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GREIF BROTHERS CORP
Form 8-K/A
May 16, 2001

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

Current Report

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

Date of Report (Date of earliest event reported): May 16, 2001 (March 2, 2001)

GREIF BROS. CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	1-566	31-4388903
-----	-----	-----
(State or other jurisdiction of incorporation)	(Commission File No.)	(I.R.S. Employer Identification No.)

425 Winter Road, Delaware, Ohio	43015
-----	-----
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code 740-549-6000

Not Applicable

(Former name or former address, if changed since last report)

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GREIF BROS. CORPORATION

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FORM 8-K/A

Dated May 16, 2001

(Amendment No. 1),

Amending the

CURRENT REPORT ON FORM 8-K

Dated March 15, 2001

Greif Bros. Corporation (the "Company") hereby amends its Current Report on Form 8-K dated March 15, 2001 to include the financial statements and pro forma financial information set forth below which was omitted from the original filing pursuant to Items 7(a)(4) and 7(b)(2) of Form 8-K.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements of Business Acquired.

As previously reported, on March 2, 2001, pursuant to the terms of a Share Purchase Agreement, dated October 27, 2000, as amended on January 5, 2001 and February 28, 2001, between the Company and Huhtamaki Van Leer Oyj, a Finnish corporation ("Huhtamaki"), the Company acquired all of the issued share capital of Royal Packaging Industries Van Leer N.V., a Dutch limited liability company, Huhtamaki Holding Ltda., a Brazilian limited liability company, Van Leer France Holding S.A.S., a French limited liability company, Van Leer Containers Inc., a U.S. corporation, and American Flange & Manufacturing Company Inc., a U.S. corporation (collectively, "Van Leer Industrial Packaging"), for \$555 million less the amount of Van Leer Industrial Packaging's debt and certain other obligations (approximately \$206 million) as of the closing date.

The following financial statements of Van Leer Industrial Packaging are included as Exhibit 99.3 to this Current Report on Form 8-K/A:

- (1) Audited financial statements of Van Leer Industrial Packaging for the years ended December 31, 1999, 1998 and 1997.
- (2) Unaudited financial statements of Van Leer Industrial Packaging for the year ended December 31, 2000.

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(b) Pro Forma Financial Information.

The following Pro Forma Condensed Combined Balance Sheet as of January 31, 2001 and Pro Forma Condensed Combined Statements of Income for the quarter ended January 31, 2001 and for the year ended October 31, 2000 give effect to the purchase of Van Leer Industrial Packaging and considers the financing obtained to effect the transaction. The Pro Forma Condensed Combined Financial Information should be read in conjunction with: (1) the accompanying Notes to Pro Forma Condensed

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Combined Balance Sheet and Notes to Pro Forma Condensed Combined Income Statements; (2) the audited and unaudited financial statements of Van Leer Industrial Packaging included as Exhibit 99.3 to this Current Report on Form 8-K/A; and (3) the Company's Annual Report on Form 10-K for the year ended October 31, 2000 and the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 2001. Adjustments have been made to reflect the financial statements of Van Leer Industrial Packaging in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

The acquisition of Van Leer Industrial Packaging will use the purchase method of accounting in accordance with U.S. GAAP. Accordingly, the purchase consideration for acquiring Van Leer Industrial Packaging will be allocated to the tangible and intangible assets acquired and the liabilities assumed, with the excess cost being allocated to goodwill and presented as an intangible asset. A preliminary allocation of the purchase price of Van Leer Industrial Packaging has been reflected in the Pro Forma Condensed Combined Financial Information. A final allocation of the purchase price of Van Leer Industrial Packaging is ongoing and is dependent on the completion of certain valuations and other studies which are expected to be completed prior to the end of fiscal 2001.

The Pro Forma Condensed Combined Financial Statements are provided for illustrative purposes only and do not purport to represent what actual results of operations or financial position would have been had the acquisition of Van Leer Industrial Packaging occurred on the respective dates assumed, nor are they necessarily indicative of the Company's future operating results.

