RIVERWOOD HOLDING INC
Form S-4/A
June 13, 2003

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As filed with the Securities and Exchange Commission on June 13, 2003

Registration No. 333-104928

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

to

FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

RIVERWOOD HOLDING, INC.

(Exact name of registrant as specified in its charter)

Delaware	**2631**	**58-2205241**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

814 Livingston Court
Marietta, Georgia 30067
(770) 644-3000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Edward W. Stroetz, Jr., Esq.
Secretary
Riverwood Holding, Inc.
814 Livingston Court
Marietta, Georgia 30067
(770) 644-3000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Paul S. Bird, Esq.	**Jill B.W. Sisson, Esq.**	**W. Dean Salter, Esq.**
Debevoise & Plimpton	**General Counsel and Secretary**	**Holme Roberts & Owen LLP**
919 Third Avenue	**Graphic Packaging International Corporation**	**1700 Lincoln Street, Suite 4100**
New York, New York 10022	**4455 Table Mountain Drive**	**Denver, Colorado 80203**
(212) 909-6000		**(303) 861-7000**

Golden, Colorado 80403
(303) 215-4600

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective and the satisfaction or waiver of all other conditions to the merger of Graphic Packaging International Corporation, or Graphic, with and into a wholly owned subsidiary of the registrant pursuant to the Agreement and Plan of Merger, dated as of March 25, 2003, or the merger agreement, attached as Annex A to the proxy statement/prospectus forming part of this registration statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this proxy statement/prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

GRAPHIC PACKAGING INTERNATIONAL CORPORATION
MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Riverwood Holding, Inc., or Riverwood, and Graphic Packaging International Corporation, or Graphic, have agreed on a merger transaction involving the two companies. In order to complete the merger, Graphic's stockholders must approve the merger agreement. Coors family stockholders holding 13,481,548 shares of Graphic's outstanding common stock and all of Graphic's outstanding 10% Series B convertible preferred stock, or the convertible preferred stock (entitled to vote separately as a class and to cast a total of 24,242,424 votes with the holders of Graphic common stock) have entered into a voting agreement. These shares represent approximately 65.1% of the combined voting power of Graphic's capital stock and 100% of the voting power of the convertible preferred stock as of March 25, 2003. The voting agreement requires these stockholders to vote their shares of Graphic common and convertible preferred stock in favor of the merger agreement and the transactions contemplated by the merger agreement and to convert the convertible preferred stock into Graphic common stock. The executive officers and directors of Graphic, representing approximately 0.6% of the combined voting power of Graphic's capital stock, have also advised that they intend to vote their shares in favor of the merger. Some of Graphic's directors and executive officers have interests in the merger that are different from, or in addition to, yours. These interests are discussed in "Interests of Certain Persons in the Merger" beginning on page 65. Graphic is sending you this proxy statement/prospectus to ask Graphic stockholders to vote in favor of the merger agreement.

If the merger agreement is approved by Graphic stockholders and the merger consummated, the combined company, to be named Graphic Packaging Corporation, will be a publicly traded company. Riverwood will apply to have the combined company's stock listed on the New York Stock Exchange. Immediately before the effective time of the merger, Riverwood will complete a 15.21-to-one stock split of its common stock. As a Graphic stockholder, you will be entitled to receive one share of common stock of the combined company in exchange for each share of Graphic common stock that you own. After the merger, Graphic stockholders will own approximately 42.5% of the combined company's common stock, and Riverwood stockholders will own the remaining approximately 57.5% of the combined company's common stock, each calculated on a fully diluted basis.

All stockholders are invited to attend the special meeting. **Your participation at the special meeting, in person or in proxy, is very important.** Even if you only own a few shares, Graphic wants your shares to be represented at the special meeting. The merger of Graphic with Riverwood cannot be completed without the approval of the holders of two-thirds of the combined voting power of Graphic's capital stock (including the votes to which the holder of the convertible preferred stock is entitled) and the holder of two-thirds of the outstanding shares of the convertible preferred stock, voting as a separate class. As a result of the voting agreement referred to above and the expressed intention of Graphic's executive officers and directors to vote their shares in favor of the merger agreement, the affirmative vote of holders of common stock

representing an additional approximately 1% of the combined voting power of Graphic's capital stock is required to approve the merger agreement.

Whether or not you plan to attend the special meeting, please take the time to vote by completing, signing, dating and returning the enclosed proxy card in the enclosed postage-prepaid envelope. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote "FOR" approval of the merger. If you fail to return your card, the effect will be a vote against the merger. Each proxy is revocable and will not affect your right to vote in person in the event you attend the special meeting. The special meeting will take place on , 2003, at a.m. Mountain Time, at , .

This document is a prospectus of Riverwood relating to the issuance of shares of the combined company's common stock to be issued in connection with the merger and a proxy statement for Graphic to use in soliciting proxies for its meeting. It contains answers to frequently asked questions beginning on page 1 and a summary description of the merger beginning on page 4, followed by a more detailed discussion of the merger and related matters. **You should also consider the matters discussed under "RISK FACTORS" commencing on page 22 of the enclosed proxy statement/prospectus.** We urge you to review the entire document carefully.

/s/ JEFFREY H. COORS

Jeffrey H. Coors
President and Chief Executive Officer
Graphic Packaging International Corporation

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense. **This proxy statement/prospectus is dated , 2003, and is first being mailed to stockholders on or about , 2003.**

Graphic Packaging International Corporation
4455 Table Mountain Drive
Golden, Colorado 80403

Notice of Special Meeting of Stockholders
To Be Held on , 2003

To the Stockholders of
Graphic Packaging International Corporation:

Notice is hereby given that a special meeting of stockholders of Graphic Packaging International Corporation will be held on , 2003, at a.m. Mountain Time, at , , for the following purposes:

1. To consider and vote upon a proposal to approve the Agreement and Plan of Merger dated as of March 25, 2003, by and among Riverwood Holding, Inc., Riverwood Acquisition Sub LLC, and Graphic Packaging International Corporation; and

2. To transact other business as may properly be presented at the special meeting or any adjournments of the special meeting.

Graphic will not be able to complete the merger unless its stockholders approve the merger agreement.

Stockholders of Graphic of record at the close of business on , 2003 are entitled to vote at the special meeting and any adjournment of the special meeting.

Whether or not you expect to attend the special meeting in person, please mark, sign, date and return the accompanying proxy in the return envelope provided. No postage is necessary if mailed in the United States. Any person giving a proxy has the power to revoke it at any time, and

stockholders who are present at the special meeting may withdraw their proxies and vote in person.

By Order of the Board of Directors,

/s/ JILL B.W. SISSON

Jill B.W. Sisson,
General Counsel and Secretary

Golden, Colorado
, 2003

PLEASE EXECUTE AND RETURN THE ENCLOSED PROXY CARD PROMPTLY, WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE SPECIAL MEETING.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: **What am I being asked to vote upon?**

A: You are being asked to approve the merger agreement entered into among Graphic Packaging International Corporation, or Graphic, Riverwood Holding, Inc., or Riverwood, and Riverwood Acquisition Sub LLC, or Acquisition Sub.

Q: **When is the special meeting?**

A: Graphic's special meeting of stockholders will take place on , 2003, at a.m. Mountain Time, at , .

Q: **What will happen in the merger?**

A: In the merger, Graphic will merge into Acquisition Sub, a wholly owned subsidiary of Riverwood. Riverwood and Acquisition Sub, as successor to Graphic, together after the merger are referred to collectively in this proxy statement/prospectus as the combined company. Graphic stockholders will own approximately 42.5% of the shares of the combined company common stock after the merger, calculated on a fully diluted basis. Riverwood stockholders will own the remaining approximately 57.5% of the combined company common stock after the merger, calculated on a fully diluted basis. In the merger, the combined company will issue approximately 34.9 million shares of common stock to holders of Graphic common stock (including restricted stock) and approximately 48.5 million shares of common stock to the former holder of Graphic's convertible preferred stock. After the merger, the combined company will have outstanding approximately 198.3 million shares of common stock.

Q:

What will I receive in the merger for my Graphic stock?

A:

If the merger is completed, as a Graphic stockholder, you will receive one share of common stock of Riverwood Holding, Inc., to be renamed Graphic Packaging Corporation, in exchange for each share of Graphic common stock that you own. Immediately before the effective time of the merger, Riverwood will complete a 15.21-to-one stock split of its common stock and the holder of Graphic's 10% Series B convertible preferred stock, or the convertible preferred stock, will convert that stock into Graphic common stock.

Q:

Will Graphic's shares of common stock continue to be traded on the New York Stock Exchange after the merger is completed?

A:

No, but the shares of the combined company that you receive in the merger will be. Riverwood will apply for listing of the combined company common stock on the New York Stock Exchange, or NYSE, under the ticker symbol "GPK." If the merger is completed, Graphic's shares of common stock will no longer be listed for trading on the NYSE.

Q:

Will I be able to trade the combined company common stock that I receive in connection with the merger?

A:

Yes. The shares of the combined company's common stock issued in connection with the merger will be freely tradable, unless you are an affiliate of Graphic. Generally, persons who are deemed to be affiliates of Graphic must comply with Rule 145 under the Securities Act of 1933 if they wish to sell or otherwise transfer any of the shares of combined company common stock received in connection with the merger. You will be notified if you are an affiliate of Graphic.

Q:

When do Riverwood and Graphic expect to complete the merger?

A:

Riverwood and Graphic expect to complete the merger as quickly as possible once all the conditions to the merger, including obtaining the required approval of Graphic stockholders at the special meeting, are fulfilled. Fulfilling some of these conditions, such as required regulatory approvals, is not entirely within their control. Riverwood and Graphic hope to complete the merger in the third quarter of 2003.

Q:

What will happen at the special meeting?

A:

At the special meeting, holders of Graphic common stock and convertible preferred stock will vote on whether to approve the merger agreement. Riverwood and Graphic cannot complete the merger without the approval of the holders of the two-thirds of the combined voting power of Graphic's capital stock (including the votes to which the holder of the convertible preferred stock is entitled) and the holder of two-thirds of the outstanding shares of the convertible preferred stock, voting as a separate class. Please see "Graphic Stockholder Votes Required" on page 8 and "Voting Agreement" on pages 8 to 9 of "Summary".

Q:

What do I need to do to vote?

A:

Mail your signed and dated proxy card in the enclosed return envelope as soon as possible so that your shares may be represented at the special meeting. In order to assure that Graphic obtains your vote, please follow the voting instructions on your proxy card even if you currently plan to attend the special meeting in person. The Graphic board of directors recommends that Graphic's stockholders vote "FOR" the approval of the merger agreement. Some of Graphic's directors and executive officers have interests in the merger that are different from, or in addition to, yours. These interests are discussed in "Interests of Certain Persons in the Merger" beginning on page 65.

Q:

Can I dissent and require appraisal of my shares of Graphic common stock?

A:

No. Holders of Graphic's common stock are not entitled to dissenters' rights under Colorado law in connection with the merger. The holder of the convertible preferred stock has waived any dissenters' rights under Colorado law to which it may be entitled in connection with the merger.

Q:

Should I send in my Graphic stock certificates now?

A:

No. After the merger is completed, the exchange agent for the merger will send written instructions to Graphic stockholders that explain how to exchange Graphic stock certificates for combined company stock certificates. The exchange agent will also send a letter of transmittal that must be executed by Graphic stockholders in order to obtain combined company stock certificates. Please do not send in any stock certificates until you receive these written instructions and the letter of transmittal.

Q:

How do I vote my shares of Graphic common stock if they are held in the name of a bank, broker or other fiduciary?

A:

Your bank, broker or other fiduciary will vote your shares of Graphic common stock with respect to the merger agreement only if you provide written instructions to them on how to vote, so it is important that you provide them with instructions. If you do not provide them with instructions, under the rules of the NYSE, they will not be authorized to vote your shares. If you wish to vote in person at the special meeting and hold your shares of Graphic common stock in the name of a bank, broker or other fiduciary, you must contact your bank, broker or other fiduciary and request a legal proxy. You must bring this legal proxy to the special meeting in order to vote in person. Shares of Graphic common stock held by a broker, bank or other fiduciary that are not voted because the beneficial owner has not provided instructions to the broker, bank or other fiduciary will have the same effect as a vote "against" the merger agreement.

Q:

May I change my vote even after returning a proxy card?

A:

Yes. If you are a record holder, you can change your vote by:

- completing, signing and dating a new proxy card and returning it by mail so that it is received before the special meeting;

- notifying Graphic's corporate secretary before the special meeting that you have revoked your proxy; or
- attending the special meeting and voting in person.

If your shares of Graphic common stock are held in the name of a bank, broker or other nominee and you have directed such person(s) to vote your shares of Graphic common stock, you should instruct such nominee to change your vote or bring an account statement or letter from the nominee indicating that you are the beneficial owner of the shares on , 2003, the record date for voting.

Q:

What if I do not vote, or abstain from voting, or do not instruct my broker to vote my shares of Graphic common stock?

A:

If you do not vote, it will have the same effect as a vote against the merger agreement. Abstentions and broker non-votes will also have the effect of votes against the merger agreement.

If you sign your proxy card but do not indicate how you want to vote, your shares of Graphic common stock will be voted "FOR" approval of the merger agreement.

SUMMARY

This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. To understand the merger agreement and the transactions contemplated by the merger agreement fully and for a more complete description of the legal terms of the merger agreement, you should carefully read this entire document and the documents to which we refer you. See "Where You Can Find More Information" on page 208.

In this proxy statement/prospectus, the following terms have the meanings as set forth below:

"Acquisition Sub"	Riverwood Acquisition Sub LLC, a Delaware limited liability company and a wholly owned subsidiary of Riverwood.
"amended and restated registration rights agreement"	The amended and restated registration rights agreement, dated as of March 25, 2003, among Riverwood, current stockholders of Riverwood and the Coors family stockholders.
"combined company," "we," "us," and "our"	Riverwood and Acquisition Sub, as successor to Graphic, together following the merger.
"convertible preferred stock"	Graphic's 10% Series B convertible preferred stock.
"Coors family stockholders"	The members of the Coors family (including Jeffrey H. Coors, President, Chief Executive Officer and a director of Graphic, and William K. Coors, also a director of Graphic), certain Coors family trusts and a Coors family foundation that are parties to a voting agreement with Riverwood described herein.
"GPC"	The company currently known as Graphic Packaging Corporation, a Delaware corporation and a wholly owned subsidiary of Graphic Packaging Holdings, Inc., which is a wholly owned subsidiary of Graphic.
"Graphic"	Graphic Packaging International Corporation, a Colorado corporation.
"merger"	The merger of Graphic with and into Acquisition Sub, with Acquisition Sub surviving as a wholly owned subsidiary of Riverwood.
"merger agreement"	The agreement and plan of merger, dated as of March 25, 2003, among Riverwood, Acquisition Sub and Graphic.
"RIC"	Riverwood International Corporation, a Delaware corporation and a wholly owned subsidiary of RIC Holding.
"RIC Holding"	RIC Holding, Inc., a Delaware corporation and a wholly owned subsidiary of Riverwood.
"Riverwood"	The registrant, Riverwood Holding, Inc., a Delaware corporation, and its subsidiaries.
"stockholders agreement"	The stockholders agreement, dated as of March 25, 2003, as amended by an amendment no. 1, dated as of April 29, 2003, and by an amendment no. 2, dated as of June 12, 2003, among Riverwood, Clayton Dubilier & Rice Fund V Limited Partnership, EXOR Group S.A. and the Coors family stockholders.
"voting agreement"	The voting agreement, dated as of March 25, 2003, among Riverwood and the Coors family stockholders.

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THE COMPANIES (see page 92 to 152)

Riverwood Holding, Inc.
814 Livingston Court
Marietta, Georgia 30067
(770) 644-3000
Internet address: www.riverwood.com

Riverwood is a Delaware corporation that manufactures paperboard packaging and paperboard for beverage and consumer products companies. Riverwood currently is privately owned, and its common stock does not trade on any stock exchange, Nasdaq or the OTC Bulletin Board. After the merger, Riverwood will change its name to "Graphic Packaging Corporation." Riverwood will apply to have the combined company's common stock listed on the New York Stock Exchange, or NYSE, under the symbol "GPK." The listing will take effect at the effective time of the merger.

Riverwood Acquisition Sub LLC
814 Livingston Court
Marietta, Georgia 30067
(404) 644-3000

Acquisition Sub is a recently formed Delaware limited liability company that is a wholly owned subsidiary of Riverwood. At the time of the merger, Acquisition Sub will have conducted no business other than in connection with the merger agreement. After the merger of Graphic with and into Acquisition Sub, Acquisition Sub will be merged with and into Riverwood which will be renamed Graphic Packaging Corporation.

Graphic Packaging International Corporation
4455 Table Mountain Drive
Golden, Colorado 80403
(303) 215-4600
Internet address: www.graphicpkg.com

Graphic is a Colorado corporation that manufactures packaging products used by consumer product companies as primary packaging for their end-use products. Graphic's common stock trades on the NYSE under the symbol "GPK."

THE PROPOSED MERGER (see page 36)

Under the terms of the proposed merger, Graphic will merge with and into Acquisition Sub, a wholly owned subsidiary of Riverwood, with Acquisition Sub continuing as the surviving company. After the merger of Graphic with and into Acquisition Sub, (1) RIC Holding, Inc., or RIC Holding, will be merged with and into Graphic Packaging Holdings, Inc. which will be renamed GPI Holding, Inc., (2) GPC will be merged with and into RIC which will be renamed Graphic Packaging International, Inc., and (3) Acquisition Sub will be merged with and into Riverwood which will be renamed Graphic Packaging Corporation.

The merger agreement is attached as Annex A to this proxy statement/prospectus. We encourage you to read the merger agreement carefully and fully as it is the legal document that governs the merger.

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The following charts depict (1) the organizational structures of Riverwood and Graphic, prior to the merger, and (2) our organizational structure upon completion of the merger.

Prior to the Merger

Upon Completion of The Merger

RECOMMENDATION OF THE BOARD OF DIRECTORS OF GRAPHIC (see page 44)

The Graphic board of directors has determined that the merger agreement and the transactions contemplated by the merger agreement are fair and in the best interests of Graphic and its stockholders and that the merger agreement is advisable. The Graphic board of directors, by unanimous vote of the directors voting, has approved the merger agreement and the transactions contemplated by the merger agreement and recommends that Graphic stockholders vote "FOR" approval of the merger agreement. Some of Graphic's directors and executive officers have interests in the merger that are different from, or in addition to, yours. These interests are discussed in "Interests of Certain Persons in the Merger" beginning on page 65.

INTERESTS OF CERTAIN PERSONS IN THE MERGER (see page 65)

When you consider the Graphic board of directors' recommendation that you vote in favor of approval of the merger agreement, you should be aware that some of Graphic's directors and executive officers have interests in the merger that are different from, or in addition to, yours.

These interests include:

- a payment by Riverwood to the Trust in consideration for the conversion by the Trust of its convertible preferred stock in connection with the merger. Conversion of the convertible preferred stock is a condition to Riverwood's obligation to complete the merger. One of the trustees of the Trust, William K. Coors, is a director of Graphic and another of the trustees, Jeffrey H. Coors, is a director and officer of Graphic;
- amended employment agreements between Graphic and Jeffrey H. Coors and David W. Scheible, which will take effect at the effective time of the merger;
- change in control payments to three of Graphic's executive officers, Luis E. Leon, Jill B.W. Sisson and Marsha C. Williams;
- acceleration of certain option and restricted stock vesting and deferred compensation payouts to executive officers with change in control agreements;
- service of three current Graphic directors on the combined company's board of directors; and
- indemnification by the combined company of past and present directors and officers of Graphic.

Graphic's board of directors was aware of these interests and considered them in making its recommendation.

REASONS FOR THE MERGER (see pages 42 and 54)

The boards of directors of Riverwood and Graphic believe that the merger will result in operating efficiencies, potential increased revenues and enhanced stockholder value for the combined company. Specifically, the boards of directors of Riverwood and Graphic believe that the merger will:

- create a premier value added paperboard packaging company serving the beverage, food and consumer products industries;
- increase integration and scale to provide a total customer solution;
- provide enhanced growth opportunities;
- provide the opportunity to achieve significant operating synergies;
- create an experienced management team drawn from both Riverwood and Graphic; and

result in greater access to capital than either company has separately.

WHAT GRAPHIC STOCKHOLDERS WILL RECEIVE IN THE MERGER (see page 36)

Graphic stockholders will receive one share of common stock of Riverwood Holding, Inc., to be renamed Graphic Packaging Corporation, for each share of Graphic common stock they hold.

TREATMENT OF GRAPHIC STOCK OPTIONS AND RESTRICTED STOCK (see page 68)

Except as noted below, each outstanding and unexercised option or right to purchase shares of Graphic common stock granted under the Graphic benefit plans will be assumed by the combined company and converted into an option or a right to purchase, as applicable, shares of the combined company common stock. The number of shares of the combined company common stock underlying the new combined company option will equal the number of shares of Graphic common stock for which the corresponding Graphic option was exercisable. The per share exercise price of each new combined company option will equal the exercise price of the corresponding Graphic option.

Except as noted below, at the effective time of the merger, each outstanding restricted share of Graphic common stock granted under a Graphic benefit plan will be converted into one share of combined company common stock with the same terms, conditions and restrictions as were applicable to the restricted shares under the applicable Graphic benefit plan.

Options and restricted shares held by employees with change in control agreements and employees party to new employment agreements with the combined company will be treated differently. See "Interests of Certain Persons in the Merger" on page 65.

GRAPHIC STOCKHOLDER VOTES REQUIRED

Approval of the merger agreement at the Graphic special meeting requires the affirmative votes of (i) the holders of two-thirds of the combined voting power of Graphic's capital stock (including the votes to which the holder of Graphic convertible preferred stock is entitled) and (ii) the holder of two-thirds of the outstanding shares of Graphic convertible preferred stock, voting as a separate class.

On the record date, the Coors family stockholders, in the aggregate, owned or had the right to vote 13,481,548 shares of Graphic common stock and all of the votes able to be cast by the holder of Graphic's convertible preferred stock (including the 24,242,424 votes which the holder of the convertible preferred is entitled to cast with the holders of Graphic common stock). In the aggregate, these shares represent approximately 65.1% of the combined voting power of Graphic capital stock and 100% of the outstanding voting power of Graphic convertible preferred stock as of March 25, 2003. Also on the record date, other directors and executive officers of Graphic owned and had the right to vote 321,520 shares of Graphic common stock, which shares represent approximately 0.6% of the combined voting power of Graphic capital stock as of March 25, 2003. As a result of the voting agreement referred to below and the expressed intention of Graphic's executive officers and directors to vote their shares in favor of the merger, the affirmative vote of the holders of common stock representing an additional approximately 1% of the combined voting power of Graphic's capital stock is required to approve the merger agreement. Because of the commitments to vote for the merger by the Coors family stockholders and by Graphic directors and officers, who in the aggregate own shares entitled to cast approximately 65.7% of the combined voting power of Graphic capital stock, approval of the merger agreement by Graphic stockholders is highly likely.

VOTING AGREEMENT (see page 83)

Riverwood and the Coors family stockholders have entered into a voting agreement with respect to the shares owned by the Coors family stockholders. Under the voting agreement, the Coors family stockholders have agreed to vote all of their shares of Graphic common stock and Graphic convertible preferred stock in favor of the merger agreement and against any business combination with a third party. The Grover C. Coors Trust, or the Trust, also has agreed to convert all of its shares of Graphic

convertible preferred stock into Graphic common stock immediately before the effective time of the merger, in exchange for a conversion payment by Riverwood equal to the estimated present value, calculated using a discount rate of 8.5%, of the dividends payable to the convertible preferred stock from the effective time of the merger through the first date on which Graphic could have redeemed the convertible preferred

stock. The amount of this conversion payment is estimated to be approximately $19.7 million, assuming that the closing of the merger occurs on July 1, 2003.

If the merger agreement is terminated under circumstances entitling Riverwood to receive a termination fee, each Coors family stockholder (other than the Adolph Coors Foundation) will be obligated to pay to Riverwood additional consideration in the event of the consummation of any business combination between Graphic and a third party within two years of the termination of the merger agreement. Furthermore, if Riverwood has increased the merger consideration in response to a superior proposal received by Graphic from a third party, each of the Coors family stockholders (other than the Adolph Coors Foundation) has agreed to waive any right to receive 50% of its respective share of such additional merger consideration.

The voting agreement is attached as Annex B to this proxy statement/prospectus.

OWNERSHIP OF THE COMBINED COMPANY AFTER THE MERGER

Immediately following completion of the merger, the combined company will have approximately 204 million fully diluted shares of common stock, of which Graphic stockholders will own approximately 42.5% and Riverwood stockholders will own approximately 57.5%, each calculated on a fully diluted basis.

CONDITIONS TO THE COMPLETION OF THE MERGER (see page 77)

Riverwood's and Graphic's respective obligations to complete the merger are subject to the satisfaction or, to the extent legally permissible, the waiver of the following conditions:

- the approval of the merger agreement by the Graphic stockholders;
- the absence of any law, order or injunction prohibiting completion of the merger in the United States or European Union;
- the expiration or termination of the applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which waiting period expired on May 12, 2003;
- the approval for listing by the NYSE of the combined company common stock to be issued in the merger, subject to official notice of issuance;
- the Securities and Exchange Commission, or SEC, having declared effective the Riverwood registration statement, of which this proxy statement/prospectus is a part;
- the entry into definitive financing agreements, and the receipt of funds thereunder, sufficient to repay or redeem the existing indebtedness of Riverwood, Graphic and their subsidiaries that is required to be repaid in connection with the completion of the merger;
- the receipt by Graphic of an opinion of its tax counsel to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, or the Code;
- material accuracy, as of the closing, of the representations and warranties made by the parties and material compliance by the parties with their respective obligations under the merger agreement; and
- neither party having suffered any change that would reasonably be expected to have a material adverse effect on that party.

In addition, Riverwood's obligation to complete the merger is subject to the satisfaction or, to the extent legally permissible, the waiver of the following conditions:

- all outstanding shares of the convertible preferred stock having been converted into Graphic common stock; and
- no event having occurred which would trigger a distribution under the Graphic stockholder rights plan.

TERMINATION OF MERGER AGREEMENT (see page 79)

Right to Terminate. The merger agreement may be terminated at any time before the completion of the merger in any of the following ways:

- by mutual written consent of Riverwood and Graphic;
- by either Riverwood or Graphic:
  - if the merger has not been completed by October 31, 2003 or, if the conditions to closing relating to antitrust or other governmental approvals of the merger have not been satisfied but all other conditions to closing are satisfied or are capable of being satisfied, December 31, 2003; except that a party may not terminate the merger agreement if the cause of the merger not being completed is that party's failure to fulfill its obligations under the merger agreement;
  - if a governmental authority or a court in the United States or European Union permanently enjoins or prohibits the completion of the merger, except that a party may not terminate the merger agreement if the cause of the prohibition is a result of that party's failure to fulfill its obligations under the provision of the merger agreement that, among other requirements, requires each party to use its reasonable best efforts to obtain government approvals for the completion of the merger agreement and the transactions contemplated by the merger agreement; or
  - if Graphic's stockholders fail to approve the merger agreement;
- by Riverwood:
  - if Graphic has breached in any material respect any of its representations or warranties, or has failed to perform in any material respect any of its covenants or obligations under the agreement and such breach:

would result in the failure of certain closing conditions to the merger being satisfied; and

is incapable of being cured by or remains uncured at October 31, 2003 (or December 31, 2003, if the termination date is extended); or

  - if Graphic's board of directors either withdraws or changes its recommendation in a manner adverse to Riverwood, or fails to call the Graphic special meeting to vote on the merger by August 25, 2003; or
- by Graphic:

if Riverwood has breached in any material respect any of its representations or warranties, or has failed to perform in any material respect any of its covenants or obligations under the merger agreement and such breach:

would result in the failure of certain closing conditions to the merger being satisfied; and

is incapable of being cured by or remains uncured at October 31, 2003 or December 31, 2003, if applicable; or

if Graphic's board of directors (upon the recommendation of a majority of the Graphic independent directors) authorizes Graphic to enter into a binding written agreement concerning a transaction that Graphic's board of directors has determined in accordance with the merger agreement is a superior proposal, except that Graphic cannot terminate the merger agreement for this reason unless:

Graphic provides Riverwood with written notice that it intends to enter into such an agreement, attaching the most current version of such agreement or a description of its material terms;

Riverwood, within five business days of receiving such notice from Graphic, does not make an offer that the board of directors of Graphic determines is at least as favorable to the Graphic stockholders as the superior proposal Graphic received from the third party; and

Graphic pays Riverwood the fees and expenses described below in "Termination Fees and Expenses" at or before such termination.

Termination of the merger agreement also terminates certain obligations under the voting agreement.

Termination Fees and Expenses. Graphic has agreed to pay Riverwood a termination fee of $30 million plus reimbursement of up to $3 million in expenses (at or by the time Graphic sends a notice of termination to Riverwood, and not later than one business day after the receipt by Graphic of a notice of termination from Riverwood), if the merger agreement is terminated:

by Riverwood because the board of directors of Graphic withdraws or changes its recommendation in a manner adverse to Riverwood, or Graphic fails to call or hold the special meeting of stockholders by August 25, 2003, unless the special meeting has not occurred because the SEC has failed to declare effective Riverwood's registration statement for the shares to be issued by the combined company in connection with the closing of the merger;

by Riverwood or Graphic because of the failure of Graphic's stockholders to approve the merger agreement, unless this failure occurs because the Coors family stockholders do not vote in accordance with the voting agreement (see "Voting Agreement" above);

by Riverwood or Graphic because the merger has not been completed on or before October 31, 2003 (or, if the date for completion of the merger has been extended, December 31, 2003), and, at the time of termination:

Graphic's stockholders have not approved the merger agreement, unless this failure has occurred because the Coors family stockholders have not cast their votes in accordance with the voting agreement; and

a third party has made an offer or proposal for, or an announcement of any intention with respect to, a transaction that would constitute a business combination involving Graphic; or

by Graphic because Graphic's board of directors has authorized Graphic to enter into a written agreement for a superior proposal by a third party and Riverwood has not, within five business days of notice from Graphic, made an offer that the board of directors of Graphic determines is at least as favorable as the superior proposal Graphic has received from the third party.

If the merger agreement is terminated under certain circumstances entitling Riverwood to receive a termination fee from Graphic, the Coors family stockholders may be required to make certain payments to Riverwood. See "Voting Agreement" on page 83.

EFFECTS OF THE MERGER ON THE RIGHTS OF GRAPHIC STOCKHOLDERS (see page 198)

If the merger is completed, the combined company will be governed by a restated certificate of incorporation and amended and restated by-laws. Forms of the restated certificate of incorporation and amended and restated by-laws have been filed by Riverwood as exhibits to the registration statement of which this proxy statement/prospectus is a part. The proposed restated certificate of incorporation and amended and restated by-laws of the combined company differ from Graphic's current articles of incorporation, as amended, and amended and restated by-laws. In addition, while Graphic is presently governed by Colorado corporate law, the combined company will be governed by Delaware corporate law.

