.4	36.4
	\$ 375.3	\$ 373.5

NOTE 5 NET ASSETS HELD FOR SALE

As of October 31, 2013, there were two asset groups in the Flexible Products & Services segment with assets held for sale. As of October 31, 2012, there was one asset group in the Rigid Industrial Packaging & Services segment and one location in the Flexible Products & Services segment with assets held for sale. During 2013, one asset group was added in the Rigid Industrial Packaging Products & Services segment and subsequently sold in the same period. Additionally, two asset groups were added in the Flexible Products & Services segment. One asset group in the Rigid Industrial Packaging and Services segment and one asset group in the Flexible Products & Services segment were placed back in service for purposes of GAAP and depreciation was resumed. As a result of placing these locations back in service in 2013, the 2012 consolidated balance sheet has been reclassified for such locations to conform to the current year presentation. The reclassification of these asset groups to properties, plants and equipment within the consolidated balance sheets was done in accordance with ASC 360, but these assets are still being marketed for sale. The net assets held for sale are being marketed for sale and it is the Company's intention to complete the sales of these assets within the upcoming year.

For the year ended October 31, 2013, the Company recorded a gain on disposal of PP&E, net of \$5.6 million. There were sales of HBU and surplus properties which resulted in gains of \$1.2 million in the Land Management segment, a sale of equipment in the Paper Packaging segment that resulted in a gain of \$0.6 million, a disposal of equipment in the Rigid Industrial Packaging & Services segment that resulted in a gain of \$2.5 million, a sale of property that was previously classified as held for sale in the Rigid Industrial Packaging & Services segment that resulted in a gain of \$0.6 million, a sale of land adjacent to our corporate offices that resulted in a gain of \$0.8 million, a sale of equipment that resulted in a loss of \$0.9 million and sales of other miscellaneous equipment which resulted in aggregate gains of \$0.8 million.

For the year ended October 31, 2012, the Company recorded a gain on disposal of PP&E, net of \$7.6 million. There were sales of HBU and surplus properties which resulted in gains of \$5.5 million in the Land Management segment, a sale of equipment in the Rigid Industrial Packaging & Services segment which resulted in a gain of \$0.6 million, a sale of miscellaneous equipment in the Paper Packaging segment which resulted in a gain of \$0.5 million and sales of other miscellaneous equipment which resulted in aggregate gains of \$1.0 million.

For the year ended October 31, 2011, the Company recorded a gain on disposal of PP&E, net of \$16.1 million. There were sales in the Rigid Industrial Packaging & Services segment which resulted in a \$3.2 million gain, sales in the Paper Packaging segment which resulted in a \$0.9 million gain, sales in the Land Management segment of HBU and surplus properties which resulted in a \$11.4 million gain and sales of other miscellaneous equipment which resulted in

a \$0.6 million gain.

NOTE 6 GOODWILL AND OTHER INTANGIBLE ASSETS

The following table summarizes the changes in the carrying amount of goodwill by segment for the year ended October 31, 2013 and 2012 (Dollars in millions):

	Rigid Industrial Packaging & Services	Flexible Products & Services	Paper Packaging	Land Management	Total
Balance at October 31, 2011	\$ 864.6	\$ 78.1	\$ 59.7	\$ 0.2	\$ 1,002.6
Goodwill acquired					
Goodwill adjustments	14.9	0.2			15.1
Currency translation	(34.9)	(6.7)			(41.6)
Balance at October 31, 2012	\$ 844.6	\$ 71.6	\$ 59.7	\$ 0.2	\$ 976.1
Goodwill acquired					
Goodwill adjustments	1.5		0.2	(0.2)	1.5
Currency translation	21.2	4.7			25.9
Balance at October 31, 2013	\$ 867.3	\$ 76.3	\$ 59.9	\$	\$ 1,003.5

The goodwill adjustments during 2013 increased goodwill by a net amount of \$27.4 million and are primarily related to the impact of foreign currency translation.

Table of Contents

The goodwill adjustments during 2012 decreased goodwill by a net amount of \$26.5 million related to the impact of foreign currency translation, partially offset by the finalization of purchase price allocation of prior year acquisitions. Goodwill from prior year acquisitions had been adjusted to properly reflect deferred tax assets and liabilities and tax reserves in our Rigid Industrial Packaging & Services segment.

The Company reviews goodwill by reporting unit and indefinite-lived intangible assets for impairment as required by ASC 350, Intangibles Goodwill and Other, either annually in the fourth quarter or whenever events and circumstances indicate impairment may have occurred. A reporting unit is the operating segment, or a business one level below that operating segment if discrete financial information is prepared and regularly reviewed by segment management.

As of October 31, 2013, the Company recognized an impairment charge of \$0.4 million related to intangible assets in our Rigid Industrial Packaging & Services segment. The Company concluded that no impairment indicators existed as of October 31, 2012. As of October 31, 2011, the Company recognized an impairment charge of \$3.0 million related to the discontinued usage of certain trade names in our Flexible Products and Services segment.

The following table summarizes the carrying amount of net intangible assets by class as of October 31, 2013 and October 31, 2012 (Dollars in millions):

	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets
October 31, 2012:			
Trademarks and patents	\$ 32.5	\$ 3.6	\$ 28.9
Non-compete agreements	14.4	11.1	3.3
Customer relationships	201.1	53.6	147.5
Other	23.8	4.9	18.9
Total	\$ 271.8	\$ 73.2	\$ 198.6
October 31, 2013:			
Trademarks and patents	\$ 31.1	\$ 4.3	\$ 26.8
Non-compete agreements	14.6	12.6	2.0
Customer relationships	205.6	69.4	136.2
Other	23.5	7.7	15.8
Total	\$ 274.8	\$ 94.0	\$ 180.8

Gross intangible assets increased by \$3.0 million for the year ended October 31, 2013. The increase in gross intangible assets was attributable to \$8.1 million of currency fluctuations, partially offset by the impairment of certain intangible assets, and the write-off of certain fully-amortized assets. Amortization expense was \$20.5 million, \$20.3 million and \$18.6 million for 2013, 2012 and 2011, respectively. Amortization expense for the next five years is expected to be \$19.6 million in 2014, \$18.9 million in 2015, \$18.3 million in 2016, \$17.5 million in 2017 and \$17.1 million in 2018.

All intangible assets for the periods presented are subject to amortization and are being amortized using the straight-line method over periods that are contractually or legally determined or through purchase price accounting, except for \$23.5 million related to the Tri-Sure trademark and trade names related to Blagden Express, Closed-loop,

Box Board and Fustiplast, all of which have indefinite lives.

NOTE 7 RESTRUCTURING CHARGES

The following is a reconciliation of the beginning and ended restructuring reserve balances for the years ended October 31, 2013, 2012 and 2011 (Dollars in millions):

	Cash Charges		Non-cash Charges		Total
	Employee Separation Costs	Other costs	Asset Impairments	Inventory Write-down	
Balance at October 31, 2011	\$ 11.8	\$ 7.6	\$ 0.2	\$	\$ 19.6
Costs incurred and charged to expense	13.4	9.8	10.2		33.4
Costs paid or otherwise settled	(19.0)	(15.6)	(10.4)		(45.0)
Balance at October 31, 2012	\$ 6.2	\$ 1.8	\$	\$	\$ 8.0
Costs incurred and charged to expense	2.8	2.0	4.0		8.8
Costs paid or otherwise settled	(7.2)	(2.6)	(4.0)		(13.8)
Balance at October 31, 2013	\$ 1.8	\$ 1.2	\$	\$	\$ 3.0

Table of Contents

The focus for restructuring activities in 2013 was on the rationalization of operations and contingency actions in Rigid Industrial Packaging & Services. During 2013, the Company recorded restructuring charges of \$8.8 million, consisting of \$2.8 million in employee separation costs, \$4.0 million in asset impairments and \$2.0 million in other restructuring costs, primarily consisting of lease termination costs and professional fees. There were no plants closed in 2013, but there was a total of 278 employees severed throughout 2013 as part of the Company's restructuring efforts.

The following is a reconciliation of the total amounts expected to be incurred from open restructuring plans or plans that are being formulated and have not been announced as of the date of this Form 10-K. Remaining amounts expected to be incurred were \$6.6 million and \$12.3 million as of October 31, 2013 and 2012, respectively. The decrease was due to the realization of expenses from plans formulated in prior periods offset by the formation of new plans during the period. (Dollars in millions):

	Amounts expected to be incurred	Amounts Incurred in 2013	Amounts remaining to be incurred
<u>Rigid Industrial Packaging & Services:</u>			
Employee separation costs	\$ 5.1	\$ 2.8	\$ 2.3
Asset impairments	3.9	3.9	
Other restructuring costs	4.8	1.5	3.3
	13.8	8.2	5.6
<u>Flexible Products & Services:</u>			
Employee separation costs	0.8		0.8
Asset impairments	0.1	0.1	
Other restructuring costs	0.7	0.5	0.2
	1.6	0.6	1.0
	\$ 15.4	\$ 8.8	\$ 6.6

The focus for restructuring activities in 2012 was on the consolidation of operations in the Flexible Products & Services segment as part of the ongoing implementation of the Greif Business System and rationalization of operations and contingency actions in Rigid Industrial Packaging & Services. During 2012, the Company recorded restructuring charges of \$33.4 million, consisting of \$13.4 million in employee separation costs, \$10.2 million in asset impairments and \$9.8 million in other restructuring costs, primarily consisting of lease termination costs and professional fees. Four plants in the Rigid Industrial Packaging & Services segment were closed. There were a total of 513 employees severed throughout 2012 as part of the Company's restructuring efforts.

The focus for restructuring activities in 2011 was on integration of recent acquisitions in the Rigid Industrial Packaging & Services and Flexible Products & Services segments as well as the implementation of certain cost-cutting measures. During 2011, the Company recorded restructuring charges of \$30.5 million, consisting of \$13.3 million in employee separation costs, \$4.5 million in asset impairments and \$12.7 million in other restructuring costs, primarily consisting of lease termination costs, professional fees, relocation costs and other costs. Two plants in the Rigid Industrial Packaging & Services segment were closed. There were a total of 257 employees severed throughout

2011 as part of the Company's restructuring efforts.

NOTE 8 CONSOLIDATION OF VARIABLE INTEREST ENTITIES

The Company evaluates whether an entity is a VIE whenever reconsideration events occur and performs reassessments of all VIEs quarterly to determine if the primary beneficiary status is appropriate. The Company consolidates VIEs for which it is the primary beneficiary. If the Company is not the primary beneficiary and an ownership interest is held, the VIE is accounted for under the equity or cost methods of accounting, as appropriate. When assessing the determination of the primary beneficiary, the Company considers all relevant facts and circumstances, including: the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb the expected losses and/or the right to receive the expected returns of the VIE. One of the companies acquired in 2011 is considered a VIE. However, because the Company is not the primary beneficiary, the Company will report its ownership interest in this acquired company using the equity method of accounting.

Significant Nonstrategic Timberland Transactions

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

Table of Contents

The Company completed the second phase of these transactions in the first quarter of 2006. In this phase, the Company sold 15,300 acres of timberland holdings in Florida for \$29.3 million in cash, resulting in a pre-tax gain of \$27.4 million. The final phase of this transaction, approximately 5,700 acres sold for \$9.7 million in the second quarter of 2006 which resulted in a pre-tax gain of \$9.0 million.

On May 31, 2005, STA Timber issued in a private placement its 5.20% Senior Secured Notes due August 5, 2020 (the Monetization Notes) in the principal amount of \$43.3 million. In connection with the sale of the Monetization Notes, STA Timber entered into note purchase agreements with the purchasers of the Monetization Notes (the Note Purchase Agreements) and related documentation. The Monetization Notes are secured by a pledge of the Purchase Note and the Deed of Guarantee. The Monetization Notes may be accelerated in the event of a default in payment or a breach of the other obligations set forth therein or in the Note Purchase Agreements or related documents, subject in certain cases to any applicable cure periods, or upon the occurrence of certain insolvency or bankruptcy related events. The Monetization Notes are subject to a mechanism that may cause them, subject to certain conditions, to be extended to November 5, 2020. The proceeds from the sale of the Monetization Notes were primarily used for the repayment of indebtedness. Greif, Inc. and its other subsidiaries have not extended any form of guaranty of the principal or interest on the Monetization Notes. Accordingly, Greif, Inc. and its other subsidiaries will not become directly or contingently liable for the payment of the Monetization Notes at any time.

The Buyer SPE is deemed to be a VIE since the assets of the Buyer SPE are not available to satisfy the liabilities of the Buyer SPE. The Buyer SPE is a separate and distinct legal entity from the Company and no ownership interest in the Buyer SPE is held by the Company, but the Company is the primary beneficiary because it has (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (2) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. As a result, Buyer SPE has been consolidated into the operations of the Company.

As of October 31, 2013 and 2012, assets of the Buyer SPE consisted of \$50.9 million of restricted bank financial instruments. For each of the years ended October 31, 2013, 2012 and 2011, the Buyer SPE recorded interest income of \$2.4 million.

As of October 31, 2013 and 2012, STA Timber had long-term debt of \$43.3 million. For each of the years ended October 31, 2013, 2012 and 2011, STA Timber recorded interest expense of \$2.2 million. STA Timber is exposed to credit-related losses in the event of nonperformance by the issuer of the Deed of Guarantee.

Flexible Packaging Joint Venture

On September 29, 2010, Greif, Inc. and its indirect subsidiary Greif International Holding Supra C.V. (Greif Supra,) formed a joint venture (referred to herein as the Flexible Packaging JV) with Dabbagh Group Holding Company Limited and its subsidiary NSC. The Flexible Packaging JV owns the operations in the Flexible Products & Services segment, with the exception of the North American multi-wall bag business. The Flexible Packaging JV has been consolidated into the operations of the Company as of its formation date of September 29, 2010.

The Flexible Packaging JV is deemed to be a VIE since the total equity investment at risk is not sufficient to permit the legal entity to finance its activities without additional subordinated financial support. The Company is the primary beneficiary because it has (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (2) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

The economic and business purpose underlying the Flexible Packaging JV is to establish a global industrial flexible products enterprise through a series of targeted acquisitions and major investments in plant, machinery and equipment. All entities contributed to the Flexible Packaging JV were existing businesses acquired by Greif Supra and that were reorganized under Greif Flexibles Asset Holding B.V. and Greif Flexibles Trading Holding B.V. (Asset Co. and Trading Co.), respectively. The Flexibles Packaging J.V. also includes Global Textile Company LLC (Global Textile), which owns and operates a fabric hub in the Kingdom of Saudi Arabia that commenced operations in the fourth quarter of 2012. The Company has 51 percent ownership in Trading Co. and 49 percent ownership in Asset Co. and General Textile. However, Greif Supra and NSC have equal economic interests in the Flexible Packaging JV, notwithstanding the actual ownership interests in the various legal entities.

All investments, loans and capital contributions are to be shared equally by Greif Supra and NSC and each partner has committed to contribute capital of up to \$150 million and obtain third party financing for up to \$150 million as required.