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GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

----- PRO FORMA CONDENSED COMBINED BALANCE SHEET -----

JANUARY 31, 2001

(UNAUDITED)

(U.S. Dollars in Thousands)

	Greif Bros. Corporation -----	Van Leer Industrial Packaging -----	Pro Forma Adjustments -----
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 21,072	\$ 33,164	\$ --

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Trade accounts receivable	110,115	186,040	--	
Inventories	41,305	122,769	(2,221)	a,
Net assets held for sale	8,169	--	--	
Prepaid expenses and other	13,028	48,237	--	
	-----	-----	-----	
Total current assets	193,689	390,210	(2,221)	
	-----	-----	-----	
LONG-TERM ASSETS				
Properties, plants and equipment, net	476,754	331,998	52,875	a,
Goodwill and other intangibles	134,534	9,249	19,095	a
Investment in affiliates	135,801	--	--	
Other long-term assets	18,021	45,289	16,530	e,
	-----	-----	-----	
Total long-term assets	765,110	386,536	88,500	
	-----	-----	-----	
Total assets	\$ 958,799	\$ 776,746	\$ 86,279	
	=====	=====	=====	
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	\$ 37,802	\$ 113,467	\$ --	
Accrued payrolls and employee benefits	7,720	8,767	--	
Restructuring reserves	--	--	12,052	a,
Income taxes payable	3,438	--	--	
Current portion of long-term obligations	--	19,408	--	
Other current liabilities	4,368	85,898	--	
	-----	-----	-----	
Total current liabilities	53,328	227,540	12,052	
	-----	-----	-----	
LONG-TERM LIABILITIES				
Long-term obligations	215,000	22,577	544,911	a,
Deferred tax liability	75,529	48,349	--	
Postretirement benefit liability	20,449	2,699	--	
Other long-term liabilities	17,407	174,939	(170,042)	e
	-----	-----	-----	
Total long-term liabilities	328,385	248,564	374,869	
	-----	-----	-----	
SHAREHOLDERS' EQUITY				
Capital stock, without par value	10,383	--	--	
Treasury Stock, at cost	(58,011)	--	--	
Retained earnings	633,599	300,642	(300,642)	a,
Accumulated other comprehensive income				
- foreign currency translation	(7,485)	--	--	
- interest rate swaps	(1,400)	--	--	
	-----	-----	-----	
Total shareholders' equity	577,086	300,642	(300,642)	
	-----	-----	-----	
Total liabilities and shareholders' equity	\$ 958,799	\$ 776,746	\$ 86,279	
	=====	=====	=====	

See accompanying Notes to Pro Forma Condensed Combined Balance Sheet

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GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

NOTES TO PRO FORMA CONDENSED COMBINED BALANCE SHEET

(U.S. Dollars in Thousands)

Note 1 - Basis of Presentation

The Pro Forma Condensed Combined Balance Sheet as of January 31, 2001 has been prepared assuming the Company's acquisition of all of the issued share capital of Van Leer Industrial Packaging, more fully described in Item 2 and Exhibit 2 to the Company's previously filed Current Report on Form 8-K dated March 15, 2001, had occurred on January 31, 2001. The Company has a fiscal year that ends October 31, whereas Van Leer Industrial Packaging has a fiscal year that ends December 31. As such, the Pro Forma Condensed Combined Balance Sheet at January 31, 2001 includes the unaudited balance sheet of Van Leer Industrial Packaging as of December 31, 2000.

The historical financial statements of Van Leer Industrial Packaging contained in Item 7(a) to this Current Report on Form 8-K/A are denominated in Euros and have been prepared in accordance with accounting principles generally accepted in The Netherlands ("Dutch GAAP"). As explained in the accompanying notes to Van Leer Industrial Packaging's historical financial statements, Dutch GAAP varies in certain significant respects from U.S. GAAP. The amounts shown for Van Leer Industrial Packaging in the Pro Forma Condensed Combined Balance Sheet have been derived from Van Leer Industrial Packaging's unaudited balance sheet as of December 31, 2000, included in Item 7(a) to this Current Report on Form 8-K/A, as adjusted to give effect to these Dutch GAAP to U.S. GAAP differences. In addition, the amounts are presented in U.S. Dollars using the December 31, 2000 exchange rate of .9421 U.S. Dollar per Euro.

Note 2 - Pro Forma Adjustments

Pro forma adjustments to reflect the acquisition of Van Leer Industrial Packaging are described below. The pro forma adjustments do not include a restructuring charge resulting from the acquisition of Van Leer Industrial Packaging that are related to the Company's locations existing prior to the acquisition date. The amount of this charge, as well as the anticipated savings from these consolidation activities, will be reported in the Company's Quarterly Report on Form 10-Q dated April 30, 2001.