RELATED AGREEMENTS (see pages 83 to 91)

In connection with the proposed merger, Riverwood, certain of its current stockholders and the Coors family stockholders have entered into a stockholders agreement relating to nominees for the combined company's board of directors, class allocation, committee membership and other matters. In addition, Riverwood, its current stockholders and the Coors family stockholders have entered into an amended and restated registration rights agreement, providing those stockholders with the right to request registration of their combined company common stock or participate in registered offerings by the combined company under certain circumstances. Finally, Riverwood and certain of its current stockholders have entered into a side letter with respect to board observation, information rights and other matters. Each of these agreements has been filed by Riverwood as an exhibit to the registration statement of which this proxy statement/prospectus is a part.

MERGER FINANCING (see page 60)

Riverwood and Graphic currently expect to enter into the following financing transactions in connection with the merger:

- The closing of new combined senior secured credit facilities for the combined company providing for approximately $1.6 billion of term loan and revolving credit commitments. These new senior secured credit facilities are referred to in this document as the "new credit facilities."

- The offer and sale by the combined company of approximately $850 million of new senior notes and/or senior subordinated notes. These new senior notes and/or senior subordinated notes are referred to in this document as the "new notes."

- The repayment of all outstanding amounts under each of RIC and GPC's existing senior secured credit facilities and the termination of all commitments under those facilities.

- The consummation of tender offers and consent solicitations for all outstanding 10 $^{5}/_{8}$% senior notes due 2007 and 10$^{7}/_{8}$% senior subordinated notes due 2008 of RIC, expected to close concurrently with the merger.

- The consummation of an anticipatory tender offer and consent solicitation for all outstanding 8$^{5}/_{8}$% senior subordinated notes due 2012 of GPC, made in anticipation of the change of control offer called for by the indenture governing such notes and expected to close concurrently with the merger.

REGULATORY APPROVALS (see page 58)

The merger is subject to antitrust laws. On April 11, 2003, each of Riverwood and the Trust completed its initial filings under applicable antitrust laws with the United States Department of Justice and the United States Federal Trade Commission. Riverwood and Graphic are not permitted to complete the merger until the applicable waiting periods associated with those filings, including any extension of those waiting periods, have expired or been terminated and applicable clearances have been obtained. The waiting period expired on May 12, 2003. Accordingly, the condition to the merger requiring the expiration or termination of the HSR Act waiting period has been satisfied. Riverwood and Graphic also may be required to obtain applicable foreign antitrust approvals, which may not be obtained before completion of the merger. In addition, the reviewing agencies or governments, states or private persons may challenge the merger at any time before or after its completion.

Riverwood and Graphic are not permitted to complete the merger unless the regulatory conditions to completion of the merger are satisfied.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER (see page 55)

The merger is intended to qualify as a reorganization for United States federal income tax purposes. Accordingly, it is expected that the exchange of Graphic common stock for combined company common stock in the merger will not result in the recognition of gain or loss for United States federal income tax purposes.

However, this proxy statement/prospectus does not address all tax consequences that may be relevant to persons who exchange Graphic common stock for combined company common stock in the merger. In particular, this proxy statement/prospectus does not address any of the tax consequences associated with:

- the exercise of options to purchase Graphic common stock before the effective time of the merger;
- the exchange of options to purchase Graphic common stock for options to purchase combined company common stock in the merger;
- the exchange of restricted Graphic common stock for restricted combined company common stock in the merger;
- the conversion of the convertible preferred stock into Graphic common stock and the receipt of the conversion payment; or
- participation in the merger by persons who are subject to special rules under the Code such as those persons referred to on page 55 of this proxy statement/prospectus.

Any person who may exchange Graphic common stock for combined company common stock in the merger is urged to carefully read the discussion under "Material Federal Income Tax Consequences of the Merger" beginning on page 55, and to consult his or her tax advisor with respect to the tax consequences of participating in the merger.

LISTING OF THE COMBINED COMPANY COMMON STOCK

Riverwood will file an application to have the combined company's common stock listed on the NYSE under the ticker symbol "GPK."

DISSENTERS' RIGHTS (see page 58)

Holders of Graphic common stock are not entitled to dissenters' rights under Colorado law in connection with the merger.

The Trust, the sole holder of the convertible preferred stock, has waived any dissenters' rights it may have in connection with the merger.

ACCOUNTING TREATMENT OF THE MERGER (see page 54)

Riverwood will account for the merger under the purchase method of accounting for business combinations under accounting principles generally accepted in the United States of America.

OPINIONS OF GRAPHIC'S FINANCIAL ADVISORS

Opinion of Credit Suisse First Boston LLC Regarding the Merger (see page 44)

In making its determination with respect to the merger agreement and the transactions contemplated by the merger agreement, Graphic's board of directors relied upon, among other factors, the opinion of Credit Suisse First Boston LLC, or Credit Suisse First Boston, its financial advisor with respect to the merger. The Graphic board received an oral opinion on March 24, 2003, which was subsequently confirmed in a written opinion dated March 25, 2003, from Credit Suisse First Boston to the effect that, as of that date and based on and subject to the assumptions, limitations, and qualifications described in its opinion, the exchange ratio was fair to the holders of Graphic common stock, other than the Coors family stockholders, from a financial point of view. The opinion, which is attached as Annex C to this proxy statement/prospectus, sets forth the procedures followed, assumptions made, matters considered and limitations on the review undertaken in connection with the opinion.

Opinion of Morgan Stanley & Co. Incorporated Regarding the Conversion of the Convertible Preferred Stock (see page 51)

In making its determination with respect to the conversion of the convertible preferred stock and the payment by Riverwood in consideration of such conversion, an independent committee of Graphic's board of directors relied upon, among other factors, the opinion of Morgan Stanley & Co. Incorporated, or Morgan Stanley, the independent committee's financial advisor regarding the conversion of the convertible preferred stock. The independent committee received an oral report and a written opinion dated March 24, 2003 from Morgan Stanley to the effect that, as of such date and based upon and subject to the assumptions and considerations in its opinion, the consideration to be paid to the Trust for such conversion pursuant to the voting agreement, representing an amount equal to the present value, calculated using a discount rate of 8.5%, of the future dividends payable to the convertible preferred stock from the effective time of the merger through the first date as of which Graphic could have redeemed the convertible preferred stock, was fair from a financial point of view to Graphic. The opinion, which is attached as Annex D to this proxy statement/prospectus, sets forth the assumptions made, matters considered and limitations on the review undertaken in connection with the opinion.

LEGAL PROCEEDINGS REGARDING THE MERGER (see page 64)

On April 2, 2003, two separate lawsuits were filed in the District Court of Jefferson County in Colorado on behalf of purported classes of Graphic's stockholders against Graphic, Graphic's directors and Riverwood, alleging that Graphic's directors breached their fiduciary duties to the stockholders of Graphic and that Riverwood aided and abetted the alleged breach. The complaints, which Riverwood and Graphic believe to be without merit, seek damages and to enjoin the merger.

RISK FACTORS (see page 22)

There are risks associated with all business combinations, including this merger. In particular, you should be aware that the exchange ratio determining the number of shares of the combined company's stock that Graphic stockholders will receive is fixed and will not change as the market price of shares of Graphic common stock fluctuates in the period before the merger. Accordingly, the value of the shares of combined company common stock that you as a Graphic stockholder will receive in the merger in return for your shares of Graphic common stock may be less than the current fair market value of the shares of Graphic common stock that you currently hold. In addition to the other information contained in this proxy statement/prospectus, you should carefully consider the factors discussed in the section entitled "Risk Factors," beginning on page 22 of this proxy statement/prospectus in deciding whether to vote in favor of the merger agreement.

SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA

Riverwood and Graphic are providing the following financial data to assist you in your analysis of the financial aspects of the proposed merger. Riverwood derived the Riverwood summary historical financial data, with the exception of net income (loss) per common share before

cumulative effect of change in accounting principle and weighted average shares outstanding, from the consolidated financial statements of Riverwood as of and for each of the years ended December 31, 1998 through 2002 and the three months ended March 31, 2003 and 2002. Graphic derived the Graphic summary historical financial data from the consolidated financial statements of Graphic as of and for each of the years ended December 31, 1998 through 2002 and the three months ended March 31, 2003 and 2002. The information is only a summary and should be read in conjunction with each company's historical consolidated financial statements and related notes included elsewhere in this proxy statement/prospectus. The historical results included below and elsewhere in this proxy statement/prospectus are not indicative of the future performance of Riverwood, Graphic or the combined company.

RIVERWOOD SUMMARY HISTORICAL FINANCIAL DATA

The following table sets forth certain of Riverwood's historical consolidated financial information. The selected consolidated financial information, with the exception of net income (loss) per common share before cumulative effect of change in accounting principle and weighted average shares outstanding, at December 31, 2000, 1999 and 1998 and for the years ended December 31, 1999 and 1998 has been derived from Riverwood's audited consolidated financial statements that are not included in this proxy statement/prospectus. The selected consolidated financial information, with the exception of net income (loss) per common share before cumulative effect of change in accounting principle and weighted average shares outstanding, at December 31, 2002 and 2001 and for the years ended December 31, 2002, 2001 and 2000 has been derived from Riverwood's audited consolidated financial statements and the related notes included elsewhere in this proxy statement/prospectus. The selected consolidated financial information, with the exception of net income (loss) per common share before cumulative effect of change in accounting principle and weighted average shares outstanding, for the three months ended March 31, 2003 and 2002 has been derived from Riverwood's unaudited consolidated financial statements and the related notes included elsewhere in this proxy statement/prospectus. You should read the following selected consolidated financial information in conjunction with "Information About Riverwood Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 100 and Riverwood's consolidated financial statements and related notes included elsewhere in this proxy statement/prospectus.

	Three Months Ended March 31,		Years Ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
	(in thousands, except per share data)						
Statement of Operations Data:							
Net sales	$ 298,026	$ 291,184	$ 1,247,314	$ 1,201,613	$ 1,192,362	$ 1,174,665	$ 1,196,221
Cost of sales(a)	239,889	233,855	984,771	953,901	930,786	938,800	1,001,394
Selling, general and administrative	29,870	27,615	117,335	116,510	112,200	114,402	112,117
Research, development and engineering	1,467	1,316	5,227	5,111	4,554	4,078	5,570
Impairment loss							15,694
Restructuring (credit) charge(b)					(2,600)		25,580
Gain on sale of investment(c)					(70,863)		
Other (income) expense, net	1,877	(2,471)	(631)	18,825	4,731	1,798	11,973
Income from operations	24,923	30,869	140,612	107,266	213,554	115,587	23,893
Loss on early extinguishment of debt			(11,509)	(8,724)	(2,117)		
Interest income	103	455	1,350	944	848	889	1,274
Interest expense	33,980	39,060	147,407	158,910	181,285	179,197	178,030

(Loss) income before income taxes and equity in net earnings of affiliates	(8,954)	(7,736)	(16,954)	(59,424)	31,000	(62,721)	(152,863)
Income tax (benefit) expense	1,016	95	(4,664)	6,627	3,009	3,936	(617)
(Loss) income before equity in net earnings of affiliates	(9,970)	(7,831)	(12,290)	(66,051)	27,991	(66,657)	(152,246)
Equity in net earnings of affiliates	204	114	1,028	993	3,356	7,110	8,157
(Loss) income before cumulative effect of a change in accounting principle	(9,766)	(7,717)	(11,262)	(65,058)	31,347	(59,547)	(144,089)
				(499)			

Cumulative effect of a change in accounting principle net of tax of $0(d)							
Net (loss) income	$ (9,766)	$ (7,717)	$ (11,262)	$ (65,557)	$ 31,347	$ (59,547)	$ (144,089)
Income (loss) per common share before cumulative effect of change in accounting principle:							
Basic	$ (1.29)	$ (1.02)	$ (1.49)	$ (8.60)	$ 4.14	$ (7.88)	$ (19.05)
Diluted	(1.29)	(1.02)	(1.49)	(8.60)	4.08	(7.88)	(19.05)
Weighted average shares outstanding:							
Basic	7,556,897	7,566,524	7,564,594	7,568,177	7,563,717	7,556,842	7,562,596
Diluted	7,556,897	7,566,524	7,564,594	7,568,177	7,684,664	7,556,842	7,562,596

	March 31,	December 31,				
	2003	**2002**	**2001**	**2000**	**1999**	**1998**
	(in thousands)					
Balance Sheet Data:						
Cash and cash equivalents	$ 10,622	$ 13,757	$ 7,369	$ 18,417	$ 14,108	$ 13,840
Total assets(a)	1,953,691	1,957,672	2,001,096	2,094,433	2,343,771	2,405,342
Total debt	1,528,690	1,522,360	1,541,164	1,532,789	1,748,237	1,698,028
Total shareholders' equity(a)	117,059	125,575	196,715	277,038	260,277	324,510

	Three Months Ended March 31,		Years Ended December 31,				
	2003	**2002**	**2002**	**2001**	**2000**	**1999**	**1998**
	(in thousands)						
Other Data:							
Depreciation and amortization	$ 31,161	$ 32,103	$ 133,840	$ 137,143	$ 143,541	$ 142,597	$ 146,515
Additions to property, plant and equipment(e)	19,582	12,282	56,042	57,297	62,062	66,018	48,551

Notes:

(a) During the fourth quarter of 2002, Riverwood changed its method of determining the cost of inventories from the last-in, first-out, or LIFO, method to the first-in, first-out, or FIFO, method. Prior to 2002, the majority of Riverwood's operations used the LIFO method of valuing inventory. Riverwood has concluded that the FIFO method will result in a better measurement of current inventory costs with revenues because Riverwood's operations have realized and expect to continue to realize cost reductions in its manufacturing operations. Riverwood applied this change by retroactively restating its financial statements as required by Accounting Principles Board Opinion No. 20, "Accounting Changes," which resulted in an increase to the accumulated deficit as of January 1, 1998 of approximately $6.8 million (see note 27 in the notes to Riverwood's consolidated financial statements included in this proxy statement/prospectus).

(b) Net (loss) income for the years ended December 31, 2000 and 1998 included a (credit) charge for the global restructuring program, which was focused in the Riverwood European operations, of $(2.6) million and of $25.6 million, respectively.

(c) On October 3, 2000, Riverwood, along with its joint venture partner, completed the sale of the jointly-held subsidiary Igaras for approximately $510 million, including the assumption of $112 million of debt. Riverwood recognized a gain of approximately $70.9 million in connection with the sale (see note 6 in the notes to Riverwood's consolidated financial statements included in this proxy statement/prospectus).

(d) Net loss for the year ended December 31, 2001 included a charge of $0.5 million, net of tax, for the cumulative effect of a change in accounting principle for derivatives.

(e) Includes amounts invested in packaging machinery and capitalized interest.

GRAPHIC SUMMARY HISTORICAL FINANCIAL DATA

The following table sets forth certain of Graphic's historical consolidated financial information. The selected consolidated financial information at December 31, 2000, 1999 and 1998 and for the years ended December 31, 1999 and 1998 has been derived from Graphic's audited consolidated financial statements that are not included in this proxy statement/prospectus. The selected consolidated financial information at December 31, 2002 and 2001 and for the years ended December 31, 2002, 2001 and 2000 has been derived from Graphic's audited consolidated financial statements and the related notes included elsewhere in this proxy statement/prospectus. The selected consolidated financial information at March 31, 2003 and for the three months ended March 31, 2003 and 2002 has been derived from Graphic's unaudited condensed consolidated financial statements and the related notes included elsewhere in this proxy statement/prospectus. You should read the following selected consolidated financial data in conjunction with "Information About Graphic Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 137 and Graphic's consolidated financial statements and related notes thereto included elsewhere in this proxy statement/prospectus.

	Three Months Ended March 31,		Years Ended December 31,				
	2003	**2002**	**2002**	**2001**	**2000**	**1999**	**1998**
			(in thousands, except per share data)				
Statement of Operations Data:							
Net sales(1)	$ 260,883	$263,724	$ 1,057,843	$ 1,112,535	$ 1,102,590	$ 850,155	$ 691,777
Cost of goods sold	232,174	229,432	930,581	960,258	963,979	721,350	567,533
Gross profit	28,709	34,292	127,262	152,277	138,611	128,805	124,244
Selling, general and administrative expense	16,668	14,887	64,620	62,874	61,134	73,357	68,248
Merger and acquisition transaction costs	2,698						
Goodwill amortization(6)				20,649	20,634	13,276	7,785
Asset impairment and restructuring charges				8,900	5,620	7,813	21,391
Operating income	9,343	19,405	62,642	59,854	51,223	34,359	26,820
Gain from sale of businesses and other assets(2)				3,650	19,172	30,236	
Interest expense	(9,416)	(11,296)	(44,640)	(52,811)	(82,071)	(34,240)	(16,616)
Loss on early extinguishment of debt		(15,766)	(15,766)			(3,645)	
Income (loss) from continuing operations before income taxes and cumulative effect of change in accounting principle	(73)	(7,657)	2,236	10,693	(11,676)	26,710	10,204
Income tax (expense) benefit	30	2,986	(886)	(4,257)	4,678	(10,632)	(4,751)
Income (loss) from continuing operations before cumulative effect of change in accounting principle	(43)	(4,671)	1,350	6,436	(6,998)	16,078	5,453
Income from discontinued operations, net of tax(3)						9,181	15,812
Income (loss) before cumulative effect of change in accounting principle	(43)	(4,671)	1,350	6,436	(6,998)	25,259	21,265
Cumulative effect of change in goodwill accounting, net of tax(6)		(180,000)	(180,000)				
Net income (loss)	(43)	(184,671)	(178,650)	6,436	(6,998)	25,259	21,265
Preferred stock dividends declared	(2,500)	(2,500)	(10,000)	(10,000)	(3,806)		

	Three Months Ended March 31,		Years Ended December 31,				
Net income (loss) attributable to common shareholders	$ (2,543)	$ (187,171)	$ (188,650)	$ (3,564)	$ (10,804)	$ 25,259	$ 21,265
Net income (loss) from continuing operations before cumulative effect of change in accounting principle per common share:							
Basic	$ (0.08)	$ (0.22)	$ (0.27)	$ (0.11)	$ (0.37)	$ 0.56	$ 0.19
Diluted	(0.08)	(0.22)	(0.27)	(0.11)	(0.37)	0.56	0.19
Weighted average shares outstanding:							
Basic	33,574	32,343	32,715	31,620	29,337	28,475	28,504
Diluted	33,574	32,343	32,715	31,620	29,337	28,767	29,030

	At March 31,	At December 31,				
	2003	2002	2001	2000	1999	1998
	(in thousands)					
Balance Sheet Data:						
Cash and cash equivalents	$ 5,028	$ 28,626	$ 6,766	$ 4,012	$ 15,869	$ 26,196
Working capital	49,589	46,112	22,403	36,640	(107,224)	152,544
Working capital, excluding current maturities of debt	53,182	49,544	59,776	95,282	292,776	238,844
Total assets	1,025,528	1,020,866	1,229,335	1,332,518	1,643,171	846,022
Total debt	487,451	478,331	525,759	640,672	1,021,097	275,881
Total shareholders' equity(4)	305,587	307,038	497,648	515,151	423,310	447,955

	Three Months Ended March 31,		Years Ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
	(in thousands)						
Other Data:							
Depreciation(5)	$ 15,425	$ 15,229	$ 61,165	$ 58,757	$ 62,460	$ 43,008	$ 29,746
Capital expenditures(5)	4,540	7,200	27,706	31,884	30,931	75,858	51,572

(1) Net sales in 2003, 2002 and 2001 are from folding carton sales. Net sales from folding cartons, as opposed to sales of flexible packaging and other businesses disposed of in prior periods, totaled $1,071.9 million in 2000, $691.3 million in 1999, and $468.3 million in 1998.

(2) Graphic disposed of the following businesses and non-core assets during the periods presented (in thousands):

Pre-tax Gains:	
2001:	
Other Assets	$ 3,650
2000:	
Malvern Business	$ 11,365
Other Assets	7,807

Total	$	19,172
1999:		
Flexible Business	$	22,700
Solar Business		7,536
Total	$	30,236

(3) Discontinued operations include the spin-off of CoorsTek, Inc. and the sale of the assets of Golden Aluminum Company.

(4) Includes $100 million of convertible preferred stock issued in 2000.

(5) Excludes the discontinued operations of CoorsTek and Golden Aluminum for the years ended December 31, 1999 and 1998.

(6) Graphic adopted SFAS No. 142, Goodwill and Other Intangible Assets, effective January 1, 2002, and discontinued the amortization of its goodwill in accordance with the new rules.

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SUMMARY UNAUDITED CONDENSED PRO FORMA COMBINED FINANCIAL INFORMATION

The following summary unaudited condensed pro forma combined financial information was prepared using the purchase method of accounting with Riverwood treated as the acquirer for accounting purposes. The table below presents summary financial information from the unaudited condensed pro forma combined financial statements as of and for the three months ended March 31, 2003 and for the year ended December 31, 2002 included in this proxy statement/prospectus. The unaudited condensed pro forma combined statements of operations are presented as if the merger and related financing transactions had occurred on January 1, 2002. The unaudited condensed pro forma combined balance sheet presents the combined financial position as of March 31, 2003 assuming that the merger and related financing transactions took place on March 31, 2003.

The unaudited condensed pro forma combined financial statements are based on estimates and assumptions set forth in the notes to such statements, which are preliminary and have been made solely for the purpose of developing such pro forma information. The unaudited condensed pro forma combined financial statements are not necessarily indicative of the financial position or operating results of the combined company that would have been achieved had the merger and related financing transactions been consummated as of the dates indicated, nor are they necessarily indicative of future financial position or operating results of the combined company. This information should be read in conjunction with the unaudited condensed pro forma combined financial statements and related notes and the historical financial statements and the related notes thereto included in this proxy statement/prospectus.

Combined Company
Summary Unaudited Condensed Pro Forma Combined Financial Information
(in thousands, except per share data)

	Summary Unaudited Condensed Pro Forma Combined Three Months Ended March 31, 2003	Summary Unaudited Condensed Pro Forma Combined Year Ended December 31, 2002
Statement of Operations Information		
Net sales	$ 543,102	$ 2,252,305
Cost of goods sold	458,506	1,871,500
Gross Profit	84,596	380,805
Selling, general and administrative and research and development expense	54,955	196,051
Operating income	29,641	184,754

	Summary Unaudited Condensed Pro Forma Combined Three Months Ended March 31, 2003	Summary Unaudited Condensed Pro Forma Combined Year Ended December 31, 2002
Interest expense, net	(35,993)	(154,297)
Loss on early extinguishment of debt		(27,275)
Income tax (expense) benefit	(986)	3,778
Equity in net earnings of affiliates	204	1,028
Income (loss) before cumulative effect of change in accounting principle	(7,134)	7,988
Income (loss) per basic and diluted share before cumulative effect of change in accounting principle	$ (0.04)	$ 0.04

	At March 31, 2003
Balance Sheet Information	
Cash and cash equivalents	$ 15,560
Working capital, excluding current maturities of debt	253,421
Total assets	3,217,366
Total debt	2,232,465
Total shareholders' equity	488,501

COMPARATIVE PER SHARE INFORMATION

The following table presents historical per share data for Riverwood and Graphic individually and on a pro forma basis after giving effect to the merger. The merger has been accounted for using the purchase method of accounting. The combined pro forma per share data of the combined company was derived from the Unaudited Condensed Pro Forma Combined Financial Statements as presented beginning on page 153. The assumptions related to the preparation of the Unaudited Condensed Pro Forma Combined Financial Statements are described beginning at page 153. The data presented below should be read in conjunction with the historical consolidated financial statements of Graphic and with the historical consolidated financial statements of Riverwood presented elsewhere in this proxy statement/prospectus. See "Information About Riverwood Financial Statements," on page 128 and "Information About Graphic Financial Statements," on page 152.

The pro forma data below is presented for informational purposes. You should not rely on the pro forma amounts as being indicative of the operating results or financial position of the combined company that would have actually occurred had the merger taken place at or before the periods presented, or the future operating results or financial position of the combined company.

	Graphic Historical	Riverwood Historical(1)	Combined Pro Forma	Equivalent Pro Forma(2)
Income (loss) per common share before cumulative effect of change in accounting principle				
Year ended December 31, 2002				
Basic	$ (0.27)	$ (1.49)	$ 0.04	$ 0.04
Diluted	$ (0.27)	$ (1.49)	$ 0.04	$ 0.04
Three months ended March 31, 2003				
Basic	$ (0.08)	$ (1.29)	$ (0.04)	$ (0.04)
Diluted	$ (0.08)	$ (1.29)	$ (0.04)	$ (0.04)
Book value per common share as of March 31, 2003	$ 9.07	$ 15.49	$ 2.46	$ 2.46
Cash dividends declared per common share for the quarter ended March 31, 2003 and the year ended December 31,				

	Graphic Historical	Riverwood Historical(1)	Combined Pro Forma	Equivalent Pro Forma(2)
2002				
Cash dividends declared per preferred share for the year ended December 31, 2002	$ 10.00			
Cash dividends declared per preferred share for the quarter ended March 31, 2003	$ 2.50			

(1) Historical Riverwood per share amounts do not give effect to the 15.21-to-one stock split in conjunction with the merger.

(2) Equal to combined pro forma, as share exchange ratio is one-to-one.

PER SHARE MARKET PRICE INFORMATION **(see page 196)**

The closing price per share of Graphic common stock on Tuesday, March 25, 2003, the last trading day before announcement of the execution of the merger agreement, was $4.98.

There is no established public trading market for the Class A common stock or the Class B common stock of Riverwood. In connection with the merger, Riverwood will apply to have the combined company common stock listed on the NYSE thereby establishing a public trading market.

RISK FACTORS

Stockholders of Graphic voting in favor of the merger agreement will be choosing to invest in the combined company's common stock and to combine the business of Graphic with that of Riverwood. In deciding whether to vote in favor of the merger, you should consider the following risks related to the merger and to the combined company's business. You should carefully consider these risks along with the other information included in this proxy statement/prospectus.

RISKS RELATING TO THE MERGER

The market value of the shares of the combined company's common stock that you receive in the merger may be less than the current value of your shares of Graphic common stock.

The market price of the combined company common stock you will receive in the merger may be less than the market price of Graphic common stock on the date of this proxy statement/prospectus or on the date of the Graphic special meeting. If the merger is completed, each share of Graphic common stock will be converted into one share of the combined company's common stock. The exchange ratio is a fixed ratio that will not be adjusted as a result of any increase or decrease in the market price of shares of Graphic common stock. The value of the combined company common stock that you receive in the merger will depend on the public trading price of combined company common stock after the merger. The combined company common stock will not trade publicly until the merger is completed. As a result, at the time of the Graphic special meeting, you will not know the market value of the combined company common stock that you will receive in the merger.

If the combined company fails to realize the anticipated benefits of the merger, stockholders may receive lower returns than they expect.

If the combined company fails to realize the anticipated benefits of the merger, holders of its common stock may receive lower returns than they expect. The success of the merger will depend, in part, on the ability of the combined company to realize the anticipated growth opportunities and synergies from combining the business of Graphic with that of Riverwood. Integrating two companies with the size and complexity of Riverwood and Graphic will be a challenging task that will require substantial time, expense and effort from the combined company's management. If management's attention is diverted or there are any difficulties associated with integrating Riverwood and Graphic, there could be a material adverse effect on the combined company's operating results and the value of its common stock. Even if the combined company is able to successfully combine the two business operations, it may not be possible to realize the full benefits of the integration

opportunities between mills and carton plants, the purchasing synergies and the other benefits that are currently expected to result from the merger, or realize these benefits within the time frame that is currently expected.

If we are unable to implement our business strategies, our business and financial condition could be adversely affected.

The combined company's future results of operations will depend in significant part on the extent to which we can implement our business strategies successfully. Our business strategies as a combined company include growing revenues by expanding existing relationships with customers, capitalizing on anticipated business opportunities from the merger, developing and delivering new products, and achieving the cost reductions and synergies we hope to obtain as a result of the merger. We may not be able to fully implement our strategies or realize the anticipated results of our strategies. Our strategies are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control.

The market value of the combined company's common stock could decline if large amounts of its common stock are sold following the merger.

If, following the merger, large amounts of the combined company's common stock are sold, the price of the common stock could decline. Current stockholders of Riverwood and Graphic may not wish to continue to invest in the combined company, or for other reasons may wish to dispose of some or all of their interests in the combined company. The principal stockholders of Riverwood and Graphic before the completion of the merger are party to an amended and restated registration rights agreement, pursuant to which such stockholders may require the combined company to conduct a registered secondary offering or offerings after the completion of the merger. Sales pursuant to a registered offering under the amended and restated registration rights agreement are exempted from the transfer restrictions applicable under the stockholders agreement and the other Riverwood stockholders side letter. These transfer restrictions also permit sales by some of the current holders of Riverwood stock into the public markets after the completion of the merger under applicable securities law exemptions from registration. Graphic stockholders receiving combined company common stock in the merger will have no limits on the transfer of their shares, other than restrictions applicable to the Coors family stockholders and affiliates of the combined company.

Changes in Graphic's, Riverwood's or the combined company's credit ratings could adversely affect the costs and expenses of the combined company.

The credit rating of the combined company following the proposed merger may be different than the historical ratings of Riverwood or Graphic. The combined company will initially be highly leveraged, with a significant amount of debt. Riverwood currently has more debt and a lower credit rating than Graphic. The expected new credit facilities and new notes will not reduce the total amount of debt assumed by the combined company. Any downgrade in the credit ratings of Graphic, Riverwood or the combined company associated with the merger could adversely affect the ability of the combined company to borrow and result in more restrictive borrowing terms, including increased borrowing costs, more restrictive covenants and the extension of less open credit. This in turn could affect the combined company's internal cost of capital estimates and therefore operational decisions.

The combined company's proposed certificate of incorporation, by-laws, stockholder rights plan and Delaware law may discourage takeovers and business combinations that our stockholders might consider in their best interests.

Provisions in the combined company's proposed restated certificate of incorporation and amended and restated by-laws, the combined company's stockholder rights plan, and provisions of Delaware corporate law, may delay, defer, prevent or render more difficult a takeover attempt which is not approved by the combined company's board of directors but which the combined company's stockholders might consider in their best interests. These provisions include:

- authorization of the issuance of preferred stock, the terms of which may be determined at the sole discretion of the board of directors;

- establishment of a classified board of directors with staggered, three-year terms;

- provisions giving the board of directors sole power to set the number of directors;

limitation on the ability of stockholders to remove directors;

prohibition on stockholders from calling special meetings of stockholders;

establishment of advance notice requirements for stockholder proposals and nominations for election to the board of directors at stockholder meetings; and

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requirement that the holders of at least 75% of outstanding common stock approve the amendment of the combined company's by-laws and provisions of the combined company's certificate of incorporation governing:

the classified board,

the liability of directors, and

the elimination of stockholder actions by written consent.

These provisions may prevent the combined company's stockholders from receiving the benefit from any premium to the market price of combined company common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of the combined company common stock if they are viewed as discouraging takeover attempts in the future. These provisions may also make it difficult for stockholders to replace or remove the combined company's management.

A few significant stockholders may influence or control the direction of the combined company's business. If the ownership of the combined company common stock continues to be highly concentrated, it may limit the ability of you and other stockholders to influence significant corporate decisions.

The interests of Clayton, Dubilier & Rice Fund V Limited Partnership, or the CDR fund, EXOR Group S. A., or Exor, and the Coors family stockholders may not be fully aligned with your interests and this could lead to a strategy that is not in your best interest. Following the completion of the merger, the CDR fund and Exor will beneficially own approximately 17% and 17%, respectively, and the Coors family stockholders will own approximately 30% of the shares of the combined company common stock, each calculated on a fully diluted basis. As a result, the CDR fund, Exor and the Coors family stockholders will exercise significant influence over matters requiring stockholder approval. Riverwood has entered into a new stockholders agreement that will become effective upon the completion of the merger, pursuant to which the CDR fund, Exor and the Coors family stockholders will have the right to designate for nomination for election, in the aggregate, three members of the combined company's board of directors immediately following the completion of the merger. The concentrated holdings of the CDR fund, Exor and the Coors family shareholders and the presence of their designees on the combined company's board of directors may delay or deter possible changes in control of the combined company, which may reduce the market price of the combined company common stock.