Table of Contents

The following table presents the Flexible Packaging JV total net assets (Dollars in millions):

October 31, 2012	Asset Co.	Global Textile	Trading Co.	Flexible Packaging JV
Total assets	\$ 152.1	\$ 47.6	\$ 174.3	\$ 374.0
Total liabilities	175.8	0.8	80.1	256.7
Net assets	\$ (23.7)	\$ 46.8	\$ 94.2	\$ 117.3

October 31, 2013	Asset Co.	Global Textile	Trading Co.	Flexible Packaging JV
Total assets	\$ 155.5	\$ 44.9	\$ 163.6	\$ 364.0
Total liabilities	209.8	1.2	57.3	268.3
Net assets	\$ (54.3)	\$ 43.7	\$ 106.3	\$ 95.7

As of October 31, 2013 and 2012, Asset Co. had outstanding advances to NSC for \$0.6 million which are being used to fund certain costs incurred in Saudi Arabia in respect of the fabric hub. These advances are recorded within the current portion related party notes and advances receivable on the Company's consolidated balance sheet since they are expected to be repaid within the next twelve months. As of October 31, 2013 and 2012, Asset Co. and Trading Co. held short term loans payable to NSC for \$12.7 million and \$8.1 million, respectively, recorded within short-term borrowings on the Company's consolidated balance sheet. These loans are interest bearing and are used to fund certain operational requirements.

Net loss attributable to the noncontrolling interest in the Flexible Packaging JV for the years ended October 31, 2013, 2012 and 2011 were \$8.0 million, \$4.4 million and \$3.5 million, respectively.

Non-United States Accounts Receivable VIE

As further described in Note 3, Cooperage Receivables Finance B.V. is a party to the European RPA. Cooperage Receivables Finance B.V. is deemed to be a VIE since this entity is not able to satisfy its liabilities without the financial support from the Company. While this entity is a separate and distinct legal entity from the Company and no ownership interest in this entity is held by the Company, the Company is the primary beneficiary because it has (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (2) the obligation to absorb losses of the VIE that could potentially be significant to the VIE. As a result, Cooperage Receivables Finance B.V. has been consolidated into the operations of the Company.

NOTE 9 LONG-TERM DEBT

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

	October 31, 2013	October 31, 2012
Amended Credit Agreement	\$ 222.9	\$
2010 Credit Agreement		255.0

Edgar Filing: TILE SHOP HOLDINGS, INC. - Form 10-Q

Senior Notes due 2017	301.8	302.3
Senior Notes due 2019	244.4	243.6
Senior Notes due 2021	272.9	256.0
Amended Receivables Facility	140.0	
Prior Receivables Facility		110.0
Other long-term debt	35.2	33.4
	1,217.2	1,200.3
Less current portion	(10.0)	(25.0)
Long-term debt	\$ 1,207.2	\$ 1,175.3

Credit Agreement

On December 19, 2012, the Company and two of its international subsidiaries amended and restated the Company's existing \$1.0 billion senior secured credit agreement with a syndicate of financial institutions (the Amended Credit Agreement). The Amended Credit Agreement provides the Company with an \$800 million revolving multicurrency credit facility and a \$200 million term loan, both expiring in December 2017, with an option to add \$250 million to the facilities with the agreement of the lenders. The \$200 million term loan is scheduled to amortize by the payment of principal in the amount of \$2.5 million each quarter-end for the first eight quarters, beginning January 2013, the payment of \$5.0 million each quarter-end for the next twelve quarters and the payment of the remaining balance on the maturity date. The revolving credit facility under the Amended Credit Agreement is available to fund ongoing working capital and capital expenditure needs, for general corporate purposes and to finance acquisitions. Interest is based on a Eurodollar rate or a base rate that resets periodically plus an agreed upon margin amount. The total available borrowing under this facility was \$753.8 million as of October 31, 2013, which has been reduced by \$13.3 million for outstanding letters of credit.

Table of Contents

The Amended Credit Agreement contains financial covenants that require the Company to maintain a certain leverage ratio and an interest coverage ratio. The leverage ratio generally requires that at the end of any fiscal quarter the Company will not permit the ratio of (a) the Company's total consolidated indebtedness, to (b) the Company's consolidated net income plus depreciation, depletion and amortization, interest expense (including capitalized interest), income taxes, and minus certain extraordinary gains and non-recurring gains (or plus certain extraordinary losses and non-recurring losses) and plus or minus certain other items for the preceding twelve months (adjusted EBITDA) to be greater than 4.00 to 1. The interest coverage ratio generally requires that at the end of any fiscal quarter the Company will not permit the ratio of (a) the Company's consolidated adjusted EBITDA to (b) the Company's consolidated interest expense to the extent paid or payable, to be less than 3.00 to 1, during the preceding twelve month period (the Interest Coverage Ratio Covenant). As of October 31, 2013, the Company was in compliance with these covenants.

The terms of the Amended Credit Agreement limit the Company's ability to make restricted payments, which include dividends and purchases, redemptions and acquisitions of the Company's equity interests. The repayment of amounts borrowed under the Amended Credit Agreement are secured by a security interest in the personal property of Greif, Inc. and certain of the Company's United States subsidiaries, including equipment and inventory and certain intangible assets, as well as a pledge of the capital stock of substantially all of the Company's United States subsidiaries. The repayment of amounts borrowed under the Amended Credit Agreement is also secured, in part, by capital stock of the non-U.S. subsidiaries that are parties to the Amended Credit Agreement. However, in the event that the Company receives and maintains an investment grade rating from either Moody's Investors Service, Inc. or Standard & Poor's Corporation, the Company may request the release of such collateral. The payment of outstanding principal under the Amended Credit Agreement and accrued interest thereon may be accelerated and become immediately due and payable upon the Company's default in its payment or other performance obligations or its failure to comply with the financial and other covenants in the Amended Credit Agreement, subject to applicable notice requirements and cure periods as provided in the Amended Credit Agreement.

During the twelve months ended October 31, 2013 the Company recorded debt extinguishment charges of \$1.3 million resulting from the write off of unamortized deferred financing costs associated with the 2010 Credit Agreement, as defined below. The Company recorded no debt extinguishment charges for the twelve months ended October 31, 2012 and 2011. Financing costs associated with the Amended Credit Agreement totaling \$3.4 million have been capitalized and included in other long term assets.

On October 29, 2010, the Company obtained a \$1.0 billion senior secured credit facility pursuant to an Amended and Restated Credit Agreement with a syndicate of financial institutions (the 2010 Credit Agreement). The 2010 Credit Agreement provided for a \$750 million revolving multicurrency credit facility and a \$250 million term loan, both expiring October 29, 2015, with an option to add \$250 million to the facilities with the agreement of the lenders. The \$250 million term loan was scheduled to amortize by \$3.1 million each quarter-end for the first eight quarters, \$6.3 million each quarter-end for the next eleven quarters and the remaining balance due on the maturity date. The 2010 Credit Agreement was replaced by the Amended Credit Agreement.

The Amended Credit Agreement is available to fund ongoing working capital and capital expenditure needs, for general corporate purposes and to finance acquisitions. Interest under the Amended Credit Agreement is based on a Eurodollar rate or a base rate that resets periodically plus a calculated margin amount. As of October 31, 2013, \$222.9 million was outstanding under the Amended Credit Agreement. The current portion of the Amended Credit Agreement was \$10.0 million and the long-term portion was \$212.9 million. The weighted average interest rate on the Amended Credit Agreement was 1.86% for the year ended October 31, 2013. The actual interest rate on the Amended Credit Agreement was 1.87% as of October 31, 2013.

Senior Notes due 2017

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

The Indenture pursuant to which these Senior Notes were issued contains certain covenants. As of October 31, 2013, the Company was in compliance with these covenants.

Senior Notes due 2019

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

The Indenture pursuant to which these Senior Notes were issued contains certain covenants. As of October 31, 2013, the Company was in compliance with these covenants.

Table of Contents***Senior Notes due 2021***

On July 15, 2011, Greif, Inc.'s wholly-owned subsidiary; Greif Nevada Holdings, Inc., S.C.S. (formerly Greif Luxembourg Finance S.C.A.) issued \$200.0 million of 7.375% Senior Notes due July 15, 2021. These Senior Notes are fully and unconditionally guaranteed on a senior basis by Greif, Inc. Interest on these Senior Notes is payable semi-annually. A portion of the proceeds from the issuance of these Senior Notes was used to repay non-U.S. borrowings under the 2010 Credit Agreement, without any permanent reduction of the commitments thereunder, and the remaining proceeds are available for general corporate purposes, including the financing of acquisitions.

The Indenture pursuant to which these Senior Notes were issued contains certain covenants. As of October 31, 2013, the Company was in compliance with these covenants.

United States Trade Accounts Receivable Credit Facility

On September 30, 2013, the Company amended and restated its existing receivables financing facility to establish a \$170.0 million United States Trade Accounts Receivable Credit Facility (the Amended Receivables Facility) with a financial institution. The Amended Receivables Facility matures in September 2016. In addition, the Company can terminate the Amended Receivables Facility at any time upon five days prior written notice. The Amended Receivables Facility is secured by certain of the Company's trade accounts receivables in the United States and bears interest at a variable rate based on the London InterBank Offered Rate (LIBOR) or an applicable base rate, plus a margin, or a commercial paper rate plus a margin. Interest is payable on a monthly basis and the principal balance is payable upon termination of the Amended Receivables Facility. The Amended Receivables Facility also contains certain covenants and events of default, including a requirement that the Company maintain a certain interest coverage ratio. The interest coverage ratio generally requires that at the end of any fiscal quarter the Company will not permit the Interest Coverage Ratio Covenant to be less than 3.00 to 1 during the applicable trailing twelve-month period. Proceeds of the Amended Receivables Facility are available for working capital and general corporate purposes. As of October 31, 2013, the Company was in compliance with this covenant.

Until September 30, 2013, the Company had a U.S. trade accounts receivable credit facility with a financial institution (the Prior Receivables Facility). The Prior Receivables Facility was amended on September 19, 2011, which decreased the amount available to the borrowers from \$135.0 million to \$130.0 million and extended the termination date of the commitment to September 19, 2014. The Prior Receivables Facility was secured by certain of the Company's trade accounts receivable in the United States and bore interest at a variable rate based on the applicable base rate or other agreed-upon rate plus a margin amount. In addition, the Prior Receivables Facility was terminable at any time upon five days prior written notice. A significant portion of the initial proceeds from the Prior Receivables Facility was used to pay the obligations under the previous trade accounts receivable credit facility, which was terminated. The remaining proceeds were used to pay certain fees, costs and expenses incurred in connection with the Prior Receivables Facility and for working capital and general corporate purposes. As of October 31, 2012, there was \$110.0 million outstanding under the Prior Receivables Facility. The agreement for the Prior Receivables Facility receivables financing facility contained financial covenants that required the Company to maintain the same leverage ratio and fixed charge coverage ratio as set forth in the 2010 Credit Agreement. On December 19, 2012, this leverage ratio was amended to be identical to the ratio in the Amended Credit Agreement, and the fixed charge coverage ratio was deleted and the interest coverage ratio set forth in the Amended Credit Agreement was included. On September 30, 2013, the Prior Receivables Facility was terminated and replaced with the Amended Receivables Facility.

Greif Receivables Funding LLC (GRF), an indirect subsidiary of the Company, has participated in the purchase and transfer of receivables in connection with these credit facilities and is included in the Company's consolidated financial

statements. However, because GRF is a separate and distinct legal entity from the Company and its other subsidiaries, the assets of GRF are not available to satisfy the liabilities and obligations of the Company and its other subsidiaries, and the liabilities of GRF are not the liabilities or obligations of the Company and its other subsidiaries. This entity purchases and services the Company's trade accounts receivable that were subject to the Prior Receivables Facility and that are subject to the Amended Receivables Facility.

Other

In addition to the amounts borrowed under the Credit Agreement and proceeds from the Senior Notes and the Amended Receivables Facility, as of October 31, 2013, the Company had outstanding other debt of \$99.3 million, comprised of \$35.2 million in long-term debt and \$64.1 million in short-term borrowings, compared to other debt outstanding of \$109.4 million, comprised of \$33.4 million in long-term debt and \$76.1 million in short-term borrowings, as of October 31, 2012.

As of October 31, 2013, the current portion of the Company's long-term debt was \$10.0 million. Annual maturities, including the current portion of long-term debt under the Company's various financing arrangements, were \$10.0 million in 2014, \$55.2 million in 2015, \$160.0 million in 2016, \$321.8 million in 2017, \$152.9 million in 2018 and \$517.3 million thereafter. Cash paid for interest expense was \$86.5 million, \$86.6 million and \$67.7 million in 2013, 2012 and 2011, respectively.

As of October 31, 2013 and 2012, the Company had deferred financing fees and debt issuance costs of \$13.4 million and \$14.8 million, respectively, which are included in other long-term assets.

Table of Contents**NOTE 10 FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS****Financial Instruments**

The Company uses derivatives from time to time to mitigate partially the effect of exposure to interest rate movements, exposure to currency fluctuations, and energy cost fluctuations. Under ASC 815, Derivatives and Hedging, all derivatives are to be recognized as assets or liabilities on the balance sheet and measured at fair value. Changes in the fair value of derivatives are recognized in either net income or in other comprehensive income, depending on the designated purpose of the derivative.

While the Company may be exposed to credit losses in the event of nonperformance by the counterparties to its derivative financial instrument contracts, its counterparties are established banks and financial institutions with high credit ratings. The Company has no reason to believe that such counterparties will not be able to fully satisfy their obligations under these contracts.

During the next twelve months, the Company expects to reclassify into earnings a net loss from accumulated other comprehensive income of approximately \$0.5 million after tax at the time the underlying hedge transactions are realized.

ASC 820, Fair Value Measurements and Disclosures defines fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements for financial and non-financial assets and liabilities. Additionally, this guidance established a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

Level 1 Observable inputs such as unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 Observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

Recurring Fair Value Measurements

The following table presents the fair values adjustments for those assets and (liabilities) measured on a recurring basis as of October 31, 2013 and 2012 (Dollars in millions):

	October 31, 2013				October 31, 2012				Balance sheet Location
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Interest rate derivatives	\$	\$ (0.9)	\$	\$ (0.9)	\$	\$ (1.4)	\$	\$ (1.4)	

						Other long-term liabilities
Foreign exchange hedges	0.3	0.3	0.8	0.8		Other current assets
Foreign exchange hedges	(1.0)	(1.0)	(0.3)	(0.3)		Other current liabilities
Total*	\$ (1.6)	\$ (1.6)	\$ (0.9)	\$ (0.9)		

* The carrying amounts of cash and cash equivalents, trade accounts receivable, accounts payable, current liabilities and short-term borrowings as of October 31, 2013 and 2012 approximate their fair values because of the short-term nature of these items and are not included in this table.

Interest Rate Derivatives

The Company has interest rate swap agreements with various maturities through 2014. These interest rate swap agreements are used to manage the Company's fixed and floating rate debt mix, specifically the Amended Credit Agreement. The assumptions used in measuring fair value of these interest rate derivatives are considered level 2 inputs, which were based on monthly interest from the counterparties based upon the LIBOR and interest to be based upon a designated fixed rate over the life of the swap agreements. These derivative instruments are designated and qualify as cash flow hedges. Accordingly, the effective portion of the gain or loss on these derivative instruments is reported as a component of other comprehensive income and reclassified into earnings in the same line item associated with the forecasted transaction and in the same period during which the hedged transaction affects earnings. The ineffective portion of the gain or loss on the derivative instrument is recognized in earnings immediately.