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a. EXCESS OF PURCHASE PRICE OVER FAIR VALUE OF NET ASSETS ACQUIRED:

Cash consideration paid to Huhtamaki	\$ 348,839
Estimated transaction expenses	9,500

Total purchase price	358,339
Estimated fair value of net assets of Van Leer Industrial Packaging (see	

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Note 2(b))	(351,296)
Restructuring reserve (see Note 2 (c))	12,052

Excess of purchase price over fair value of net assets acquired	\$ 19,095
	=====
Amount allocated to goodwill and other intangible assets	\$ 19,095
	=====

Certain intangible assets , such as the Van Leer tradename, certain customer relationships, trademarks, patents and other proprietary information associated with the Tri-Sure Closure system and certain noncompete agreements, have been identified and will be assigned a fair value as part of the ongoing purchase price allocation exercise.

b. ESTIMATED FAIR VALUE OF NET ASSETS OF VAN LEER INDUSTRIAL PACKAGING:

Net assets acquired	\$ 300,642
Preliminary fair value adjustments	50,654

Estimated fair value of net assets of Van Leer Industrial Packaging at acquisition	\$ 351,296
	=====

The allocation of purchase price is based upon preliminary estimates of the fair value. The actual allocation of the purchase price may differ from the preliminary allocation due to adjustments to the purchase price and refinements of the fair values of the net assets acquired.

c. The restructuring reserve of \$12,052 primarily relates to the closing of duplicate facilities in North America, the shutdown of the operation in Japan, and the elimination of certain other duplicate support functions. As noted above, this reserve only relates to the Van Leer Industrial Packaging operations.

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- d. The Company purchased the shares of Van Leer Industrial Packaging for \$348,839 in cash and approximately \$9,500 in legal and accounting fees related to the acquisition. The Company financed the purchase price from its \$900 million Senior Secured Credit Agreement, as more fully described in Item 2 and Exhibit 99.2 of the Company's previously filed Current Report on Form 8-K dated March 15, 2001. In addition, the Company refinanced the \$215,000 outstanding amount under its then existing revolving credit facility.
- e. At the assumed date of acquisition, the Company borrowed \$161,080 under its \$900 million Senior Secured Credit Agreement, as more fully described in Item 2 and Exhibit 99.2 of the Company's previously filed Current Report on Form 8-K dated March 15, 2001, to pay Huhtamaki the net amount of intercompany loans (\$8,962 due from Huhtamaki to Van Leer Industrial Packaging and \$170,042 due to Huhtamaki from Van Leer Industrial Packaging).
- f. To record \$16,254 in deferred financing costs related to the long-term obligations incurred as a result of the acquisition of Van Leer Industrial Packaging.

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- g. To record the purchase of a 10-year environmental insurance policy costing \$9,238. The purpose of this policy is to protect the Company in the event of certain unforeseen environmental situations that could occur following the acquisition of Van Leer Industrial Packaging.

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GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

 PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME

FOR THE QUARTER ENDED JANUARY 31, 2001

 (UNAUDITED)

(U.S. Dollars in Thousands, Except Per Share Amounts)

	Greif Bros. Corporation	Van Leer Industrial Packaging	Pro Forma Adjustments	Notes	Pr R
	-----	-----	-----	-----	-----
Net sales	\$ 211,641	\$ 220,684	\$ (754)	h	\$
Other income					
Gain on sale of timberlands	43,207	--	--		
Interest and other	1,646	9,434	(5,339)	d	
	-----	-----	-----		-----
	256,494	230,118	(6,093)		-----
	-----	-----	-----		-----
Cost of products sold	161,269	195,458	210	b, f, h	
Selling, general and administrative expenses	32,419	25,169	916	a, e	
Interest expense	3,949	3,543	7,154	c, d	
	-----	-----	-----		-----
	197,637	224,170	8,280		-----
	-----	-----	-----		-----
Income before income taxes and equity in earnings of affiliates	58,857	5,948	(14,373)		
Income taxes	22,366	426	(5,448)	g	
	-----	-----	-----		-----
Income before equity in earnings of affiliates	36,491	5,522	(8,925)		
Equity in earnings of affiliates	2,084	(33)	--		
	-----	-----	-----		-----
Net income	\$ 38,575	\$ 5,489	\$ (8,925)		\$
	=====	=====	=====		=====

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Earnings per share:

Basic:

Class A Common Stock	\$ 1.37	\$
Class B Common Stock	\$ 2.04	\$

Diluted:

Class A Common Stock	\$ 1.36	\$
Class B Common Stock	\$ 2.04	\$

Average number of shares outstanding:

Basic:

Class A Common Stock	10,523,196	10,
Class B Common Stock	11,846,778	11,

Diluted:

Class A Common Stock	10,552,723	10,
Class B Common Stock	11,846,778	11,

See accompanying Notes to Pro Forma Condensed Combined Statements of Income

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GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME

FOR THE YEAR ENDED OCTOBER 31, 2000

(UNAUDITED)

(U.S. Dollars in Thousands, Except Per Share Amounts)

	Greif Bros. Corporation	Van Leer Industrial Packaging	Pro Forma Adjustments	Note
	-----	-----	-----	-----
Net sales	\$929,861	\$950,890	\$ (2,992)	h
Other income				
Gain on sale of timberlands	9,255	--	--	d
Interest and other	7,511	27,596	(21,466)	
	-----	-----	-----	
	946,627	978,486	(24,458)	
	-----	-----	-----	
Cost of products sold	703,391	818,149	864	b, f,
Selling, general and administrative expenses	128,301	102,580	3,664	a, e
Interest expense	14,481	15,255	28,875	c, d
	-----	-----	-----	
	846,173	935,984	33,403	
	-----	-----	-----	
Income before income				

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taxes and equity in earnings of affiliates	100,454	42,502	(57,861)
Income taxes	38,027	982	(21,929)
	-----	-----	-----
Income before equity in earnings of affiliates	62,427	41,520	(35,932)
Equity in earnings of affiliates	13,367	(35)	--
	-----	-----	-----
Net income	\$75,794	\$ 41,485	\$ (35,932)
	=====	=====	=====

g

Earnings per share:

Basic:

Class A Common Stock	\$ 2.68
Class B Common Stock	\$ 4.01

Diluted:

Class A Common Stock	\$ 2.67
Class B Common Stock	\$ 4.01

Average number of shares outstanding:

Basic:

Class A Common Stock	10,557,935
Class B Common Stock	11,852,602

Diluted:

Class A Common Stock	10,599,535
Class B Common Stock	11,852,602

See accompanying Notes to Pro Forma Condensed Combined Statements of Income

GREIF BROS. CORPORATION AND SUBSIDIARY COMPANIES

NOTES TO PRO FORMA CONDENSED COMBINED STATEMENTS OF INCOME

Note 1 - Basis of Presentation

The Pro Forma Condensed Combined Statements of Income for the quarter ended January 31, 2001 and the year ended October 31, 2000 have been prepared assuming the Company's acquisition of all of the issued share capital of Van Leer Industrial Packaging, more fully described in Item 2 and Exhibit 2 to the

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Company's previously filed Current Report on Form 8-K dated March 15, 2001, had occurred on November 1, 1999. The Company has a fiscal year that ends October 31, whereas Van Leer Industrial Packaging has a fiscal year that ends December 31. As such, the Pro Forma Condensed Combined Statement of Income for the quarter ended January 31, 2001 includes the unaudited statement of income of Van Leer Industrial Packaging for the quarter ended December 31, 2000, and the Pro Forma Condensed Combined Statement of Income for the year ended October 31, 2000 includes the unaudited statement of income of Van Leer Industrial Packaging for the year ended December 31, 2000.

The historical financial statements of Van Leer Industrial Packaging contained in Item 7(a) to this Current Report on Form 8-K/A are denominated in Euros and have been prepared in accordance with Dutch GAAP. As explained in the accompanying notes to Van Leer Industrial Packaging's historical financial statements, Dutch GAAP varies in certain significant respects from U.S. GAAP. The amounts shown for Van Leer Industrial Packaging in the Pro Forma Condensed Combined Income Statements have been derived from Van Leer Industrial Packaging's unaudited income statement for the quarter ended December 31, 2000 and unaudited income statement for the year ended December 31, 2000 as adjusted to give effect to these Dutch GAAP to U.S. GAAP differences. Van Leer Industrial Packaging's unaudited income statement for the year ended December 31, 2000 is included in Item 7(a) to this Current Report on Form 8-K/A. In addition, the amounts are presented in U.S. Dollars using average exchange rates of .8706 U.S. Dollar per Euro for the quarter ended December 31, 2000 and .9249 U.S. Dollar per Euro for the year ended December 31, 2000.

Note 2 - Pro Forma Adjustments

Pro forma adjustments to reflect the acquisition of Van Leer Industrial Packaging and other pro forma adjustments are described below. The pro forma amounts do not include anticipated synergies from the acquisition, nor do they include the anticipated savings associated with the consolidation activities of Van Leer Industrial Packaging and the Company's

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locations existing prior to the acquisition date. All of the consolidation activities result from the Company's acquisition of Van Leer Industrial Packaging.