Certain of Graphic's officers and directors have conflicts of interest that may have influenced them to approve the merger agreement and the transactions contemplated by the merger agreement.

Certain of Graphic's officers and directors participate in arrangements that provide them with interests in the merger that are different from, or in addition to yours. Upon completion of the merger, Graphic directors and executive officers will receive, in the aggregate, compensation and other benefits with a total value of approximately $14.3 million. The board of directors of Graphic was aware of these interests and considered them in approving the merger agreement and the transactions contemplated by the merger agreement. Graphic's stockholders should consider, however, whether these interests may have influenced these officers and directors to approve the merger agreement and the transactions contemplated by the merger agreement. You should read more about these interests under the section entitled "Interests of Certain Persons in the Merger" beginning on page 65.

RISKS RELATING TO THE COMBINED COMPANY'S BUSINESS

The combined company will have substantial existing debt and may incur substantial additional debt, which could adversely affect our financial health and our ability to obtain financing in the future and react to changes in our business.

As of March 31, 2003, on a combined pro forma as adjusted basis after giving effect to the merger and the financing transactions we expect to undertake in connection with the completion of the merger as described on page 60 and the application of the net proceeds therefrom, the combined company would have had an aggregate principal amount of approximately $2.2 billion of outstanding debt and stockholders' equity of approximately $500 million. We may incur substantial debt in the future. Our substantial debt could have important consequences to our stockholders. Because of our substantial debt:

- our ability to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes may be impaired in the future;
- a substantial portion of our cash flow from operations must be dedicated to the payment of principal and interest on our indebtedness, thereby reducing the funds available to us for other purposes;
- we will be exposed to the risk of increased interest rates because certain of our borrowings will be at variable rates of interest; and
- our flexibility to adjust to changing market conditions and ability to withstand competitive pressures could be limited, and we may be more vulnerable to a downturn in general economic conditions or our business or be unable to carry out capital spending that is necessary or important to our growth strategy and productivity improvement programs.

The agreements and instruments governing the combined company's debt will contain restrictions and limitations that could significantly impact our ability to operate our business and adversely affect our stockholders.

Our new senior secured credit facilities and the indentures for the senior notes and the senior subordinated notes we intend to issue will contain covenants that will restrict our ability to:

- dispose of assets;
- incur additional indebtedness, including guarantees;
- prepay other indebtedness or amend other debt instruments;
- pay dividends or make investments, loans or advances;
- create liens on assets;
- enter into sale and leaseback transactions;
- engage in mergers, acquisitions or consolidations;

- change the business conducted by us; and
- engage in transactions with affiliates.

In addition, under our new senior secured credit facilities, we expect to be required to comply with financial covenants, comprised of consolidated debt leverage and interest coverage ratio requirements, as well as limitations on the amount of capital expenditures. Our ability to comply with these covenants in future periods will depend on our ongoing financial and operating performance, which in turn will be subject to economic conditions and to financial, market and competitive factors, many of which are beyond our control, and will be substantially dependent on the selling prices for our products, raw material and energy costs, our success at implementing cost reduction initiatives and our ability to successfully implement our overall business strategy.

Our ability to comply with the covenants and restrictions contained in our new senior secured credit facilities and our note indentures may be affected by economic, financial and industry conditions beyond our control. The breach of any of these covenants or restrictions could result in a default under either our new secured credit facilities or our note indentures that would permit the applicable lenders or noteholders, as the case may be, to declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest. In any such case, we may be unable to make any borrowings under our new senior secured credit facilities and may not be able to repay the amounts due under our new senior secured credit facilities and our notes. This could have serious consequences to our financial condition and results of operations and could cause us to become bankrupt or insolvent.

The combined company's ability to generate the significant amount of cash needed to pay interest and principal amounts on our debt depends on many factors beyond our control.

Our ability to make scheduled payments or to refinance our obligations with respect to our debt will depend on our financial and operating performance which, in turn, is subject to prevailing economic and competitive conditions and to the following financial and business factors, some of which may be beyond our control:

- operating difficulties;
- increased operating costs;
- increased raw material and energy costs;
- decreased demand for our products;
- market cyclicality;
- product prices;
- the response of competitors;
- regulatory developments;
- failure to realize the anticipated benefits of the merger; and
- delays in implementing strategic projects.

If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to further reduce or delay capital expenditures, sell assets or seek to obtain additional equity capital, or to restructure our debt. In the future, our cash flow and capital resources may not be sufficient for payment of interest on and principal of our debt, and such alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. If required, we cannot be sure as to the timing of such sales or the proceeds that we could realize therefrom.

The combined company will be dependent on key customers and strategic relationships, and the loss of or reduced sales to key customers or changes in these relationships could result in decreased revenues, impact the combined company's cash flows and harm our financial position.

The loss of one or more key customers or strategic relationships, or a declining market in which these customers reduce orders or request reduced prices, may result in decreased revenues, negatively impact the combined company's cash flows and harm its financial condition. The combined company's success will depend upon its relationships with the key customers of Riverwood and Graphic, including Altria Group, General Mills, Coors Brewing Company, Anheuser-Busch, Miller Brewing Company, Pepsi-Cola and Coca-Cola's independent bottling network. Graphic's top ten customers accounted for

approximately 66% of its gross sales in 2002, and Riverwood's top ten customers accounted for over 50% of its gross sales in 2002.

From time to time the combined company's contracts with its customers will come up for renewal. We may be unable to renew agreements with the combined company's key customers. For example, in the fourth quarter of 2002, Riverwood was notified by Coca-Cola Enterprises, or CCE, that CCE would not renew its supply contract with Riverwood. CCE represented approximately 5% of Riverwood's consolidated net sales in 2002. Riverwood expects its volumes may be negatively impacted as a result of CCE's non-renewal notice. The combined company may not be able to enter contracts with new customers to replace any key customers or strategic relationships that are lost or reduced. In addition, Riverwood's and Graphic's contracts typically do not require customers to purchase any minimum level of products and many of the combined company's contracts will permit customers to obtain price quotations from its competitors, which the combined company would have to meet to retain their business.

The combined company will face intense competition and, if it is unable to compete successfully against other manufacturers of paperboard or folding cartons, it could lose customers and its revenues may decline.

Riverwood and Graphic currently are, and the combined company will be, subject to strong competition in most of their markets. A relatively small number of large competitors account for a significant portion of sales in the paperboard packaging industry. The combined company's primary competitors in one or more of its segments include Caraustar Industries, Inc., Field Container Company, L.P., Gulf States Paper Corporation, International Paper Company, MeadWestvaco Corporation, Packaging Corporation of America, R.A. Jones Co, Inc., Rock-Tenn Company and Smurfit-Stone Container Corporation. In addition, companies not currently in direct competition with Riverwood or Graphic may introduce competing products in the future.

There are only two major producers in the United States of coated unbleached kraft paperboard, or CUK board, MeadWestvaco Corporation, or MeadWestvaco, and Riverwood. The combined company will face significant competition in the CUK board business segment from MeadWestvaco, as well as from other manufacturers of packaging machines. Our highly leveraged nature could limit our ability to respond to market conditions or to make necessary or desirable capital expenditures as effectively as our competitors. In addition, we could experience increased competition if there are new entrants in the CUK board market segment. In beverage multiple packaging, cartons made from CUK board compete with plastics and corrugated packaging for packaging glass or plastic bottles, cans and other primary containers. Plastics and corrugated packaging generally provide lower-cost packaging solutions.

Our paperboard sales for use in consumer products packaging are affected by competition from other substrates, including MeadWestvaco's CUK board, solid bleached sulfate and recycled clay-coated news and, internationally, white lined chip board and folding boxboard. Paperboard grades compete based on price, strength and printability. CUK board has generally been priced in a range that is higher than recycled clay-coated news and lower than solid bleached sulphate board. There are a large number of suppliers in paperboard packaging markets, which are subject to significant competitive and other business pressures. Suppliers of paperboard compete primarily on the basis of strength and printability of their paperboard, quality, service and price.

Our net sales and profitability could be adversely affected by intense pricing pressures.

The competition in all of our business areas is driven by intense pricing pressures. The installation of state-of-the-art equipment by manufacturers has intensified the competitive pricing in the paperboard packaging industry. If the combined company's facilities are not as cost efficient as those of its competitors, or if its competitors otherwise are able to offer lower prices, the combined company may lose customers to its competitors, which would negatively impact its revenues, cash flows and

financial condition. The combined company will face pricing pressure in connection with long-term contract renewals and when bidding on new business. Even in strong markets, price pressures may emerge as competitors attempt to gain a greater market share by lowering prices. Competition in the various markets in which the combined company will participate comes from companies of various sizes, many of which are larger and have greater financial and other resources than the combined company will have, and thus can better withstand adverse economic or market conditions.

The combined company's ability to generate cash flows is subject to price weaknesses and variability.

The combined company's financial performance will depend in significant part on the selling prices that we realize for our paperboard, cartons and containerboard products.

Our cash flow is influenced by sales volume and selling prices for our products. In its coated board business segment, Riverwood has historically experienced moderate cyclical pricing for its cartonboard, which is principally sold in the open market to independent converters. Depressed selling prices for open market cartonboard could have a significant negative impact on the combined company's cash flow. Also, under agreements Riverwood has with a number of major converters, Riverwood is restricted in its ability to raise the selling prices of its cartonboard. This could negatively impact the combined company's margins if we were to experience increases in our costs due to inflation or otherwise. In addition, competitive factors may adversely affect prices for our carrierboard in the future, which would have a negative impact on our margins.

Riverwood's containerboard business segment operates in markets that historically have experienced significant fluctuations in sales. Depressed selling prices for Riverwood's open market containerboard products have had, and in the future could have, a significant negative impact on the combined company's net sales and cash flow. In addition, competitive factors may adversely affect containerboard prices in the future, which would have a negative impact on our margins.

Markets may not be able to absorb our entire CUK board production, which may negatively impact the combined company's financial condition and results of operations.

Riverwood's West Monroe and Macon mills have a current combined annual production capacity of approximately 1.2 million gross tons of CUK board. As a combined company, we expect to continue to sell a significant portion of our additional CUK board production in open markets. We may not be able to sell additional CUK board output in these markets without experiencing price reductions.

The combined company's reliance on only three mills for CUK board and coated recycled paperboard production could adversely affect our operating results and financial condition.

All of Riverwood's, and after the merger, the combined company's CUK board will be produced at what are currently Riverwood's West Monroe and Macon mills. All of Graphic's, and after the merger, the combined company's coated recycled paperboard will be produced at what is currently Graphic's Kalamazoo mill. Any prolonged disruption in production due to labor difficulties, equipment failure or destruction of or material damage to these facilities, could have a material adverse effect on our net sales, margins and cash flows. The proceeds of property and business interruption insurance may not be adequate to repair or rebuild our facilities in such event or to compensate us for losses incurred during the period of any such disruption.

The combined company's results from operations and financial condition will be dependent upon our costs, including the cost of energy and raw materials.

Energy, including natural gas, fuel oil and electricity, will represent a significant portion of the combined company's manufacturing costs. We believe that higher energy costs will negatively impact the combined company's results for 2003. Since negotiated contracts and the market largely determine our pricing, we are limited in our ability to pass through to our customers any energy or other cost

increases that we may incur in the future. As such, our operating margins and profitability may be adversely affected by rising energy or other costs.

The primary raw materials that will be used in the manufacture of the combined company's products are pine pulpwood, hardwood and recycled fibers, including old corrugated cardboard, or OCC, newsprint and box cuttings used in the manufacture of paperboard, and various chemicals used in the coating of CUK board. These materials are purchased in highly competitive, price sensitive markets. These raw materials have in the past, and may in the future, demonstrate price and demand cyclicality. OCC pricing, in particular, tends to be very volatile.

With the October 1996 sale of Riverwood's timberlands, Riverwood now relies on private land owners and the open market for all of its pine pulpwood, hardwood and recycled fiber requirements, except for CUK board clippings from its converting operations. Under the terms of the sale of those timberlands, Riverwood and the buyer, Plum Creek Timber Company, L.P., or Plum Creek, entered into a 20-year supply agreement in 1996, with a 10-year renewal option, for the purchase, at market-based prices, of a majority of Riverwood's West Monroe mill's requirements for pine pulpwood and residual chips, as well as a portion of its needs for hardwood at the West Monroe mill. If the supply agreement were terminated, Riverwood may not be able to find an alternative, comparable supplier or suppliers capable of providing its pine pulpwood and hardwood needs on terms or in amounts satisfactory to it. Significant increases in the cost of pine pulpwood, hardwood, recycled fiber or other raw materials, to the extent not reflected in prices for Riverwood's products, could have a material adverse effect on our margins and income from operations.

The combined company may not adequately protect its intellectual property and proprietary rights, which could harm its future success and competitive position.

The combined company's future success and competitive position depend in part upon its ability to obtain and maintain protection for certain proprietary carton and packaging machine technologies used in its value added products, particularly those incorporating the Composipac®, Micro-Rite®, Fridge Vendor® and Z-Flute® technologies. Failure to protect our existing intellectual property rights may result in the loss of valuable technologies or may require the combined company to license other companies' intellectual property rights. It is possible that:

- any of the patents owned by the combined company may be invalidated, circumvented, challenged or licensed to others; or

- any of the combined company's pending or future patent applications may not be issued within the scope of the claims sought by it, if at all.

Further, others may develop technologies that are similar or superior to the combined company's technologies, duplicate its technologies or design around its patents, and steps taken by the combined company to protect its technologies may not prevent misappropriation of such technologies.

The combined company will be subject to environmental, health and safety laws and regulations, and costs to comply with such laws and regulations, or any liability or obligation imposed under such laws or regulations, could negatively impact the combined company's financial condition and results of operations.

The combined company will be subject to a broad range of foreign, federal, state and local environmental, health and safety laws and regulations, including those governing discharges to air, soil and water, the management, treatment and disposal of hazardous substances, the investigation and remediation of contamination resulting from releases of hazardous substances, and the health and safety of employees. The combined company's environmental liabilities and obligations may result in significant costs, which could negatively impact our financial condition and results of operations. Capital expenditures may be necessary for the combined company to comply with such laws and regulations, including the United States Environmental Protection Agency's regulations mandating stringent controls on air and water discharges from pulp and paper mills, or the cluster rules. The

combined company expects to spend approximately $22 million over the next three years to comply with the cluster rules. Any failure by the combined company to comply with environmental, health and safety laws or any permits and authorizations required thereunder could subject us to fines or sanctions. In addition, some of Riverwood's and Graphic's current and former facilities, and facilities at which each of Riverwood and Graphic disposed of hazardous substances, are the subject of environmental investigations and remediations resulting from releases of hazardous substances or other constituents. Some current and former facilities have a history of industrial usage for which investigation and remediation obligations could be imposed in the future or for which indemnification claims could be asserted against us. We cannot estimate future investigation or remediation costs or future costs relating to indemnification claims. Also, potential future closures of facilities may necessitate further investigation and remediation at those facilities.

Loss of key management personnel could adversely affect the combined company's business.

Our future success will depend, in significant part, upon the service of Jeffrey H. Coors, who will be our Executive Chairman, Stephen M. Humphrey, who will be our President and Chief Executive Officer, and David W. Scheible, who will be our Executive Vice President of Commercial Operations. We have employment agreements with each of these executive officers. The loss of the services of one or more of these executive officers could adversely affect our future operating results because of their experience and knowledge of our business and customer relationships. We do not expect to maintain key person insurance on any of our executive officers.

Work stoppages and other labor relations matters may make it substantially more difficult or expensive for the combined company to manufacture and distribute its products, which could result in decreased sales or increased costs, either of which would negatively impact the combined company's financial condition and results of operations.

The combined company will be subject to risk of work stoppages and other labor relations matters because approximately 54.5% of its employees, located at 12 different plants, are unionized. Riverwood and Graphic have entered into 17 different union contracts, which the combined company will assume in connection with the merger. Three of the combined company's union contracts will expire by the end of 2003. We may not be able to successfully negotiate new union contracts covering the employees at our various sites without work stoppages or labor difficulties. In addition, such events may occur as a result of other factors. A prolonged disruption at any of our facilities due to work stoppages or labor difficulties could have a material adverse effect on our net sales, margins and cash flows. For example, Graphic experienced a labor dispute at its Kalamazoo mill and carton plant from July 2002 to January 2003 in connection with the negotiation of a new labor contract. Direct, incremental costs associated with the labor dispute were approximately $4.5 million. In addition, if new union contracts contain significant increases in wages or other benefits, our margins would be adversely impacted.

Our operations outside the United States are subject to the risks of doing business in foreign countries.

Riverwood has, and after the merger the combined company will have, operating facilities in six foreign countries and sells products worldwide. For 2002, before intercompany eliminations, net sales of Riverwood products from operations outside the United States totaled approximately $337.0 million, representing approximately 27% of its net sales for such period. Graphic's net sales of products from operations outside the United States for 2002 totaled approximately $5.0 million, representing approximately 0.5% of its net sales for such period. As a result, the combined company will be subject to the following significant risks associated with operating in foreign countries:

- devaluations and fluctuations in currency exchange rates;
- compliance with and enforcement of environmental, health and safety and labor laws and other regulations of the foreign countries in which the combined company will operate;

- export compliance;
- imposition of limitations on conversion of foreign currencies into U.S. dollars or remittance of dividends and other payments by foreign subsidiaries and difficulty repatriating funds;
- imposition or increase of withholding and other taxes on remittances and other payments by foreign subsidiaries;

- hyperinflation in certain foreign countries; and
- imposition or increase of investment and other restrictions by foreign governments.

If any of the above events were to occur, our net sales and cash flows could be adversely impacted, possibly materially.

Foreign currency risks and exchange rate fluctuations could hinder the results of the combined company's operations, and the strength of the U.S. dollar could disadvantage us relative to our foreign competitors.

Our financial performance will be directly affected by exchange rates as a result of:

- translations into U.S. dollars for financial reporting purposes of the assets and liabilities of our foreign operations conducted in local currencies;
- gains or losses from foreign operations translated into U.S. dollars; and
- a strong U.S. dollar relative to the currencies of the foreign countries we sell in, which will have the effect of reducing our margins.

The combined company may be limited in the future in the amount of NOLs that it can use to offset income.

As of December 31, 2002, Riverwood had approximately $1.2 billion of U.S. federal income tax net operating loss carry-forwards, or NOLs. After the completion of the merger, these NOLs generally may be used by the combined company to offset taxable income earned in subsequent taxable years. However, the combined company's ability to use these NOLs to offset its future taxable income may be subject to significant limitation. Imposition of any such limitation on the combined company's use of NOLs could have an adverse effect on its anticipated future cash flows. For a discussion of the combined company's NOLs, see "Information about Riverwood Management's Discussion and Analysis of Financial Condition and Results of Operations Net Operating Loss Carryforwards."

The combined company may be subject to losses that might not be covered in whole or in part by existing insurance coverage. These uninsured losses could result in substantial liabilities to the combined company that would negatively impact its financial condition.

There are various types of risks and losses for which we are not insured, such as losses resulting from wars or acts of God, because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, the combined company could incur liabilities, lose capital invested in that property or lose the anticipated future revenues derived from the manufacturing activities conducted at a property, while remaining obligated for any mortgage indebtedness or other financial obligations related to the property. Any such loss could result in substantial liabilities to the combined company or adversely affect its ability to replace property or capital equipment that is destroyed or damaged, and the combined company's productive capacity may diminish.

FORWARD-LOOKING STATEMENTS

Riverwood and Graphic have made forward-looking statements in this proxy statement/prospectus that are subject to risks and uncertainties. These statements are based on the beliefs and assumptions of each company's management. Generally, forward-looking statements include information concerning possible or assumed future actions, events or results of operations of Riverwood, Graphic and the combined company. Forward-looking statements include the information in this proxy statement/prospectus, specifically, regarding:

- management forecasts;
- efficiencies and cost savings;

- income and margins;
- earnings per share;
- growth;
- economies of scale;
- combined operations;
- the economy;
- future economic performance;
- conditions to, and the timetable for, completing the merger;
- future acquisitions and dispositions;
- litigation;
- potential and contingent liabilities;
- management's plans;
- taxes;
- merger and integration-related expenses;
- product approvals and launches; and
- refinancing of existing debt.

These statements may be preceded by, followed by or include the words "believes," "expects," "anticipates," "intends," "plans," "estimates" or similar expressions.

Forward-looking statements are not guarantees of performance. You should understand that the following important factors, in addition to those discussed in "Risk Factors" above and elsewhere in this proxy statement/prospectus, could affect the future results of Riverwood and Graphic, and of the combined company after the completion of the merger, and could cause those results or other outcomes to differ materially from those expressed or implied in our forward-looking statements:

- the ability to provide low-cost, high-quality products and to become a single-source supplier;

- actions by customers and other third parties;
- the effect of political and economic conditions, inflation and interest rates worldwide; and
- the effect of changes in laws and regulations, including changes in accounting standards, trade, tax, price controls and other regulatory matters.

Market share estimates are based on third party information that may be or may become obsolete or inaccurate.

INFORMATION ABOUT THE SPECIAL MEETING AND VOTING

Graphic's board of directors is using this document to solicit proxies from the holders of Graphic common stock for use at the Graphic special meeting. Graphic is first mailing this proxy statement/prospectus and accompanying form of proxy to Graphic stockholders on or about , 2003.

MATTERS RELATING TO THE SPECIAL MEETING

Time and Place

The special meeting will take place on , 2003, at a.m. Mountain Time, at .

Purpose of the Special Meeting

The purpose of the special meeting is to vote on:

- the proposal to approve the merger agreement, and
- such other matters as may properly come before the special meeting, including the approval of any adjournment of the special meeting.

Record Date

The record date for shares entitled to vote is , 2003.

Outstanding Shares Held on Record Date

As of , 2003, there were approximately outstanding shares of Graphic common stock and 1,000,000 outstanding shares of the convertible preferred stock.

Shares Entitled to Vote

Shares of Graphic common stock and convertible preferred stock held at the close of business on the record date, , 2003, are entitled to vote at the special meeting. The Graphic common stock and the convertible preferred stock vote together as a class, with each share of common stock entitled to cast one vote, and the shares of convertible preferred stock entitled to cast a total of 24,242,424 votes. In addition, the shares of convertible preferred stock are entitled to vote separately as a class.

Quorum Requirement

A quorum of stockholders is necessary to hold a valid special meeting. The presence in person or by proxy at the special meeting of holders of a majority of the shares of Graphic common stock entitled to vote at the special meeting and a majority of the shares of convertible preferred stock entitled to vote at the special meeting is a quorum. Abstentions count as present for establishing a quorum.

VOTE NECESSARY TO APPROVE THE MERGER AGREEMENT

Approval of the merger agreement requires the affirmative vote of the holders of two-thirds of the combined voting power of Graphic's capital stock (including the votes to which the holder of the convertible preferred stock is entitled) and the affirmative vote of the holder of two-thirds of the outstanding shares of convertible preferred stock, voting as a separate class. As a result of the voting agreement referred to below and the expressed intention of Graphic's executive officers and directors

to vote their shares in favor of the merger, the affirmative vote of holders of common stock representing an additional approximately 1% of the combined voting power of Graphic's capital stock is required to approve the merger agreement.

Coors family stockholders holding 13,481,548 shares of Graphic's outstanding common stock and all of Graphic's outstanding convertible preferred stock (entitled to vote separately as a class and to cast a total of 24,242,424 votes with the holders of Graphic common stock) have entered into a voting agreement. These shares represent approximately 65.1% of the combined voting power of Graphic's capital stock (based on 33,703,676 shares of common stock outstanding as of March 25, 2003 plus the voting power of the convertible preferred stock) and 100% of the voting power of the convertible preferred stock as of March 25, 2003. The voting agreement requires these stockholders to vote their shares of Graphic common and convertible preferred stock in favor of the merger agreement. In addition, the executive officers and directors of Graphic, representing approximately 0.6% of the combined voting power of Graphic's capital stock, have advised that they intend to vote their shares in favor of the merger agreement. Because of the commitments to vote for the merger by the Coors family stockholders and by Graphic directors and officers, who in the aggregate own shares entitled to cast approximately 65.7% of the combined voting power of Graphic's capital stock, approval of the merger agreement by Graphic stockholders is highly likely.

PROXIES

Voting Your Proxy

You may vote in person at the special meeting or by proxy. Graphic recommends that you vote by proxy even if you plan to attend the special meeting. You can always change your vote at the special meeting.

Voting instructions are included on your proxy card. If you properly give your proxy and submit it to Graphic in time to vote, one of the individuals named as your proxy will vote your shares as you have directed. You may vote for or against, or abstain from voting on, any proposal submitted at the special meeting. The effect of not voting or abstaining will have the same effect as a vote against the merger agreement. Complete, sign, date, and return your proxy card in the enclosed envelope.

If you submit your proxy but do not make specific choices, your proxies will follow the recommendations of the board of directors and vote your shares:

- "FOR" approval of the merger agreement; and
- in its discretion as to any other business as may properly come before the special meeting.

Special Meeting Costs

Graphic will bear the cost of preparing, assembling, and mailing the Notice of Special Meeting of Stockholders, this proxy statement/prospectus, and proxies to its stockholders. Graphic will also reimburse brokers who are holders of record of common stock for their expenses in forwarding proxies and proxy soliciting material to the beneficial owners of such shares. In addition to the use of the mails, proxies may be solicited without extra compensation by directors, officers, and employees of Graphic by telephone, telecopy or personal interview.

Revoking Your Proxy

You may revoke your proxy before it is voted by:

completing, signing and dating a new proxy card and returning it by mail so that it is received before the special meeting;

notifying Graphic's corporate secretary in writing before the special meeting that you have revoked your proxy; or

attending the special meeting and voting in person.

Voting in Person

If you plan to attend the special meeting and wish to vote in person, Graphic will give you a ballot to vote at the special meeting. However, if your shares are held in the name of your broker, bank, or other nominee, you must bring an account statement or letter from the nominee indicating that you are the beneficial owner of the shares on , 2003, the record date for voting.

Broker Non-votes

If your shares are registered in the name of a broker or other "street name" nominee, your votes will only be counted as to those matters actually voted. If you do not provide voting instructions (commonly referred to as "broker non-votes"), your shares will be counted for purposes of determining the presence or absence of a quorum for the transaction of business, but will not be voted in favor of the proposal to approve the merger agreement. Shares not being voted as to a particular matter will be considered as abstentions. Under applicable Colorado law, abstentions and broker non-votes will have the effect of a vote against the proposal to approve the merger agreement.

OTHER BUSINESS; ADJOURNMENTS

Graphic is not aware of any other business to be acted upon at the special meeting. If, however, other matters are properly brought before the special meeting, or any adjourned meeting, your proxies will have discretion to vote or act on those matters according to their best judgment, including to adjourn the special meeting.

Adjournments may be made for the purpose of, among other things, soliciting additional proxies. Any adjournments may be made from time to time by approval of the holders of shares representing a majority of the votes present in person or by proxy at the special meeting, whether or not a quorum exists, without further notice other than by an announcement made at the special meeting. Graphic does not currently intend to seek an adjournment of the special meeting.

THE PROPOSED MERGER

GENERAL

Graphic's board of directors is using this proxy statement/prospectus to solicit proxies from the holders of Graphic common stock for use at the Graphic special meeting. Riverwood's board of directors and Riverwood's stockholders have approved the merger agreement.

Riverwood, Acquisition Sub and Graphic have entered into the merger agreement providing for the merger. Under the merger agreement, at the time specified in the agreement, Graphic will merge with and into Acquisition Sub, with Acquisition Sub to be the surviving entity. As a Graphic stockholder, you will be entitled to receive one share of common stock of Riverwood Holding, Inc., to be renamed Graphic Packaging Corporation, in exchange for each share of Graphic common stock that you own. Immediately prior to the merger of Graphic with and into Acquisition Sub, Riverwood will transfer all of the shares of its wholly owned subsidiary RIC Holding Inc., or RIC Holding, to Acquisition Sub.

After the merger of Graphic with and into Acquisition Sub, (1) RIC Holding will be merged with and into Graphic Packaging Holdings, Inc. which will be renamed GPI Holding, Inc., (2) GPC will be merged with and into RIC which will be renamed Graphic Packaging International, Inc., and (3) Acquisition Sub will be merged with and into Riverwood which will be renamed Graphic Packaging Corporation.

As of March 25, 2003, before giving effect to the merger, Graphic had outstanding approximately 33.7 million shares of Graphic common stock (including approximately 0.4 million shares of restricted common stock), 1.0 million shares of convertible preferred stock (which are convertible into approximately 48.5 million shares of Graphic common stock) and 2.6 million shares of granted, but unissued, additional shares of restricted common stock. At such date, there were outstanding vested and unvested stock options to acquire approximately 5.5 million shares of Graphic common stock. At March 25, 2003, there were outstanding 7,054,930 shares of Riverwood Class A common stock and 500,000 shares of Riverwood Class B common stock. Immediately before the effective time of the merger, Riverwood will complete a 15.21-to-one stock split of its common stock and the holder of Graphic's convertible preferred stock will convert that stock into Graphic common stock. In the merger, the combined company will issue approximately 34.9 million shares of common stock to holders of Graphic common stock (including restricted stock) and approximately 48.5 million shares of common stock to the former holder of Graphic's convertible preferred stock. After giving effect to the stock split, Riverwood stockholders will have approximately 115.0 million shares of common stock of the combined company. After the merger, the combined company will have outstanding approximately 198.3 million shares of common stock. In the merger, holders of Graphic vested and unvested stock options will receive options to acquire shares of combined company common stock. After the effective time of the merger, stockholders of Graphic will own approximately 42.5%, in the aggregate, of all of the issued and outstanding shares of the combined company's common stock, and stockholders of Riverwood will own approximately 57.5%, in the aggregate, of the combined company's common stock, each calculated on a fully diluted basis.

There can be no assurance that the market price per share of combined company common stock after the merger will be equal to the market price per share of Graphic common stock before the merger, or that the marketability of combined company common stock will improve or remain consistent with the marketability of Graphic common stock before the merger.

GRAPHIC PROPOSAL

At the Graphic special meeting, holders of Graphic common stock and the holder of the convertible preferred stock will be asked to vote to approve the merger agreement.

THE MERGER WILL NOT BE COMPLETED UNLESS GRAPHIC'S STOCKHOLDERS APPROVE THE MERGER AGREEMENT.

BACKGROUND OF THE MERGER

Riverwood was acquired in 1996 by a group of investors, including private equity funds managed by Clayton, Dubilier & Rice, Inc., or CD&R, Exor, an international holding company of the Agnelli Group, Madison Dearborn Partners, LLC, Brown Brothers Harriman & Co., J.P. Morgan Partners LLC and others.

Graphic and Riverwood entered into a CUK folding boxboard supply contract in January 2000 and, as a result, senior management of each company began to develop a better understanding of the other company's business. The companies discussed potential joint projects for two new product offerings as well as areas of business cooperation during 2001, but none of these projects was consummated.