The Company has two interest rate derivatives, both of which were entered into during the first quarter of 2012 (floating to fixed swap agreements designated as cash flow hedges) with a total notional amount of \$150 million. Under these swap agreements, the Company receives interest based upon a variable interest rate from the counterparties (weighted average of 0.17% as of October 31, 2013 and 0.21% as of October 31, 2012) and pays interest based upon a fixed interest rate (weighted average of 0.75% as of October 31, 2013 and 0.75% as of October 31, 2012). Losses reclassified to earnings under these contracts (both those that existed as of October 31, 2011 and those entered into in the first quarter 2012) were \$0.8 million, \$0.9 million and \$1.9 million for the twelve months ended October 31, 2013, 2012 and 2011, respectively. These losses were recorded within the consolidated statement of operations as interest expense, net. The change in fair value of these contracts resulted in losses of \$0.9 million and \$1.4 million recorded in accumulated other comprehensive income as of October 31, 2013, 2012 and 2011, respectively.

Table of Contents***Foreign Exchange Hedges***

The Company conducts business in various international currencies and is subject to risks associated with changing foreign exchange rates. The Company's objective is to reduce volatility associated with foreign exchange rate changes. Accordingly, the Company enters into various contracts that change in value as foreign exchange rates change to protect the value of certain existing foreign currency assets and liabilities, commitments and anticipated foreign currency cash flows.

As of October 31, 2013, the Company had outstanding foreign currency forward contracts in the notional amount of \$137.6 million (\$233.2 million as of October 31, 2012). At October 31, 2013, these derivative instruments were designated and qualified as fair value hedges. Adjustments to fair value for fair value hedges are recognized in earnings, offsetting the impact of the hedged item. The assumptions used in measuring fair value of foreign exchange hedges are considered level 2 inputs, which were based on observable market pricing for similar instruments, principally foreign exchange futures contracts. Gains recorded under fair value contracts were immaterial for the twelve months ended October 31, 2013. Losses recorded under fair value contracts were, \$1.6 million and \$0.7 million for the twelve months ended October 31, 2012 and 2011.

During 2012 and 2011, some derivative instruments were designated and qualified as cash flow hedges. Accordingly, the effective portion of the gain or loss on these derivative instruments was previously reported as a component of other comprehensive income and reclassified into earnings in the same line item associated with the forecasted transaction and in the same period during which the hedged transaction affected earnings. Gains reclassified to earnings for hedging contracts qualifying as cash flow hedges were immaterial for the twelve months ended October 31, 2012. Gains reclassified to earnings for hedging contracts qualifying as cash flow hedges were \$0.1 million for the twelve months October 31, 2011. These gains were recorded within the consolidated statement of operations as other (income) expense, net. The change in fair value of these contracts resulted in an immaterial gain recorded in accumulated other comprehensive income as of October 31, 2012. The ineffective portion of the gain or loss on the derivative instrument was previously recognized in earnings immediately.

Energy Hedges

The Company is exposed to changes in the price of certain commodities. The Company's objective is to reduce volatility associated with forecasted purchases of these commodities to allow management of the Company to focus its attention on business operations. Accordingly, the Company may enter into derivative contracts to manage the price risk associated with certain of these forecasted purchases.

From time to time, the Company has entered into certain cash flow hedges to mitigate its exposure to cost fluctuations in natural gas prices. Under these hedge agreements, the Company agreed to purchase natural gas at a fixed price. There were no energy hedges in effect as of October 31, 2013 or October 31, 2012. Such derivative instruments were previously designated and qualified as cash flow hedges. Accordingly, the effective portion of the gain or loss on such a derivative instrument was previously reported as a component of other comprehensive income and reclassified into earnings in the same line item associated with the forecasted transaction and in the same period during which the hedged transaction affected earnings. The ineffective portion of the gain or loss on such a derivative instrument was previously recognized in earnings immediately. The assumptions used in measuring fair value of energy hedges are considered level 2 inputs, which were based on observable market pricing for similar instruments, principally commodity futures contracts. Losses reclassified to earnings under such prior contracts were \$1.2 million and \$0.4 million for the twelve months ended October 31, 2012 and 2011, respectively. Losses on such contracts were recorded within the consolidated statement of operations as cost of products sold. The change in fair value of these contracts had no impact on accumulated other comprehensive income as of October 31, 2012.

Other Financial Instruments

The estimated fair value of the Company's 2017 Senior Notes are \$334.5 million and \$330.8 million compared to the carrying amount of \$301.8 million and \$302.3 million as of October 31, 2013 and 2012, respectively. The estimated fair value of the Company's 2019 Senior Notes are \$289.9 million and \$286.9 million compared to the carrying amounts of \$244.4 million and \$243.6 million as of October 31, 2013 and 2012, respectively. The estimated fair value of the Company's 2021 Senior Notes are \$317.9 million and \$283.4 million compared to the carrying amounts of \$272.4 million and \$256.1 million as of October 31, 2013 and 2012, respectively. The assumptions used in measuring fair value of Senior Notes are considered level 2 inputs, which were based on observable market pricing for similar instruments. The fair values of the Company's Amended Credit Agreement and the Amended Receivables Facility do not materially differ from carrying value as the Company's cost of borrowing is variable and approximates current borrowing rates. The fair values of the Company's long-term obligations are estimated based on either the quoted market prices for the same or similar issues or the current interest rates offered for the debt of the same remaining maturities, which are considered level 2 inputs in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures*.

Non-Recurring Fair Value Measurements

Long-Lived Assets

The Company may close manufacturing facilities during the next few years as part of restructuring plans to rationalize costs and realize benefits of synergies. The assumptions used in measuring fair value of long-lived assets are considered level 2 inputs, which include bids received from third parties, recent purchase offers, market comparables and future cash flows. The Company recorded restructuring-related expenses for the year ended October 31, 2013, 2012, and 2011 of \$4.0 million, \$10.2 million, and \$4.5 million, respectively.

Table of Contents

During the year ended October 31, 2013, the Company recognized asset impairment charges of \$30.0 million, consisting of \$1.6 million, for assets in the Paper Packaging segment primarily for assets under contract to be sold, \$16.8 million, for assets in Rigid Industrial Packaging and Services segment related to loss making facilities, underutilized and damaged equipment, and unutilized facilities in Europe, and \$11.6 million, for assets in Flexible Products and Services segment related to underutilized equipment. The Company recorded asset impairment charges for the year ended October 31, 2012 and 2011 of \$2.6 million and \$4.5 million, respectively.

Net Assets Held for Sale

The assumptions used in measuring fair value of net assets held for sale are considered level 2 inputs, which include recent purchase offers, market comparables and/or data obtained from commercial real estate brokers. During the year ended October 31, 2013, the Company recorded \$4.6 million of additional impairment related to assets which were previously classified as net assets held for sale.

Goodwill and Long Lived Intangible Assets

On an annual basis or when events or circumstances indicate impairment may have occurred, the Company performs impairment tests for goodwill and intangibles as defined under ASC 350, Intangibles-Goodwill and Other. As of October 31, 2011, the Company recognized an impairment charge of \$3.0 million related to the discontinued usage of certain trade names in our Flexible Products & Services segment. The Company concluded that no further impairment existed as of October 31, 2013 and 2012.

Pension Plan Assets

On an annual basis we compare the asset holdings of our pension plan to targets established by the Company. The pension plan assets are categorized as either equity securities, debt securities, fixed income securities, insurance annuities, or other assets, which are considered level 1, level 2 and level 3 fair value measurements. The typical asset holdings include:

Mutual funds: Valued at the Net Asset Value NAV available daily in an observable market.

Common collective trusts: Unit value calculated based on the observable NAV of the underlying investment.

Pooled separate accounts: Unit value calculated based on the observable NAV of the underlying investment.

Government and corporate debt securities: Valued based on readily available inputs such as yield or price of bonds of comparable quality, coupon, maturity and type.

Insurance Annuity: Value is derived based on the value of the corresponding liability

NOTE 11 STOCK-BASED COMPENSATION

Stock-based compensation is accounted for in accordance with ASC 718, Compensation—Stock Compensation, which requires companies to estimate the fair value of share-based awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as an expense in the Company's consolidated statements of operations over the requisite service periods. The Company uses the straight-line single option method of expensing stock options to recognize compensation expense in its consolidated statements of operations for all share-based awards. Because share-based compensation expense is based on awards that are ultimately expected to vest, share-based compensation expense is reduced to account for estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. No stock options were granted in 2013, 2012 or 2011. For any options granted in the future, compensation expense will be based on the grant date fair value estimated in accordance with the provisions of ASC 718.

In 2001, the Company adopted the 2001 Management Equity Incentive and Compensation Plan (the 2001 Plan). The provisions of the 2001 Plan allow the awarding of incentive and nonqualified stock options and restricted and performance shares of Class A Common Stock to key employees. The maximum number of shares that may be issued each year is determined by a formula that takes into consideration the total number of shares outstanding and is also subject to certain limits. In addition, the maximum number of incentive stock options that will be issued under the 2001 Plan during its term is 5,000,000 shares.

Prior to 2001, the Company had adopted a Non-statutory Stock Option Plan (the 2000 Plan) that provides the discretionary granting of non-statutory options to key employees, and an Incentive Stock Option Plan (the Option Plan) that provides the discretionary granting of incentive stock options to key employees and non-statutory options for non-employees. The aggregate number of the Company's Class A Common Stock options that may be granted under the 2000 Plan and Option Plan may not exceed 400,000 shares and 2,000,000 shares, respectively.

Under the terms of the 2001 Plan, the 2000 Plan and the Option Plan, stock options may be granted at exercise prices equal to the market value of the common stock on the date options are granted and become fully vested two years after date of grant. Options expire 10 years after date of grant.

Table of Contents

In 2005, the Company adopted the 2005 Outside Directors Equity Award Plan (the 2005 Directors Plan), which provides for the granting of stock options, restricted stock or stock appreciation rights to directors who are not employees of the Company. Prior to 2005, the Directors Stock Option Plan (the Directors Plan) provided for the granting of stock options to directors who are not employees of the Company. The aggregate number of the Company's Class A Common Stock options, and in the case of the 2005 Directors Plan, restricted stock, that may be granted may not exceed 200,000 shares under each of these plans. Under the terms of both plans, options are granted at exercise prices equal to the market value of the common stock on the date options are granted and become exercisable immediately. Options expire 10 years after date of grant.

Stock option activity for the years ended October 31 was as follows (Shares in thousands):

	2013		2012		2011	
	Shares	Weighted Average Exercise price	Shares	Weighted Average Exercise price	Shares	Weighted Average Exercise price
Beginning balance	181	\$ 19.45	342	\$ 16.61	510	\$ 16.14
Granted						
Forfeited	3	19.35	3	13.10	1	12.72
Exercised	99	14.79	158	13.45	167	15.17
Ending balance	79	\$ 25.30	181	\$ 19.45	342	\$ 16.61

As of October 31, 2013, outstanding stock options had exercise prices and contractual lives as follows (Shares in thousands):

Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life
\$15 - \$25	67	1.1
\$25 - \$35	12	1.3

All outstanding options were exercisable as of October 31, 2013, 2012 and 2011, respectively.

Under the Company's Long-Term Incentive Plan, the Company will grant 55,874 shares of restricted stock with a weighted average grant date fair value of \$51.97 for 2013. The Company granted 53,533 shares of restricted stock with a weighted average grant date fair value of \$41.44 under the Company's Long-Term Incentive Plan for 2012. The total stock expense recorded under the plan was \$2.9 million, \$2.2 million and \$2.5 million for the periods ended October 31, 2013, 2012 and 2011, respectively. All restricted stock awards under the Long Term Investment Plan are fully vested at the date of award.

Under the Company's 2005 Directors Plan, the Company granted 15,831 shares of restricted stock with a weighted average grant date fair value of \$51.16 in 2013. The Company granted 14,152 shares of restricted stock with a weighted average grant date fair value of \$50.87 under the Company's 2005 Directors Plan in 2012. The total expense

recorded under the plan was \$0.8 million, \$0.7 million, and \$0.7 million for the periods ended October 31, 2013, 2012, and 2011, respectively. All restricted stock awards under the 2005 Directors Plan are fully vested at the date of award.

The total stock compensation expenses recorded under the plans were \$3.7 million, \$3.6 million and \$4.2 million for the periods ended October 31, 2013, 2012 and 2011 respectively.

NOTE 12 INCOME TAXES

The Company files income tax returns in the U.S. federal jurisdiction, various U.S. state and local jurisdictions, and various non-U.S. jurisdictions.

The provision for income taxes consists of the following (Dollars in millions):

For the years ended October 31,	2013	2012	2011
Current			
Federal	\$ 54.2	\$ 19.7	\$ 25.6
State and local	8.8	5.4	4.4
Non-U.S.	32.6	13.5	27.5
	95.6	38.6	57.5
Deferred			
Federal	(6.3)	10.3	11.0
State and local	(0.2)	2.7	5.0
Non-U.S.	8.5	7.2	(6.2)
	2.0	20.2	9.8
	\$ 97.6	\$ 58.8	\$ 67.3

Table of Contents

Non-U.S. income before income tax expense was \$80.3 million, \$74.8 million and \$129.0 million in 2013, 2012, and 2011, respectively.

The following is a reconciliation of the provision for income taxes based on the federal statutory rate to the Company's effective income tax rate:

For the years ended October 31,	2013	2012	2011
United States federal tax rate	35.00%	35.00%	35.00%
Non-U.S. tax rates	2.20%	-1.10%	-10.00%
State and local taxes, net of federal tax benefit	2.50%	2.30%	1.90%
United States tax credits	-2.10%	-0.70%	-0.80%
Unrecognized tax benefits	-0.20%	-5.50%	12.60%
Change in judgment regarding valuation allowance	0.50%	1.50%	-14.50%
Withholding tax	2.90%	2.60%	1.90%
Foreign partnerships	-3.60%	-4.30%	-1.00%
Foreign Income Inclusion	1.70%	1.60%	0.10%
Other items	1.10%	0.30%	2.80%
	40.00%	31.70%	28.00%

The components of the Company's deferred tax assets and liabilities as of October 31 for the years indicated were as follows (Dollars in millions):

	2013	2012
Deferred Tax Assets		
Net operating loss carryforwards	\$ 102.4	\$ 90.7
Minimum pension liabilities	41.5	61.6
Insurance operations	6.4	9.1
Incentives	5.5	4.1
Environmental reserves	7.3	7.4
Inventories	6.1	2.7
State income tax	9.6	9.2
Postretirement	5.6	7.4
Other	5.6	6.3
Derivatives instruments	0.4	0.5
Interest	5.2	5.3
Allowance for doubtful accounts	3.0	4.5
Restructuring reserves	0.4	1.1
Deferred compensation	2.8	2.5
Foreign tax credits	2.5	1.8
Vacation accruals	1.5	1.4
Stock options	1.0	1.4
Severance	0.2	0.2
Workers compensation accruals	3.9	2.5

Total Deferred Tax Assets	210.9	219.7
Valuation allowance	(78.6)	(57.0)
Net Deferred Tax Assets	132.3	162.7
Deferred Tax Liabilities		
Properties, plants and equipment	114.8	121.9
Goodwill and other intangible assets	97.5	93.4
Foreign Income Inclusion	0.8	
Foreign exchange	7.6	7.8
Timberland transactions	102.1	95.7
Pension	8.9	16.5
Total Deferred Tax Liabilities	331.7	335.3
Net Deferred Tax Liability	\$ (199.4)	\$ (172.6)

As of October 31, 2013, the Company had tax benefits from non-U.S. net operating loss carryforwards of approximately \$102.2 million and approximately \$0.2 million of state net operating loss carryforwards. The Company has recorded valuation allowances of \$76.1 million and \$55.3 million as of October 31, 2013 and 2012, respectively against the tax benefits from non-U.S. net deferred tax assets.