- a. Adjustments relate to the estimated amortization expense for goodwill and other intangible assets, as described above, that would have been incurred had the transaction been completed on November 1, 1999. The weighted average estimated useful life for goodwill and other intangible assets created from the acquisition of Van Leer Industrial Packaging is approximately 20 years.
- b. Adjustments result from an increase in depreciation expense related to the fair value adjustment of the properties, plants and equipment acquired from Van Leer Industrial Packaging using the straight-line method over the useful life of the respective asset.
- c. Adjustment relates to the incremental interest expense related to long-term obligations incurred to purchase Van Leer Industrial Packaging and refinance the Company's existing debt and other debt assumed. The interest rate used to calculate incremental interest expense is 7.9%.

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- d. Adjustment relates to the elimination of intercompany interest income and expense between Van Leer Industrial Packaging and Huhtamaki.
- e. Adjustment for amortization expense related to deferred financing fees taken over the weighted average life of the new long-term debt (6 years).
- f. Adjustment for the appropriate portion of expense related to a 10-year environmental insurance policy.
- g. To adjust the income tax expense related to the pro forma adjustments described in (a) through (f) above. The income tax adjustments assume an effective tax rate for the Company of 37.9%.
- h. Adjustment to eliminate intercompany sales from American Flange & Manufacturing Company Inc. to the Company during the periods presented.

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(c) Exhibits.

The following documents related to the purchase of Van Leer Industrial are being filed as exhibits to this Form 8-K/A:

Exhibit Number	Description
-----	-----
2	Share Purchase Agreement, dated October 27, 2000, as amended on January 5, 2001 and February 28, 2001, between Huhtamaki Van Leer Oyj, as the seller, and Greif Bros. Corporation, as the buyer.
23	Consent of Ernst & Young Accountants, Independent Auditors, Amsterdam, The Netherlands.
99.1	Press Release issued by Greif Bros. Corporation on March 2, 2001.
99.2	\$900 million Senior Secured Credit Agreement, dated as of March 2, 2001, among Greif Bros. Corporation, as U.S. Borrower, Greif Spain Holdings, S.L., as Subsidiary Borrower, Merrill Lynch & Co., as Sole Lead Arranger, Sole Book-Runner and Administrative Agent, Keybank National Association, as Syndication Agent, ABN AMRO Bank N.V., as Co-Documentation Agent, National City Bank, as Co-Documentation Agent, The Bank of Nova Scotia, as Paying Agent, and other financial institutions party hereto from time to time.
99.3	Royal Packaging Industries Van Leer N.V. audited financial statements for the years ended December 31, 1999, 1998 and 1997 and unaudited financial

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statements for the year ended December 31, 2000.

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SIGNATURES

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

DATE: May 16, 2001

GREIF BROS. CORPORATION

BY /s/ Kenneth E. Kutcher

Kenneth E. Kutcher, Chief
Financial Officer and
Secretary

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INDEX TO EXHIBITS

Exhibit Number -----	Description -----	If Incorporated by Reference, the Exhibit was Previously Filed with the SEC ---
2	Share Purchase Agreement, dated October 27, 2000, as amended on January 5, 2001 and February 28, between Huhtamaki Van Leer 2001. Oyj, as the seller, 2001, and Greif Bros. Corporation, as the buyer.	Current Report on Form 8-K dated March 15,
23	Consent of Ernst & Young Accountants, Independent Auditors, Amsterdam, The Netherlands.	Contained herein.
99.1	Press Release issued by Greif Bros.	Current Report

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- Corporation on March 2, 2001. on Form 8-K dated March 15, 2001.
- 99.2 \$900 million Senior Secured Credit Agreement, dated as of March 2, 2001, among Greif Bros. Corporation, as U.S. Borrower, Greif Spain Holdings, S.L., as Subsidiary Borrower, Merrill Lynch & Co., as Sole Lead Arranger, Sole Book-Runner and Administrative Agent, Keybank National Association, as Syndication Agent, ABN AMRO Bank N.V., as Co-Documentation Agent, National City Bank, as Co-Documentation Agent, The Bank of Nova Scotia, as Paying Agent, and other financial institutions party hereto from time to time. Current Report on Form 8-K dated March 15, 2001.
- 99.3 Royal Packaging Industries Van Leer N.V. audited financial statements for the years ended December 31, 1999, 1998 and 1997 and unaudited financial statements for the year ended December 31, 2000. Contained herein.