Beginning in early 2002, in part as a result of the consolidations in the packaging industry and in order to compete more effectively, Graphic began considering various strategic alternatives involving its business. From March through early May 2002, Graphic had discussions about business combinations with two other companies in the packaging industry. Following negotiations and the exchange of some business information, these discussions were terminated.

On May 3, 2002, Riverwood filed a registration statement with the SEC for an initial public offering of Riverwood common stock, and, during the summer of 2002, Riverwood was engaged in the registration process with the SEC.

In early July 2002, representatives of Graphic contacted representatives of Goldman, Sachs & Co. or Goldman Sachs, about exploring a potential acquisition of Riverwood by Graphic for a combination of cash and stock. Credit Suisse First Boston acted as financial advisor to Graphic, and Goldman Sachs, which had been working with Riverwood on the proposed offering, acted as financial advisor to Riverwood. In connection with these preliminary discussions, Graphic executed a confidentiality agreement with Riverwood.

On July 30, 2002, Luis E. Leon, Chief Financial Officer of Graphic, and David W. Scheible, Chief Operating Officer of Graphic, met with Stephen M. Humphrey, Chief Executive Officer of Riverwood, at CD&R's offices in New York. Representatives of Credit Suisse First Boston, on behalf of Graphic, and Goldman Sachs and CD&R, on behalf of Riverwood, also attended this meeting. At this meeting, each party presented a business overview and discussed the benefits and merits of a potential combination. In addition, representatives of Graphic discussed the structure and financing for an acquisition of Riverwood by Graphic. There were no further discussions on this proposed transaction.

During the remaining months of the summer and early fall of 2002, the U.S. capital markets continued to experience a decline in the demand for initial public offerings of stock. Following consultations with Goldman Sachs, Riverwood's stockholders and senior management initiated discussions with Graphic regarding a potential stock-for-stock exchange or merger of equals transaction, and Riverwood executed a confidentiality agreement with Graphic. On October 9, 2002, Jeffrey H. Coors, President and Chief Executive Officer of Graphic, and Messrs. Leon and Scheible met in Golden, Colorado with representatives of Goldman Sachs and representatives of Credit Suisse First Boston. At this meeting, the concept of a stock-for-stock merger between Graphic and Riverwood and a methodology for valuation were discussed.

From October 9, 2002 through the week of March 3, 2003, the financial advisors for both parties had numerous discussions regarding the potential valuation for any merger between Graphic and Riverwood and the relative contributions by each company to the combined entity. During the negotiations over the relative contributions of Graphic and Riverwood to the pro forma combined

company, the financial advisors to the two companies discussed a number of factors to be taken into account, including the EBITDA multiple to be used to calculate enterprise value, each company's estimated EBITDA for 2002 and projected EBITDA for 2003 and any adjustments thereto, including the impact of potential acquisitions, the weight to be given to each company's tax benefits, appropriate discount rates and other factors.

During the remainder of October through January 2003, Messrs. Coors, Leon and Scheible on behalf of Graphic and assisted by representatives of Credit Suisse First Boston met with Mr. Humphrey and representatives of CD&R and Goldman Sachs to discuss the strategic and operating advantages of a potential transaction, as well as the potential terms of a transaction, including valuation and the corresponding allocation of ownership of the combined company between Graphic stockholders and Riverwood stockholders, executive officer positions and board of directors composition, the treatment of incentive and employment agreements, the treatment of the convertible preferred stock held by the Trust, the potential financing for the transaction and potential synergies and cost savings resulting from the proposed merger.

On November 18, 2002, at a special meeting, Graphic's board of directors discussed a potential transaction with Riverwood and the status of negotiations.

On December 9, 2002 at a regularly scheduled board meeting, Graphic's board of directors discussed strategic considerations with respect to the potential transaction and other potential strategic alternatives. An overview of a proposed merger was presented to the board at this meeting and the board discussed the proposal.

During the period from November 2002 through March 24, 2003, the Riverwood board of directors met on a regular basis in person and by conference telephone call with Mr. Humphrey, representatives of CD&R, Goldman Sachs and Debevoise & Plimpton, or Debevoise, Riverwood's legal advisor, to review and discuss the strategic rationale and the material terms of the proposed transaction.

By the end of December 2002, the boards of directors of both companies had determined that, based on preliminary contribution analyses prepared by the companies and their financial advisors, both companies should continue to explore the terms of a merger of equals transaction. The two companies also determined to begin a more extensive due diligence investigation of each other beginning in January 2003.

On January 8 and 9, 2003, Graphic and Riverwood, together with their financial advisors, held detailed company-to-company business review meetings at the Debevoise offices in New York. During the week of January 13, 2003, both companies made data rooms available, and due diligence investigations, including site visits, by financial, accounting, legal and other advisors for both companies began and continued through March 24, 2003.

On January 27, 2003, Graphic's board of directors held a meeting by telephone to discuss the potential transaction with Riverwood and the status of negotiations. Also on January 27, Mr. Coors visited Riverwood's Fiskeby board mill in Sweden to review and evaluate Riverwood's business operations there.

On February 10, 2003, at a strategy session held prior to a regularly scheduled board meeting, Graphic's board of directors again discussed the proposed merger. This meeting included an extensive review and discussion of the transaction among the directors, as well as updates from Graphic's management on the strategic and business considerations relating to the transaction, the ongoing diligence review and the status of

discussions between the parties. Messrs. Coors, Leon, Scheible and Jill B.W. Sisson, general counsel and secretary of Graphic, and Marsha C. Williams, vice president, human resources of Graphic, informed the Graphic board of various calls and meetings between Graphic and its advisors and Riverwood and its advisors that had occurred in late January and early February.

During the weeks of February 10 and 17, Riverwood's legal advisor provided drafts of the principal transaction documents to Holme Roberts & Owen LLP, the legal advisors to Graphic, and Davis Graham & Stubbs LLP, the legal advisors to the Coors family stockholders, including the merger agreement, voting agreement, stockholders agreement, registration rights agreement and related charter and by-law amendments. The draft merger agreement contained customary representations, warranties and covenants and provided for payment by Graphic of a termination fee in the event that the Graphic board of directors determined, in the exercise of its fiduciary duties, to terminate the merger agreement to accept a superior offer from a third party. The draft stockholders agreement, to which the CDR fund, EXOR and the Coors family stockholders were to become parties, contained customary restrictions on transfer of shares of the combined company and provided for the allocation of rights to designate members of the board of directors and specified committees. The initial draft provided for a thirteen member board of directors, with the Coors family stockholders, together, having the right to designate four directors, the CD&R fund having the right to designate four directors (one of whom would be Mr. Humphrey for so long as he remained the chief executive officer of the combined company), EXOR having the right to designate two directors and with the remaining three directors to be mutually agreed and independent.

In providing a voting agreement to the Coors family stockholders, Riverwood's advisors indicated that Riverwood would require that the Coors family stockholders agree to support the proposed transaction and that the Trust convert its shares of the convertible preferred stock into Graphic common stock in connection with the merger. The draft voting agreement proposed by Riverwood required the Coors family stockholders, as evidence of their commitment to the proposed transaction, to agree to pay to Riverwood 100% of the increased consideration per share to which the family stockholders would become entitled in the event that the Graphic board terminated the merger agreement to accept a superior offer from a third party. The draft voting agreement also required the family stockholders to agree to waive any increased consideration per share that Riverwood might offer in the event that Riverwood agreed to increase the merger consideration payable to the Graphic stockholders in response to a superior offer from a third party.

Beginning in February and continuing through March 24, 2003, the parties, together with their respective legal and financial advisors, negotiated the principal terms of the transaction documents, including valuation and the proposed exchange ratio, and continued to conduct due diligence. The parties, together with their respective legal and financial advisors, also negotiated the composition of the board of directors and executive officers of the combined company, as well as other employee compensation and benefit matters, including amendments to the employment agreements of Messrs. Humphrey, Coors and Scheible and other Graphic employees. The negotiation of the merger agreement and other documents was handled primarily by Mr. Coors, Mr. Leon and Ms. Sisson, on behalf of Graphic, Mr. Humphrey, Daniel J. Blount, Chief Financial Officer of Riverwood, and representatives of CD&R on behalf of Riverwood, representatives of Riverwood's stockholders and representatives of the Coors family stockholders, together with each party's legal and financial advisors.

On February 25, 2003, Riverwood and Graphic, together with their legal and financial advisors, representatives of Riverwood's stockholders and the legal advisors to the Coors family stockholders met to discuss valuation and other terms of the merger agreement, voting agreement, stockholders agreement and amended and restated registration rights agreement.

During the week of March 3, 2003, based on continuing valuation analyses by both companies' senior management teams and financial advisors, the parties determined that the proposed exchange ratio for the merger would reflect that 57.5% and 42.5% of the common stock of the combined company on a fully diluted basis would be held by Riverwood stockholders and Graphic stockholders, respectively. Having arrived at an agreement regarding the relative contributions of the two companies, the parties then agreed on an exchange ratio of one Riverwood share for each Graphic share, taking into account the two companies' mutual interest in having a sufficiently large number of outstanding

shares to permit greater liquidity in the trading market for the combined company's common stock. On the basis of an exchange ratio of one-for-one, the Riverwood board would later approve the stock split ratio of 15.21 shares of Riverwood common stock for each outstanding share of Riverwood Class A and Class B common stock in order to arrive at an appropriate number of outstanding shares of combined company common stock held by Riverwood stockholders following the merger.

On March 5, 2003, Graphic's board held a special meeting, during which the directors extensively discussed the status of the proposed transaction and the terms of the draft merger agreement. At that meeting, in response to Riverwood's request that the Trust convert its shares of

the convertible preferred stock into Graphic common stock and Riverwood's offer to pay the Trust, in consideration of such conversion, an amount in cash equal to the estimated present value of the dividends payable on the convertible preferred stock from the effective time of the merger through the first date on which Graphic would have been able to redeem the convertible preferred stock, the members of the Graphic board not affiliated with the Coors family formed an independent committee, which retained Morgan Stanley as financial advisor to determine the fairness of the consideration proposed to be paid to the Trust.

During the weeks of March 10 and 17, 2003, representatives and senior management of Graphic and Riverwood, representatives of Riverwood's stockholders and representatives of the Coors family stockholders, together with their respective legal and financial advisors, continued to negotiate the definitive terms of the merger agreement, voting agreement, stockholders agreement and related transaction documents. On March 13, 2003, Graphic and Riverwood, along with their respective financial advisors, met in New York to conduct additional financial due diligence on each other's respective operations. During the negotiations over the stockholders agreement, each side agreed that it would be in the best interests of stockholders of the combined company for it to have a board of directors with a majority of independent directors. As a result, the CD&R fund, EXOR and the Coors family stockholders agreed that the number of directors would be reduced to nine and that five of the nine directors would be independent, one director would be the chief executive officer and one of each of the three remaining director positions would be filled by a designee of each of the CD&R fund, EXOR and the Coors family stockholders. During the final negotiations over the voting agreement, the Coors family stockholders, through their representatives, agreed to the partial disgorgement and waiver terms set forth in the final voting agreement as executed.

On March 24, 2003, Morgan Stanley made a presentation to an independent committee of the Graphic board of directors regarding the financial terms of the conversion payment to be made by Riverwood in consideration of the conversion of the convertible preferred stock, and delivered to the independent committee its oral opinion that, as of that date, based upon and subject to the factors and assumptions set forth in the Morgan Stanley fairness opinion, the consideration to be paid pursuant to the voting agreement to the Trust by Riverwood representing an amount equal to the present value, calculated at a discount rate of 8.5%, of the dividends payable to the convertible preferred stock from the effective time of the merger through the first date on which Graphic could have redeemed the convertible preferred stock, was fair to Graphic from a financial point of view. The independent committee then voted unanimously to approve the proposed terms for the conversion of the convertible preferred stock, including the 8.5% discount rate used to calculate the present value of future dividends. Morgan Stanley confirmed its oral opinion in a written fairness opinion delivered to the independent committee on March 24, 2003. There were no material differences between the oral and written versions of Morgan Stanley's fairness opinion.

On March 24, 2003, Graphic's board of directors met to consider the merger agreement and the proposed transaction. At the meeting, Graphic's management, together with Graphic's financial and legal advisors, discussed the status of negotiations and the proposed terms of the transaction, the merger agreement and the other documents contemplated by the merger agreement. Credit Suisse First Boston made a presentation regarding the financial terms of the transaction and its valuation analyses

of Graphic and Riverwood. Credit Suisse First Boston then delivered to the board its oral opinion that, as of that date, based upon and subject to the factors and assumptions set forth in the Credit Suisse First Boston fairness opinion, the exchange ratio in the merger was fair from a financial point of view to the holders of Graphic common stock other than the Coors family stockholders. Credit Suisse First Boston confirmed its oral opinion in a written fairness opinion delivered to the board on March 25, 2003. There were no material differences between the oral and written versions of Credit Suisse First Boston's fairness opinion.

After an extensive discussion, Graphic's board of directors, by unanimous vote of the directors, except for Mr. William K. Coors, who was not present at the meeting, and Mr. Jeffrey H. Coors, who abstained, determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement were fair to and in the best interests of Graphic and its stockholders. The board, by unanimous vote of the directors voting, voted to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, including an amendment to the Graphic rights agreement, and to recommend that Graphic's stockholders vote "for" the approval of the merger agreement.

On March 21 and 24, 2003, the Riverwood board of directors held special meetings to review the final terms of the proposed merger agreement, the voting agreement, the stockholders agreement, the amended employment agreement for Mr. Humphrey and other related transaction documents. Also present at the meetings were members of Riverwood's senior management team and representatives of Goldman Sachs and Debevoise. Mr. Humphrey presented his assessment of the proposed transaction. Members of Riverwood management and representatives of Debevoise presented the results of the due diligence investigation of Graphic and Debevoise reviewed the proposed merger agreement in detail. Goldman Sachs reviewed the financial terms of the proposed transaction. Thereafter, at the special meeting held on March 24, the members of the board of directors of Riverwood present at the meeting voted unanimously to approve the merger agreement and the other transaction documents. Stockholders of Riverwood holding a majority of the outstanding shares of Riverwood voting stock approved the merger agreement and the transactions contemplated by the merger agreement by written consent on March 24, 2003.

Following these meetings, representatives of Riverwood and Graphic met to finalize the transaction documents. On March 25, 2003, the merger agreement was executed by Graphic, Riverwood and Acquisition Sub, and the voting agreement, stockholders agreement, amended and restated registration rights agreement and other documents contemplated by the merger agreement, were executed by Riverwood, the Coors family stockholders and the other parties to those agreements.

Before the opening of trading on the NYSE on March 26, 2003, Riverwood and Graphic issued a joint press release announcing their execution of the merger agreement. That same day, representatives of Riverwood and Graphic made a joint presentation to the financial community regarding the proposed merger and filed written materials made available in connection with that presentation pursuant to Rule 425 under the Securities Act. On May 19, 2003, representatives of Riverwood and Graphic met with members of the financial community regarding the merger and filed additional written materials pursuant to Rule 425. These presentations discussed a variety of matters, including merger-related synergies that are expected to result in cost savings to the combined company and enhanced growth opportunities resulting from the merger.

The presentations noted that Riverwood and Graphic have identified significant business combination benefits associated with the merger. As of the date of this proxy statement/prospectus, Riverwood and Graphic now estimate that, based on their expectations of the combined company's future performance, the combined company will achieve approximately $52 million of synergies by the third year after the closing of the merger. Riverwood and Graphic anticipate that these synergies will come primarily from savings in corporate and information technology expenses, procurement of raw

materials and other commonly purchased items, operating division selling, general and administration expenses, further optimization of paper machine usage and further forward integration of internally produced paperboard. Riverwood and Graphic cannot make assurances as to the amount or timing of synergies, if any, that may be realized. Potential difficulties in realizing such synergies include, among other things, integrating personnel from the two companies, combining different corporate cultures, merging the two companies' information technology systems and integrating the companies' facilities.

The presentations also described enhanced growth opportunities that Riverwood and Graphic expect will result from the merger. These opportunities include cross-selling of each company's products such as Riverwood's Z-Flute® and CUK applications and Graphic's laminated applications to customers of the other company, development of comprehensive product solutions, and leveraging Riverwood's global platform to bring to a broader market Graphic product innovations in areas such as microwave packaging.

GRAPHIC'S REASONS FOR THE MERGER

On March 24, 2003, by unanimous vote of the directors voting, the Graphic board of directors determined that the merger is fair to and in the best interests of Graphic and its stockholders, approved and adopted the merger agreement and resolved to recommend that Graphic stockholders vote "FOR" approval of the merger agreement. Some of Graphic's directors and executive officers have interests in the merger that are different from, or in addition to, yours. These interests are discussed in "Interests of Certain Persons in the Merger" beginning on page 65.

In reaching its decision, the Graphic board of directors considered a number of factors, including the following:

- The complementary product offerings of Riverwood and Graphic, which would create a premier value added paperboard packaging company with the ability to offer a comprehensive solution to existing customers of both companies;
- The attractive mix and margins of the combined company's complete product portfolio;
- Riverwood's history of strong customer relationships;
- The global opportunities available to Graphic as the result of Riverwood's existing operations;
- The potential for enhanced liquidity for stockholders;

The opportunity to achieve significant operating synergies identified in connection with the merger, including reduced corporate overhead as a percentage of sales, purchasing synergies, savings from board substitutions and the potential tax savings from Riverwood's net operating loss;

The opportunity for additional cost savings in the combined company, including more efficient usage of its facilities;

The ability of the combined company to be viewed by the marketplace in the same category as the largest paper and packaging companies;

The greater access to capital markets, which may result in interest cost savings to the combined company;

The oral presentation by, and written opinion dated March 25, 2003 of, Credit Suisse First Boston to the Graphic board of directors that, as of that date, based upon and subject to the assumptions, limitations and qualifications set forth in the written opinion, the exchange ratio in the merger was fair to Graphic stockholders other than the Coors family stockholders, from a financial point of view;

The independent committee's unanimous vote to approve the proposed terms for the conversion of the convertible preferred stock, including the 8.5% discount rate used to calculate the present value of future dividends;

The risks to Graphic of remaining as a stand-alone company, including pricing pressure, declining margins and competitive threats;

The other strategic alternatives available to Graphic, including other potential opportunities for acquisitions or strategic relationships;

The belief of Graphic's board and management that the terms of the merger agreement, including the parties' representations, warranties, covenants and conditions to their respective obligations, are reasonable;

The structure of the merger as a tax-free reorganization for United States federal income tax purposes;

The ability of the Graphic board to consider a superior acquisition proposal and to terminate the merger agreement in connection with such a proposal, subject to procedural requirements and the payment of a termination fee;

The board's understanding of current market and industry conditions;

That various senior officers of Graphic will serve in senior management positions of the combined company; and

That the Trust, the largest stockholder of Graphic, and the other Coors family stockholders had agreed to vote for approval of the merger agreement.

The Graphic board of directors also identified and considered the following potentially negative factors in its deliberations concerning the merger:

The risk that the merger might not be completed or that closing might be delayed;

The difficulty of integrating the management teams, business strategies and complex organizations of Graphic and Riverwood;

The risk that the identified synergies will not be fully attained within the expected time frame, or at all;

The substantial costs to be incurred in connection with the merger, including transaction expenses and costs related to integration of the two companies;

The initial highly leveraged financial position of the combined company;

The reliance of the combined company on a few major customers;

The risk that the merger could have an adverse effect on the combined company's relationships with its customers and employees;

The risk that, although Graphic has the right to terminate the merger agreement if a third party makes a superior proposal for a business combination with Graphic that is not matched by Riverwood, the termination fee of $30 million and expense reimbursement of up to $3 million payable by Graphic in such a situation would discourage such a proposal and limit Graphic's ability to pursue alternative transactions;

That the merger would be effected at a time when Graphic's stock was trading below its previous high levels and at a time before the company's strategic plans had been fully implemented and its expected benefits fully achieved; and

The other risks described in "Risk Factors" beginning on page 22.

After deliberation, the Graphic board of directors concluded that, on balance, the potential benefits of the merger to the Graphic stockholders outweighed these risks and potential disadvantages.

The foregoing discussion of the information and factors considered by the Graphic board of directors is not intended to be exhaustive, but includes the material factors considered by the Graphic board of directors. In reaching its decision to approve the merger and to recommend the merger to the Graphic stockholders, the Graphic board of directors did not view any single factor as determinative and did not find it necessary or practicable to assign any relative or specific weights to the various factors considered. Furthermore, individual directors may have given different weights to different factors.

RECOMMENDATION OF THE BOARD OF DIRECTORS OF GRAPHIC

THE GRAPHIC BOARD OF DIRECTORS RECOMMENDS THAT GRAPHIC STOCKHOLDERS VOTE "FOR" APPROVAL OF THE MERGER AGREEMENT.

In considering the recommendation of Graphic's board of directors with respect to the merger, you should be aware that some officers and directors of Graphic have interests in the merger that are different from, or in addition to, the interests of Graphic stockholders generally. Graphic's board of directors was aware of these interests and considered them in approving the merger agreement and the transactions contemplated by the merger agreement. For more information on these interests, see "Interests of Certain Persons in the Merger" beginning on page 65. Mr. Jeffrey H. Coors abstained from voting on the merger to avoid any appearance of a conflict of interest. As an officer of Graphic and of the combined company, he will receive certain benefits at the effective time of the merger as described on page 65. Mr. Coors

did participate in discussions concerning the merger.

In addition, you should be aware that the Coors family stockholders, who hold 13,481,548 shares of Graphic's outstanding common stock and all of the outstanding convertible preferred stock (entitled to vote separately as a class and to cast a total of 24,242,424 votes with the holders of Graphic common stock), have entered into a voting agreement, which requires these stockholders to vote their shares of Graphic common and convertible preferred stock in favor of the merger agreement. These shares represent approximately 65.1% of the combined voting power of Graphic's capital stock and 100% of the voting power of the convertible preferred stock as of March 25, 2003. Also, the executive officers and directors of Graphic, representing approximately 0.6% of the combined voting power of Graphic's capital stock, have advised that they intend to vote their shares in favor of the merger agreement. Because of the commitments to vote for the merger by the Coors family stockholders and by Graphic directors and officers, who in the aggregate own shares entitled to cast approximately 65.7% of the combined voting power of Graphic's capital stock, approval of the merger by Graphic stockholders is highly likely.

OPINIONS OF GRAPHIC'S FINANCIAL ADVISORS

Opinion of Credit Suisse First Boston LLC Regarding the Merger

The following table presents the actual exchange ratio, as compared to the alternative outcomes indicated by various analyses performed by Credit Suisse First Boston as described below. The ranges reflect the implied equity value percentage received by the respective equity holders of Graphic and

Riverwood. For a fuller description of the analyses referred to in the table, please refer to the relevant sections of the discussion below.

	Summary of Valuation Analyses Implied Equity Value % Received	
	Graphic	**Riverwood**
Transaction Value Received	42.5%	57.5%
Discounted Cash Flow Analysis Range*	37.1% 39.6%	60.4% 62.9%
Contribution Analysis Range*	40.1% 46.8%	53.2% 59.9%

* This range reflects the highs and lows reflected in the analyses described below.

Credit Suisse First Boston has acted as Graphic's exclusive financial advisor in connection with the merger. Graphic selected Credit Suisse First Boston based on Credit Suisse First Boston's experience, reputation and familiarity with Graphic's business and the business of Riverwood. Credit Suisse First Boston is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

In connection with Credit Suisse First Boston's engagement, Graphic requested that Credit Suisse First Boston evaluate the fairness, from a financial point of view, to the holders of Graphic common stock, other than the Coors family stockholders, of the exchange ratio set forth in the merger agreement. On March 24, 2003, at a meeting of the board of directors of Graphic held to evaluate the merger, Credit Suisse First Boston delivered an oral opinion, which was subsequently confirmed in a written opinion dated March 25, 2003, to the effect that, as of that date and based on and subject to the assumptions, limitations and qualifications described in its written opinion, the exchange ratio was fair to the holders of Graphic common stock, other than the Coors family stockholders, from a financial point of view.

The full text of Credit Suisse First Boston's written opinion, dated March 25, 2003, to the board of directors of Graphic, is attached as Annex C to this proxy statement/prospectus. Holders of Graphic common stock are urged to read this opinion in its entirety.

Credit Suisse First Boston's opinion is addressed to the board of directors of Graphic and relates only to the fairness, from a financial point of view, to the holders of Graphic common stock, other than the Coors family stockholders, of the exchange ratio. Credit Suisse First Boston's opinion does not constitute a recommendation to any stockholder of Graphic as to how such stockholder should vote or act on any matter

relating to the merger.

In arriving at its opinion, Credit Suisse First Boston:

- reviewed certain business and financial information relating to Graphic and Riverwood, as well as the merger agreement;

- reviewed certain other information, including financial forecasts, provided to or discussed with Credit Suisse First Boston by Riverwood and Graphic;

- met with the managements of Riverwood and Graphic to discuss the business and prospects of Graphic and Riverwood;

- relied upon the views of the managements of Riverwood and Graphic concerning the business, financial, operational and strategic benefits and implications of the merger, including financial forecasts provided to or discussed with Credit Suisse First Boston by Graphic and Riverwood

relating to the synergistic values, tax benefits and operating cost savings expected to be achieved through the combination of operations of Graphic and Riverwood;

- considered certain financial and stock market data of Graphic and certain financial data of Riverwood and compared those data with similar data for other publicly held companies in businesses similar to Graphic and Riverwood; and

- considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which Credit Suisse First Boston deemed relevant.

In connection with Credit Suisse First Boston's review, Credit Suisse First Boston did not assume any responsibility for independent verification of any of the information and relied on it being complete and accurate in all material respects. With respect to the financial forecasts relating to Graphic, Credit Suisse First Boston assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of Graphic's management as to the future financial performance of Graphic. With respect to the financial forecasts relating to Riverwood and the cost savings, tax benefits and other potential synergies anticipated to result from the merger, Credit Suisse First Boston assumed that such forecasts (including adjustments thereto) represented reasonable estimates and judgments as to the future financial performance of Riverwood and as to such cost savings, tax benefits and other potential synergies (including the amount, timing and achievability thereof). Credit Suisse First Boston also assumed, with Graphic's consent, that all necessary regulatory and third party approvals and consents for the merger would be obtained without material delay or expense and without any limitation, restriction or condition being imposed that would have an adverse effect on the business of Graphic or Riverwood or the contemplated benefits of the merger and that the merger would be consummated in accordance with the terms of the merger agreement, without waiver, modification or amendment of any material term, condition or agreement therein. In addition, Credit Suisse First Boston assumed, with Graphic's consent, that each outstanding share of Class A common stock of Riverwood and Class B common stock of Riverwood would be reclassified into and become 15.21 shares of Riverwood common stock immediately before the merger. Graphic has also informed Credit Suisse First Boston, and Credit Suisse First Boston assumed, that the merger will be treated as a tax-free reorganization for United States federal income tax purposes.

In addition, Credit Suisse First Boston was not requested to make, and did not make, an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Graphic or Riverwood, nor was Credit Suisse First Boston furnished with any such evaluations or appraisals. Credit Suisse First Boston's opinion was necessarily based upon the information available to Credit Suisse First Boston and financial, economic, market and other conditions as they existed and could be evaluated on the date of the merger agreement. Credit Suisse First Boston did not express any opinion as to what the actual value of the shares of combined company common stock would be when issued to the holders of the Graphic common stock pursuant to the merger or the prices at which such shares would trade at any time. Credit Suisse First Boston's opinion does not address any aspect or implication of the treatment of certain restricted shares of Graphic common stock held by executives of Graphic provided for in the merger agreement. In addition, Credit Suisse First Boston's opinion did not address the relative merits of the merger as compared to other transactions or business strategies that might be available to Graphic, nor did it address Graphic's underlying business decision to proceed with the merger.

In preparing its opinion to the board of directors of Graphic, Credit Suisse First Boston performed a variety of financial and comparative analyses, including those described below. The preparation of a fairness opinion is complex and is not readily susceptible to partial analysis or summary description. Accordingly, Credit Suisse First Boston believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors, or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

No company, transaction or business used in Credit Suisse First Boston's analyses as a comparison is directly comparable to Graphic, Riverwood or the proposed merger, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the merger or the other values of the companies, business segments or transactions being analyzed.

The estimates contained in Credit Suisse First Boston's analyses and the ranges of valuations resulting from any particular analysis are not necessary indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. The analyses do not purport to be appraisals or to reflect the prices at which businesses actually may be sold.

Credit Suisse First Boston's opinion and financial analyses were among many factors considered by the board of directors of Graphic in its evaluation of the proposed merger and should not be viewed as determinative of the views of the board of directors of Graphic or the managements of Graphic or Riverwood with respect to the merger or the consideration to be received by the holders of Graphic common stock pursuant to the merger.

Summary of Financial Analyses

The following is a summary of the material financial analyses underlying Credit Suisse First Boston's opinion dated March 25, 2003, delivered to the board of directors of Graphic in connection with the merger. The financial analyses summarized below include information presented in tabular format. In order to fully understand Credit Suisse First Boston's financial analyses, the tables must be read together with the text of each summary. Considering the data set forth in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Credit Suisse First Boston's financial analyses. Predictions of results of operations, cash flows, EBITDA and per share values for 2003 and subsequent years set forth in the following analyses are not guaranteed, involve risks and uncertainties and may not accurately predict future results of the combined company. These predictions may be affected by the various factors described above in the sections called "Risk Factors" and "Forward-Looking Statements."

Comparable publicly traded company analysis. Credit Suisse First Boston analyzed the market values and trading multiples of Graphic and of selected publicly traded paper and packaging companies that Credit Suisse First Boston believed were reasonably comparable to Graphic and Riverwood. In selecting comparable companies for this analysis, Credit Suisse First Boston considered, among other factors, business mix, industry, size and performance of publicly traded paper and packaging companies. These comparable companies consisted of:

- Caraustar Industries, Inc.;
- Rock-Tenn Company;
- Sonoco Products Company;
- Bemis Company, Inc.;
- MeadWestvaco Corporation;
- Packaging Corporation of America; and

Smurfit-Stone Container Corporation.

In examining these comparable companies, Credit Suisse First Boston calculated the enterprise value of each company as a multiple of its respective 1999, 2000, 2001, 2002 and projected calendar year 2003 earnings before interest expense, taxes, depreciation and amortization, or EBITDA. Credit Suisse First Boston also calculated the four-year historical average from 1999-2002 of these multiples. The enterprise value of a company is equal to the value of its fully-diluted common equity plus debt and the liquidation value of outstanding convertible preferred stock, if any, minus cash and the value of certain other assets, including minority interests in other entities. Except as otherwise noted herein, all historical data was derived from publicly available sources and all projected data was obtained from Wall Street research reports. Credit Suisse First Boston's analysis of the comparable companies yielded the following multiple ranges:

Enterprise Value / EBITDA[(1)]

Year	Graphic	Average[(2)]	Median[(2)]
1999	9.9x	8.1x	7.1x
2000	4.8x	5.7x	5.9x
2001	6.1x	7.4x	7.6x
2002	6.9x	7.9x	8.1x
Historical Average	6.9x	7.3x	7.2x
2003[(3)]	6.8x	7.5x	7.4x

(1) All historical multiples based on end of year data with the exception of 2002, which is based on the March 20, 2003 closing stock price.

(2) Average and median include Graphic.

(3) 2003 multiple based on 2002 enterprise value (based on March 20, 2003 stock price) and 2003 EBITDA estimate.