Table of Contents

As of October 31, 2013, the Company had undistributed earnings from certain non-U.S. subsidiaries that are intended to be permanently reinvested in non-U.S. operations. Because these earnings are considered permanently reinvested, no U.S. tax provision has been accrued related to the repatriation of these earnings. It is not practicable to determine the additional tax, if any, which would result from the remittance of these amounts.

A reconciliation of the beginning and ended amount of unrecognized tax benefits is as follows:

	2013	2012	2011
Balance at November 1	\$ 43.6	\$ 73.9	\$ 35.4
Increases in tax positions for prior years	1.3	7.3	44.0
Decreases in tax positions for prior years	(2.5)	(2.1)	(1.6)
Increases in tax positions for current years	1.3	3.9	
Settlements with taxing authorities	(30.3)	(32.5)	(4.5)
Lapse in statute of limitations		(0.3)	
Currency translation	2.6	(6.6)	0.6
Balance at October 31	\$ 16.0	\$ 43.6	\$ 73.9

The 2013 decrease is primarily related to settlements of foreign tax controversies and the closing of the respective open tax years.

The Company files income tax returns in the U.S. federal jurisdiction, various U.S. state jurisdictions and various foreign jurisdictions. With a few exceptions, the Company is subject to audit by various taxing authorities for 2009 through the current fiscal year. The company has completed its U.S. federal tax audit for the tax years through 2010.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense net of tax, as applicable. As of October 31, 2013 and October 31, 2012, the Company had \$1.2 million and \$1.2 million, respectively, accrued for the payment of interest and penalties.

The Company has estimated the reasonably possible expected net change in unrecognized tax benefits through October 31, 2013 under ASC 740, *Income Taxes*. The Company's estimate is based on lapses of the applicable statutes of limitations, settlements and payments of uncertain tax positions. The estimated net decrease in unrecognized tax benefits for the next 12 months ranges from \$0 to \$16.0 million. Actual results may differ materially from this estimate.

The Company paid income taxes of \$74.0 million, \$56.9 million and \$64.9 million in 2013, 2012, and 2011, respectively.

NOTE 13 POST RETIREMENT BENEFIT PLANS***Defined Benefit Pension Plans***

The Company has certain non-contributory defined benefit pension plans in the United States, Canada, Germany, the Netherlands, South Africa and the United Kingdom. The Company uses a measurement date of October 31 for fair value purposes for its pension plans. The salaried plans' benefits are based primarily on years of service and earnings. The hourly plans' benefits are based primarily upon years of service. Certain benefit provisions are subject to

collective bargaining. The Company contributes an amount that is not less than the minimum funding and not more than the maximum tax-deductible amount to these plans. Salaried employees in the United States who commence service on or after November 1, 2007 and in various dates in the preceding five years for the non-U.S. plans will not be eligible to participate in the defined benefit pension plans, but will participate in a defined contribution retirement program. The category Other International represents the noncontributory defined benefit pension plans in Canada and South Africa.

Pension plan contributions by the Company totaled \$14.4 million during 2013, which consisted of \$13.0 million of employer contributions and \$1.4 million of benefits paid directly by the Company. Pension contributions by the Company totaled \$18.0 million and \$32.6 million during 2012 and 2011, respectively. Contributions during 2014 are expected to be approximately \$13.2 million.

The following table presents the number of participants in the defined benefit plans:

	Consolidated	USA	Germany	United Kingdom	Netherlands	Other International
October 31, 2013						
Active participants	2,244	1,880	122	133	48	61
Vested former employees	2,184	1,452	64	399	249	20
Retirees and beneficiaries	4,147	2,320	250	718	804	55
Other plan participants	35	0	0	0	35	0
				United Kingdom	Netherlands	Other Intl
October 31, 2012						
Active participants	2,402	2,004	127	158	48	65
Vested former employees	3,660	2,913	63	418	249	17
Retirees and beneficiaries	4,043	2,210	248	726	804	55
Other plan participants	35	0	0	0	35	0

Table of Contents

The actuarial assumptions are used to measure the year-end benefit obligations at October 31 and the pension costs for the subsequent year were as follows:

	Consolidated	United States	Germany	United Kingdom	Netherlands	Other International
For the year ended October 31, 2013						
Discount rate	4.30%	4.75%	3.40%	4.25%	3.25%	5.28%
Expected return on plan assets	5.70%	6.00%	N/A	6.50%	3.25%	5.82%
Rate of compensation increase	2.99%	3.00%	2.75%	3.50%	2.25%	2.35%
For the year ended October 31, 2012						
Discount rate	3.92%	4.00%	3.50%	4.25%	3.25%	4.89%
Expected return on plan assets	6.46%	6.75%	N/A	6.75%	5.00%	6.55%
Rate of compensation increase	2.99%	3.00%	2.75%	3.50%	2.25%	2.29%
For the year ended October 31, 2011						
Discount rate	4.94%	4.90%	5.25%	5.00%	5.00%	5.55%
Expected return on plan assets	7.20%	8.25%	N/A	7.50%	4.25%	6.60%
Rate of compensation increase	3.13%	3.00%	2.75%	4.00%	2.25%	2.70%

To determine the expected long-term rate of return on pension plan assets, we consider current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. In developing future return expectations for our defined benefit pension plans assets, we formulate views on the future economic environment, both in the U.S. and globally. We evaluate general market trends and historical relationships among a number of key variables that impact asset class returns, such as expected earnings growth, inflation, valuations, yields and spreads, using both internal and external sources. We also take into account expected volatility by asset class and diversification across classes to determine expected overall portfolio results given current and expected allocations.

Based on our analysis of future expectations of asset performance, past return results, and our current and expected asset allocations, we have assumed a 5.7% long-term expected return on those assets for cost recognition in 2013. For the defined benefit pension plans, we apply our expected rate of return to a market-related value of assets, which stabilizes variability in the amounts to which we apply that expected return.

We amortize experience gains and losses as well as the effects of changes in actuarial assumptions and plan provisions over a period no longer than the average future service of employees.

Benefit Obligations

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

	Consolidated	United States	Germany	United Kingdom	Netherlands	Other International
For the year ended October 31, 2013						
Service cost	\$ 16.7	\$ 11.5	\$ 0.6	\$ 2.9	\$ 1.2	\$ 0.5
Interest cost	27.6	15.9	1.2	6.5	3.3	0.7
Expected return on plan assets	(32.1)	(16.4)		(11.7)	(3.2)	(0.8)
Amortization of prior service cost	0.6	0.5				0.1
Recognized net actuarial loss	16.4	13.6	0.6	1.3	0.6	0.3

Edgar Filing: TILE SHOP HOLDINGS, INC. - Form 10-Q

Net periodic pension cost \$ 29.2 \$ 25.1 \$ 2.4 \$ (1.0) \$ 1.9 \$ 0.8

		United States			United Kingdom		Other International
For the year ended October 31, 2012	Consolidated	States	Germany	Kingdom	Netherlands	International	
Service cost	\$ 13.4	\$ 10.0	\$ 0.4	\$ 2.1	\$ 0.5	\$ 0.4	
Interest cost	29.6	16.6	1.4	7.0	3.9	0.7	
Expected return on plan assets	(33.9)	(17.6)		(11.8)	(3.6)	(0.9)	
Amortization of prior service cost	1.5	1.5					
Recognized net actuarial loss	11.4	9.9	0.1	0.6	0.4	0.4	
Net periodic pension cost	\$ 22.0	\$ 20.4	\$ 1.9	\$ (2.1)	\$ 1.2	\$ 0.6	

		United States			United Kingdom		Other International
For the year ended October 31, 2011	Consolidated	States	Germany	Kingdom	Netherlands	International	
Service cost	\$ 12.7	\$ 9.0	\$ 0.5	\$ 2.1	\$ 0.7	\$ 0.4	
Interest cost	29.6	16.6	1.4	7.1	3.9	0.6	
Expected return on plan assets	(36.8)	(19.7)		(12.7)	(3.7)	(0.7)	
Amortization of prior service cost	1.9	1.9					
Recognized net actuarial loss	8.4	7.1	0.1	0.4	0.4	0.4	
Net periodic pension cost	\$ 15.8	\$ 14.9	\$ 2.0	\$ (3.1)	\$ 1.3	\$ 0.7	

Table of Contents

Benefit obligations are described in the following tables. Accumulated and projected benefit obligations (ABO and PBO) represent the obligations of a pension plan for past service as of the measurement date. ABO is the present value of benefits earned to date with benefits computed based on current compensation levels. PBO is ABO increased to reflect expected future compensation.

The following table sets forth the plans' change in projected benefit obligation (Dollars in millions):

	Consolidated	USA	Germany	United Kingdom	Netherlands	Other International
For the year ended October 31, 2013						
Change in benefit obligation:						
Benefit obligation at beginning of year	\$ 722.4	\$ 404.7	\$ 35.3	\$ 161.9	\$ 103.4	\$ 17.1
Service cost	16.7	11.5	0.6	2.9	1.2	0.5
Interest cost	27.6	15.9	1.2	6.5	3.3	0.7
Plan participant contributions	0.3				0.3	
Expenses paid from assets	(2.2)	(1.9)				(0.3)
Plan Amendments	0.4	0.4				
Actuarial (gain) loss	(23.8)	(40.6)	0.9	9.7	7.7	(1.5)
Foreign currency effect	9.4		2.4	0.8	7.0	(0.8)
Benefits paid	(47.0)	(31.3)	(1.4)	(6.9)	(6.0)	(1.4)
Benefit obligation at end of year	\$ 703.8	\$ 358.7	\$ 39.0	\$ 174.9	\$ 116.9	\$ 14.3
For the year ended October 31, 2012						
Change in benefit obligation:						
Benefit obligation at beginning of year	\$ 616.2	\$ 345.5	\$ 27.9	\$ 142.1	\$ 85.3	\$ 15.4
Service cost	13.4	10.0	0.4	2.1	0.5	0.4
Interest cost	29.6	16.6	1.4	7.0	3.9	0.7
Plan participant contributions	0.3			0.1	0.2	
Expenses paid from assets	(1.1)	(1.1)				
Multi-plan combination	1.7			1.7		
Actuarial loss	91.9	47.3	8.4	11.4	24.0	0.8
Foreign currency effect	(1.7)		(1.5)	3.9	(4.5)	0.4
Benefits paid	(27.9)	(13.6)	(1.3)	(6.4)	(6.0)	(0.6)
Benefit obligation at end of year	\$ 722.4	\$ 404.7	\$ 35.3	\$ 161.9	\$ 103.4	\$ 17.1

The following tables set forth the PBO, ABO, plan assets and instances where the ABO exceeds the plan assets for the respective years (Dollars in millions):

	Consolidated	USA	Germany	United Kingdom	Netherlands	Other International
--	--------------	-----	---------	----------------	-------------	---------------------

Actuarial value of benefit obligations

October 31, 2013

Projected benefit obligation	\$ 703.8	\$ 358.7	\$ 39.0	\$ 174.9	\$ 116.9	\$ 14.3
Accumulated benefit obligation	674.4	339.1	35.9	171.3	115.2	12.9
Plan assets	621.2	301.8		198.9	106.5	14.0

October 31, 2012

Projected benefit obligation	\$ 722.4	\$ 404.7	\$ 35.3	\$ 161.9	\$ 103.4	\$ 17.1
Accumulated benefit obligation	687.8	382.0	32.5	156.6	102.0	14.7
Plan assets	599.1	298.4		187.4	99.3	14.0

Plans with ABO in excess of Plan assets

October 31, 2013

Accumulated benefit obligation	\$ 503.0	\$ 339.1	\$ 35.9	\$	\$ 115.2	\$ 12.8
Plan assets	419.2	301.8			106.5	10.9

October 31, 2012

Accumulated benefit obligation	\$ 531.2	\$ 382.0	\$ 32.5	\$	\$ 102.0	\$ 14.7
Plan assets	408.3	298.4			99.3	10.6

Table of Contents

Future benefit payments, which reflect expected future service, as appropriate, during the next five years, and in the aggregate for the five years thereafter, are as follows (Dollars in millions):

Year	Expected benefit payments
2014	\$ 32.7
2015	\$ 33.2
2016	\$ 33.9
2017	\$ 35.2
2018	\$ 37.0
2019-2023	\$ 205.0

Plan assets

The plans' assets consist of domestic and foreign equity securities, government and corporate bonds, cash, insurance annuity mutual funds and not more than the allowable number of shares of the Company's common stock, which was 247,504 Class A shares and 160,710 Class B shares at October 31, 2013 and 2012.

The investment policy reflects the long-term nature of the plans' funding obligations. The assets are invested to provide the opportunity for both income and growth of principal. This objective is pursued as a long-term goal designed to provide required benefits for participants without undue risk. It is expected that this objective can be achieved through a well-diversified asset portfolio. All equity investments are made within the guidelines of quality, marketability and diversification mandated by the Employee Retirement Income Security Act and/or other relevant statutes. Investment managers are directed to maintain equity portfolios at a risk level approximately equivalent to that of the specific benchmark established for that portfolio.

The Company's weighted average asset allocations at the measurement date and the target asset allocations by category are as follows:

Asset Category	2013 Target	2013 Actual	2012 Target	2012 Actual
Equity securities	23%	31%	34%	34%
Debt securities	49%	46%	45%	45%
Other	28%	23%	21%	21%
Total	100%	100%	100%	100%

The fair value of the pension plans' investments is presented below. The inputs and valuation techniques used to measure the fair value of the assets are consistently applied and described in Note 1.