The average comparable company multiple of enterprise value to EBITDA was approximately 7.0x 7.5x for these periods. The results of this analysis were used to help determine inputs for the contribution and discounted cash flow analyses described below.

Contribution analysis. Credit Suisse First Boston analyzed the relative contributions of Graphic and Riverwood to the pro forma combined company for the year 2002 and projected year 2003 based on selected financial data, assuming no anticipated cost savings resulting from the merger, but including the effect of certain expenses and benefits that each respective party contributes. Credit Suisse First Boston analyzed the respective contributions of each company's projected EBITDA for 2003 based on estimates provided by the managements of Graphic and Riverwood (as adjusted by Graphic management). The implied percent of equity value in the table below denotes each respective

company's share of pro forma equity based on its contribution to enterprise value, accounting for the debt contributed by each of Graphic and Riverwood, respectively:

	Multiple of EBITDA to Calculate Enterprise Value			
	7.0x		7.5x	
	Graphic Implied % of Equity Value	Riverwood Implied % of Equity Value	Graphic Implied % of Equity Value	Riverwood Implied % of Equity Value

	Multiple of EBITDA to Calculate Enterprise Value			
2002:				
Base Case[(1)]	43.4%	56.6%	41.2%	58.8%
With J.D. Cahill Co., Inc. Synergies[(2)]	45.0%	55.0%	42.7%	57.3%
With Labor Dispute Addback of $4.5 million[(3)]	45.3%	54.7%	42.9%	57.1%
With J.D. Cahill Co., Inc. Synergies and Labor Dispute Addback[(4)]	46.8%	53.2%	44.3%	55.7%
2003:				
Base Case[(1)]	41.9%	58.1%	40.1%	59.9%
With J.D. Cahill Co., Inc. Synergies[(2)]	43.5%	56.5%	41.6%	58.4%

(1) For calculating the Base Case, this analysis includes the anticipated EBITDA (excluding synergies) and debt from the J.D. Cahill Co., Inc. acquisition as if it occurred on January 1, 2002 or January 1, 2003 as applicable.

(2) For calculating Graphic's EBITDA, this analysis includes anticipated synergies from the March 6, 2003 acquisition of J.D. Cahill Co., Inc.

(3) For calculating Graphic's EBITDA, this analysis adds back the costs related to a labor dispute at the Kalamazoo mill in 2002, but excludes anticipated synergies from the March 6, 2003 acquisition of J.D. Cahill Co., Inc.

(4) For calculating Graphic's EBITDA, this analysis adds back the costs related to a labor dispute at the Kalamazoo mill in 2002 and includes anticipated synergies from the March 6, 2003 acquisition of J.D. Cahill Co., Inc.

Pro forma financial impact. Using projections provided by the management of Graphic and Riverwood (as adjusted by Graphic management), Credit Suisse First Boston compared the projected earnings per share, or EPS, of Graphic for 2003 through 2007 on a stand-alone basis to the projected pro forma EPS for 2003-2007 of the combined company after the merger. This analysis showed that with anticipated cost savings, tax benefits and other potential synergies (as estimated by Graphic management), the merger would have the following effects:

	Standalone Graphic EPS	Pro Forma EPS for Combined Company	Accretion / (Dilution)
2003	$ 0.29	$ 0.42	43.1%
2004	0.31	0.50	58.6%
2005	0.35	0.62	78.3%
2006	0.38	0.70	84.5%
2007	0.41	0.77	87.7%

Discounted cash flow analysis. Credit Suisse First Boston performed a discounted cash flow, or DCF, analysis of the projected cash flows of Graphic for the fiscal years ending December 31, 2003 through December 31, 2012, using projections and assumptions provided by the management of Graphic. The DCFs for Graphic were estimated using discount rates ranging from 9.0% to 10.0%, based on estimates related to the weighted average costs of capital of Graphic, and terminal multiples of estimated EBITDA for Graphic's fiscal year ending December 31, 2012 ranging from 7.0x to 7.5x. Based on this analysis, Credit Suisse First Boston estimated an equity value of Graphic ranging from $444.0 million to $543.1 million and an implied equity value per share of Graphic common stock ranging from $5.12 to $6.26.

In addition, Credit Suisse First Boston performed a DCF analysis of the projected cash flows of Riverwood for the fiscal years ending December 31, 2003 through December 31, 2012, using projections and assumptions provided by the management of Riverwood as adjusted by Graphic management. The DCFs for Riverwood were estimated using discount rates ranging from 9.0% to 10.0%, based on estimates related to the weighted average costs of capital of Riverwood, and terminal multiples of estimated EBITDA for Riverwood's fiscal year ending December 31, 2012 ranging from 7.0x to 7.5x. Based on this analysis, Credit Suisse First Boston estimated an equity value of Riverwood

ranging from $678.4 million to $919.2 million.

Based on these results, Credit Suisse First Boston derived Graphic's share of the equity value of the pro forma company ranging from 37.1% to 39.6% compared to the percent of equity value in the combined company for Graphic stockholders of 42.5%, as provided for in the merger.

Pro forma combined discounted cash flow analysis. Credit Suisse First Boston also performed a DCF analysis of the projected pro forma combined cash flows of the combined company for the fiscal years ending December 31, 2003 through December 31, 2012, using projections and assumptions provided by the management of Graphic and by the management of Riverwood (as adjusted by Graphic management), including cost savings, tax benefits and other potential synergies as estimated by Graphic management). The DCFs for the combined company were estimated using discount rates ranging from 9.0% to 10.0%, based on estimates related to the weighted average costs of capital of the combined company, and terminal multiples of estimated EBITDA for the combined company's fiscal year ending December 31, 2012 ranging from 7.0x to 7.5x. Based on this analysis, Credit Suisse First Boston estimated an implied equity value per share of common stock of the combined company ranging from $6.96 to $8.78 compared to the implied equity value per share of Graphic common stock from the Graphic standalone DCF analysis ranging from $5.12 to $6.26.

Fee Arrangements

Graphic has agreed to pay Credit Suisse First Boston a transaction fee equal to 0.60% of the value of the outstanding Riverwood common stock (including in-the-money options or other conversion rights) plus 0.60% of the amount of any debt of Riverwood or its affiliates outstanding on March 25, 2003, the date of the merger agreement. This transaction fee is contingent on the completion of the merger and is limited to a maximum of $10 million. Credit Suisse First Boston also received a fee of $1.5 million for rendering its opinion, which fee is creditable against the transaction fee described above. Graphic also has agreed to reimburse Credit Suisse First Boston for its out-of-pocket expenses, including fees and expenses of legal counsel and any other advisor retained by Credit Suisse First Boston, and to indemnify Credit Suisse First Boston and related parties against liabilities, including liabilities under the federal securities laws, arising out of its engagement.

Credit Suisse First Boston and its affiliates have in the past provided, and may in the future provide, investment banking and financial services to Riverwood and Graphic unrelated to the proposed merger, for which services Credit Suisse First Boston and its affiliates have received, and

expect to receive, compensation. During the past two years, Credit Suisse First Boston and its affiliates have provided investment banking and financial services to Graphic unrelated to the proposed merger, for which services Credit Suisse First Boston and its affiliates have received approximately $5.1 million in compensation. In addition, subject to certain conditions, Credit Suisse First Boston or one or more of its affiliates has agreed to provide the combined company, or otherwise assist the combined company in obtaining, financing in connection with the merger, for which it anticipates receiving approximately $4.8 million in fees. In addition, Credit Suisse First Boston or one or more of its affiliates has agreed to provide the combined company, or otherwise assist the combined company in obtaining, financing in connection with the merger. In the ordinary course of business, Credit Suisse First Boston and its affiliates may actively trade the debt and equity securities of Riverwood and Graphic for their own accounts and for the accounts of customers and, accordingly, may at any time hold long or short positions in those securities.

Opinion of Morgan Stanley & Co. Incorporated Regarding the Conversion of the Convertible Preferred Stock

Morgan Stanley was engaged in early March to provide a financial fairness opinion in connection with the proposed conversion payment by Riverwood to the holder of the convertible preferred stock in connection with the conversion of the convertible preferred stock to common stock, and entered into an engagement letter dated as of March 21, 2003. Morgan Stanley was selected by an independent committee of the Graphic board of directors to act as its financial advisor based on Morgan Stanley's qualifications, reputation and its knowledge of the business and affairs of Graphic. At the meeting of the independent committee on March 24, 2003, Morgan Stanley rendered its oral opinion, subsequently confirmed in writing on March 24, 2003, that based upon and subject to the various assumptions and considerations set forth in the opinion, the conversion payment to be paid pursuant to the voting agreement, equal to the estimated present value, calculated using a discount rate of 8.5%, of the future dividend payments payable to the convertible preferred stock from the effective time of the merger through the first date as of which Graphic could have redeemed the convertible preferred stock, was fair from a financial point of view to Graphic.

The full text of the written opinion of Morgan Stanley, dated March 24, 2003, which sets forth, among other things, assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion, is attached as Annex D to this proxy statement/prospectus. Graphic stockholders are urged to, and should, read the opinion

carefully and in its entirety. Morgan Stanley's opinion is directed to the independent committee of the board of directors of Graphic and addresses only the fairness of the consideration to be paid pursuant to the voting agreement from a financial point of view to Graphic as of the date of the opinion, does not address the underlying decision by any party to enter into the voting agreement, does not address the underlying decision by Graphic to enter into the merger agreement and does not address the fairness, from a financial point of view, of the exchange ratio or any other element of the merger. The summary of the opinion of Morgan Stanley set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of such opinion.

In connection with rendering its opinion, Morgan Stanley, among other things:

- reviewed certain publicly available documents and other information related to the convertible preferred stock;
- reviewed certain publicly available financial statements and other financial and operating data concerning Graphic;
- reviewed the draft merger agreement and voting agreement and certain related documents;
- reviewed the cost of capital, and reviewed the potential terms of a comparable security being issued by Graphic and the combined company; and
- considered such other factors and performed such other analyses as Morgan Stanley deemed appropriate.

In rendering its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information reviewed by it for the purposes of its opinion. Morgan Stanley did not make any independent valuation or appraisal of the assets and liabilities of Graphic, nor was it furnished with such appraisals. In addition, Morgan Stanley assumed that the conversion will be consummated in accordance with the terms set forth in the voting agreement. Morgan Stanley's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of March 24, 2003.

The following is a summary of all of the material analyses performed by Morgan Stanley in connection with its oral opinion and the preparation of its written opinion letter dated March 24, 2003.

Analysis of convertible preferred stock terms. Morgan Stanley examined the terms of the convertible preferred stock and noted that the Trust, as the holder of the convertible preferred stock, was entitled to a cumulative quarterly dividend of $2.50 per share of convertible preferred stock, accrued daily and payable on the 15th day of the last month of each calendar quarter. Morgan Stanley noted that the amount of the conversion payments would vary depending upon the effective time of the merger. Specifically, Morgan Stanley noted that if dividends were paid by Graphic to the holders of the convertible preferred stock during the period from March 24, 2003 to the effective time of the merger, the amount of those dividends would be deducted from and would not be included in the conversion payment. In addition, Morgan Stanley noted that the first date as of which Graphic could redeem the convertible preferred stock is August 15, 2005.

Calculation of present value of preferred dividends. Morgan Stanley calculated the estimated present value of dividend payments payable on the convertible preferred stock from the estimated effective time of the merger through the first date as of which Graphic could have redeemed the convertible preferred stock. Morgan Stanley noted that, assuming an effective time of the merger of April 1, 2003, a change of 1% in the rate used to discount the dividend payments payable on the convertible preferred stock changed the estimated present value by approximately $250,000.

Cost of capital analysis. Morgan Stanley estimated the weighted average cost of capital for Graphic and the combined company. Morgan Stanley reviewed Riverwood's and Graphic's filings with the SEC to determine the capital structures and stated costs of debt financing of Riverwood and Graphic, respectively. In addition, Morgan Stanley estimated the potential market costs of equity and debt financing of Graphic and the combined company. Based on this information, Morgan Stanley estimated a weighted average cost of capital for Graphic of 5.3% and for the combined company of 5.3%. Morgan Stanley noted that the discount rate utilized in determining the amount of the conversion payment was greater than the estimated weighted average cost of capital of each of Graphic and the combined company.

Comparable security analysis. Morgan Stanley estimated the publicly-traded market value of a hypothetical security with comparable terms to the convertible preferred stock as if such security had been issued by each of Graphic and the combined company. Morgan Stanley compared the estimated publicly-traded market value of the convertible preferred stock with the sum of:

- the value of the underlying common stock of Graphic that would be issued to the holder of the convertible preferred stock upon the conversion; and

- the conversion payment to be made by Riverwood to the holder of the convertible preferred stock.

Morgan Stanley noted the sum of the value of the underlying common stock as of March 20, 2003 and the dividend prepayment was less than the estimated publicly-traded market value of the comparable security.

In connection with the review by the independent committee of the conversion payment to be made by Riverwood to the holder of the convertible preferred stock, Morgan Stanley performed a variety of financial and comparative analyses for purposes of its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor considered by it. Furthermore, Morgan Stanley believes that selecting any portion of its analyses, without considering all analyses, would create an incomplete view of the process underlying its opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors and may have deemed various assumptions more or less probable than other assumptions, so that the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley's view of the actual value of the convertible preferred stock or any component thereof or of Graphic.

In performing its analyses, Morgan Stanley made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Graphic.

Any estimates contained in Morgan Stanley's analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates. The analyses performed were prepared solely as part of Morgan Stanley's analysis of the fairness of the consideration to be paid pursuant to the voting agreement and were conducted in connection with the delivery of the Morgan Stanley opinion to the independent committee. In addition, as described above, Morgan Stanley's opinion and presentation to the independent committee was one of many factors taken into consideration by the independent committee in making its decision to approve the proposed terms for the conversion of the convertible preferred stock, and the independent committee's recommendation was one of many factors taken into consideration by Graphic's board of directors in making its decision to approve the merger agreement. Consequently, the Morgan Stanley analyses as described above should not be viewed as determinative of the opinion of the independent committee with respect to the conversion payment to be made by Riverwood to the holder of the convertible preferred stock or of whether the independent committee would have been willing to agree to a different consideration. Morgan Stanley's opinion does not address the underlying decision by Graphic to enter into the merger agreement or the decision by any party to enter into the voting agreement. In addition, Morgan Stanley's opinion does not address the fairness, from a financial point of view, of the exchange ratio or any other element of the merger. In arriving at its opinion, Morgan Stanley was not authorized to and did not investigate any alternative transactions with respect to the convertible preferred stock.

Morgan Stanley was retained based upon Morgan Stanley's qualifications, experience and expertise. Morgan Stanley is an internationally recognized investment banking and advisory firm. Morgan Stanley, as part of its investment banking and financial advisory business, is continuously engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. In the ordinary course of its business, Morgan Stanley may from time to time trade in the securities or indebtedness of Riverwood and Graphic for its own account, the accounts of investment funds and other clients under the management of Morgan Stanley and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities or indebtedness.

Pursuant to the engagement letter, Morgan Stanley acted as financial advisor in connection with the conversion payment to be made by Riverwood to the holder of the convertible preferred stock and received a fee of $250,000, which was paid upon rendering its financial fairness opinion. Pursuant to a

separate engagement letter, Morgan Stanley was engaged to provide specific advice to Graphic's management related to valuation matters in connection with the proposed business combination between Riverwood and Graphic and will receive a fee of $200,000 for these services, payment of which is contingent upon completion of the merger. Graphic also has agreed to reimburse Morgan Stanley for its expenses, including fees and expenses of legal counsel and other advisors incurred in performing its services. In the past, Morgan Stanley and its affiliates have provided financial advisory and financing services for Graphic and have received fees for the rendering of these services. During the past two years, Morgan Stanley has received approximately $5.4 million for financial advisory and financing services provided to Graphic. Morgan Stanley is also expected to provide services to the combined company related to financing arrangements for the merger, for which it anticipates receiving approximately $8 million in fees. An affiliate of Morgan Stanley is a director of Riverwood.

In addition, Graphic has agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including certain liabilities under the federal securities laws, related to or arising out of Morgan Stanley's engagement and any related transactions.

RIVERWOOD'S REASONS FOR THE MERGER

In reaching its determination to approve the merger and the merger agreement, the Riverwood board of directors consulted with Riverwood management, legal counsel and accountants and was advised by Goldman Sachs, its financial advisor with respect to this transaction, and considered the short-term and long-term interests of Riverwood. In particular, the Riverwood board of directors considered the following material factors, among others, all of which it deemed favorable, in reaching its decision to approve the merger and the merger agreement:

- The complementary product offerings of Riverwood and Graphic, which would create a premier value added paperboard packaging company with the ability to offer a comprehensive solution to existing customers of both companies;
- The attractive mix and margins of the combined company's complete product portfolio;
- Graphic's history of strong customer relationships;
- The substantial synergies identified in connection with the merger;
- The opportunity for additional cost savings, creating increased opportunities for improvement in the combined organization and usage of its facilities;
- The attractive financing features, including becoming a publicly traded equity company, refinancing possibilities, better credit and the utilization of net operating losses; and
- The similar operating culture of both companies.

ACCOUNTING TREATMENT

The merger will be accounted for as a purchase by Riverwood under accounting principles generally accepted in the United States of America. Under the purchase method of accounting, the assets and liabilities of Graphic will be recorded, as of completion of the merger, at their respective fair values and added to those of Riverwood.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER

The following discussion summarizes the material United States federal income tax consequences to a holder of Graphic common stock of the exchange of Graphic common stock for combined company common stock in the merger.

Scope of Discussion

This discussion does not purport to be a complete technical analysis or listing of all potential tax consequences that may be relevant to a person who exchanges Graphic common stock for combined company common stock in the merger. This discussion only addresses the tax consequences to stockholders who hold Graphic common stock as a capital asset. This discussion does not address the tax consequences of the merger under state, local or foreign law and the discussion does not address any non-income tax consequences of the merger (such as estate or gift tax consequences). This discussion does not address all aspects of United States federal income taxation that may be important to a stockholder in light of that stockholder's particular circumstances. Accordingly, this discussion does not address any of the tax consequences associated with:

- the exercise of options to purchase Graphic common stock before the effective time of the merger;
- the exchange of options to purchase Graphic common stock for options to purchase combined company common stock in the merger;
- the exchange of restricted Graphic common stock for restricted combined company common stock in the merger; or
- the conversion of the convertible preferred stock into Graphic common stock and the receipt of the conversion payment.

This discussion also does not address the United States federal income tax consequences of the merger to a person who is subject to special rules under the Code, including but not limited to:

- a financial institution or insurance company;
- a tax-exempt organization, retirement plan or mutual fund;
- a dealer, broker or trader in securities;
- a foreign person;
- a person who holds its Graphic common stock as part of a hedge, appreciated financial position, straddle or conversion transaction; or
- a person who holds a beneficial interest in a partnership (or an entity taxed as a partnership), trust or estate that, in each case, owns Graphic common stock.

Each person who is considering exchanging Graphic common stock for combined company common stock in the merger is urged to consult his or her own tax advisor to determine the particular United States federal, state, local, and foreign income and other tax consequences of the merger that may be material to such person.

Tax Opinions

Graphic will receive an opinion from its tax counsel, Holme Roberts & Owen LLP, or HRO, dated as of the effective date of Riverwood's registration statement of which this proxy statement/prospectus is a part, or the effective date opinion, to the effect that, subject to the assumptions, conditions, qualifications, limitations and applicable law described above under the heading "Scope of Discussion" and under this heading, the merger will be treated for United States federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to the closing of the merger that Graphic receive this opinion from HRO. It is also a condition to the completion of the merger that Graphic receive a second opinion from HRO, dated as of the closing date of the merger, or the closing date opinion, confirming the foregoing opinion.

HRO's effective date opinion will also state that, subject to the assumptions, conditions, qualifications, limitations and applicable law described above under the heading "Scope of Discussion" and under this heading:

- Riverwood and Graphic will each be a party to the reorganization within the meaning of Section 368(b) of the Code; and

- the material United States federal income tax consequences to a holder of Graphic common stock of the exchange of Graphic common stock for combined company common stock in the merger are (i) the exchange of Graphic common stock for combined company common stock in the merger will not result in the recognition of gain or loss to the holder; (ii) the holder will have a tax basis in combined company common stock received in the merger equal to the tax basis of Graphic common stock surrendered by the holder in the merger; and (iii) the holding period for shares of combined company common stock received by the holder in exchange for Graphic common stock in the merger will include the holding period for Graphic common stock surrendered by the holder in the merger.

The full text of HRO's effective date opinion will be filed as an exhibit to Riverwood's registration statement immediately prior to the effectiveness of such registration statement. For information on how to obtain a copy of exhibits filed with Riverwood's registration statement, see "Where You Can Find More Information" on page 208. HRO's closing date opinion will also confirm the foregoing statements made in HRO's effective date opinion.

In rendering its opinions, HRO will have examined the merger agreement, the voting agreement, the stockholders agreement, the amended and restated registration rights agreement, and any other agreements and documents that affect the material terms and conditions of the merger and that are specifically discussed or referred to in either Riverwood's registration statement or this proxy statement/prospectus, or both, collectively the transaction documents.

HRO's opinions will, with the permission of Graphic and without any investigation or independent verification by HRO, each assume that: (i) the transaction documents constitute legal, valid and binding obligations of the parties thereto and that such documents are enforceable against such parties in accordance with their terms; (ii) the merger will be consummated in the manner described in the merger agreement and in this proxy statement/prospectus; and (iii) the merger will be a valid merger under applicable state law.

In addition, HRO's opinions will, with the permission of Graphic and without any investigation or independent verification by HRO, each assume that: (i) the factual matters and descriptions contained in the transaction documents are accurate and complete; (ii) the representations, warranties and covenants made by Riverwood, Acquisition Sub and Graphic in the transaction documents as well as in representation letters delivered to HRO and signed by authorized representatives of Riverwood,

Acquisition Sub and Graphic are accurate and complete; and (iii) the parties to the transaction documents and the representation letters delivered to HRO will act in accordance with, and will refrain from taking any action that is prohibited by, the terms and conditions thereof.

If any of the foregoing assumptions is inaccurate or incomplete, HRO's effective date opinion or its closing date opinion, or both, may be invalid. If any of these assumptions cannot be made, HRO may not be able to provide its effective date opinion or its closing date opinion, or both. If HRO cannot provide its effective date opinion or its closing date opinion, the merger cannot close unless Graphic and Riverwood waive, either in whole or in part, the requirement that Graphic receive such opinions. If Graphic and Riverwood waive, either in whole or in part, the requirement that Graphic receive such opinions, or if HRO's closing date opinion would differ materially from HRO's effective date opinion, and there is a material change in the expected United States federal income tax consequences associated with the exchange of Graphic common stock for company common stock in the merger as described in this proxy statement/prospectus, then this proxy statement/prospectus will be revised and recirculated and the approval of Graphic's shareholders will be resolicited.

HRO's effective date opinion and its closing date opinion will each be based on the Code, applicable Treasury regulations, publicly available administrative interpretations and court decisions, all as in effect on the respective date of each such opinion and all of which may change, possibly with retroactive effect.

Each of HRO's opinions will represent its current legal judgment only on the specific issues addressed based on the assumptions, conditions, qualifications, limitations and applicable law described above under the heading "Scope of Discussion" and under this heading and each of HRO's opinions is not a guarantee. Each of HRO's opinions will have no official legal status of any kind. The Internal Revenue Service may take a position contrary to HRO's opinions and, if the matter is litigated, a court could reach a contrary decision. Neither Riverwood nor Graphic intends to obtain a ruling from the IRS regarding the tax consequences of the merger.

Each of HRO's opinions will be rendered as of the date thereof. HRO will not undertake to advise Graphic of matters that may come to HRO's attention subsequent to the date of each of its opinions and that may affect such opinions, including without limitation, future changes in applicable law.

United States Federal Income Tax Consequences of the Exchange of Graphic Common Stock for Combined Company Common Stock in the Merger

In accordance with HRO's opinions, and subject to the assumptions, conditions, qualifications, limitations and applicable law described above under the headings "Scope of Discussion" and "Tax Opinions," the following are expected to be the material United States federal income tax consequences to a holder of Graphic common stock of the exchange of Graphic common stock for combined company common stock in the merger:

- the exchange of Graphic common stock for combined company common stock in the merger will not result in the recognition of gain or loss to the holder;
- the holder will have a tax basis in combined company common stock received in the merger equal to the tax basis of Graphic common stock surrendered by the holder in the merger; and
- the holding period for shares of combined company common stock received by the holder in exchange for Graphic common stock in the merger will include the holding period for Graphic common stock surrendered by the holder in the merger.

REGULATORY MATTERS RELATING TO THE MERGER

United States Antitrust

The merger is subject to review by the United States Department of Justice and United States Federal Trade Commission under the HSR Act. Under this statute, Riverwood and the Trust were required to make pre-merger notification filings and to await the expiration or early termination of statutory waiting periods before completing the merger. On April 11, 2003, each of Riverwood and the Trust completed its initial HSR Act filing and the waiting period expired on May 12, 2003. Accordingly, the condition to the merger requiring the expiration or termination of the HSR Act waiting period has been satisfied.

Other Jurisdictions

Riverwood and Graphic conduct operations in a number of foreign jurisdictions, and the merger may also be subject to review by governmental authorities under the antitrust laws of those jurisdictions. We recognize that some of these approvals, which are not required to be obtained under the merger agreement, may not be obtained before the completion of the merger and may impact the combined company's ability to conduct business in those jurisdictions. However, neither party is required to complete the merger if the companies have failed to obtain any governmental approval and such failure would reasonably be expected to have a material adverse effect on the combined company following the merger.

We cannot assure you that the governmental reviewing authorities will clear the merger at all or without restrictions or conditions that would have a material adverse effect on the combined company if the merger is completed. These restrictions and conditions could include a complete or partial license, divestiture, spin-off or the holding separate of assets or businesses. In addition, notwithstanding the expiration of the

waiting period under the HSR Act, after the completion of the merger, either the Department of Justice, the Federal Trade Commission or another governmental authority could challenge or seek to block the merger under the antitrust laws, as it deems necessary or desirable in the public interest. Other competition agencies with jurisdiction over the merger could also initiate action to challenge or block the merger. In addition, in some jurisdictions, a competitor, customer or other third party could initiate a private action under the antitrust laws challenging or seeking to enjoin the merger, before or after it is completed. Riverwood and Graphic cannot be sure that a challenge to the merger will not be made or that, if a challenge is made, Riverwood and Graphic will prevail.

DISSENTERS' RIGHTS

Common Stockholders

Under applicable provisions of Colorado law, holders of Graphic common stock are not eligible for dissenters' rights in connection with the merger.

Preferred Stockholder

The Trust, the sole holder of the convertible preferred stock, has entered into a voting agreement in connection with the merger, under which the Trust has agreed to vote its shares in favor of the merger agreement. See "Material Terms of Related Agreements Voting Agreement" on page 83. Under the voting agreement, the Trust has waived any dissenters' rights that it may have in connection with the merger.

RIGHTS AGREEMENT

Graphic entered into a rights agreement dated May 31, 2000, with Norwest Bank Minnesota N.A. (now known as Wells Fargo Bank Minnesota, N.A.) as rights agent. Under this agreement, Graphic effected a dividend distribution of stockholder rights that carry certain conversion rights in the event of a significant change in beneficial ownership of Graphic. One right is attached to each share of Graphic's common stock outstanding and is not detachable until such time as a person or group of affiliated or associated persons acquires beneficial ownership of 15% or more of Graphic's outstanding common stock. Such an acquisition is referred to in the rights agreement as a triggering event. Each right entitles each registered holder (excluding the acquiring person or group) to purchase from Graphic one-thousandth of a share of Series A junior participating preferred stock, par value $0.01 per share, at a purchase price of $42.00 per one-thousandth of a share. Registered holders receive shares of Graphic's common stock valued at twice the exercise price of the right upon exercise. Upon the occurrence of a triggering event, Graphic is entitled to exchange one share of its common stock for each right outstanding, or to redeem the rights at a price of $0.001 per right. The rights will expire on June 1, 2010.

In connection with the proposed merger, Graphic and the rights agent amended the terms of the rights agreement so that the execution and delivery of the merger agreement and voting agreement and the consummation of the transactions contemplated by the merger agreement will not constitute a triggering event. This means that holders of Graphic's common stock will not obtain the detachable rights in connection with the proposed merger.

Also, in anticipation of the proposed merger, Riverwood will adopt a stockholder rights plan. See "Description of the Combined Company's Capital Stock Stockholder Rights Plan" on page 205.

FEDERAL SECURITIES LAWS CONSEQUENCES; STOCK TRANSFER RESTRICTION AGREEMENTS

All shares of the combined company's common stock received by Graphic stockholders in the merger will be freely transferable, except that shares of combined company common stock received by persons who are deemed to be "affiliates" of Graphic under the Securities Act at the time of the Graphic special meeting may be resold by them only in transactions permitted by Rule 145 under the Securities Act or as otherwise permitted under the Securities Act. Persons who may be deemed to be an affiliate of Graphic for such purposes generally include individuals or entities that control, are controlled by or are under common control with, Graphic, as the case may be, and include directors, certain executive officers and principal stockholders of Graphic. These affiliates may resell the shares of combined company common stock they receive in the merger only:

- under an effective registration statement under the Securities Act covering the resale of those shares;
- in transactions permitted by Rule 145(d) under the Securities Act; or

as otherwise permitted under the Securities Act.

Riverwood's registration statement on Form S-4, of which this proxy statement/prospectus is a part, does not cover the resale of shares of combined company common stock to be received in connection with the merger by persons who may be deemed to be affiliates of Graphic before the merger, and no person is authorized to make any use of this document in connection with any such sale. The merger agreement also requires that Graphic use reasonable best efforts to cause each affiliate to execute a written agreement to the effect that such persons will not offer, sell or otherwise dispose of any of the shares of combined company common stock issued to them in the merger in violation of the Securities

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Act or the related SEC rules and regulations promulgated thereunder. However, the Coors family stockholders, each of whom may be deemed to be an affiliate of Graphic, have entered into an amended and restated registration rights agreement with Riverwood and its current stockholders. The amended and restated registration rights agreement gives the Coors family stockholders the right, in certain instances, to demand registration of their shares of combined company common stock or to participate in registered offerings of shares by the combined company. See "Material Terms of Related Agreements Amended and Restated Registration Rights Agreement" on page 90.

STOCK EXCHANGE LISTING; DELISTING AND DEREGISTRATION OF GRAPHIC COMMON STOCK

It is a condition to the merger that the shares of the combined company's common stock issuable in the merger be approved for listing on the NYSE, subject to official notice of issuance. If the merger is completed, Graphic common stock will cease to be listed on the NYSE and its shares will be deregistered under the Securities Exchange Act of 1934, as amended.

MERGER FINANCING

Refinancing Transactions

Riverwood and Graphic currently expect to enter into the following financing transactions in connection with the merger:

- The closing of the new credit facilities, providing for approximately $1.6 billion of term loan and revolving credit commitments.
- The offer and sale by the combined company of approximately $850 million of new notes.
- The repayment in full of all outstanding amounts under each of RIC and GPC's existing senior secured credit facilities and the termination of all commitments under those facilities.
- The consummation of tender offers and consent solicitations for all outstanding $10^{5}/_{8}$% senior notes due 2007 and $10^{7}/_{8}$% senior subordinated notes due 2008 of RIC, expected to close concurrently with the merger.
- The consummation of an anticipatory tender offer and consent solicitation for all outstanding $8^{5}/_{8}$% senior subordinated notes due 2012 of GPC, made in anticipation of the change of control offer called for by the indenture governing such notes and expected to close concurrently with the merger.

The foregoing financing transactions are referred to in this document as the "refinancing".

Although Riverwood and Graphic currently intend to refinance Riverwood's existing senior notes and senior subordinated notes and Graphic's existing senior subordinated notes, the completion of such a refinancing on terms acceptable to Riverwood and Graphic will depend on market conditions at or near the effective time of the merger.

Sources and Uses of Funds

Riverwood and Graphic currently expect that approximately $2.2 billion will be required to consummate the merger and related transactions (including the refinancing). Approximately $1.3 billion is expected to be drawn under the new credit facilities in connection with the merger and related transactions, and approximately $850 million aggregate principal amount of new notes are expected to be issued. With the borrowings under the new credit facility and the proceeds from the issuance and

sale of the new notes, and assuming that substantially all of GPC's existing senior subordinated notes are tendered for purchase, Riverwood and Graphic expect that approximately $1.2 billion aggregate principal amount of existing senior and senior subordinated notes of RIC and GPC will be redeemed, repurchased or otherwise repaid, and all outstanding amounts under RIC's and GPC's existing senior secured credit facilities (estimated to be approximately $750 million at the time of the merger) will be repaid. A portion of those proceeds will also be used to pay transaction fees and expenses in connection with the merger and related transactions. Any of GPC's existing senior subordinated notes that are not tendered for purchase (in the anticipatory tender offer or the change of control offer) are expected to remain outstanding, and the amount of funds required to consummate the merger and related transactions may be reduced as a result.

New Credit Facilities

Pursuant to letters dated March 24, 2003, JPMorgan Chase Bank, Deutsche Bank Trust Company Americas, Goldman Sachs Credit Partners L.P., Morgan Stanley Senior Funding, Inc., Citicorp North America Inc., Credit Suisse First Boston and certain of their affiliates have committed to provide, or arrange for a syndicate of lenders to provide, the new credit facilities, subject to certain conditions. Graphic Packaging International, Inc., the corporation resulting from the merger of RIC and GPC in connection with the merger and related transactions, will be the borrower under the new credit facilities. This resulting corporation is referred to in this summary of the new credit facilities as the "borrower."

The new credit facilities are expected to provide for aggregate maximum borrowings of $1.6 billion under (1) a term loan facility providing for term loans in an aggregate principal amount of $1.2 billion in two tranches, consisting of Tranche A term loans and Tranche B term loans, and (2) a revolving credit facility, providing for up to $400 million in revolving loans to the borrower (including standby and commercial letters of credit) outstanding at any time. In connection with the consummation of the merger and the refinancing, and assuming that substantially all of GPC's existing senior subordinated notes are tendered for purchase, approximately $1.2 billion is expected to be drawn under the term loan facility and approximately $100 million is expected to be drawn under the revolving credit facility. Undrawn amounts under the revolving credit facility will be available on a revolving credit basis for general corporate purposes of the borrower and its subsidiaries.

Availability. The availability of the new credit facilities is expected to be subject to various conditions precedent including, but not limited to:

- the consummation of the transactions contemplated by the merger agreement;
- the repayment of each of RIC's and GPC's existing senior secured credit facilities;
- the agent banks' reasonable satisfaction with the terms of all material indebtedness of the combined company and its subsidiaries that remains outstanding after the effective time of the merger;
- the receipt of material government and third party consents and approvals;
- the absence of material pending or threatened litigation or proceedings;
- the senior secured indebtedness of the borrower being rated not less than B (with a stable outlook or better) by Standard & Poor's and B1 (with a stable outlook or better) by Moody's; and
- other conditions precedent typical of senior secured loans.

The commitments to provide the new credit facilities are also subject to, among other things, the absence of any material adverse change with respect to the combined company, the absence of any material disruption of or material adverse change in conditions in the financial, banking or capital markets that would materially impair the syndication of the new credit facilities, and the negotiation, execution and delivery of definitive financing documentation for the new credit facilities.

Maturity; Prepayments. The Tranche A term loans and the revolving credit facility are expected to mature in 2009. The Tranche B term loans are expected to mature in 2010. Amortization of the principal amount of the respective tranches of the term loan facility is expected to be on an installment schedule to be determined, with amortization of the Tranche A term loans over their term and with no substantial amortization of the Tranche B term loans until maturity.

Subject to certain exceptions, the new credit facilities are expected to be subject to mandatory prepayment and reduction in an amount equal to:

- the net proceeds of (1) any U.S. receivables securitization program, (2) certain debt offerings by the combined company and its respective subsidiaries and (3) certain asset sales by the combined company and its subsidiaries; and

- a portion of excess operating cash flow (as to be defined) for any fiscal year unless certain leverage ratio targets are met.

Security; Guaranty. The obligations of the borrower under the new credit facilities are expected to be guaranteed by the combined company and each existing or future domestic subsidiary of the combined company (other than the borrower). In addition, the new credit facilities and the guarantees thereunder are expected to be secured by security interests in and pledges of or liens on substantially all the material tangible and intangible assets of the borrower and the guarantors, including pledges of all the capital stock of each direct or indirect domestic subsidiary of the combined company and of up to 65% of the capital stock of each direct foreign subsidiary of the combined company.

Interest. At the borrower's election, the interest rates per annum applicable to the loans under the new credit facilities are expected to be a fluctuating rate of interest measured by reference to either (1) an adjusted London inter-bank offered rate, or LIBOR, plus a borrowing margin or (2) an alternate base rate, or ABR, plus a borrowing margin.

Fees. Subject to the consummation of the merger, Riverwood and Graphic are expected to agree to pay (or cause the borrower to pay) certain fees with respect to the new credit facilities, including (1) fees on the unused commitments of the lenders, (2) letter of credit fees on the aggregate face amount of outstanding letters of credit plus a fronting bank fee for the letter of credit issuing bank, (3) quarterly administration fees and (4) arrangement and other similar fees.

Covenants. The new credit facilities are expected to contain a number of covenants that, among other things, would limit or restrict the ability of the borrower and the guarantors to dispose of assets, incur additional indebtedness, incur guarantee obligations, prepay other indebtedness, make restricted payments, create liens, make equity or debt investments, make acquisitions, modify terms of the indentures under which the new notes are expected to be issued, engage in mergers or consolidations, change the business conducted by the borrower and its subsidiaries taken as a whole, make capital expenditures, or engage in certain transactions with affiliates. In addition, under the new credit facilities, the borrower is expected to be required to comply with specified financial ratios and tests, including a minimum interest expense coverage ratio, a maximum leverage ratio and maximum capital expenditures.

Events of Default. The new credit facilities are expected to contain customary events of default including non-payment of principal, interest or fees, failure to comply with covenants, inaccuracy of representations or warranties in any material respect, cross default to certain other indebtedness, loss of lien perfection or priority, material judgments and change of ownership or control.

New Notes

Riverwood and Graphic expect that the financing arrangements to be entered into in connection with the merger and the refinancing will include the offering and sale of approximately $850 million aggregate principal amount of new notes, which are currently expected to consist of

senior notes and senior subordinated notes, in a private offering with registration rights.

The following is a summary description of certain terms of the new notes and the indentures under which such new notes are expected to be issued, based on the current state of Riverwood and Graphic's discussions with the proposed initial purchasers of the new notes. While the terms summarized below have been substantially finalized in such discussions, the definitive terms of the new notes may differ significantly from those described in the following summary as a result of further discussions with the initial purchasers in light of market conditions at the time of the offering of the new notes.

Graphic Packaging International, Inc., the corporation resulting from the merger of RIC and GPC in connection with the merger and related transactions, will be the issuer of the new notes. This resulting corporation is referred to in this summary of the new notes as the "issuer."

The new notes will mature after the maturity of our new credit facilities, and will bear interest at a fixed, market rate of interest to be determined at the time of their offering. Based on the current state of discussions with the proposed initial purchasers, the new senior notes are expected to mature in 2011, while the new senior subordinated notes are expected to mature in 2013. With those expected maturities, the issuer will have the right, after the fourth anniversary of the issue date, in the case of the new senior notes, and the fifth anniversary of the issue date, in the case of the new senior subordinated notes, to redeem the new notes at its option, in whole or in part, at specified redemption prices to be determined at the time of their offering, together with accrued and unpaid interest, if any, to the date of redemption. These redemption prices will be calculated at a premium over the principal amount of new notes, which will decline ratably to zero two years prior to the final maturity date. Prior to the fourth anniversary of the issue date, in the case of the new senior notes, and the fifth anniversary of the issue date, in the case of the new senior subordinated notes, the issuer may also redeem the relevant series of new notes at its option, in whole but not in part, at a redemption price equal to the principal amount of new notes, plus a premium based on the present value of the specified redemption premium and accrued interest that would have been payable if that series of new notes had been redeemed on the fourth anniversary of the issue date, in the case of the new senior notes, or the fifth anniversary of the issue date, in the case of the new senior subordinated notes. In addition, at any time during the first three years that the new notes are outstanding, the issuer will have the right, subject to certain requirements, to redeem a portion of the new notes with the cash proceeds of certain equity offerings by the issuer or its parents. This redemption price will be calculated at a premium over the principal amount to be redeemed.

The indentures are expected to provide that, upon the occurrence of certain events constituting a "change of control," unless the issuer has exercised any right to redeem the new notes, the issuer will be required to offer to purchase the new notes from their holders at a price equal to 101% of the principal amount to be purchased. Under certain circumstances, the issuer also will be required to apply certain asset sale proceeds to an offer to purchase new notes, at a price equal to the principal amount to be purchased.

The new senior notes will be unsecured, general obligations of the issuer, and will rank *pari passu* with all senior indebtedness of the issuer. The new senior subordinated notes will be unsecured, general obligations of the issuer, and will be subordinated to all indebtedness under the new credit facilities and all other existing and future "senior indebtedness" (to be defined in the indenture for the new senior subordinated notes) of the issuer. On the issue date, the new notes are expected to be guaranteed by the parents of the issuer, including the combined company, on an unsecured basis (and in the case of the new senior subordinated notes, also on a subordinated basis). Following the issue date, any significant domestic subsidiary of the issuer will enter into a guarantee of the new notes to the extent such subsidiary guarantees the new credit facilities.

In addition, the indentures will contain certain negative covenants, including limitations on:

- incurrence of indebtedness, including guarantees;
- dividends, investments and certain other restricted payments;
- restrictions on distributions and transfers from subsidiaries;
- mergers, consolidations and asset sales;

affiliate transactions; and

liens (which, in the case of the new senior subordinated notes, would be limited in applicability to liens securing *pari passu* or subordinated indebtedness).

The indentures will also contain certain affirmative covenants, including financial and other reporting requirements, and certain default provisions.

The foregoing description of the new notes and indentures is based on the current state of Riverwood and Graphic's discussions with the proposed initial purchasers for the new notes. The described terms of the new notes may change significantly as a result of further discussions with the initial purchasers in light of market conditions at the time of the offering of the new notes. The issuance of the new notes and the refinancing of the existing notes are dependent on market conditions at the time of the offering of the new notes. In addition, the refinancing of GPC's existing senior subordinated notes is dependent on the extent to which the holders of these notes accept the offer to purchase these notes in connection with the merger. To the extent such notes are not tendered for purchase (in the anticipatory tender offer or the change of control offer), those notes not tendered for purchase are expected to remain outstanding, and the amount of funds required to consummate the merger and related transactions may be reduced as a result. Assuming that the combined company refinances all of the existing notes, total 2002 pro forma interest expense would be $155.6 million. See "Unaudited Condensed Pro Forma Combined Financial Statements" on page 153 and "Notes to Unaudited Condensed Pro Forma Combined Financial Statements" on page 157.

LEGAL PROCEEDINGS REGARDING THE MERGER

On April 2, 2003, two separate lawsuits were filed in the District Court of Jefferson County in Colorado on behalf of purported classes of Graphic's stockholders against Graphic, Graphic's directors and Riverwood, alleging that Graphic's directors breached their fiduciary duties to the stockholders of Graphic in connection with the proposed merger and that Riverwood aided and abetted the alleged breach. The complaints, which are encaptioned Robert F. Smith, On Behalf of Himself and All Others Similarly Situated v. Jeffrey H. Coors, *et al.*, and Harold Lightweis, On Behalf of Himself and All Others Similarly Situated v. Jeffrey H. Coors, *et al.*, and which Riverwood and Graphic believe to be without merit, seek an injunction against the consummation of the merger, rescission of the merger if it is consummated, unspecified monetary damages, costs and other relief permitted by law and equity.

INTERESTS OF CERTAIN PERSONS IN THE MERGER

Certain of Graphic's directors and executive officers have interests in the merger as individuals in addition to, and that may be different from, their interests as stockholders. Upon completion of the merger, the Graphic directors and executive officers will receive in the aggregate, compensation and other benefits with a total value of approximately $14.3 million. Jeffrey H. Coors, a director of Graphic, will receive benefits with an aggregate value of approximately $1.6 million. The Graphic board of directors was aware of these interests and considered them in its decision to approve the merger agreement.

CONVERSION PAYMENT BY RIVERWOOD TO THE HOLDER OF CONVERTIBLE PREFERRED STOCK

In connection with the merger, the Trust has agreed to convert all of its shares of convertible preferred stock into Graphic common stock just before the effective time of the merger. See "Material Terms of Related Agreements Voting Agreement" on page 83. The Trust is the sole holder of the convertible preferred stock. The 1,000,000 outstanding shares of convertible preferred stock are convertible into 48,484,848 shares of Graphic common stock.

In consideration for the Trust's conversion of the convertible preferred stock, Riverwood has agreed to pay the Trust, in cash, the estimated present value, calculated using a discount rate of 8.5%, of dividends payable to the Trust on the convertible preferred stock from the effective time of the merger through August 15, 2005, the first date on which Graphic could have redeemed the convertible preferred stock. While the exact amount that will be paid to the Trust by Riverwood depends upon the date of completion of the merger, Riverwood and Graphic currently anticipate that the payment in consideration of the conversion of the convertible preferred stock will be approximately $19.7 million. This amount assumes that the effective time of the merger will occur on July 1, 2003.

The trustees of the Trust are William K. Coors, Jeffrey H. Coors, John K. Coors, Joseph Coors, Jr., and Peter H. Coors. Jeffrey H. Coors is President and Chief Executive Officer and a director of Graphic. William K. Coors is a director of Graphic and is Jeffrey H. Coors' uncle.

NEW EMPLOYMENT AGREEMENTS WITH JEFFREY H. COORS AND DAVID W. SCHEIBLE

Jeffrey H. Coors, the President and Chief Executive Officer of Graphic and David W. Scheible, the Chief Operating Officer of Graphic each entered into a new employment agreement, dated as of March 25, 2003 with Graphic. Each of these employment agreements is to become effective at the completion of the merger and the term of each agreement is three years. The combined company will succeed to the rights and obligations of Graphic under these employment agreements following the effective time of the merger.

Mr. Coors, under this new employment agreement, will serve as the Executive Chairman of the board of the combined company during the term of his employment. He will receive an annual base salary of $555,000.

Mr. Scheible, under this new employment agreement, will serve as the Executive Vice President of Commercial Operations of the combined company. He will receive an annual base salary of $420,000.

Both Mr. Coors and Mr. Scheible, under the terms of their respective agreements, will participate in (1) short-term incentive plans existing from time to time and (2) other incentive plans as determined by the compensation and benefits committee of the combined company's board of directors. They will also participate in savings and retirement plans and welfare benefit plans sponsored by the combined company.

Under the terms of their respective employment agreements, at the effective time of the merger, Graphic will pay to Mr. Coors and Mr. Scheible the following compensation and benefits:

- all cash target amounts under Graphic's long-term incentive plans that have not previously been paid or have not expired, regardless of whether the performance targets for those plans have been achieved;

- immediate vesting of any options previously granted under Graphic's equity incentive plan or long-term incentive plans, with the choice of (1) converting such vested options to vested options to acquire the substituted, converted or new shares of the combined company which options would be immediately exercisable and remain exercisable for ten years from the date of completion of the merger or (2) cashing out the options; and

- shares of restricted stock of Graphic granted in December 2002 and shares of restricted stock of Graphic granted under Graphic's long-term incentive plans will be converted into restricted stock units representing the right to receive shares of the combined company, which will vest $^{1}/_{3}$ on each of the first three anniversaries of the merger. However, the restricted shares vest in full immediately if (1) the executive is terminated without cause, due to death, disability or retirement, or the executive terminates employment for good reason (as defined below); or (2) upon a change of control of the combined company.

At the effective time of the merger, pursuant to his employment agreement, Mr. Coors will receive a cash payment of approximately $1.1 million, options worth approximately $0.5 million will vest (based on the difference between the exercise price of the option and a Graphic common stock price of $4.98 per share on March 25, 2003) and 386,885 shares of Graphic restricted stock will be converted into restricted stock units of the combined company.

At the effective time of the merger, pursuant to his employment agreement, Mr. Scheible will receive a cash payment of approximately $0.9 million, options worth $0.4 million will vest (based on the difference between the exercise price of the option and a Graphic common stock price of $4.98 per share on March 25, 2003) and 315,574 shares of Graphic restricted stock will be converted into restricted stock units of the combined company.

If, during the term of their respective employment agreements, either Mr. Coors or Mr. Scheible is terminated without cause or terminates his employment for good reason (as defined below), he would be entitled to receive (in addition to accrued amounts), the following amounts and benefits:

- the greater of the amount of such executive's highest bonus under the combined company's bonus plan (or comparable Graphic bonus plan) and the annual bonus paid or payable to such executive under the combined company's short-term

incentive plan or plans;

a lump sum in cash equal to three times:

his highest annual base salary for any of the past three years;

an amount equal to his highest base salary during any of the past three years multiplied by the highest percentage payout of bonus under a short-term incentive plan paid or accrued during any of the past three years; and

the highest one-year cash equivalent amount of fringe benefits paid in any of the past three years;

any benefits due under any supplemental executive retirement plan in accordance with the provisions of the plan, with the amount of benefits to be adjusted to reflect five additional years of service and five additional years of age (with such additional years of service to decrease by one for each year of employment following the merger);

welfare benefits for the executive officer and his family for three years or, if earlier, until the executive officer receives such benefits through subsequent employment; and

outplacement services for one year (with a cost not to exceed $15,000).

For purposes of these employment agreements, "good reason" means the termination of employment by the executive officer within 90 days following the occurrence of any of the following events without the executive's consent:

material diminution of his title, responsibilities and duties;

failure to pay compensation;

failure to pay the gross-up described below;

purported termination of employment otherwise than as expressly permitted by the agreement; or

mandatory relocation, other than in connection with a promotion, of the executive's principal office to a location more than thirty-five miles from the location of such office as of the time of the merger.

If any payments that result from the merger or from the termination of the executive without cause or termination for good reason constitute an excess parachute payment (as defined under Section 280G(b)(2) of the Code), the executive will receive a full gross-up payment to compensate the executive for the amount of the tax owed.

Under the terms of their respective employment agreements, each of Mr. Coors and Mr. Scheible agrees that, during the term of his employment with the combined company and for a period of two years thereafter if his employment with the combined company is terminated for any reason before the end of the three year term, he will not:

directly or indirectly own, manage, operate, lend money to or participate in the ownership, management, operation or control of, or be connected as a director, officer, employee, partner, consultant, agent or independent contractor with a business or

organization in the printing and packaging business in a capacity that assists such competitor in a material respect in the printing and packaging business in the geographic areas where the combined company or any of its subsidiaries or affiliates operates;

own a controlling interest in a business that competes in the printing or packaging business in the geographic areas where the combined company or any of its subsidiaries or affiliates operates; or

solicit or interfere with the suppliers, customers or employees of the combined company or any of its subsidiaries or affiliates.

The employment agreements do provide, however, that neither Mr. Coors nor Mr. Scheible will be in violation of the foregoing by virtue of the fact that he owns 5% or less of the outstanding common stock of a corporation, if such stock is listed on a national securities exchange, is reported on Nasdaq or is regularly traded in the over-the-counter market by a member of a national securities exchange.

SALARY CONTINUATION AGREEMENT

On October 1, 1994, Graphic granted stock units to Jeffrey H. Coors, its President and Chief Executive Officer, in an amount approximately equal to Graphic's liability as of January 1, 1994 for the benefit due Mr. Coors under a salary continuation agreement. The stock units replace a cash liability of Graphic and tie his post-retirement benefit to stock value. The stock units are payable in full upon retirement at age 60 or after. The stock units are 50 percent vested at age 50 with 10 years of service and the remaining 50 percent vests in 5 percent increments between ages 51 and 60. 121,343 units were granted, with 85 percent vested at year-end 2002, and the market value at year-end 2002 was $594,095.

OTHER GRAPHIC EXECUTIVE EMPLOYMENT AGREEMENTS

Graphic is party to employment agreements, amended and restated as of January 10, 2003, with each of the following executive officers: Luis E. Leon, Jill B.W. Sisson and Marsha C. Williams.

At the effective time of the merger, because these executive officers' employment will be terminated at that time, the combined company will pay the executives (in addition to accrued amounts) the following compensation and benefits:

a lump sum in cash equal to three times:

his or her highest annual base salary for any of the past three years;

an amount equal to his or her highest base salary during any of the past three years multiplied by the highest percentage payout of bonus under a short-term incentive plan paid or accrued during any of the past three years; and

the highest one-year cash equivalent amount of fringe benefits paid in any of the past three years;

any benefits due under any supplemental executive retirement plan, with the amount of benefits to be adjusted to reflect five additional years of service and five additional years of age;

three years of welfare benefits for the executive officer and his or her family, which benefits will be at least as favorable as those provided before termination or those provided to active executives following the executive's termination;

outplacement services for one year (not to exceed $15,000);

all cash target amounts under Graphic's long-term incentive plans that have not previously been paid or have not expired, regardless of whether the performance targets for those plans have been achieved;

immediate vesting of any options previously granted under Graphic's equity incentive plan or long-term incentive plans, with the choice of (1) converting such vested options to vested options to acquire the substituted, converted or new shares of the combined company which options would be immediately exercisable and remain exercisable for ten years from the date of completion of the merger; or (2) cashing out the options; and

the immediate lapsing of restrictions on restricted stock granted under Graphic's long-term incentive plan or granted in December 2002.

If any payments that result from the merger constitute a parachute payment (as defined under Section 280G(b)(2) of the Code), the executive officer will receive a full gross-up payment to compensate him or her for the amount of the tax owed.

The value of cash awards payable to Mr. Leon, Ms. Sisson and Ms. Williams is approximately $3.5 million, $2.8 million and $2.2 million, respectively.

The aggregate value of equity-based awards payable to Mr. Leon, Ms. Sisson and Ms. Williams is approximately $1.3 million, $0.9 million and $0.8 million, respectively, based on a Graphic common stock price of $4.98 per share on March 25, 2003.

EXECUTIVE BENEFIT PLANS

The merger will accelerate payments to executive officers and vesting of options and restricted stock granted to executive officers under various executive incentive plans, as provided by the terms of the Graphic employment agreements described above. These plans include the Graphic Executive Incentive Plan, Graphic Equity Incentive Plan, Graphic Long-term Incentive Plan 2000-2004, and Graphic Long-term Incentive Plan 2003-2005. In addition to those benefits, other executive and director plans provide benefits in connection with the merger.

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Under the Graphic Equity Incentive Plan, options to purchase 1,414,494 shares and 557,295 restricted stock grants to employees of Graphic who do not have change in control agreements will be converted into options to acquire the same number of shares of combined company common stock and the same number of shares of restricted stock of the combined company, respectively. The merger will constitute a reorganization under these plans, not a change in control. Under the Graphic Executive Incentive Plan, the plan will terminate and prorated bonuses will be calculated and paid.

GRAPHIC DEFERRED COMPENSATION PLAN

Except as provided in the employment agreements, distributions will be made under the deferred compensation plans according to the terms of the plan and the participant's initial elections and will be an obligation of the combined company.

GRAPHIC EQUITY COMPENSATION PLAN FOR NON-EMPLOYEE DIRECTORS

Non-employee directors of Graphic receive 20% of their annual compensation in the form of restricted stock and receive an option grant at the commencement of their service that vests over the term of their service. At the completion of the merger, outstanding option grants for 38,348 shares under the equity compensation plan for non-employee directors will be converted into options to acquire shares of the combined company.

COMBINED COMPANY BOARD OF DIRECTORS

Under the terms of the merger agreement, the board of directors of the combined company after the completion of the merger will consist of nine individuals. Three of these individuals, Jeffrey H. Coors, John D. Beckett and Harold R. Logan, Jr., are current directors of Graphic. Messrs. Beckett and Logan are Graphic independent directors.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

From and after the effective time of the merger, Riverwood has agreed that the combined company will indemnify and hold harmless all past and present directors, officers, employees and agents of Graphic and its subsidiaries before the completion of the merger for losses in connection with any action arising out of or pertaining to acts or omissions, or alleged acts or omissions, by them in their capacities as such at or before the effective time of the merger. The combined company will indemnify or advance expenses to such persons to the same extent such persons are indemnified or have the right to advancement of expenses under Graphic's articles of incorporation, bylaws and indemnification agreements, if any, on the date of the merger agreement, and to the fullest extent permitted by law.

Riverwood also has agreed that the combined company will include and cause to be maintained in effect in its certificate of incorporation and by-laws, for a period of six years after the completion of the merger, the current provisions regarding elimination of liability of directors, indemnification of officers, directors and employees and advancement of expenses contained in the articles of incorporation and bylaws of Graphic.

In addition, Riverwood has agreed that the combined company will cause to be maintained, for a period of six years after the completion of the merger, the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by Graphic with respect to claims arising from facts or events that occurred at or before the effective time of the merger. The combined company may substitute policies of at least the same coverage and amounts containing terms and conditions which are, in the aggregate, no less advantageous to the insured. Such substitute policies must be issued by insurance companies having the same or better ratings and levels of creditworthiness as the insurance companies that have issued the current policies.

THE MERGER AGREEMENT

The following is a summary of the material terms of the merger agreement. This summary does not purport to describe all the terms of the merger agreement and is qualified by reference to the complete text of the merger agreement which is attached as Annex A to this proxy statement/prospectus and incorporated herein by reference. All stockholders of Graphic are urged to read the merger agreement carefully and in its entirety.

GENERAL

Under the merger agreement, Graphic will merge with and into Acquisition Sub, a wholly owned subsidiary of Riverwood, with Acquisition Sub continuing as the surviving company. Riverwood will change its name to "Graphic Packaging Corporation."

CLOSING MATTERS

Unless the parties agree otherwise, the completion of the merger will take place as promptly as practicable (but no later than the third business day) after all closing conditions have been satisfied or waived, unless the merger agreement has been terminated or another time or date is agreed to in writing by the parties. See " Conditions" below for a more complete description of the conditions that must be satisfied or waived before completion.

As soon as practicable after the satisfaction or waiver of the conditions to the merger, Riverwood and Graphic will file certificates of merger with the Delaware Secretary of State and the Colorado Secretary of State in accordance with the relevant provisions of the Delaware Limited Liability Company Act, the Colorado Business Corporation Act and the Colorado Corporations and Associations Act, and make all other required filings or recordings. The merger will become effective when the certificates of merger are filed or at such later time as Riverwood and Graphic agree and specify in the certificates of merger.

PRE-CLOSING STEPS; MERGER CONSIDERATION; TREATMENT OF STOCK OPTIONS AND RESTRICTED STOCK; BOARD AND MANAGEMENT

The merger agreement provides that, before the completion of the merger:

Riverwood will restate its certificate of incorporation to reclassify its outstanding shares of capital stock, so that each outstanding share of its Class A common stock and Class B common stock will be converted to the right to receive 15.21 shares of a new single series of Riverwood common stock; and

Riverwood will enter into a rights agreement, containing customary terms and conditions for a stockholder rights plan, and will designate an amount of shares of Riverwood preferred stock as Series A junior participating preferred stock, such shares to be reserved for issuance upon the exercise of the rights.

The merger agreement further provides that, at the completion of the merger:

each share of Graphic common stock issued and outstanding immediately before the completion of the merger, together with the associated rights issued under the Graphic stockholder rights plan, but excluding shares of Graphic common stock owned by Riverwood, Graphic or any of their respective subsidiaries, will be converted, after the Riverwood stock split referred to above, into one share of combined company common stock and associated rights issued under the combined company stockholders rights plan;

except as described below, each outstanding and unexercised option or right to purchase shares of Graphic common stock granted under the Graphic stock plans will be assumed by the combined company and converted into an option or a right to purchase, as applicable, shares of combined company common stock. The number of shares of combined company common stock underlying the new combined company option will equal the number of shares of Graphic common stock for which the corresponding Graphic option was exercisable. The per share exercise price of each new combined company option will equal the exercise price of the corresponding Graphic option;

except as described below, each Graphic restricted stock grant will be converted into a number of shares of combined company common stock equal to the number of Graphic shares subject to the award. Unless otherwise agreed to by Graphic and the holder of such restricted shares, the restricted shares of combined company stock will be subject to substantially the same terms, conditions and restrictions as were applicable under the Graphic benefit plan under which such restricted shares were granted;

until successors are duly elected or appointed and qualified, the directors of the combined company will be Stephen M. Humphrey, Jeffrey H. Coors, G. Andrea Botta, John D. Beckett, Harold R. Logan, Jr., John R. Miller, Martin D. Walker, Kevin J. Conway and an additional designee who will be selected by the CDR fund; and

the executive officers of the combined company will include Jeffrey H. Coors as the Executive Chairman of the board, Stephen M. Humphrey as the President and Chief Executive Officer, and David W. Scheible as the Executive Vice President of Commercial Operations.

For a further discussion of the treatment of Graphic stock options, restricted stock and other employee benefit plans under the merger agreement, see " Covenants Employee Matters" beginning on page 75. For a further discussion of the treatment of the stock options and the restricted stock held by employees with change of control agreements and employees party to new employment agreements, see "Interests of Certain Persons in the Merger" beginning on page 65.

Holders of shares of Graphic common stock are not entitled to dissenters' rights in connection with the merger. Under the terms of the voting agreement, the holder of the convertible preferred stock has waived any dissenters' rights it may have in connection with the merger. See "The Proposed Merger Dissenters' Rights" on page 58.

EXCHANGE OF CERTIFICATES IN THE MERGER

Before the completion of the merger, Riverwood will appoint an exchange agent (which must be reasonably acceptable to Graphic) to handle the exchange of Graphic stock certificates for certificates representing shares of combined company common stock. Promptly after the

completion of the merger, the exchange agent will send a letter of transmittal, which is to be used to exchange Graphic stock certificates for certificates representing shares of combined company common stock, to each former Graphic stockholder who holds one or more stock certificates. The letter of transmittal will contain instructions explaining the procedure for surrendering Graphic stock certificates. PLEASE DO NOT RETURN STOCK CERTIFICATES WITH THE ENCLOSED PROXY CARD.

Graphic stockholders who surrender their stock certificates, together with a properly completed letter of transmittal, will receive shares of combined company common stock into which the shares of Graphic common stock were converted in the merger. The combined company's common stock will be in uncertificated book-entry form unless a physical certificate is requested.

After the merger, each certificate that previously represented shares of Graphic common stock will only represent the right to receive the shares of combined company common stock into which those shares of Graphic common stock have been converted, except as otherwise described below.