Table of Contents

	Consolidated	USA	Germany	United Kingdom	Netherlands	Other International
For the year ended October 31, 2013						
Change in plan assets:						
Fair value of plan assets at beginning of year	\$ 599.1	\$ 298.4	\$	\$ 187.4	\$ 99.3	\$ 14.0
Actual return on plan assets	48.9	25.1		15.9	6.5	1.4
Expenses paid	(2.1)	(1.8)				(0.3)
Plan participant contributions	0.3				0.3	
Multi-plan combination						
Foreign currency impact	6.4			0.8	6.5	(0.9)
Employer contributions	14.4	11.4		1.7		1.3
Benefits paid	(45.8)	(31.3)		(6.9)	(6.1)	(1.5)
Fair value of plan assets at end of year	\$ 621.2	\$ 301.8	\$	\$ 198.9	\$ 106.5	\$ 14.0

For the year ended October 31, 2012

Change in plan assets:

	Consolidated	USA	Germany	United Kingdom	Netherlands	Other International
For the year ended October 31, 2012						
Change in plan assets:						
Fair value of plan assets at beginning of year	\$ 540.3	\$ 263.0	\$	\$ 176.7	\$ 87.9	\$ 12.7
Actual return on plan assets	66.2	35.3		8.6	21.9	0.4
Expenses paid	(1.1)	(1.1)				
Plan participant contributions	0.3			0.1	0.2	
Multi-plan combination						
Foreign currency effects	(0.2)			4.5	(4.7)	
Employer contributions	18.0	14.3		2.2		1.5
Benefits paid	(26.1)	(13.1)		(6.4)	(6.0)	(0.6)
Fair value of plan assets at end of year	\$ 599.1	\$ 298.4	\$	\$ 187.4	\$ 99.3	\$ 14.0

The following table presents the fair value measurements for the pension assets:

As of October 31, 2013 (Dollars in millions)

Asset Category	Fair Value Measurement			Total
	Level 1	Level 2	Level 3	
Equity securities	\$ 146.3	\$ 46.1	\$	\$ 192.4
Fixed income	155.1	112.6		267.7
Debt securities		19.3		19.3
Insurance annuity			106.5	106.5
Other	2.9	32.4		35.3
Total	\$ 304.3	\$ 210.4	\$ 106.5	\$ 621.2

As of October 31, 2012 (Dollars in millions)

Asset Category	Fair Value Measurement			
	Level	Level	Level 3	Total
	1	2		
Equity securities	\$ 7.7	\$ 216.3	\$	\$ 224.0
Fixed income	89.0	99.3		188.3
Debt securities		56.8		56.8
Insurance annuity			99.3	99.3
Other	15.1	15.6		30.7
Total	\$ 111.8	\$ 388.0	\$ 99.3	\$ 599.1

The following table presents a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3). There have been no transfers in or out of level 3:

(Dollars in millions)	Non-U.S. Pension Plan	
	2013	2012
Balance at beginning of year	\$ 99.3	\$ 87.9
Actual return on plan assets held at reporting date:		
Assets still held at reporting date	6.5	21.9
Plan participant contributions	0.3	0.2
Settlements	(6.1)	(6.0)
Currency impact	6.5	(4.7)
Balance at end of year	\$ 106.5	\$ 99.3

Table of Contents

Financial statement presentation including other comprehensive income:

As of October 31, 2013	Consolidated	USA	Germany	United Kingdom	Netherlands	Other International
Unrecognized net actuarial loss	\$ 148.5	\$ 77.8	\$ 13.1	\$ 30.4	\$ 22.8	\$ 4.4
Unrecognized prior service cost	0.8	0.8				
Unrecognized initial net obligation	0.3					0.3

Accumulated other comprehensive loss	\$ 149.6	\$ 78.6	\$ 13.1	\$ 30.4	\$ 22.8	\$ 4.7
--------------------------------------	----------	---------	---------	---------	---------	--------

Amounts recognized in the Consolidated Balance Sheets consist of:

Prepaid benefit cost	\$ 29.6	\$	\$	\$ 26.6	\$	\$ 3.0
Accrued benefit liability	(112.1)	(56.9)	(39.0)	(2.5)	(10.4)	(3.3)
Accumulated other comprehensive loss	149.6	78.6	13.1	30.4	22.8	4.7

Net amount recognized	\$ 67.1	\$ 21.7	\$ (25.9)	\$ 54.5	\$ 12.4	\$ 4.4
-----------------------	---------	---------	-----------	---------	---------	--------

As of October 31, 2012	Consolidated	USA	Germany	United Kingdom	Netherlands	Other International
Unrecognized net actuarial loss	\$ 203.5	\$ 140.9	\$ 12.0	\$ 26.0	\$ 17.6	\$ 7.0
Unrecognized prior service cost	0.9	0.9				
Unrecognized initial net obligation	0.4					0.4

Accumulated other comprehensive loss	\$ 204.8	\$ 141.8	\$ 12.0	\$ 26.0	\$ 17.6	\$ 7.4
--------------------------------------	----------	----------	---------	---------	---------	--------

Amounts recognized in the Consolidated Balance Sheets consist of:

Prepaid benefit cost	\$ 28.8	\$	\$	\$ 25.6	\$	\$ 3.2
Accrued benefit liability	(152.1)	(106.3)	(35.3)		(4.1)	(6.4)
Accumulated other comprehensive loss	204.8	141.8	12.0	26.0	17.6	7.4

Net amount recognized	\$ 81.5	\$ 35.5	\$ (23.3)	\$ 51.6	\$ 13.5	\$ 4.2
-----------------------	---------	---------	-----------	---------	---------	--------

	October 31, 2013	October 31, 2012
	\$ 204.8	\$ 158.6

Accumulated other comprehensive loss at beginning of year			
Increase or (decrease) in accumulated other comprehensive (income) or loss			
Net transition obligation amortized during fiscal year	(0.1)		(0.1)
Net prior service costs amortized during fiscal year	(0.5)		(1.5)
Net loss amortized during fiscal year	(16.4)		(11.3)
Prior service (cost) or credit recognized during fiscal year due to curtailment			(2.3)
Prior service costs occurring during fiscal year	0.4		
Liability (gain) loss occurring during fiscal year	(23.9)		92.0
Asset (gain) occurring during fiscal year	(16.9)		(30.7)
Increase (decrease) in accumulated other comprehensive loss	\$ (57.4)	\$	46.1
Foreign currency impact	2.2		0.1
Accumulated other comprehensive (income) or loss at current fiscal year end	\$ 149.6	\$	204.8

In 2014, the Company expects to record an amortization loss of \$10.4 million of prior service costs from shareholders equity into pension costs.

Defined contribution plans

The Company has several voluntary 401(k) savings plans that cover eligible employees. For certain plans, the Company matches a percentage of each employee's contribution up to a maximum percentage of base salary. Company contributions to the 401(k) plans were \$6.5 million in 2013, \$3.9 million in 2012 and \$3.6 million in 2011.

Supplemental Employee Retirement Plan

The Company has a supplemental employee retirement plan which is an unfunded plan providing supplementary retirement benefits primarily to certain executives and longer-service employees.

Table of Contents**Postretirement Health Care and Life Insurance Benefits**

The Company has certain postretirement health and life insurance benefit plans in the United States and South Africa. The Company uses a measurement date of October 31 for its postretirement benefit plans.

The following table presents the number of participants in the post-retirement health and life insurance benefit plans:

October 31, 2013	Consolidated	USA	South Africa
Active participants	26	12	14
Vested former employees	0	0	0
Retirees and beneficiaries	894	793	101
Other plan participants	0	0	0

October 31, 2012	Consolidated	USA	South Africa
Active participants	31	12	19
Vested former employees	0	0	0
Retirees and beneficiaries	916	812	104
Other plan participants	0	0	0

The discount rate actuarial assumptions at October 31 are used to measure the year-end benefit obligations and the pension costs for the subsequent year were as follows:

	Consolidated	United States	South Africa
For the year ended October 31, 2013	4.67%	3.95%	8.10%
For the year ended October 31, 2012	4.77%	4.00%	7.75%

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

For the years ended October 31,	2013	2012	2011
Service cost	\$	\$	\$
Interest cost	0.8	1.1	1.2
Amortization of prior service cost	(1.5)	(1.6)	(1.6)
Recognized net actuarial gain			(0.1)
Net periodic income	\$(0.7)	\$(0.5)	\$(0.5)

The following table sets forth the plans' change in benefit obligation (Dollars in millions):

	October 31, 2013	October 31, 2012
Benefit obligation at beginning of year	\$ 19.3	\$ 20.8
Service cost		

Edgar Filing: TILE SHOP HOLDINGS, INC. - Form 10-Q

Interest cost	0.8	1.0
Actuarial loss	0.4	0.2
Foreign currency effect	(0.5)	(0.3)
Plan amendments		
Benefits paid	(1.5)	(2.4)
Benefit obligation at end of year	\$ 18.5	\$ 19.3

Financial statement presentation included other comprehensive income (Dollars in millions):

	October 31, 2013	October 31, 2012
Unrecognized net actuarial gain	\$ 0.5	\$ 0.9
Unrecognized prior service credit	9.0	10.7
Accumulated other comprehensive income	\$ 9.5	\$ 11.6

The accumulated postretirement health and life insurance benefit obligation and fair value of plan assets for the consolidated plans were \$18.5 million and \$0, respectively, as of October 31, 2013 compared to \$19.3 million and \$0, respectively, as of October 31, 2012.

The healthcare cost trend rates on gross eligible charges are as follows:

	Medical
Current trend rate	7.6%
Ultimate trend rate	5.2%
Year ultimate trend rate reached	2026

Table of Contents

A one-percentage point change in assumed health care cost trend rates would have the following effects (Dollars in thousands):

	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total of service and interest cost components	\$ 42	\$ (35)
Effect on postretirement benefit obligation	\$ 523	\$ (446)

Future benefit payments, which reflect expected future service, as appropriate, during the next five years, and in the aggregate for the five years thereafter, are as follows (Dollars in millions):

Year	Expected benefit payments
2014	\$ 2.2
2015	\$ 1.8
2016	\$ 1.7
2017	\$ 1.6
2018	\$ 1.5
2019-2023	\$ 6.4

NOTE 14 CONTINGENT LIABILITIES AND ENVIRONMENTAL RESERVES***Litigation-related Liabilities***

The Company may become involved from time-to-time in litigation and regulatory matters incidental to its business, including governmental investigations, enforcement actions, personal injury claims, product liability, employment health and safety matters, commercial disputes, intellectual property matters, disputes regarding environmental clean-up costs, litigation in connection with acquisitions and divestitures, and other matters arising out of the normal conduct of its business. The Company intends to vigorously defend itself in such litigation. The Company does not believe that the outcome of any pending litigation will have a material adverse effect on its consolidated financial statements.

The Company may accrue for contingencies related to litigation and regulatory matters if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Because litigation is inherently unpredictable and unfavorable resolutions can occur, assessing contingencies is highly subjective and requires judgments about future events. The Company regularly reviews contingencies to determine whether its accruals are adequate. The amount of ultimate loss may differ from these estimates.

Environmental Reserves

As of October 31, 2013 and 2012, environmental reserves of \$26.8 million and \$27.5 million, respectively, were included in other long-term liabilities and were recorded on an undiscounted basis. These reserves are principally based on environmental studies and cost estimates provided by third parties, but also take into account management

estimates. The estimated liabilities are reduced to reflect the anticipated participation of other potentially responsible parties in those instances where it is probable that such parties are legally responsible and financially capable of paying their respective shares of relevant costs. For sites that involve formal actions subject to joint and several liabilities, these actions have formal agreements in place to apportion the liability. As of October 31, 2013 and 2012, environmental reserves of the Company included \$13.8 million and \$13.9 million, respectively, for its blending facility in Chicago, Illinois; \$7.7 million and \$7.4 million, respectively, for various European drum facilities acquired from Blagden and Van Leer; \$2.3 million and \$4.2 million, respectively, for its various container life cycle management and recycling facilities acquired in 2011 and 2010, and \$3.0 million and \$2.0 million for various other facilities around the world.

The Company's exposure to adverse developments with respect to any individual site is not expected to be material. Although environmental remediation could have a material effect on results of operations if a series of adverse developments occur in a particular quarter or year, the Company believes that the chance of a series of adverse developments occurring in the same quarter or year is remote. Future information and developments will require the Company to continually reassess the expected impact of these environmental matters.

Table of Contents**NOTE 15 EARNINGS PER SHARE**

The Company has two classes of common stock and, as such, applies the two-class method of computing earnings per share (EPS) as prescribed in ASC 260, Earnings Per Share. In accordance with this guidance, earnings are allocated first to Class A and Class B Common Stock to the extent that dividends are actually paid and the remainder allocated assuming all of the earnings for the period have been distributed in the form of dividends.

The Company calculates Class A EPS as follows: (i) multiply 40 percent times the average Class A shares outstanding, then divide that amount by the product of 40 percent of the average Class A shares outstanding plus 60 percent of the average Class B shares outstanding to get a percentage, (ii) undistributed net income divided by the average Class A shares outstanding, (iii) multiply item (i) by item (ii), (iv) add item (iii) to the Class A cash dividend. Diluted shares are factored into the Class A calculation.

The Company calculates Class B EPS as follows: (i) multiply 60 percent times the average Class B shares outstanding, then divide that amount by the product of 40 percent of the average Class A shares outstanding plus 60 percent of the average Class B shares outstanding to get a percentage, (ii) undistributed net income divided by the average Class B shares outstanding, (iii) multiply item (i) by item (ii), (iv) add item (iii) to the Class B cash dividend. Class B diluted EPS is identical to Class B basic EPS.

The following table provides EPS information for each period, respectively:

Numerator			
Numerator for basic and diluted EPS			
Net income attributable to Greif	\$ 147.3	\$ 122.4	\$ 174.7
Cash dividends	98.3	97.7	97.8
Undistributed net income attributable to Greif, Inc.	\$ 49.0	\$ 24.7	\$ 76.9
Demonimator			
Denominator for basic EPS			
Class A common stock	25.4	25.2	24.9
Class B common stock	22.1	22.1	22.3
Denominator for diluted EPS			
Class A common stock	25.4	25.2	25.0
Class B common stock	22.1	22.1	22.3
EPS Basic			
Class A common stock	\$ 2.52	\$ 2.10	\$ 3.00
Class B common stock	\$ 3.77	\$ 3.14	\$ 4.48
EPS Diluted			
Class A common stock	\$ 2.52	\$ 2.10	\$ 2.99
Class B common stock	\$ 3.77	\$ 3.14	\$ 4.48

Class A Common Stock is entitled to cumulative dividends of one cent a share per year after which Class B Common Stock is entitled to non-cumulative dividends up to a half-cent a share per year. Further distribution in any year must be made in proportion of one cent a share for Class A Common Stock to one and a half cents a share for Class B Common Stock. The Class A Common Stock has no voting rights unless four quarterly cumulative dividends upon the Class A Common Stock are in arrears. The Class B Common Stock has full voting rights. There is no cumulative voting for the election of directors.

Common Stock Repurchases

The Company's Board of Directors has authorized the purchase of up to four million shares of Class A Common Stock or Class B Common Stock or any combination of the foregoing. During 2013, the Company repurchased no shares of Class A or Class B Common Stock. As of October 31, 2013, the Company had repurchased 3,184,272 shares, including 1,425,452 shares of Class A Common Stock and 1,758,820 shares of Class B Common Stock, under this program, all of which were repurchased in prior years. The total cost of the shares repurchased from November 1, 2010 through October 31, 2013 was \$15.1 million.

Table of Contents

The following table summarizes the Company's Class A and Class B common and treasury shares at the specified dates:

	Authorized Shares	Issued Shares	Outstanding Shares	Treasury Shares
October 31, 2013:				
Class A Common Stock	128,000,000	42,281,920	25,456,724	16,825,196
Class B Common Stock	69,120,000	34,560,000	22,119,966	12,440,034
October 31, 2012:				
Class A Common Stock	128,000,000	42,281,920	25,283,465	16,998,455
Class B Common Stock	69,120,000	34,560,000	22,119,966	12,440,034

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

For the years ended October 31,	2013	2012	2011
<u>Class A Common Stock:</u>			
Basic shares	25,399,256	25,162,686	24,869,573
Assumed conversion of stock options	23,281	71,854	177,759
Diluted shares	25,422,537	25,234,540	25,047,332
<u>Class B Common Stock:</u>			
Basic and diluted shares	22,119,966	22,120,391	22,349,844

No stock options were antidilutive for the years ended October 31, 2013, 2012, or 2011.