Dividends or distributions declared with respect to the combined company's common stock with a record date that is 180 days or more after the completion of the merger will not be paid to any holder of any Graphic stock certificates until the holder surrenders the Graphic stock certificates in exchange for combined company common stock. Upon surrender, the combined company will pay to the holder, without interest, any dividends or distributions that have been declared after the effective time of the merger on the shares of combined company common stock which the holder received upon conversion of Graphic common stock.

For a period of one year following the completion of the merger, holders of unsurrendered Graphic stock certificates will be entitled to vote at any meeting of the combined company's stockholders the number of shares of the combined company's common stock represented by such Graphic stock certificates.

After the completion of the merger, Graphic will not register any transfers of the shares of Graphic common stock.

Riverwood stockholders will not exchange their stock certificates in the merger.

LISTING OF COMBINED COMPANY STOCK

Riverwood has agreed to use its reasonable best efforts to cause the shares of combined company common stock to be issued in the merger and the shares of combined company common stock to be reserved for issuance upon exercise of the stock options exchanged for Graphic stock options to be approved for listing on the NYSE, subject to official notice of issuance, before the completion of the merger. Approval for listing on the NYSE of the shares of combined company common stock issuable to the Graphic stockholders in the merger, subject only to official notice of issuance, is a condition to the obligations of Riverwood and Graphic to complete the merger.

COVENANTS

Riverwood and Graphic have each undertaken certain covenants in the merger agreement, which, among other things, concern the conduct of their respective businesses between the date the merger agreement was signed and the completion of the merger. The following summarizes the more significant of these covenants:

No Solicitation

Graphic has agreed that Graphic, and each of its subsidiaries, officers or directors, will not, and will use reasonable best efforts to ensure that their respective employees, agents or representatives do not:

- initiate, solicit, encourage or facilitate, including by way of furnishing information, any inquiries or the making of any proposal or offer with respect to a third party acquisition proposal (as defined below);

- have any discussion with or provide any information or data to any person relating to an acquisition proposal;

engage in negotiations concerning an acquisition proposal;

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knowingly facilitate any effort or attempt to make or implement an acquisition proposal; or

subject to Graphic's right to terminate the merger agreement under certain circumstances described in " Termination of Merger Agreement" if Graphic receives a superior proposal (as defined below), accept an acquisition proposal.

However, Graphic is permitted to take and disclose to its stockholders its position with respect to any acquisition proposal as may be required under the federal securities laws.

In addition, Graphic is permitted to engage in discussions and negotiations with, and provide information to, any person in response to an unsolicited acquisition proposal, if:

its meeting of stockholders to vote on the approval of the merger agreement has not occurred;

a majority of Graphic independent directors (as defined below) concludes in good faith that there is a reasonable likelihood that the acquisition proposal could result in a superior proposal;

before providing any information or data to any person in connection with an acquisition proposal, the proposing party first signs a confidentiality agreement with terms at least as stringent as the confidentiality provisions contained in the confidentiality agreements between Riverwood and Graphic; and

Graphic notifies and keeps Riverwood informed of the status and terms of the acquisition proposal and any discussions or negotiations relating to the acquisition proposal.

An "acquisition proposal" means any proposal or offer with respect to:

a merger, reorganization, share exchange, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving Graphic;

any purchase or sale of the consolidated assets of Graphic and its subsidiaries, taken as a whole, having an aggregate value equal to 15% or more of the market capitalization of Graphic; or

any purchase or sale of, or tender offer or exchange offer for, 15% or more of the equity securities of Graphic.

A "superior proposal" means a bona fide written proposal made by a third party:

which is for the sale, lease, exchange, transfer or other disposition of substantially all of the assets of Graphic and its subsidiaries, or for the acquisition by the third party of all of the common stock of Graphic whether by merger, consolidation, share exchange, business combination, tender or exchange offer or otherwise;

that is otherwise on terms which a majority of Graphic's independent directors in good faith concludes, taking into account all relevant aspects of the proposal and the third party making the proposal, would, if consummated, result in a transaction that is more favorable to its stockholders, from a financial point of view, than the transactions contemplated by the merger agreement, and is reasonably capable of being completed; and

for which all of the debt and equity financing required to consummate the proposed transaction is as fully and unconditionally committed, as evidenced by written commitments provided to the board of directors of Graphic, as the debt and equity financing required to consummate the merger with Riverwood under the merger agreement is at that time.

The "Graphic independent directors" are those Graphic directors who are not Coors family stockholders parties to the voting agreement with Riverwood described on page 83 or, to the extent such stockholders are trusts, are not the direct or indirect beneficiaries of any of those trusts.

Board of Directors' Covenant to Recommend

Graphic has agreed that its board of directors will recommend approval of the merger agreement to the Graphic stockholders. However, Graphic's board is permitted to withdraw or to modify or to qualify in a manner adverse to Riverwood this recommendation, before the Graphic special meeting, if either:

- its board of directors determines in good faith that not making such a change in its recommendation would violate the fiduciary duties owed by the board to Graphic's stockholders; or
- it has received an unsolicited bona fide acquisition proposal from a third party that a majority of Graphic independent directors conclude in good faith is a superior proposal.

Even if the board of Graphic withdraws, modifies or qualifies its recommendation of the merger, Graphic is still required to present the merger agreement for approval by the Graphic stockholders at the special meeting of its stockholders for consideration, unless the merger agreement is otherwise terminated. See " Termination of Merger Agreement" on page 79 for a discussion of Graphic's ability to terminate the merger agreement.

Before the execution of the merger agreement, and as a condition and inducement to Graphic's willingness to enter into the merger agreement, the stockholders of Riverwood approved by written consent the adoption of the merger agreement.

Operations of Riverwood and Graphic Pending Closing

Riverwood and Graphic have each undertaken a separate covenant that places restrictions on them and their respective subsidiaries until either the completion of the merger or the termination of the merger agreement. In general, Riverwood, Graphic and their respective subsidiaries are each required to conduct their respective businesses in the usual, regular and ordinary course in all material respects substantially in the same manner as conducted before the date of the merger agreement and to use their reasonable efforts to preserve intact their present lines of business and relationships with third parties. Each of them has agreed to restrictions that, except as required by law or expressly contemplated by the merger agreement, prohibit them and them respective subsidiaries from:

- declaring or paying dividends (except for dividends or distributions by wholly owned subsidiaries of each company, and in the case of Graphic, the declaration and payment of regular quarterly cash dividends to the holders of the convertible preferred stock);
- amending their respective certificates of incorporation, by-laws or other governing documents (except for, in the case of Riverwood, as contemplated by the merger agreement);
- making acquisitions of, or investments in, other entities;
- changing their respective accounting methods, except as required by changes in generally accepted accounting principles, or GAAP;

making changes in their share capital, including, among other things, stock splits, combinations, or reclassifications, except for any transaction by a wholly owned subsidiary of Graphic or

Riverwood, respectively, which remains a wholly owned subsidiary after the completion of the transaction;

repurchasing or redeeming their capital stock, except in the ordinary course of business in connection with each company's benefit plans, and for the redemption or exchange of rights in accordance with the Graphic rights agreement;

issuing, delivering or selling any shares of their capital stock or other equity interests, other than, among other exceptions, in connection with the exercise of options or other stock awards or stock option agreements, issuances by a wholly owned subsidiary of each company of capital stock to the subsidiary's parent or another wholly owned subsidiary of Graphic or Riverwood, respectively, issuance of common stock by Graphic in connection with the conversion of the convertible preferred stock (see " Conditions" below), and issuance of other specified equity interests by Riverwood and Graphic to certain of their employees;

disposing of assets, other than, among other exceptions, inventory in the ordinary course of business;

incurring debt, other than, under the credit facilities, indentures and other arrangements in existence on March 25, 2003;

making loans, advances, capital contributions or investments in any other entity except for pursuant to a legal obligation existing on March 25, 2003, or loans, advances, capital contributions or investments by each company to subsidiaries of that company or from subsidiaries of each company to that company;

increasing the compensation of directors, executive officers or employees or increasing employee benefits other than as required by an existing agreement, or, in the case of Graphic, regularly scheduled contributions to benefit plans, or, in the case of Riverwood, certain specifically contemplated changes to the benefit plans of management;

making, or changing any material tax election, settling or compromising any material tax liability or material claim for refund;

entering into any agreement or arrangement that would limit or restrict either company from competing in any line of business or geographic area if that resulting restriction would have a material adverse effect on the combined company and its subsidiaries after the merger; and

settling or compromising any material suit, action or claim.

Reasonable Best Efforts Covenant

Riverwood and Graphic have agreed to cooperate with each other and to use their reasonable best efforts to take all actions and do all things advisable or necessary under the merger agreement and applicable laws to complete the merger and the other transactions contemplated by the merger agreement.

Reasonable best efforts include (but are not limited to) taking actions necessary to resolve any objections or challenge any governmental entity may have to the contemplated transactions so as to permit their consummation.

Employee Matters

In the merger agreement, Riverwood and Graphic have agreed that, following the merger, Riverwood will:

- for one year following the completion of the merger, provide compensation and employee benefits to continuing employees of each company at a level that is substantially comparable in the aggregate to the compensation and benefits provided to such individuals by Riverwood and Graphic, respectively, before the completion of the merger (excluding equity-based or long-term incentive plans or arrangements);

- with certain exceptions, waive any pre-existing condition exclusions and waiting periods with respect to participation and coverage requirements applicable to continuing employees under any benefit plan of the combined company;

- provide continuing employees with credit for any co-payments and deductibles paid before the completion of the merger (to the same extent such credit was given under the analogous benefit plan before completion of the merger) in satisfying any applicable deductible or out-of-pocket requirements under any benefit plan of the combined company;

- with certain exceptions, grant to continuing employees after the merger full credit for service, eligibility, vesting, benefit accrual and determination of their level of benefits for their service under the benefit plans in which they participate after the merger, to the extent the combined company would recognize such service under the applicable benefit plan for similarly situated employees; and

- honor and perform in accordance with their terms certain employment agreements between Graphic and its employees entered into before the merger.

OTHER COVENANTS AND AGREEMENTS

Expenses

Riverwood and Graphic have each agreed to pay their own costs and expenses incurred in connection with the merger and the merger agreement.

Other Covenants

The merger agreement contains certain other covenants, including covenants relating to cooperation between Riverwood and Graphic in the preparation of this proxy statement/prospectus and other governmental filings, public announcements, and certain tax matters.

REPRESENTATIONS AND WARRANTIES

The merger agreement contains substantially mutual representations and warranties, certain of which are qualified by material adverse effect, made by each of Riverwood and Graphic to the other. The representations and warranties relate to:

- corporate existence, qualification to conduct business and corporate standing and power;

- ownership of subsidiaries;

- capital structure;

corporate authority to enter into, and carry out the obligations under, the merger agreement and enforceability of the merger agreement;

absence of any breach of the certificate of incorporation, by-laws, law or material agreements as a result of the merger;

governmental and regulatory approvals required to complete the merger;

filings with the SEC;

financial statements;

accuracy of information supplied for use in this proxy statement/prospectus;

board of directors approval;

required stockholder votes;

litigation;

compliance with laws;

absence of certain changes or events since December 31, 2002;

opinions of financial advisors;

employee benefit plans;

inapplicability of anti-takeover statutes;

environmental matters;

intellectual property matters;

payment of fees to finders or brokers in connection with the merger agreement;

tax matters;

material contracts;

- labor matters;
- assets;
- real property;
- insurance;
- affiliate transactions; and
- sufficiency of disclosures.

The merger agreement also contains certain representations and warranties of Riverwood with respect to Acquisition Sub, including organization, authorization, absence of a breach of the organizational documents and no prior business activities.

CONDITIONS TO THE COMPLETION OF THE MERGER

Mutual Conditions

Riverwood's and Graphic's respective obligations to complete the merger are subject to the satisfaction or, to the extent legally permissible, the waiver of the following conditions:

- the approval of the merger agreement by the Graphic stockholders;

- the absence of any law, order or injunction prohibiting completion of the merger in the United States or European Union;
- the expiration or termination of the applicable waiting periods under the HSR Act, which waiting period expired on May 12, 2003;
- the approval for listing by the NYSE of the common stock to be issued in the merger, subject to official notice of issuance;
- the SEC having declared effective the Riverwood registration statement of which this proxy statement/prospectus is a part;
- the receipt of all other governmental and regulatory consents, approvals and authorizations necessary for the merger unless failure to obtain those consents or approvals would not reasonably be expected to have a material adverse effect on the combined company, taken as a whole;
- the receipt of all securities and blue sky permits and approvals necessary to consummate the merger;
- the entry into definitive financing agreements, and the receipt of funds thereunder, sufficient to repay or redeem the existing indebtedness of Riverwood, Graphic and their subsidiaries that is required to be repaid in connection with the completion of the merger, including senior secured financing of $1.6 billion on the terms set forth in a certain commitment letter, addressed to Riverwood and Graphic from a syndicate of financial institutions including JPMorgan Chase Bank (or any alternate senior secured financing on terms and conditions reasonably acceptable to Riverwood and Graphic), and such other additional

financing as may be required on terms and conditions reasonably acceptable to Riverwood and Graphic;

the receipt by Graphic of HRO's effective date opinion and HRO's closing date opinion (see discussion under "Material Federal Income Tax Consequences of the Merger Tax Opinions" beginning on page 56);

the representations and warranties of the other company contained in the merger agreement which are qualified as to material adverse effect being true and correct, as of the date of the merger agreement and as of the closing date of the merger, except to the extent that such representation or warranty speaks as of another date;

the representations and warranties of the other company which are not qualified as to material adverse effect being true and correct except where the failure to be true and correct, individually or in the aggregate, would not have a material adverse effect on the other party, as of the date of the merger agreement and as of the closing date of the merger as if they were made on that date, except to the extent that such representation or warranty speaks as of another date;

the other party having performed or complied with all agreements or covenants required to be performed by it under the merger agreement which are qualified as to material adverse effect and the other party having performed or complied in all material respects with all other material agreements or covenants required to be performed by it under the merger agreement (other than such party's covenants regarding the issuance of securities, which will have been complied with in all respects), in each case, on or before the closing date; and

the other party and its respective subsidiaries not having suffered from any change that would reasonably be expected to have a material adverse effect on such party.

As used in the merger agreement, the term "material adverse effect" means with respect to either Riverwood or Graphic, as applicable, any event, change, circumstance or effect that is or is reasonably likely to be materially adverse to:

the business, financial condition or results of operations or prospects of such company and its subsidiaries, taken as a whole, other than any event, change, circumstance or effect relating:

to the economy or financial markets in general;

to changes in general in the industries in which such company operates (provided, however, that the effect of such changes will be included to the extent of, and in the amount of, any disproportionate impact on such company);

to changes in applicable law or regulations or in GAAP (provided, however, that the effect of such changes will be included to the extent of, and in the amount of, any disproportionate impact on such company); or

to the announcement of the merger agreement or the transactions contemplated by the merger agreement; or

the ability of such company to complete the transactions contemplated by the merger agreement.

Additional Conditions to Riverwood's Obligations

In addition, Riverwood's obligation to complete the merger is subject to the satisfaction or, to the extent legally permissible, the waiver of the following conditions:

all outstanding shares of the convertible preferred stock having been converted into Graphic common stock; and

no event having occurred which would trigger a distribution under Graphic's stockholder rights plan.

TERMINATION OF MERGER AGREEMENT

Right to Terminate

The merger agreement may be terminated at any time before the completion of the merger in any of the following ways:

by mutual written consent of Graphic and Riverwood;

by either Graphic or Riverwood:

if the merger has not been completed by October 31, 2003 or, if the conditions to closing relating to antitrust or other governmental approvals of the merger have not been satisfied but all other conditions to closing are satisfied or are capable of being satisfied, December 31, 2003; except that a party may not terminate the merger agreement if the cause of the merger not being completed is that party's failure to fulfill its obligations under the merger agreement;

if a governmental authority or a court in the United States or European Union permanently enjoins or prohibits the completion of the merger, except that a party may not terminate the merger agreement if the cause of the prohibition is a result of that party's failure to fulfill its obligations under the provision of the merger agreement which, among other requirements,

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requires each party to use its reasonable best efforts to obtain government approvals for the completion of the merger; or

if Graphic's stockholders fail to approve the merger agreement.

by Riverwood:

if Graphic has breached in any material respect any of its representations or warranties, or has failed to perform in any material respect any of its covenants or obligations under the merger agreement and such breach:

would result in the failure of certain closing conditions to the merger being satisfied; and

is incapable of being cured by or remains uncured at October 31, 2003 (or December 31, 2003, if the termination date is extended); or

if Graphic's board of directors either withdraws or changes its recommendation in a manner adverse to Riverwood, or fails to call the Graphic special meeting to vote on the merger by August 25, 2003; or

by Graphic:

if Riverwood has breached in any material respect any of its representations or warranties, or has failed to perform in any material respect any of its covenants or obligations under the merger agreement and such breach:

would result in the failure of certain closing conditions to the merger being satisfied; and

is incapable of being cured by or remains uncured at October 31, 2003 or December 31, 2003, if applicable; or

if Graphic's board of directors (upon the recommendation of a majority of the Graphic independent directors, as defined above) authorizes Graphic to enter into a binding written agreement concerning a transaction that Graphic's board of directors has determined in accordance with the merger agreement is a superior proposal, except that Graphic cannot terminate the merger agreement for this reason unless:

Graphic provides Riverwood with written notice that it intends to enter into such an agreement, attaching the most current version of such agreement or a description of its material terms;

Riverwood, within five business days of receiving such notice from Graphic, does not make an offer that the board of directors of Graphic determines is at least as favorable to the Graphic stockholders as the superior proposal Graphic received from the third party; and

Graphic pays Riverwood the fee described in "Termination Fees Payable by Graphic" below at or before such termination.

Termination Fees Payable by Graphic

Graphic has agreed to pay Riverwood a termination fee of $30 million (at or before the time Graphic sends a notice of termination to Riverwood, and not later than one business day after the receipt by Graphic of a notice of termination from Riverwood), if the merger agreement is terminated:

by Riverwood because the board of directors of Graphic withdraws or changes its recommendation in a manner adverse to Riverwood, or fails to call or hold its stockholders' meeting by August 25, 2003 unless the special meeting has not occurred because the SEC has failed to declare effective Riverwood's registration statement for the shares to be issued to Graphic stockholders in connection with the closing of the transaction;

by Riverwood or Graphic because of the failure of Graphic's stockholders to approve the merger agreement, unless this failure occurs because the Coors family stockholders do not vote in accordance with the voting agreement (see "Material Terms of Related Agreements Voting Agreement" on page 83);

by Riverwood or Graphic because the merger has not been completed on or before October 31, 2003 (or, if the date for completion of the merger has been extended, December 31, 2003), and, at the time of termination:

Graphic's stockholders have not approved the merger agreement, unless this failure has occurred because the Coors family stockholders have not cast their votes in accordance with the voting agreement; and

a third party has made an offer or proposal for, or an announcement of any intention with respect to, a transaction that would constitute a business combination of the type described below involving Graphic; or

by Graphic, if Graphic's board of directors has authorized Graphic to enter into a written agreement for a superior proposal and Riverwood has not, within five business days of notice from Graphic, made an offer that the board of directors of Graphic determines is at least as favorable as the superior proposal Graphic has received from the third party.

A "business combination" for Graphic means:

a merger, reorganization, consolidation, share exchange, business combination, recapitalization, liquidation, dissolution or similar transaction involving Graphic as a result of which:

Graphic's stockholders before the transaction in the aggregate cease to own at least 50% of the voting securities of the ultimate parent entity of the entity surviving or resulting from the transaction;

any person beneficially owns at least 40% of the voting securities of the ultimate parent entity of the entity surviving or resulting from the transaction; or

the individuals comprising the board of directors of Graphic before the transaction do not constitute a majority of the board of directors of the ultimate parent entity of the entity surviving or resulting from the transaction;

a sale, lease, exchange, transfer or other disposition of at least 40% of the assets of Graphic and its subsidiaries, taken as a whole, in a single transaction or series of transactions; or

the acquisition by a person of beneficial ownership of 40% or more of the common stock of Graphic (other than as an acquisition in which Graphic stockholders before the acquisition would beneficially own greater than 50% of the voting securities of such acquiring person after the completion of the transaction).

Expenses in the Event of Termination Fee

In the event Graphic is required to pay Riverwood a termination fee, Graphic will also be required to pay and reimburse Riverwood for all of its expenses up to a total amount of no more than $3 million.

Obligations in Event of Termination

In the event of termination as provided for above, the merger agreement will become void and of no further force and effect (except with respect to certain designated sections of the merger agreement) and there will be no liability on behalf of Riverwood or Graphic, except for liabilities arising from a willful breach of the merger agreement.

AMENDMENTS, EXTENSIONS AND WAIVERS

The merger agreement may be amended by the parties at any time before or after the Graphic special stockholders' meeting, except that any amendment after a stockholders' meeting, which requires approval by stockholders, may not be made without such approval.

At any time before the completion of the merger, the parties may, to the extent legally allowed, extend the time for the performance of any of the obligations or other acts of the other parties, waive any inaccuracies in the representations and warranties contained in the merger agreement, and waive compliance with any of the agreements or conditions contained in the merger agreement.

MATERIAL TERMS OF RELATED AGREEMENTS

VOTING AGREEMENT

Riverwood and the Coors family stockholders of Graphic have entered into a voting agreement, dated as of March 25, 2003, with respect to the shares owned by the Coors family stockholders or acquired during the term of the voting agreement. The following is a summary of the material terms of the voting agreement and is qualified by reference to the complete text of the agreement, which is attached as Annex B to this proxy statement/prospectus and incorporated herein by reference.

Voting of Shares

Each of the Coors family stockholders has agreed that, at any meeting of the stockholders of Graphic called to vote upon the merger and the merger agreement, each of them will vote all of the shares of common and convertible preferred stock owned by such stockholder in favor of the approval of the merger agreement. Each of the Coors family stockholders has further agreed that at any meeting of the stockholders of Graphic, each of them will vote all of the shares owned by such stockholder against:

- any other merger, consolidation, combination, sale or transfer of a material amount of assets, reorganization, recapitalization, dissolution, liquidation or winding up of or by Graphic;

- any amendment to Graphic's articles of incorporation or bylaws or other proposal or transaction that would delay, impede, frustrate, prevent or nullify the merger and the other transactions contemplated by the merger agreement; and

- any amendment to Graphic's articles of incorporation or bylaws or other proposal that would change the voting rights of the shares subject to the voting agreement other than in connection with the merger.

The Coors family stockholders, in aggregate, own 13,481,548 shares of Graphic's outstanding common stock and have the right to acquire an additional 946,939 shares of common stock upon exercise of currently exercisable options. The Trust owns all 1,000,000 shares of the outstanding convertible preferred stock, which are entitled to vote separately as a class and to cast a total of 24,242,424 votes with the holders of Graphic common stock in the vote on the merger agreement. In aggregate, the shares covered by the voting agreement represent approximately 65.1% of the combined voting power of Graphic's capital stock and 100% of the outstanding voting power of Graphic preferred stock as of March 25, 2003. In addition, the executive officers and directors of Graphic, representing approximately 0.6% of the combined voting power of Graphic's capital stock, have advised that they intend to vote their shares in favor of the merger agreement.

No Solicitation

Each of the Coors family stockholders has agreed not to directly or indirectly solicit, encourage or facilitate an acquisition proposal (of the type described above under "The Merger Agreement Covenants" on page 72). The Coors family stockholders have agreed to inform Riverwood of any proposals or requests for information they receive with respect to any business combination.

Transfer Restrictions

Each of the Coors family stockholders has agreed not to transfer any of the shares owned by such Coors family stockholder, or grant any proxies or enter into any voting agreements with respect to such shares other than the voting agreement with Riverwood. There is an exception to the general prohibition on transfer for transfer of shares to other Coors family stockholders or to certain other affiliated parties, if the transferees agree to be bound by the terms of the voting agreement. The Coors

family stockholders also are prohibited from acquiring additional shares of Graphic stock except for other Coors family stockholder shares already subject to the voting agreement and acquisitions under employee benefit plans for Coors family stockholders who are employees of

Graphic.

Irrevocable Proxy

Each of the Coors family stockholders has agreed to designate and appoint Jeffrey H. Coors and, in the case of his inability to act, William K. Coors, as the Coors family representative and attorney-in-fact to perform all acts required, authorized or contemplated by the voting agreement to be performed by any of the Coors family stockholders (including voting the shares of Graphic owned by such Coors family stockholder in the manner described above).

Conversion of Convertible Preferred Stock

Immediately before the completion of the merger, the Trust has agreed to convert all of the shares of convertible preferred stock held by the Trust into shares of Graphic common stock in accordance with the terms of such convertible preferred stock. Promptly after the conversion of such convertible preferred stock, Riverwood has agreed to pay to the Trust an amount equal to the present value, calculated using a discount rate of 8.5%, of the dividend payments payable on such convertible preferred stock from the date of the completion of the merger through August 15, 2005, the first date as of which Graphic could otherwise have redeemed the convertible preferred stock. While the exact amount that will be due depends upon the date of completion of the merger, Riverwood and Graphic currently anticipate that the amount of payment owed by Riverwood to the Trust upon the conversion of the convertible preferred stock will be approximately $19.7 million. This amount assumes that the completion of the merger will occur on July 1, 2003.

Additional Consideration

If the merger agreement is terminated under circumstances entitling Riverwood to receive the termination fee (see "The Merger Agreement Termination of Merger Agreement Termination Fees Payable by Graphic" on page 80), each Coors family stockholder (other than the Adolph Coors Foundation) will be obligated to pay to Riverwood an amount equal to such Coors family stockholder's pro rata share (based on the number of shares of Graphic common stock held by such stockholder on March 25, 2003, treating the convertible preferred stock on an as converted basis) equal to:

- 75% of the first $20 million of all profit (as defined below) earned by the Coors family stockholders, collectively; plus
- 50% of the next $40 million of all profit earned by the Coors family stockholders, collectively,

in each case from the consummation of any business combination that is consummated within two years of the termination of the merger agreement.

Furthermore, in the event that, before the completion of the merger, a superior proposal (as defined in "The Merger Agreement Covenants" on page 72) is made by a third party and, upon the completion of the merger, Riverwood has increased the amount of merger consideration payable over that set forth in the merger agreement, the Coors family stockholders (other than the Adolph Coors Foundation) have agreed that they will waive any right to receive 50% of any such additional merger consideration.

For purposes of the calculation above, "profit" from any business combination equals:

- the aggregate consideration received by the Coors family stockholders pursuant to the business combination; plus

- the fair market value (as defined below), determined as of the date of disposition, of all shares of the Coors family stockholders disposed of after the termination of the merger agreement and before the date that the business combination is consummated; minus
- the fair market value of all shares of the Coors family stockholders, determined as of either March 24, 2003, or the day immediately before the date that Graphic first receives notice of or otherwise becomes aware of an acquisition proposal (as defined in "The Merger Agreement Covenants" on page 72), whichever date results in a lower fair market value.

The "fair market value" of:

- securities listed on a national securities exchange is equal to the average closing price per share of such security for the ten trading days before the date of determination; and

- consideration that is other than cash or securities listed on a national securities exchange will be determined by a nationally recognized independent investment banking firm in a manner further described in the voting agreement.

Waiver of Dissenters' Rights

Each of the Coors family stockholders has waived any dissenters' rights it may have in connection with the merger.

Termination

The voting agreement will automatically terminate if the merger agreement is terminated in accordance with its terms before the completion of the merger. If the voting agreement is terminated, its provisions will cease to have effect, except for the provisions described under " Additional Consideration" above.

Stockholder Capacity

The parties acknowledge that each of the Coors family stockholders executing the voting agreement is executing it solely in such Coors family stockholder's capacity as a record holder or beneficial owner of shares of Graphic common stock or convertible preferred stock and not in such person's capacity as an officer or director of Graphic.

STOCKHOLDERS AGREEMENTS

The following is a summary of the material terms of the stockholders agreement, and the other Riverwood stockholders side letter among Riverwood and the stockholder parties identified below, and is qualified by reference to the complete text of these agreements, copies of which have been filed with the SEC as exhibits to Riverwood's registration statement, of which this proxy statement/prospectus is a part. For information on how to obtain copies of the stockholders agreement, the other Riverwood stockholders side letter or other exhibits, see "Where You Can Find More Information" on page 208.

Certain individuals and entities that will be stockholders of the combined company after the completion of the merger and Riverwood have entered into the stockholders agreement, under which the parties thereto have made certain agreements regarding matters further described below, including the voting of their shares and the governance of the combined company. The parties to the stockholders agreement are the Coors family stockholders, the CDR fund, Exor and Riverwood. Certain other entities that will be stockholders of the combined company after the completion of the merger and Riverwood have entered into a Transfer Restrictions and Observation Rights Agreement, dated March 25, 2003, or the other Riverwood stockholders side letter, under which the parties thereto have made certain agreements regarding matters further described below, including observation rights

and restrictions on the transfer of combined company common stock. The parties to the other Riverwood stockholders side letter are Riverwood, The 1818 Fund II, L.P., HWH Investment Pte Ltd, J.P. Morgan Partners (BHCA), L.P., First Plaza Group Trust, Madison Dearborn Capital Partners, L.P. and Wolfensohn-River LLC. We refer to the parties to the other Riverwood stockholders side letter, other than Riverwood, as the "other Riverwood stockholders." The stockholders agreement and the other Riverwood stockholders side letter will be effective immediately upon the completion of the merger.

Board of Directors

The stockholders agreement provides that the board of directors of the combined company will consist of nine members, classified into three classes. Each of the three classes will consist initially of three directors, the initial terms of which will expire, respectively, at the first, second and third annual meetings of stockholders following the completion of the merger.

Immediately after the effective time, the board of directors will consist of Jeffrey H. Coors (who will be Executive Chairman), Harold R. Logan, Jr. and John D. Beckett (who currently are Graphic directors), Stephen M. Humphrey, Kevin J. Conway, John R. Miller, Martin D. Walker and G. Andrea Botta (who currently are Riverwood directors) and an additional designee to be selected by the CDR fund.

The stockholder parties to the stockholders agreement have further expressed their intention that the board of directors of Graphic Packaging International, Inc., the principal operating entity of the combined company, will have the same composition after the completion of the merger as the combined company's board of directors.

Designation Rights

The stockholders agreement provides that the Coors family representative, the CDR Fund and Exor will have the right, subject to requirements related to stock ownership, to designate a person for nomination for election to the board of directors. Each such director will be designated to that class of directors whose initial term expires at the third annual meeting of stockholders following the completion of the merger.

The Coors family representative is entitled to designate one person for nomination for election to the board for so long as the Coors family stockholders, in the aggregate, own at least 5% of the fully diluted shares of the combined company's common stock. The CDR fund will be entitled to designate one person for nomination for election to the board: (1) for so long as it owns at least 5% of the fully diluted shares of the combined company common stock, or (2) for so long as it owns less than 5% of such shares and the other Riverwood stockholders, the CDR fund and Exor continue to own, in the aggregate, at least 30% of such shares. Exor will be entitled to designate one person for nomination for election to the board for so long as it owns at least 5% of the fully diluted shares of the combined company common stock.

Pursuant to the stockholders agreement, at each meeting of the stockholders of the combined company at which directors of the combined company are to be elected, the combined company will recommend that the stockholders elect to the board of directors of the combined company the designees of the individuals designated by the Coors family representative, the CDR fund and Exor. In addition, for so long as Stephen M. Humphrey serves as the Chief Executive Officer of the combined company, the stockholders agreement provides that he will be nominated for election to the board at any meeting of the stockholders at which directors of his class are to be elected.