Dividends per Share

The Company pays quarterly dividends of varying amounts computed on the basis as described above. The annual dividends paid for the last two years are as follows:

2013 Dividends per Share Class A \$1.68; Class B \$2.51

2012 Dividends per Share Class A \$1.68; Class B \$2.51

NOTE 16 EQUITY EARNINGS OF UNCONSOLIDATED AFFILIATES, NET OF TAX AND NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS***Equity earnings of unconsolidated affiliates, net of tax***

Equity earnings of unconsolidated affiliates, net of tax represent the Company's share of earnings of affiliates in which the Company does not exercise control and has a 20 percent or more voting interest. Investments in such affiliates are accounted for using the equity method of accounting. If the fair value of an investment in an affiliate is below its carrying value and the difference is deemed to be other than temporary, the difference between the fair value and the carrying value is charged to earnings. The Company has an equity interest in five such affiliates. Equity earnings of

unconsolidated affiliates, net of tax for 2013, 2012 and 2011 were \$2.9 million, \$1.3 million and \$4.8 million, respectively. Dividends received from the Company's equity method affiliates for the years ended October 31, 2013 and 2012 were \$0.3 million and \$0.1 million, respectively. The Company has made loans to an entity deemed a VIE and accounted for as an equity method investment. These loans bear interest at various interest rates. The original principal balance of these loans was \$22.2 million. As of October 31, 2013 these loans had an outstanding balance of \$14.3 million.

Net income attributable to noncontrolling interests

Net income attributable to noncontrolling interests represent the portion of earnings or losses from the operations of the Company's consolidated subsidiaries attributable to unrelated third party equity owners that were deducted from net income to arrive at net income attributable to the Company. Net income attributable to noncontrolling interests for the years ended October 31, 2013, 2012 and 2011 was \$1.7 million, \$5.5 million and \$2.9 million, respectively.

NOTE 17 LEASES

The table below contains information related to the Company's rent expense (Dollars in millions):

For the years ended October 31,	2013	2012	2011
Rent Expense	\$ 54.7	\$ 51.4	\$ 45.4
Total Rent Expense	\$ 54.7	\$ 51.4	\$ 45.4

Table of Contents

The following table provides the Company's minimum rent commitments under operating and capital leases in the next five years and the remaining years thereafter:

Fiscal Year	Operating Leases	Capital Leases
2014	\$ 42.7	\$ 1.2
2015	36.6	0.8
2016	24.9	0.4
2017	15.0	0.2
2018	10.0	
Thereafter	33.4	
Total	\$ 162.6	\$ 2.6

NOTE 18 BUSINESS SEGMENT INFORMATION

The Company has five operating segments, which are aggregated into four reportable business segments: Rigid Industrial Packaging & Services; Flexible Products & Services; Paper Packaging; and Land Management.

Operations in the Rigid Industrial Packaging & Services segment involve the production and sale of rigid industrial packaging products, such as steel, fibre and plastic drums, rigid intermediate bulk containers, closure systems for industrial packaging products, transit protection products, water bottles and reconditioned containers, and services, such as container life cycle services, blending, filling and other packaging services, logistics and warehousing. The Company's rigid industrial packaging products are sold to customers in industries such as chemicals, paints and pigments, food and beverage, petroleum, industrial coatings, agricultural, pharmaceutical and mineral, among others.

Operations in the Flexible Products & Services segment involve the production and sale of flexible intermediate bulk containers and related services on a global basis and the sale of industrial and consumer shipping sacks and multiwall bag products in North America. The Company's flexible intermediate bulk containers are constructed from a polypropylene-based woven fabric that is produced at its fully integrated production sites, as well as sourced from strategic regional suppliers. Flexible products are sold to customers and in market segments similar to those of the Company's Rigid Industrial Packaging & Services segment. Additionally, the Company's flexible products significantly expand its presence in the agricultural and food industries, among others. The Company's industrial and consumer shipping sacks and multiwall bag products are used to ship a wide range of industrial and consumer products, such as seed, fertilizers, chemicals, concrete, flour, sugar, feed, pet foods, popcorn, charcoal and salt, primarily for the agricultural, chemical, building products and food industries.

Operations in the Paper Packaging segment involve the production and sale of containerboard, corrugated sheets, corrugated containers and other corrugated products to customers in North America. The Company's corrugated container products are used to ship such diverse products as home appliances, small machinery, grocery products, automotive components, books and furniture, as well as numerous other applications.

Operations in the Land Management segment involve the management and sale of timber and special use properties from approximately 252,475 acres of timber properties in the southeastern United States, which are actively managed, and 10,300 acres of timber properties in Canada. Land Management's operations focus on the active harvesting and regeneration of our United States timber properties to achieve sustainable long-term yields. While timber sales are

subject to fluctuations, the Company seeks to maintain a consistent cutting schedule, within the limits of market and weather conditions. The Company also sells, from time to time, timberland and special use properties, which consists of surplus properties, HBU properties, and development properties.

In order to maximize the value of timber property, the Company continues to review its current portfolio and explore the development of certain of these properties in Canada and the United States. This process has led the Company to characterize property as follows:

Surplus property, meaning land that cannot be efficiently or effectively managed by the Company, whether due to parcel size, lack of productivity, location, access limitations or for other reasons.

HBU property, meaning land that in its current state has a higher market value for uses other than growing and selling timber.

Development property, meaning HBU land that, with additional investment, may have a significantly higher market value than its HBU market value.

Timberland, meaning land that is best suited for growing and selling timber.

The disposal of surplus and HBU property is reported in the consolidated statements of income under gain on disposals of properties, plants and equipment, net and the sale of development property is reported under net sales and cost of products sold. All HBU, development and surplus property is used by the Company to productively grow and sell timber until sold.

Table of Contents

Whether timberland has a higher value for uses other than growing and selling timber is a determination based upon several variables, such as proximity to population centers, anticipated population growth in the area, the topography of the land, aesthetic considerations, including access to water, the condition of the surrounding land, availability of utilities, markets for timber and economic considerations both nationally and locally. Given these considerations, the characterization of land is not a static process, but requires an ongoing review and re-characterization as circumstances change.

The following segment information is presented for each of the three years in the period ended October 31, 2013 (Dollars in millions):

	2013	2012	2011
Net sales:			
Rigid Industrial Packaging & Service	\$ 3,062.1	\$ 3,075.6	\$ 3,014.3
Flexible Products & Services	448.7	453.3	538.0
Paper Packaging	809.5	713.8	675.0
Land Management	33.1	26.8	20.9
Total net sales	\$ 4,353.4	\$ 4,269.5	\$ 4,248.2
Operating profit (loss):			
Rigid Industrial Packaging	196.0	185.0	219.4
Flexible Products & Services	(13.1)	(1.0)	16.9
Paper Packaging	123.8	83.5	74.9
Land Management	32.9	15.3	19.0
Total operating profit	\$ 339.6	\$ 282.8	\$ 330.2
Assets:			
Rigid Industrial Packaging & Services	\$ 2,441.6	\$ 2,481.2	\$ 2,717.8
Flexible Products & Services	367.3	363.8	383.5
Paper Packaging	413.3	401.7	420.4
Land Management	280.7	280.5	280.1
Total segment	3,502.9	3,527.2	3,801.8
Corporate and other	379.3	326.2	385.1
Total assets	\$ 3,882.2	\$ 3,853.4	\$ 4,186.9
Depreciation, depletion and amortization expense:			
Rigid Industrial Packaging & Services	\$ 106.7	\$ 105.2	\$ 93.1
Flexible Products & Services	15.2	14.7	16.6
Paper Packaging	30.3	31.6	31.6
Land Management	4.7	3.3	3.0
Total depreciation, depletion and amortization expense	\$ 156.9	\$ 154.8	\$ 144.3

Capital Expenditures			
Rigid Industrial Packaging & Services	\$ 64.8	\$ 86.7	\$ 96.9
Flexible Products & Services	14.0	39.0	36.5
Paper Packaging	21.7	20.1	18.5
Land Management	13.0	6.9	6.7
Total segment	113.5	152.7	158.6
Corporate and other	31.9	17.0	7.2
Total capital expenditures	\$ 145.4	\$ 169.7	\$ 165.8

The following geographic information is presented for each of the three years in the period ended October 31, 2013 (Dollars in millions):

	2013	2012	2011
Net Sales			
North America	\$ 2,079.1	\$ 1,983.9	\$ 1,932.8
Europe, Middle East, and Africa	1,610.6	1,634.9	1,645.6
Asia Pacific and Latin America	663.7	650.7	669.8
Total net sales	\$ 4,353.4	\$ 4,269.5	\$ 4,248.2

Table of Contents

The following table presents total assets by geographic region (Dollars in millions):

	2013	2012
Assets:		
North America	\$ 1,818.2	\$ 1,717.2
Europe, Middle East, and Africa	1,517.4	1,555.0
Asia Pacific and Latin America	546.6	581.2
Total assets	\$ 3,882.2	\$ 3,853.4

NOTE 19 QUARTERLY FINANCIAL DATA (UNAUDITED)

As previously disclosed in its Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2013, the Company identified errors related to several prior periods. The impact of the errors in the prior years was not material to the Company in any of those years; however, the aggregate amount of the prior period errors of \$9.6 million would have been material to the Company's current year consolidated statement of operations. Consequently, the Company has corrected these errors for all prior periods presented by restating the consolidated financial statements and other financial information included herein.

The quarterly results of operations for 2013 and 2012 are shown below (Dollars in millions, except per share amounts):

2013	January 31	April 30	July 31	October 31
Net sales	\$ 1,008.6	\$ 1,088.9	\$ 1,129.7	\$ 1,126.2
Gross profit	\$ 186.7	\$ 202.6	\$ 217.3	\$ 226.0
Net income ⁽¹⁾	\$ 24.9	\$ 42.3	\$ 48.8	\$ 33.0
Net income attributable to Greif, Inc. ⁽¹⁾	\$ 23.6	\$ 40.2	\$ 46.7	\$ 36.8
Earnings per share				
Basic:				
Class A Common Stock	\$ 0.41	\$ 0.69	\$ 0.80	\$ 0.63
Class B Common Stock	\$ 0.60	\$ 1.03	\$ 1.20	\$ 0.94
Diluted:				
Class A Common Stock	\$ 0.41	\$ 0.69	\$ 0.80	\$ 0.63
Class B Common Stock	\$ 0.60	\$ 1.03	\$ 1.20	\$ 0.94

Earnings per share were calculated using the following number of shares:

Basic:				
Class A Common Stock	25,316,395	25,390,486	25,435,379	25,454,762
Class B Common Stock	22,119,966	22,119,966	22,119,966	22,119,966
Diluted:				
Class A Common Stock	25,382,077	25,433,480	25,464,862	25,473,100
Class B Common Stock	22,119,966	22,119,966	22,119,966	22,119,966

Market price (Class A Common Stock):

High	\$ 47.93	\$ 54.28	\$ 56.38	\$ 58.27
------	----------	----------	----------	----------

Edgar Filing: TILE SHOP HOLDINGS, INC. - Form 10-Q

Low	\$	39.80	\$	45.49	\$	47.35	\$	47.76
Close	\$	46.98	\$	48.17	\$	55.32	\$	53.49
Market price (Class B Common Stock):								
High	\$	51.73	\$	57.44	\$	58.54	\$	60.00
Low	\$	43.45	\$	48.24	\$	51.01	\$	52.02
Close	\$	50.34	\$	51.79	\$	57.17	\$	56.85

- (1) We recorded the following significant transactions during the fourth quarter of 2013: (i) restructuring charges of \$3.4 million, (ii) gain on sale of timberland of \$17.5 million and (iii) non-cash asset impairment charges of \$28.2 million. Refer to Form 10-Q filings, as previously filed with the SEC, for prior quarter significant transactions or trends.

Table of Contents

2012	January 31	April 30	July 31	October 31
Net sales	\$ 992.8	\$ 1,098.2	\$ 1,102.9	\$ 1,075.6
Gross profit	\$ 177.3	\$ 205.5	\$ 202.2	\$ 194.6
Net income ⁽¹⁾	\$ 21.8	\$ 38.2	\$ 39.0	\$ 28.9
Net income attributable to Greif, Inc. ⁽¹⁾	\$ 20.7	\$ 38.4	\$ 37.5	\$ 25.8
Earnings per share				
Basic:				
Class A Common Stock	\$ 0.36	\$ 0.66	\$ 0.64	\$ 0.44
Class B Common Stock	\$ 0.53	\$ 0.99	\$ 0.96	\$ 0.66
Diluted:				
Class A Common Stock	\$ 0.36	\$ 0.66	\$ 0.64	\$ 0.44
Class B Common Stock	\$ 0.53	\$ 0.99	\$ 0.96	\$ 0.66
Earnings per share were calculated using the following number of shares:				
Basic:				
Class A Common Stock	25,052,868	25,149,691	25,177,924	25,270,259
Class B Common Stock	22,120,966	22,120,666	22,119,966	22,119,966
Diluted:				
Class A Common Stock	25,193,827	25,288,352	25,271,088	25,351,713
Class B Common Stock	22,120,966	22,120,666	22,119,966	22,119,966
Market price (Class A Common Stock):				
High	\$ 49.99	\$ 56.88	\$ 54.90	\$ 47.38
Low	\$ 41.74	\$ 48.02	\$ 38.78	\$ 39.98
Close	\$ 48.45	\$ 53.64	\$ 43.26	\$ 41.96
Market price (Class B Common Stock):				
High	\$ 50.39	\$ 57.61	\$ 55.74	\$ 52.70
Low	\$ 42.43	\$ 49.50	\$ 42.15	\$ 45.20
Close	\$ 49.50	\$ 54.89	\$ 50.00	\$ 45.30

⁽¹⁾ We recorded the following significant transactions during the fourth quarter of 2012: (i) restructuring charges of \$10.5 million and (ii) acquisition-related charges of \$3.2 million. Refer to Form 10-Q filings, as previously filed with the SEC, for prior quarter significant transactions or trends.

Shares of the Company's Class A Common Stock and Class B Common Stock are listed on the New York Stock Exchange where the symbols are GEF and GEF.B, respectively.

As of December 16, 2013, there were 438 stockholders of record of the Class A Common Stock and 108 stockholders of record of the Class B Common Stock.

Table of Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Greif, Inc. and subsidiary companies:

We have audited the accompanying consolidated balance sheets of Greif, Inc. and subsidiary companies as of October 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, shareholders equity, and cash flows for each of the three years in the period ended October 31, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Greif, Inc. and subsidiary companies at October 31, 2013 and 2012, and the consolidated results of their operations and their cash flows for each of the three years in the period ended October 31, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Greif, Inc. and subsidiary companies' internal control over financial reporting as of October 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated December 23, 2013 expressed an adverse opinion thereon.

/s/ Ernst & Young LLP

Columbus, Ohio

December 23, 2013

Table of Contents

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

ITEM 9A. CONTROLS AND PROCEDURES

Changes in Internal Control Over Financial Reporting

As previously disclosed in Item 9A of the 2012 Form 10-K (the preceding Form 10-K), management had then concluded that there was a material weakness in internal controls over financial reporting related to the financial statement close process and oversight in the Rigid Industrial Packaging & Services business unit in Brazil. In response, management has changed and added personnel in the Brazil business unit and in its corporate accounting function and has strengthened internal controls to provide more rigorous reconciliation and analytical review procedures. Management has concluded that, as of October 31, 2013, the above identified material weakness has been fully remediated.

As previously disclosed in the preceding Form 10-K, management had then concluded that there was a material weakness in internal controls over financial reporting related to accounting for non-routine or complex transactions. Remedial actions have been and are being implemented to address these controls, including improving processes and communications around non-routine or complex transactions, supplementing the technical competence of our accounting staff with additional internal and, as needed, contract resources and improving, from a holistic standpoint, the documentation of the review of the accounting, presentation and disclosure of such transactions. Once all remedial actions have been implemented and in operation for a sufficient period of time, these actions will be fully tested to determine whether they are operating effectively. Therefore, management concluded that, as of October 31, 2013, there was a material weakness over financial reporting related to accounting for non-routine or complex transactions.

As previously disclosed in our Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2013, management had then concluded there was a material weakness in internal controls over financial reporting related to accounting for withholding taxes on subsidiary financing transactions. These errors were not material to any individual prior period, but the correction of these errors would have been material to the current period consolidated statements of operations, consolidated balance sheets and consolidated statements of cash flows. Actions were implemented to remediate the above identified material weakness, including the improvement of the technical competency of the staff through continuing education and revised accounting policies, improvement of the processes for accruing withholding tax expense, alignment of withholding tax accrual with the related interest income accrual, simplification of the Company's subsidiary loan portfolio through enhanced design and maintenance, enhancements to the periodic tax reporting packages, and strengthening of the underlying process and analysis (Treasury, Accounting and Tax) that supports subsidiary financing decisions and procedures. These actions are in the process of being tested; however, as of October 31, 2013, the controls and processes documented and implemented have not been in place long enough to provide sufficient assurances to support the conclusion that the above identified material weakness has been fully remediated. Once in operation for a sufficient period of time, these actions will be fully tested to determine whether they are operating effectively. Therefore, management concluded that, as of October 31, 2013, there was a material weakness over financial reporting related to accounting for withholding taxes on subsidiary financing transactions.

Notwithstanding the identified material weaknesses, management believes the consolidated financial statements included in this Form 10-K fairly represent in all material respects our financial condition, results of operations and cash flows at and for the periods presented in accordance with U.S. GAAP.

Except as noted in the preceding paragraphs, there has been no change in our internal control over financial reporting that occurred during the most recent quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Disclosure Controls and Procedures

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

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

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

Table of Contents

Management has concluded that, because of a material weakness over financial reporting related to accounting for non-routine or complex transactions and a material weakness in internal controls over financial reporting related accounting for withholding taxes on subsidiary financing transactions, our disclosure controls and procedures were not effective.

Management's Annual Report on Internal Control over Financial Reporting

Management's annual report on internal control over financial reporting required by Item 308(a) of Regulation S-K follows. The report of the independent registered public accounting firm required by Item 308(b) of Regulation S-K is found under the caption "Report of Independent Registered Public Accounting Firm" below.

The following report is provided by our management on our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act):

1. Our management is responsible for establishing and maintaining adequate internal control over our financial reporting as such term is defined in Exchange Act Rule 13a-15(f).
2. Our management has used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to evaluate the effectiveness of our internal control over financial reporting. Management believes that the COSO framework is a suitable framework for its evaluation of our internal control over financial reporting because it is free from bias, permits reasonably qualitative and quantitative measurements of our internal controls, is sufficiently complete so that those relevant factors that would alter a conclusion about the effectiveness of our internal controls are not omitted and is relevant to an evaluation of internal control over financial reporting.
3. As previously disclosed in Item 9A of the 2012 Form 10-K, management had concluded that there was a material weakness in internal controls over financial reporting related to accounting for non-routine or complex transactions.
4. As previously disclosed in our Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2013, management had concluded that there was a material weakness in internal controls over financial reporting related to accounting for withholding taxes on subsidiary financing transactions.
5. Management has assessed the effectiveness of our internal control over financial reporting as of October 31, 2013, and has concluded that, because of a material weakness in internal controls over financial reporting related to accounting for non-routine or complex transactions and a material weakness in internal controls over financial reporting related to accounting for withholding taxes on subsidiary financing transactions, our disclosure controls and procedures were not effective.

Our internal control over financial reporting as of October 31, 2013, has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report, which follows below.

Table of Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Greif, Inc. and subsidiary companies:

We have audited Greif, Inc. and subsidiary companies' internal control over financial reporting as of October 31, 2013 based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (the COSO criteria). Greif, Inc. and subsidiary companies' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment. Management has identified material weaknesses in internal controls over financial reporting relating to accounting for non-routine or complex transactions and the identification and recording of withholding taxes on subsidiary financing transactions. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the balance sheets of Greif, Inc. and subsidiary companies as of October 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended October 31, 2013. These material weaknesses were considered in determining the nature, timing and extent of audit tests applied in our audit of the October 31, 2013 financial statements, and this report does not affect our report dated December 23, 2013, which expressed an unqualified opinion on those financial statements.

In our opinion, because of the effect of the material weaknesses described above on the achievement of the objectives of the control criteria, Greif, Inc. and subsidiary companies has not maintained effective internal control over financial reporting as of October 31, 2013, based on the COSO criteria.

/s/ Ernst & Young LLP

Columbus, Ohio

December 23, 2013

Table of Contents

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding our directors required by Items 401(a) and (d)-(f) of Regulation S-K will be found under the caption Proposal Number 1 Election of Directors in the 2014 Proxy Statement, which information is incorporated herein by reference. Information regarding our executive officers required by Items 401(b) and (d)-(f) of Regulation S-K will be contained under the caption Executive Officers of the Company in the 2014 Proxy Statement, which information is incorporated herein by reference.

We have a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. As of the date of this filing, the members of the Audit Committee were Vicki L. Avril, Bruce A. Edwards, John F. Finn and John W. McNamara. Ms. Avril is Chairperson of the Audit Committee. Our Board of Directors has determined that Ms. Avril is an audit committee financial expert, as that term is defined in Item 401(h)(2) of Regulation S-K, and independent, as that term is defined in Rule 10A-3 of the Exchange Act.

Information regarding the filing of reports of ownership under Section 16(a) of the Exchange Act by our officers and directors and persons owning more than 10 percent of a registered class of our equity securities required by Item 405 of Regulation S-K will be found under the caption Section 16(a) Beneficial Ownership Reporting Compliance in the 2014 Proxy Statement, which information is incorporated herein by reference.

Information concerning the procedures by which stockholders may recommend nominees to our Board of Directors will be found under the caption Corporate Governance Nomination of Directors in the 2014 Proxy Statement. There has been no material change to the nomination procedures we previously disclosed in the proxy statement for our 2013 annual meeting of stockholders.

Our Board of Directors has adopted a code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer, controller, and persons performing similar functions. This code of ethics is posted on our Internet Web site at www.greif.com under Investor Center Corporate Governance. Copies of this code of ethics are also available to any person, without charge, by making a written request to us. Requests should be directed to Greif, Inc., Attention: Corporate Secretary, 425 Winter Road, Delaware, Ohio 43015. Any amendment (other than any technical, administrative or other non-substantive amendment) to, or waiver from, a provision of this code will be posted on our website described above within four business days following its occurrence.

ITEM 11. EXECUTIVE COMPENSATION

The 2014 Proxy Statement will contain information regarding the following matters: information regarding executive compensation required by Item 402 of Regulation S-K will be found under the caption Compensation Discussion and Analysis ; information required by Item 407(e)(4) of Regulation S-K will be found under the caption Compensation Committee Interlocks and Insider Participation ; information required by Item 407(e)(5) of Regulation S-K will be found under the caption Compensation Committee Report. This information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding security ownership of certain beneficial owners and management required by Item 403 of Regulation S-K will be found under the caption Security Ownership of Certain Beneficial Owners and Management in the 2014 Proxy Statement, which information is incorporated herein by reference.

Information regarding equity compensation plan information required by Item 201(d) of Regulation S-K will be found under the caption Elements of Compensation in the 2014 Proxy Statement, which information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information regarding certain relationships and related transactions required by Item 404 of Regulation S-K will be found under the caption Certain Relationships and Related Transactions in the 2014 Proxy Statement, which information is incorporated herein by reference.

Information regarding the independence of our directors required by Item 407(a) of Regulation S-K will be found under the caption Corporate Governance Director Independence in the 2014 Proxy Statement, which information is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information regarding principal accounting fees and services required by Item 9(e) of Schedule 14A will be found under the caption Independent Auditor Fee Information in the 2014 Proxy Statement, which information is incorporated herein by reference.

Table of Contents**PART IV****ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES****EXHIBIT INDEX**

Exhibit	If Incorporated by Reference,	
No.	Description of Exhibit	Document with which Exhibit was Previously Filed with SEC
3.1	Amended and Restated Certificate of Incorporation of Greif, Inc.	Annual Report on Form 10-K for the fiscal year ended October 31, 1997, File No. 001-00566 (see Exhibit 3(a) therein).
3.2	Amendment to Amended and Restated Certificate of Incorporation of Greif, Inc.	Definitive Proxy Statement on Form 14A dated January 27, 2003, File No. 001-00566 (see Exhibit A therein).
3.3	Amendment to Amended and Restated Certificate of Incorporation of Greif, Inc.	Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2007, File No. 001-00566 (see Exhibit 3.1 therein).
3.4	Second Amended and Restated By-Laws of Greif, Inc.	Current Report on Form 8-K dated August 29, 2008, File No. 001-00566 (see Exhibit 99.2 therein)
3.5	Amendment of Second Amended and Restated By-Laws of Greif, Inc. (effective November 1, 2011).	Current Report on Form 8-K dated November 2, 2011, File No. 001-00566 (see Exhibit 99.2 therein)
3.6	Amendment of Second Amended and Restated By-Laws of Greif, Inc. (effective September 3, 2013).	Current Report on Form 8-K dated September 6, 2013, File No. 001-00566 (see Exhibit 99.3 therein)
4.1	Indenture dated as of February 9, 2007, among Greif, Inc., as Issuer, and U.S. Bank National Association, as Trustee, regarding 6-3/4% Senior Notes due 2017	Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2007, File No. 001-00566 (see Exhibit 4.2 therein).
4.2	Indenture dated as of July 28, 2009, among Greif, Inc., as Issuer, and U.S. Bank National Association, as Trustee, regarding 7-3/4% Senior Notes due 2019	Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2009, File No. 001-00566 (see Exhibit 4(b) therein).
4.3	Indenture dated as of July 15, 2011, among Greif Luxembourg Finance S.C.A., as Issuer, Greif, Inc. as Guarantor, The Bank of New York Mellon, as Trustee and Principal Paying Agent, and The Bank of New York Mellon (Luxembourg) S.A., as	Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2011, File No. 001-00566 (see Exhibit 99.3 therein).

Transfer Agent, Registrar and
Luxembourg Paying Agent, regarding
7.375% Senior Notes due 2021

10.1*	Greif, Inc. Directors Stock Option Plan.	Registration Statement on Form S-8, File No. 333-26977 (see Exhibit 4(b) therein).
10.2*	Greif, Inc. Incentive Stock Option Plan, as Amended and Restated.	Annual Report on Form 10-K for the fiscal year ended October 31, 1997, File No. 001-00566 (see Exhibit 10(b) therein).
10.3*	Greif, Inc. Amended and Restated Directors Deferred Compensation Plan.	Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2006, File No. 001-00566 (see Exhibit 10.2 therein).
10.4*	Employment Agreement between Michael J. Gasser and Greif, Inc.	Annual Report on Form 10-K for the fiscal year ended October 31, 1998, File No. 001-00566 (see Exhibit 10(d) therein).
10.5*	Supplemental Retirement Benefit Agreement.	Annual Report on Form 10-K for the fiscal year ended October 31, 1999, File No. 001-00566 (see Exhibit 10(i) therein).
10.6*	Second Amended and Restated Supplemental Executive Retirement Plan.	Annual Report on Form 10-K for fiscal year ended October 31, 2007, File No. 001-00566 (see Exhibit 10(f) therein).

Table of Contents

Exhibit	If Incorporated by Reference,	
No.	Description of Exhibit	Document with which Exhibit was Previously Filed with SEC
10.7*	Greif, Inc. Amended and Restated Long-Term Incentive Plan.	Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2006, File No. 001-00566 (see Exhibit 10.1 therein).
10.8*	Greif, Inc. Performance-Based Incentive Compensation Plan.	Definitive Proxy Statement on Form 14A dated January 25, 2002, File No. 001-00566 (see Exhibit B therein).
10.9*	Amendment No. 1 to Greif, Inc. Performance-Based Incentive Compensation Plan	Annual Report on Form 10-K for the fiscal year ended October 31, 2011, File No. 001-00566 (See Exhibit 10(i) therein).
10.10*	Amendment No. 2 to Greif, Inc. Performance-Based Incentive Compensation Plan	Contained herein.
10.11*	Greif, Inc. 2001 Management Equity Incentive and Compensation Plan.	Definitive Proxy Statement on Form DEF 14A dated January 26, 2001, File No. 001-00566 (see Exhibit A therein).
10.12*	Amendment No. 1 to Greif, Inc. 2001 Management Equity Incentive and Compensation Plan	Annual Report on Form 10-K for the fiscal year ended October 31, 2011, File No. 001-00566 (See Exhibit 10(k) therein).
10.13*	Greif, Inc. 2000 Nonstatutory Stock Option Plan.	Registration Statement on Form S-8, File No. 333-61058 (see Exhibit 4(c) therein).
10.14*	2005 Outside Directors Equity Award Plan	Definitive Proxy Statement on Form DEF 14A, File No. 001-00566, filed with the Securities and Exchange Commission on January 21, 2005 (see Exhibit A therein).
10.15*	Form of Stock Option Award Agreement for the 2005 Outside Directors Equity Award Plan of Greif, Inc.	Registration Statement on Form S-8, File No. 333-123133 (see Exhibit 4(c) therein).
10.16*	Form of Restricted Share Award Agreement for the 2005 Outside Directors Equity Award Plan of Greif, Inc.	Registration Statement on Form S-8, File No. 333-123133 (see Exhibit 4(d) therein).
10.17*	Greif, Inc. Nonqualified Deferred Compensation Plan	Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2008, File No. 001-00566 (see Exhibit 10.CC therein).
10.18*	Restricted Share Award Agreement under the 2001 Management Equity Incentive and Compensation Plan dated June 10, 2011, with Robert M. McNutt	Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2011, File No. 001-00566 (see Exhibit 99.1 therein).

Table of Contents

Exhibit	If Incorporated by Reference,	
No.	Description of Exhibit	Document with which Exhibit was Previously Filed with SEC
10.19	Amended and Restated Credit Agreement dated October 29, 2010 among Greif, Inc., Greif International Holding Supra C.V. and Greif International Holding B.V., as borrowers, with a syndicate of financial institutions, as lenders, Bank of America, N.A., as administrative agent, L/C issuer and swing line lender, Banc of America Securities LLC, J.P. Morgan Securities LLC, KeyBank National Association, Citizens Bank of Pennsylvania and Deutsche Bank Securities Inc., as joint lead arrangers and joint book managers, JPMorgan Chase Bank, N.A., as syndication agent, and KeyBank National Association, Citizens Bank of Pennsylvania, Deutsche Bank Securities Inc. and U.S. Bank National Association, as co-documentation agents, and Wells Fargo Bank, National Association and Fifth Third Bank, as managing agents.	Current Report on Form 8-K dated November 4, 2010, File No. 001-00566 (see Exhibit 99.2 therein).
10.20	First Amendment dated as of June 22, 2011, to the Amended and Restated Credit Agreement dated as of October 29, 2010, among Greif, Inc., Greif International Holding Supra C.V. and Greif International Holding B.V., as Borrowers, a syndicate of financial institutions, as Lenders, and Bank Of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.	Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2011, File No. 001-00566 (see Exhibit 99.2 therein).
10.21	Amended and Restated Receivables Purchase Agreement dated as of April 30, 2007, among Greif Coordination Center BVBA (an indirect wholly owned subsidiary of Greif, Inc.), as Seller, Greif Belgium BVBA (an indirect wholly owned subsidiary of Greif, Inc.), as Servicer, and ING Belgium S.A., as Purchaser and	Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2007, File No. 001-00566 (see Exhibit 10.1 therein).

Transaction Administrator.

- | | | |
|-------|--|---|
| 10.22 | Receivables Purchase Agreement dated as of October 28, 2005, among Greif Italia S.p.A. (an indirect wholly owned subsidiary of Greif, Inc.), as Seller and Servicer, Greif Belgium BVBA (an indirect wholly owned subsidiary of Greif, Inc.), as Master Servicer, and ING Belgium S.A., as Purchaser and Transaction Administrator. | Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2007, File No. 001-00566 (see Exhibit 10.2 therein). |
| 10.23 | Amendment dated as of June 29, 2006, to the Receivables Purchase Agreement dated as of October 28, 2005, among Greif Italia S.p.A. (an indirect wholly owned subsidiary of Greif, Inc.), as Seller and Servicer, Greif Belgium BVBA (an indirect wholly owned subsidiary of Greif, Inc.), as Master Servicer, and ING Belgium S.A., as Purchaser and Transaction Administrator. | Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2007, File No. 001-00566 (see Exhibit 10.3 therein). |
| 10.24 | Amendment dated as of October 27, 2006, to the Receivables Purchase Agreement dated as of October 28, 2005, among Greif Italia S.p.A. (an indirect wholly owned subsidiary of Greif, Inc.), as Seller and Servicer, Greif Belgium BVBA (an indirect wholly owned subsidiary of Greif, Inc.), as Master Servicer, and ING Belgium S.A., as Purchaser and Transaction Administrator. | Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2007, File No. 001-00566 (see Exhibit 10.4 therein). |

Table of Contents

Exhibit	If Incorporated by Reference,	
No.	Description of Exhibit	Document with which Exhibit was Previously Filed with SEC
10.25	Amendment dated as of April 30, 2007, to the Receivables Purchase Agreement dated as of October 28, 2005, among Greif Italia S.p.A. (an indirect wholly owned subsidiary of Greif, Inc.), as Seller and Servicer, Greif Belgium BVBA (an indirect wholly owned subsidiary of Greif, Inc.), as Master Servicer, and ING Belgium S.A., as Purchaser and Transaction Administrator.	Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2007, File No. 001-00566 (see Exhibit 10.5 therein).
10.26	Amendment dated as of November 15, 2007, to the Receivables Purchase Agreement dated as of October 28, 2005, among Greif Italia S.p.A. (an indirect wholly owned subsidiary of Greif, Inc.), as Seller and Servicer, Greif Belgium BVBA (an indirect wholly owned subsidiary of Greif, Inc.), as Master Servicer, and ING Belgium S.A., as Purchaser and Transaction Administrator.	Annual Report on Form 10-K for fiscal year ended October 31, 2007, File No. 001-00566 (see Exhibit 10(y) therein).
10.27	Transfer and Administration Agreement dated as of December 8, 2008, by and among Greif Receivables Funding LLC, Greif Packaging LLC, YC SUSI Trust, as Conduit Investor and Uncommitted Investor, and Bank of America, National Association, as Agent, a Managing Agent, an Administrator and a Committed Investor. Certain portions of this exhibit have been omitted pursuant to an order granting confidential treatment and have been filed separately with the Securities and Exchange Commission.	Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2010, File No. 001-00566 (see Exhibit 10(bb) therein).
10.28	First Amendment dated as of September 11, 2009, to the Transfer and Administration Agreement dated as of December 8, 2008, by and among Greif Receivables Funding LLC, Greif Packaging LLC, YC SUSI Trust, as Conduit Investor and Uncommitted	Registration Statement on Form S-4, File No. 333-162011 (see Exhibit 10(cc) therein).

Investor, and Bank of America,
National Association, as Agent,
Managing Partner, an Administrator
and a Committed Investor.

- 10.29 Second Amendment dated as of Annual Report on Form 10-K for fiscal year ended October 31,
December 7, 2009, to the Transfer and 2009, File No. 001-00566 (see Exhibit 10(dd) therein).
Administration Agreement dated as of
December 8, 2008, by and among Greif
Receivables Funding LLC, Greif
Packaging LLC, YC SUSI Trust, as
Conduit Investor and Uncommitted
Investor, and Bank of America,
National Association, as Agent,
Managing Partner, an Administrator
and a Committed Investor.

Table of Contents

Exhibit	If Incorporated by Reference,	
No.	Description of Exhibit	Document with which Exhibit was Previously Filed with SEC
10.30	Third Amendment dated as of May 10, 2010, to the Transfer and Administration Agreement dated as of December 8, 2008 by and among Greif Receivables Funding LLC, Greif Packaging LLC, YC SUSI Trust, as Conduit Investor and Uncommitted Investor, and Bank of America National Association, as Agent, Managing Agent, an Administrator and a Committed Investor.	Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2010, File No. 001-00566 (see Exhibit 99.1 therein).
10.31	Fourth Amendment dated as of June 22, 2010, to the Transfer and Administration Agreement dated as of December 8, 2008, by and among Greif Receivables Funding LLC, Greif Packaging LLC, YC SUSI Trust, as Conduit Investor and Uncommitted Investor, and Bank of America National Association, as Agent, Managing Agent, an Administrator and a Committed Investor.	Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2010, File No. 001-00566 (see Exhibit 10.1 therein).
10.32	Fifth Amendment dated as of September 30, 2010, to the Transfer and Administration Agreement dated as of December 8, 2008, by and among Greif Receivables Funding LLC, Greif Packaging LLC, YC SUSI Trust, as Conduit Investor and Uncommitted Investor, and Bank of America National Association, as Agent, Managing Agent, an Administrator and a Committed Investor.	Annual Report on Form 10-K for the fiscal year ended October 31, 2010, File No. 001-00566 (see Exhibit 10(cc) therein).
10.33	Sixth Amendment, dated as of September 19, 2011, to the Transfer and Administration Agreement, dated as of December 8, 2008, by and among Greif Packaging LLC, Greif Receivables Funding LLC and Bank of America National Association, as Managing Agent, Administrator, Committed Investor and Agent.	Current Report on Form 8-K dated September 23, 2011, File No. 001-00566 (see Exhibit 10.1 therein).

Edgar Filing: TILE SHOP HOLDINGS, INC. - Form 10-Q

- | | | |
|-------|---|--|
| 10.34 | Formation Agreement dated as of June 14, 2010, by and among Greif, Inc. and Greif International Holding Supra C.V. and National Scientific Company Limited and Dabbagh Group Holding Company Limited. | Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2010, File No. 001-00566 (see Exhibit 10.2 therein). |
| 10.35 | Joint Venture Agreement dated as of September 29, 2010, by and among Greif, Inc. and Greif International Holding Supra C.V. and Dabbagh Group Holding Company Limited and National Scientific Company Limited. | Annual Report on Form 10-K for the fiscal year ended October 31, 2010, File No. 001-00566 (see Exhibit 10(ee) therein). |
| 10.36 | Sale Agreement dated as of December 8, 2008, by and between Greif Packaging LLC, each other entity from time to time a party as Originator, and Greif Receivables Funding LLC. | Annual Report on Form 10-K for the fiscal year ended October 31, 2010, File No. 001-00566 (see Exhibit 10(ff) therein). |
| 10.37 | First Amendment dated as of September 30, 2010, to the Sale Agreement dated as of December 8, 2008, by and between Greif Packaging LLC, each other entity from time to time a party as Originator, and Greif Receivables Funding LLC. | Annual Report on Form 10-K for the fiscal quarter ended October 31, 2010, File No. 001-00566 (see Exhibit 10(gg) therein). |

Table of Contents

- | | | |
|-------|--|---|
| 10.38 | Master Definitions Agreement dated as of April 27, 2012, by and among Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International), London Branch, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Nieuw Amsterdam Receivables Corporation, Cooperage Receivables Finance B.V., Stichting Cooperage Receivables Finance Holding, Greif Coordination Center BVBA, Greif, Inc., the Originators as described therein and Trust International Management (T.I.M.) B.V. (Master Definitions Agreement provides definitions for agreements listed as Exhibits 10.2, 10.3 and 10.4). | Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2012, File No. 001-00566 (see Exhibit 10.1 therein). |
| 10.39 | Performance and Indemnity Agreement dated as of April 27, 2012, by and among Greif, Inc., as Performance Indemnity Provider, Cooperage Receivables Finance B.V., as Main SPV, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., as Italian Intermediary, and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International), London Branch, as Committed Purchaser, Facility Agent and Funding Administrator. | Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2012, File No. 001-00566 (see Exhibit 10.2 therein). |
| 10.40 | Nieuw Amsterdam Receivables Purchase Agreement dated as of April 27, 2012, by and among Cooperage Receivables Finance B.V., as Main SPV, Nieuw Amsterdam Receivables Corporation, as Conduit Purchaser, Greif Coordination Center BVBA, as Master Servicer, Onward Seller and Originator Agent, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., as Italian Intermediary, and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International), London Branch, as Committed Purchaser, Facility Agent and Funding Administrator. | Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2012, File No. 001-00566 (see Exhibit 10.3 therein). |
| 10.41 | Subordinated Loan Agreement dated as of April 27, 2012, by and among Cooperage Receivables Finance B.V., as Main SPV, Greif Coordination Center BVBA, as Subordinated Lender, and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International), London Branch, as Facility Agent, Funding Administrator and Main SPV Administrator. | Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2012, File No. 001-00566 (see Exhibit 10.4 therein). |
| 10.42 | Defined Contribution Supplemental Executive Retirement Plan. | Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2013, File No. 001-00566 (see Exhibit 10.1 therein). |
| 10.43 | General Waiver and Release dated as of July 1, 2013, between Robert McNutt and Greif Packaging LLC. | Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2013, File No. 001-00566 (see Exhibit |

10.1 therein).

Table of Contents

10.44	Amended and Restated Transfer and Administration Agreement dated as of September 30, 2013, by and among Greif Receivables Funding LLC, Greif Packaging LLC, Delta Petroleum Company, Inc., American Flange & Manufacturing Co., Inc., Olympic Oil Ltd., Trilla-St. Louis Corporation, and PNC Bank, National Association, as a Committed Investor, a Managing Agent, an Administrator, and the Agent.	Contained herein.
10.45	Amended and Restated Sale Agreement dated as of September 30, 2013, by and between Greif Packaging LLC, Delta Petroleum Company, Inc., American Flange & Manufacturing Co., Inc., Olympic Oil Ltd., Trilla-St. Louis Corporation, each other entity from time to time party as an Originator, and Greif Receivables Funding LLC.	Contained herein.

Exhibit**If Incorporated by Reference,**

No.	Description of Exhibit	Document with which Exhibit was Previously Filed with SEC
21	Subsidiaries of the Registrant.	Contained herein.
23	Consent of Ernst & Young LLP.	Contained herein.
24(a)	Powers of Attorney for Michael J. Gasser, Vicki L. Avril, John F. Finn, John W. McNamara, Bruce A. Edwards, Daniel J. Gunsett, Judith D. Hook, Patrick J. Norton and Mark A. Emkes.	Annual Report on Form 10-K for the fiscal year ended October 31, 2011, File No. 001-00566 (See exhibit 24(a) therein).
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.	Contained herein.
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.	Contained herein.
32.1	Certification of Chief Executive Officer required by Rule 13a-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code.	Contained herein.

- | | | |
|------|--|-------------------|
| 32.2 | Certification of Principal Financial Officer required by Rule 13a-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code. | Contained herein. |
| 101 | The following financial statements from the Company's Annual Report on Form 10-K for the year ended October 31, 2012, formatted in XBRL: (i) Consolidated Statements of Income, (ii) Consolidate Balance Sheets, (iii) Consolidated Statements of Cash Flow, (iv) Consolidated Statements of Changes in Shareholders' Equity and (v) Notes to Consolidated Financial Statements. (1) | Contained herein. |

Table of Contents

- (1) The XBRL related information in Exhibit 101 shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document. Contained herein.

* Executive compensation plans and arrangements required to be filed pursuant to Item 601(b)(10) of Regulation S-K.

Table of Contents

SIGNATURES

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

Greif, Inc.
(Registrant)

Date: December 23, 2013

By: /s/ DAVID B. FISCHER
David B. Fischer

President and

Chief Executive Officer

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

/s/ DAVID B. FISCHER
David B. Fischer

/s/ KENNETH B. ANDRÉ, III
Kenneth B. André, III

President and Chief Executive Officer

Vice President and Corporate Controller

Member of the Board of Directors

(principal accounting officer)

(principal executive officer)

VICKI L. AVRIL *
Vicki L. Avril

MICHAEL J. GASSER*
Michael J. Gasser

Member of the Board of Directors

Chairman

Member of the Board of Directors

JOHN W. MCNAMARA *
John W. McNamara

JOHN F. FINN*
John F. Finn

Member of the Board of Directors

Member of the Board of Directors

DANIEL J. GUNSETT *
Daniel J. Gunsett

BRUCE A. EDWARDS *
Bruce A. Edwards

Member of the Board of Directors

Member of the Board of Directors

PATRICK J. NORTON *

JUDITH D. HOOK *

Patrick J. Norton

Judith D. Hook

Member of the Board of Directors

Member of the Board of Directors

MARK A. EMKES *

Mark A. Emkes

Member of the Board of Directors

* The undersigned, David B. Fischer, by signing his name hereto, does hereby execute this Form 10-K on behalf of each of the above-named persons pursuant to powers of attorney duly executed by such persons and filed as an exhibit to this Form 10-K.

By: /s/ DAVID B. FISCHER
David B. Fischer

President and

Chief Executive Officer

Each of the above signatures is affixed as of December 23, 2013.

Table of Contents**SCHEDULE II****GREIF, INC. AND SUBSIDIARY COMPANIES****Consolidated Valuation and Qualifying Accounts and Reserves (Dollars in millions)**

Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Year ended October 31, 2011:					
Allowance for doubtful accounts	\$ 13.3	\$ 1.0	\$ (0.5)	\$	\$ 13.8
Environmental reserves	\$ 26.2	\$ 4.5	\$ (1.3)	\$ (0.1)	\$ 29.3
Year ended October 31, 2012:					
Allowance for doubtful accounts	\$ 13.8	\$ 3.6	\$ (0.3)	\$	\$ 17.1
Environmental reserves	\$ 29.3	\$ 1.3	\$ (2.4)	\$ (0.7)	\$ 27.5
Year ended October 31, 2013:					
Allowance for doubtful accounts	\$ 17.1	\$ 3.8	\$ (7.4)	\$	\$ 13.5
Environmental reserves	\$ 27.5	\$ 2.6	\$ (3.9)	\$ 0.6	\$ 26.8