Independent Directors

The stockholders agreement further provides that each of the other directors, not designated in the manner described above, will be a combined company independent director (as defined below) designated for nomination by the nominating and corporate governance committee of the board. In the event that the Coors family representative, the CDR fund or Exor loses the right to designate a person to the board, such designee will resign immediately upon receiving notice from the nominating and corporate governance committee that it has identified a replacement director, and will resign in any event no later than 120 days after the designating person or entity loses the right to designate such designee to the board. At such time as Mr. Humphrey is no longer the Chief Executive Officer of the combined company, he will similarly resign upon receipt of notice from the nominating and corporate governance committee and, in any event, no later than 120 days after ceasing to serve as Chief Executive Officer.

A "combined company independent director" is a director who (1) is not an officer or employee of the combined company or any of its affiliates, (2) is not an officer or employee of any stockholder party to the stockholders agreement or, if such stockholder is a trust, a direct or indirect beneficiary of such trust and (3) meets the standards of independence under applicable law and the requirements applicable to companies listed on the NYSE.

Agreement to Vote for Directors; Vacancies

Each party to the stockholders agreement agrees to vote all of the shares owned by such stockholder in favor of Mr. Humphrey (for so long as he is the Chief Executive Officer of the combined company) and each of the parties' designees to the board, and to take all other steps within such stockholder's power to ensure that the composition of the board is as contemplated by the stockholders agreement.

As long as the Coors family representative, the CDR fund or Exor, as the case may be, has the right to designate a person for nomination for election to the board, at any time at which the seat occupied by such party's designee becomes vacant as a result of death, disability, retirement, resignation, removal or otherwise, such party will be entitled to designate for appointment by the remaining directors an individual to fill such vacancy and to serve as a director. Riverwood and each of the stockholder parties to the stockholders agreement has agreed to take such actions as will result in the appointment to the board as soon as practicable of any individual so designated by the Coors family representative,

the CDR fund or Exor.

At any time at which a vacancy is created on the board as a result of the death, disability, retirement, resignation, removal or otherwise of one of the independent directors before the expiration of his or her term as director, the nominating and corporate governance committee will notify the board of a replacement who is a combined company independent director. Each of the company and the stockholder parties to the stockholders agreement have agreed to take such actions as will result in the appointment of such replacement to the board as soon as practicable.

Actions of the Board; Affiliate Agreements

The stockholders agreement provides that actions of the board will require the affirmative vote of at least a majority of the directors present in person or by telephone at a duly convened meeting at which a quorum is present, or the unanimous written consent of the board, except that a board decision regarding the merger, consolidation or sale of substantially all the assets of the combined company will require the affirmative vote of a majority of the directors then in office. In addition, a decision by the company to enter into, modify or terminate any agreement with an affiliate of the Coors family stockholders, the CDR fund or Exor will require the affirmative vote of a majority of the

directors not nominated by a stockholder which, directly or indirectly through an affiliate, has an interest in that agreement.

Board Committees

The stockholders agreement provides for the board to have an audit committee, a compensation and benefits committee and a nominating and corporate governance committee as follows:

- The audit committee will have three members, consisting of the directors designated by the CDR fund and the Coors family representative and one combined company independent director, or such other members as the CDR fund and the Coors family representative may mutually agree. The audit committee will have the authority, at its discretion, to invite the director designated by Exor to attend meetings of the audit committee as a non-voting observer.

- The compensation and benefits committee will have three members, consisting of the directors designated by the CDR fund and the Coors family representative and one combined company independent director, or such other members as the CDR fund and the Coors family representative may mutually agree. No employee of the company or its subsidiaries will serve on this committee. The director designated by Exor will have the right to attend meetings of the compensation and benefits committee as a non-voting observer.

- The nominating and corporate governance committee will have five members, consisting of the directors designated by the CDR fund, the Coors family representative and Exor and two combined company independent directors, or such other members as the CDR Fund, the Coors family

  representative and Exor shall mutually agree. No employee of the company or its subsidiaries (other than Jeffrey H. Coors) will serve on this committee.

Each of the company and the stockholder parties to the stockholders agreement have agreed to take all steps within their power to ensure that the composition of the board's committees are as provided in the stockholders agreement. The rights described above of each of the CDR fund, the Coors family representative and Exor to have its director designee sit as a member of board committees will cease at such time as such stockholder holds less than 5% of the fully diluted shares of the combined company's common stock, except that the CDR fund will continue to have such right so long as the stockholders of Riverwood immediately before the completion of the merger own, in the aggregate, at least 30% of the fully diluted shares of the combined company's common stock. The board will fill any committee seats that become vacant in the manner provided in the preceding sentence with combined company independent directors. The board is prohibited from forming an executive committee.

Observation and Information Rights; Directors Emeritus

The stockholders agreement provides that The 1818 Fund II, L.P., a stockholder of Riverwood before the completion of the merger, will have the right to designate Lawrence C. Tucker to attend meetings of the board of directors and to receive copies of all written materials provided to the board. This right will terminate at such time as The 1818 Fund II, L.P. transfers (other than to affiliated permitted transferees) 50% or more of the combined company's common stock held by such entity at the completion of the merger. The 1818 Fund II, L.P. has entered into the other Riverwood stockholders side letter, which obligates it to abide by certain terms and conditions in connection with the exercise of this right. Mr. Tucker will not have any right to vote on any matter presented to the board.

With certain specified exceptions, each of the other Riverwood stockholders has the right to receive copies of all written materials provided to the board. This right will terminate, with respect to each other Riverwood stockholder, at such time as such other Riverwood stockholder transfers (other

than to affiliated permitted transferees) 50% or more of the combined company common stock held by such other Riverwood stockholder at the completion of the merger. Such other Riverwood stockholder must have entered into the other Riverwood stockholders side letter, which obligates it to abide by certain terms and conditions in connection with the exercise of this right.

Under the stockholders agreement, the Coors family representative will have the right to designate William K. Coors as an emeritus director of the combined company, and the CDR fund will have the right to designate B. Charles Ames as an emeritus director of the combined company. In such capacities, Mr. William Coors and Mr. Ames will have the right to attend meetings of the board and to receive copies of all written materials provided to the board. Mr. William Coors' position as emeritus director will terminate at such time as the Coors family stockholders, in the aggregate, hold less than 5% of the fully diluted shares of the combined company's common stock. Mr. Ames' position as emeritus director will terminate at such time as the CDR fund holds less than 5% of the fully diluted shares of the combined company's common stock and the stockholders of Riverwood immediately before the completion of the merger hold, in the aggregate, less than 30% of the fully diluted shares of the combined company's common stock. Mr. William Coors and Mr. Ames will not have any right to vote on any matter presented to the board.

Mr. Tucker, Mr. William Coors, Mr. Ames and each of the recipients of information rights will be obliged to the maintain the confidentiality of information received in connection with the exercise of their respective rights. As Mr. Tucker, Mr. William Coors and Mr. Ames will not be serving as directors of the combined company, they will not have director fiduciary duties to the combined company or its stockholders.

Transfer Restrictions

The stockholder parties to the stockholders agreement have agreed not to transfer any shares of the combined company's common stock during the restricted period (defined below), except for (1) transfers to certain affiliated permitted transferees that agree to be bound by the stockholders agreement, and (2) a sale to the public pursuant to an effective registration statement filed under the Securities Act. After the expiration of the restricted period, each such stockholder may also transfer combined company common stock pursuant to Rule 144 or other applicable exemptions from registration, subject to any holdback obligations that such stockholder may have under the amended and restated registration rights agreement described below. The "restricted period" begins at the effective time of the merger and continues until the earlier of (1) such time as 50% or more of the issued and outstanding shares of the combined company's common stock have been publicly distributed or sold, and (2) 18 months after the effective time of the merger.

The stockholders of Riverwood before the completion of the merger other than the CDR fund and Exor, who are each party to the other Riverwood stockholders side letter, have separately agreed pursuant to that side letter to abide by the transfer restrictions applicable to the stockholder parties to the stockholders agreement, except that such stockholders will be permitted to transfer shares of combined company common stock under Rule 144 and other exemptions after the later of (1) 90 days following the closing of the combined company's first secondary offering for which a request is made under the amended and restated registration rights agreement (or immediately following the earlier termination or withdrawal of such offering) and, in any event, no later than March 31, 2004 and (2) December 31, 2003.

The share certificates owned by each of the stockholder parties to the stockholders agreement and the other Riverwood stockholders side letter will bear customary legends with respect to transfer restrictions.

Fee Payable to CD&R

Under the terms of the stockholders agreement, immediately after the effective time of the merger, the combined company will pay a transaction fee of $10 million to CD&R as consideration for its assistance in connection with negotiation of all aspects of the transaction, including the contribution analysis, financial and business due diligence, structure of the proposed refinancing and arranging for proposals by and handling negotiations with financing sources to provide funds for the refinancing. This fee is contingent on the completion of the merger.

Termination

The stockholders agreement will remain in effect until terminated by unanimous agreement of the combined company and the stockholder parties or until such time as no more than one of the CDR fund, Exor, the CDR fund and the other Riverwood stockholders in the aggregate, or the Coors family stockholders holds 5% or more of the outstanding common stock of the combined company on a fully diluted basis. In addition, the stockholders agreement will terminate as to any stockholder party at such time as such stockholder no longer owns any shares of the combined company's common stock. The confidentiality provisions of the agreement will survive termination.

The other Riverwood stockholders side letter will terminate upon the unanimous consent of Riverwood and the other Riverwood stockholders. In addition, the other Riverwood stockholders side letter will terminate with respect to specified other Riverwood stockholders at the times provided in the letter. The confidentiality obligations of the other Riverwood stockholders side letter will survive termination.

AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT

The following is a summary of the material terms of the amended and restated registration rights agreement among Riverwood and the stockholder parties identified below, and is qualified by reference to the complete text of the agreement, a copy of which has been filed with the SEC as an exhibit to Riverwood's registration statement, of which this proxy statement/prospectus is a part. For information on how to obtain a copy of the registration rights agreement or other exhibits, see "Where You Can Find More Information" on page 208.

Riverwood, the parties to the stockholders agreement and the other stockholders of Riverwood immediately before the completion of the merger have entered into an amended and restated registration rights agreement, dated as of March 25, 2003, under which the parties have agreed to amend and restate Riverwood's previous registration rights agreement in connection with the transactions contemplated by the merger agreement. The parties to the amended and restated registration rights agreement are the Coors family stockholders, the CDR fund, Exor and the other Riverwood stockholders. The amended and restated registration rights agreement becomes effective immediately upon the completion of the merger.

The amended and restated registration rights agreement provides that, after the expiration of 90 days from the effective time of the merger, holders of 15% or more of the outstanding shares of the combined company's common stock may request that the combined company effect the registration under the Securities Act all or part of such holder's registrable securities (as defined below). Upon receipt of such a request, the combined company is required to promptly give written notice of such requested registration to all holders of registrable securities and, thereafter, to use its reasonable best efforts to effect the registration under the Securities Act of all registrable securities which it has been requested to register pursuant to the terms of the amended and restated registration rights agreement. After the expiration of 180 days after the closing of an initial secondary offering, holders of 5% or more of the outstanding shares of the combined company's common stock may again request that the combined company effect the registration under the Securities Act of all or part of such holder's

registrable securities. In all cases, the combined company's obligations to register the registrable securities are subject to the minimum and maximum offering size limitations set forth below.

With respect to the first two requests to effect registration of registrable securities, the combined company will not be required to effect such registration if such requests relate to less than 15% of the outstanding shares of common stock or, without the approval of the board of directors, more than 25% of the outstanding shares. Any request for registration of registrable securities after the first two requests will be subject to a minimum offering size of 5% of the outstanding shares of combined company common stock.

"Registrable securities" means:

- all shares of combined company common stock owned by the CDR fund, Exor or the other Riverwood stockholders;

- all shares of combined company common stock issued to the Coors family stockholders in connection with the merger;

- all securities that were registrable securities under the original registration rights agreement;

- all shares of combined company common stock issued after March 25, 2003 to members of management or directors of the combined company for so long as any such shares constitute restricted securities; and

- any securities issued or issuable with respect to any combined company common stock referred to above as a result of a conversion, exchange, stock dividend or distribution, stock split or reverse stock split, combination, recapitalization, merger, consolidation or other reorganization thereof.

If the stockholder parties request registration of any of their shares, the combined company is required to prepare and file a registration statement with the SEC as soon as possible, and no later than 60 days after receipt of the request.

The combined company will pay all expenses in connection with the first four successfully effected registrations requested.

The stockholder parties have the right to request that any offering requested by them under the amended and restated registration rights agreement be an underwritten offering. The combined company will have the right to select one or more underwriters to administer the requested offering, but the selection of underwriters will be subject to approval by the holders of a majority of the shares to be included in the offering.

The amended and restated registration rights agreement also provides that, with certain exceptions, the parties thereto will have certain incidental registration rights in the event that the company at any time proposes to register any of its equity securities and the registration form to be used may be used for the registration of securities otherwise registrable under the registration rights agreement.

In addition to the provisions set forth above, the amended and restated registration rights agreement contains other terms and conditions including those customary to agreements of this kind.

Termination

The amended and restated registration rights agreement will terminate on the earliest of its termination by unanimous consent of the parties, the date on which no shares subject to the agreement are outstanding, or the dissolution, liquidation or winding up of the combined company.

INFORMATION ABOUT RIVERWOOD

BUSINESS

Overview

Riverwood is an integrated provider of paperboard packaging solutions to multinational beverage and consumer products companies. It focuses on large segments of the paperboard packaging market where it provides companies with paperboard packaging solutions designed to deliver marketing and performance benefits at a competitive cost.

Riverwood is the larger of two worldwide producers of CUK board, the grade of paperboard that it uses for its packaging products. CUK board is a specialized high-quality grade of paperboard with excellent strength characteristics and printability for high-resolution graphics that make it particularly well suited for a variety of packaging applications. The coated board business segment includes the production and sale of CUK board for its beverage multiple packaging and consumer products packaging businesses. Riverwood refers to the CUK board it produces for use in beverage multiple packaging as carrierboard and in consumer products packaging as cartonboard.

Customers in Riverwood's beverage packaging business include Anheuser-Busch Companies, Inc., Miller Brewing Company, numerous Coca-Cola and Pepsi bottling companies, Interbrew, Asahi Breweries, Unilever and Master Foods. In its consumer products packaging business,

Riverwood provides cartonboard, through independent converters, to consumer products companies such as Kraft Foods, Nestlé, Unilever and Mattel. In 2002, Riverwood had net sales of $1.2 billion.

Riverwood reports its results in two business segments: coated board and containerboard. Its coated board business segment includes the production and sale of carrierboard and cartonboard. Its containerboard business segment includes the production and sale of containerboard linerboard, corrugating medium and kraft paper for sale in the open market. Riverwood operates in four geographic areas: the United States, Central and South America, Europe and Asia-Pacific. For business segment and geographic area information for each of the last three fiscal years, see note 24 to Riverwood's consolidated financial statements included in this proxy statement/prospectus.

Riverwood was incorporated on December 7, 1995 under the laws of the State of Delaware.

Coated Board

In the coated board segment, Riverwood produces CUK board at its mills, prints and cuts, or converts, the CUK board into cartons at its and third parties' converting plants, and manufactures packaging machines designed to package bottles and cans and non-beverage consumer products. It installs its packaging machines at customer plants under long-term leases and provides support, service and performance monitoring of the machines.

Beverage Multiple Packaging. In the beverage multiple packaging business, it provides a range of packaging solutions to multinational beverage companies, offering them carrierboard, beverage cartons and packaging machines either as an integrated solution or separately. Riverwood supplies beverage cartons in a variety of designs and formats, including 6, 12 and 24 multi-packs. It designs its products to meet its customers' needs for beverage multi-packs. Riverwood's proprietary beverage packaging machines package cans, bottles and other beverage containers into its beverage cartons at high speeds. It enters into annual or multi-year carton supply contracts with its customers. The carton supply contracts generally provide that the customer is obligated to purchase a fixed portion of its carton requirements from Riverwood.

In 2002, Riverwood's integrated beverage packaging business accounted for approximately 90% of its 2002 carrierboard shipments. It sold the remaining 10% of its carrierboard shipments in the open market to independent converters. Particularly in Riverwood's international operations, its carrierboard may be sold to and converted by joint ventures and licensees of its beverage cartons who, in turn, sell converted beverage cartons to end-users for use on Riverwood's proprietary packaging machines. The

beverage multiple packaging business also includes sales of carrierboard, which Riverwood has produced and converted, to customers for use on third-party packaging machines.

Riverwood is focused on growing its presence in beverage categories beyond its traditional beer and carbonated soft drink markets. To this end, it has designed a CUK board product for juice pouches using its new Z-Flute® proprietary technology. A number of beverage companies are currently testing this product. Riverwood has begun to make shipments of this product to customers. In addition, it has designed a new carton, based on its Fridge Vendor® design, to target the market for take-home water bottle multiple packaging. This product is now available throughout one of Riverwood's major customer's marketing areas.

In 2002, carrierboard accounted for approximately 65% of Riverwood's total CUK board shipments. In 2002, Riverwood shipped approximately 671,000 tons of carrierboard and had net sales in its beverage multiple packaging business of $818.8 million. It sells carrierboard under the brand name Aqua-Kote®.

Consumer Products Packaging. In Riverwood's consumer products packaging business, historically it has principally sold cartonboard to independent converters who convert the cartonboard and sell cartons to consumer products companies, such as Kraft Foods, Nestlé, Unilever and Mattel, for consumer products packaging for confectionary, frozen and dry foods, toys and other consumer products. Riverwood serves these customers through relationships with converters and works with both the end-user and the converter to design packaging solutions.

Historically, the consumer products packaging business has been of secondary importance to Riverwood, serving primarily as an outlet for excess CUK board production. It has historically manufactured and leased packaging machines to consumer products companies both in the United States and internationally and has converted a portion of its cartonboard into cartons at its international converting plants. In January 2000, Riverwood adopted a new strategy for its consumer products packaging business and, as a first step, organized this operating unit to target non-beverage consumer products packaging markets where it has not historically competed and to improve its product mix and margins. Riverwood's strategy is to capitalize on the capabilities and business model that it has developed in its beverage multiple packaging business by developing integrated packaging solutions, including new carton designs and packaging machines, for targeted consumer products

applications and building relationships directly with consumer products companies. At the same time, it intends to maintain its relationships with independent converters of its cartonboard.

Riverwood believes that the performance characteristics of its CUK board, specifically its tear strength, wet strength and stiffness, make it appropriate for applications in segments of the consumer products packaging market. As such, Riverwood believes that the growth opportunity for it in these segments will largely depend on its ability to introduce CUK board to packaging applications currently served by other substrates. It has had success penetrating several non-beverage paperboard applications in which it believes CUK board has a competitive advantage. Riverwood has developed its new Z-Flute® carton technology to penetrate selected non-beverage segments of the market for mini- and micro-flute corrugated products. It has designed Z-Flute® to capitalize on the strength and marketing capabilities of CUK board needed in these markets while providing the structural reinforcement and additional anti-crush strength required for the shipping, stacking and storage needs of retailers and consumers alike. Specific non-beverage applications for micro-flute products include cartons for frozen food and dry foods and candy.

In 2002, cartonboard accounted for approximately 35% of Riverwood's total CUK Board shipments. In 2002, Riverwood shipped approximately 363,000 tons of cartonboard and had net sales in its consumer products packaging business of $234.4 million. It sells cartonboard under the brand names Pearl-Kote®, Omni-Kote® and Multiboard®.

CUK Board Production. Riverwood produces CUK board at its West Monroe, Louisiana paper mill, or the West Monroe mill, and its Macon, Georgia paper mill, or the Macon mill. Riverwood has

three paperboard machines at the West Monroe mill and two paperboard machines at the Macon mill. These mills have a current total combined annual production capacity of approximately 1.2 million gross tons of CUK Board.

The total CUK Board production at the West Monroe mill was approximately 688,000 gross tons during the year ended December 31, 2002. Total CUK board production at the Macon mill was approximately 480,000 gross tons of CUK board during the year ended December 31, 2002.

CUK board is manufactured from pine and hardwood fibers and, in some cases, recycled fibers, such as old corrugated containers, or OCC, and clippings from Riverwood's converting operations. Virgin fiber is obtained in the form of wood chips or pulp wood acquired through open market purchases or Riverwood's long-term purchase contract with Plum Creek. These chips are chemically treated to form softwood and hardwood pulp, which are then blended (together, in some cases, with recycled fibers). In the case of carrierboard, a chemical is added to increase moisture resistance. The pulp is then processed through the mill's paper machines, which consist of a paper-forming section, a press section (where water is removed by pressing the wet paperboard between rolls), a drying section and the coating section. Coating on CUK board, principally a mixture of pigments, binding agents and water, provides a white, smooth finish, and is applied in multiple steps to achieve desired levels of brightness, smoothness and shade. After the CUK board is coated, it is wound into rolls, which are then shipped to Riverwood's converting plants or to outside converters.

White Lined Chip Production. Riverwood produces white lined chip boards, or WLC, at its Swedish mill, and shipped approximately 157,000 tons of such board during 2002. WLC is used for a variety of folding carton applications principally throughout Europe.

Converting Operations. Riverwood converts CUK board as well as other grades of paperboard into cartons at 11 carton converting plants at 10 sites that it operates in the United States, the United Kingdom, Spain, France and Brazil, as well as through converting plants associated with its joint ventures in Japan and Denmark and licensees in other markets outside the United States. The converting plants print, cut and glue paperboard into cartons designed to meet customer specifications. These plants primarily utilize roll-fed printing presses with in-line cutters to print and cut CUK board. Printed and cut cartons are in turn glued and shipped to customers.

The U.S. converting plants are dedicated to converting carrierboard produced by Riverwood into beverage cartons. These presses have substantially higher cutting and printing speeds, resulting in fewer labor hours per ton of CUK board carton produced. Riverwood realized significant productivity gains when it completed its new converting plant in Perry, Georgia in 1996, which resulted in improved logistics by reducing transportation distances between its Macon mill and its converting plants. It intends to continue to invest in its domestic converting plants to improve their process capabilities.

The international converting plants convert carrierboard and cartonboard produced by Riverwood, as well as paperboard supplied by outside producers, into cartons. The converting plants outside of the United States are designed to meet the smaller volume orders of these markets.

Proprietary Packaging Machinery and Carton Designs. Riverwood designs cartons and designs, tests and manufactures prototype packaging machinery for beverage multiple packaging and consumer products packaging applications at its Product Development Center, or the PDC, in Marietta, Georgia. At the PDC, Riverwood integrates carton and packaging machinery designs to create packaging solutions to meet customer needs. It manufactures and also designs packaging machinery for beverage multiple packaging and consumer products packaging applications at its principal U.S. manufacturing facility in Crosby, Minnesota and at a facility near Barcelona, Spain. By manufacturing packaging machinery in one U.S. and one European location, Riverwood expects to improve customer service, simplify its work processes and reduce costs. It leases substantially all of its packaging machines to customers, typically under machinery use agreements with original terms of three to six years. Packaging machinery placements during 2002 increased approximately 27% when compared to 2001 as a result of a 16% increase in packaging machinery orders in 2001 when compared to 2000. Riverwood

expects packaging machinery placements for 2003 to be comparable to 2002. Riverwood has been and will continue to be selective in future packaging machinery placements to ensure appropriate returns.

Riverwood employs a "pull through" marketing strategy in its beverage multiple packaging business, the key elements of which are (i) the design and manufacture of proprietary packaging machines capable of packaging plastic and glass bottles, cans and other primary containers, (ii) the installation of the machines at customer locations under multi-year machinery use arrangements and (iii) the development of proprietary beverage cartons with high-resolution graphics for use on those machines.

Riverwood's packaging machines are designed to package Polyethylene Terephthalate, or PET, bottles and glass bottles, cans and other primary beverage containers, as well as non-beverage consumer products, using cartons designed by Riverwood, made from its CUK board and converted into cartons by Riverwood, its joint venture partners or its licensees. In order to meet customer requirements, it has developed an extensive portfolio of packaging machines consisting of three principal machinery lines, including eight different models of packaging machines. The machines package cans and PET or glass bottles in a number of formats including baskets, clips, trays, wraps and fully enclosed cartons. These machines have packaging ranges from 2 to 36 cans per package and have the ability to package cans at speeds of up to 3,000 cans per minute. Riverwood's consumer product packaging machines are designed to package cans or bottles in wraps or fully enclosed cartons. Riverwood also manufactures ancillary equipment, such as machines for taping cartons and placing coupons in cartons.

Marketing and Distribution. Riverwood markets its CUK board and CUK board-based products principally to multinational brewers, soft drink bottlers, food companies and other consumer products companies that use printed packaging for retail display, multiple packaging and shipment of their products. It also sells CUK board in the open market to carrierboard and cartonboard converters. It markets CUK board under the names Aqua-Kote®, Pearl-Kote® and Omni-Kote®. Riverwood reviews a customer's credit history before extending credit to the customer of which the payment terms are generally 30 days domestically, but vary internationally according to local business practices.

In its beverage multiple packaging business, Riverwood's major customers for beverage cartons include Anheuser-Busch Companies, Inc., Miller Brewing Company, numerous Coca-Cola and Pepsi bottling companies, Interbrew and Asahi Breweries. It also sells beverage carrierboard in the open market to independent converters, including licensees of Riverwood's proprietary carton designs, for the manufacture of beverage cartons. During 2002, Riverwood had two customers, Anheuser-Busch Companies, Inc. and Miller Brewing Company, who represented approximately 16% and 12% respectively, of its net sales.

In its consumer products packaging business, Riverwood has historically sold substantially all of its cartonboard to numerous independent converters that convert the cartonboard into cartons for consumer products. It has entered into agreements with a number of major independent converters. Under the terms of these agreements, the converters agree to purchase a significant portion of their CUK board requirements from Riverwood and to assist it in customer development efforts designed to grow the market for CUK board. The terms of these arrangements include certain limitations on Riverwood's ability to raise the selling prices of its cartonboard.

Distribution of carrierboard and cartonboard is primarily accomplished through direct sales offices in the United States, Australia, Brazil, Denmark, France, Germany, Hong Kong, Italy, Japan, Mexico, Singapore, Spain, Sweden, and the United Kingdom.

Joint Ventures. Riverwood is a party to joint ventures with Rengo Company Limited and Danapak Holding A/S, of which it owns 50% and 60%, respectively, to market machinery-based packaging systems in Japan and Scandinavia, respectively. The joint ventures cover CUK board supply, use of proprietary carton designs and marketing and distribution of packaging systems.

Competition. There are only two major producers in the United States of CUK board, Riverwood and MeadWestvaco. Riverwood faces significant competition in its CUK board business segment from

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MeadWestvaco. Like Riverwood, MeadWestvaco produces and converts CUK board, designs and places packaging machinery with customers and sells CUK board in the open market. Riverwood also faces competition from other manufacturers of packaging machines, such as R.A. Jones Co. Inc., or R.A. Jones.

In the beverage packaging industry, beverage cartons made from CUK board compete with plastics and corrugated packaging for packaging glass or plastic bottles, cans and other primary containers. Although plastics and corrugated packaging are priced lower than CUK board, Riverwood believes that cartons made from CUK board offer advantages over these materials, in areas such as distribution, high quality graphics, carton designs, package performance, environmental friendliness and design flexibility.

In the consumer product packaging markets, Riverwood's CUK board competes principally with MeadWestvaco's CUK board, recycled clay-coated news, or CCN, and solid bleached sulphate board, or SBS, and, internationally, WLC and folding boxboard, or FBB. Cartonboard grades compete based on price, strength and printability. CUK board has generally been priced in a range that is higher than CCN and lower than SBS. CUK board has slightly better tear strength characteristics than SBS and significantly better printability, tear strength and cross-direction stiffness than CCN. There are a large number of producers of paperboard for the cartonboard markets, who are subject to significant competition and other business pressures.

Containerboard

In the United States, Riverwood manufactures containerboard linerboard, corrugating medium and kraft paper for sale in the open market. Corrugating medium is combined with linerboard to make corrugated containers. Kraft paper is used primarily to make grocery bags and sacks. Riverwood's principal paper machines have the capacity to produce both linerboard and CUK board. Riverwood has in the past used its CUK board machines to produce linerboard. It has shifted significant mill capacity away from linerboard production on its CUK board machines to more profitable packaging applications and intends to stop producing linerboard. It continues to operate paper machines dedicated to the production of corrugating medium and kraft paper on its two dedicated containerboard machines at the West Monroe mill.

In 2002, Riverwood had net sales in its containerboard business of $81.6 million, representing approximately 6% of its net sales. In 2002, it shipped approximately 8,000 tons of linerboard from the Macon mill and approximately 122,000 tons of corrugating medium, 37,000 tons of kraft bag paper and 46,000 tons of linerboard from its West Monroe mill. In 2002, it also shipped approximately 22,000 tons of various other paperboard products.

The primary customers for Riverwood's U.S. containerboard production are independent and integrated corrugated converters. Riverwood sells corrugating medium and linerboard through direct sales offices and agents in the United States. Outside of the United States, linerboard is primarily distributed through independent sales representatives.

Riverwood's containerboard business segment operates within a highly fragmented industry. Most products within this industry are viewed as commodities; consequently, selling prices tend to be cyclical, being affected by economic activity and industry capacity.

In addition to its U.S. containerboard operations, Riverwood owned 50% of Igaras Papeis e Embalagens S.A., or Igaras, an integrated containerboard producer located in Brazil. On July 1, 2000, Igaras spun off the multiple packaging portion of its business into a newly formed company, of which Riverwood owned 50%. The Igaras multiple packaging operations convert predominantly carrierboard and cartonboard into cartons designed to meet customer specifications. In the Igaras beverage multiple packaging business, packaging machines capable of packaging plastic and glass bottles, cans and other primary containers are installed at beverage customer locations. Additionally, proprietary beverage cartons with high-resolution graphics are developed for use on those machines. On October 3, 2000, Riverwood, along with its joint venture partner, Cia Suzano de Papel e Celulose, completed the sale of the jointly-held subsidiary Igaras for approximately $510 million, including the assumption of

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$112 million of debt. Riverwood recognized a gain of $70.9 million in connection with the sale, and applied the sale proceeds to pay down debt. On October 12, 2000, it purchased the remaining 50% of the newly formed company for $12.5 million.

Energy and Raw Materials

Pine pulpwood, hardwood and recycled fibers, including OCC, used in the manufacture of paperboard, and various chemicals used in the coating of CUK board, represent the largest components of Riverwood's variable costs of CUK board and containerboard production. The cost of these materials is subject to market fluctuations caused by factors beyond its control. OCC pricing tends to be very volatile. With the October 1996 sale of its timberlands in Louisiana and Arkansas, Riverwood now relies on private landowners and the open market for all of its pine pulpwood, hardwood and recycled fiber requirements, except for CUK board clippings from its converting operations. Under the terms of the sale of those timberlands, Riverwood and the buyer, Plum Creek, entered into a 20-year supply agreement, with a 10-year renewal option, for the purchase by Riverwood, at market-based prices, of a majority of the West Monroe mill's requirements for pine pulpwood and residual chips, as well as a portion of Riverwood's needs for hardwood at the West Monroe mill. An assignee of Plum Creek supplies residual chips to Riverwood pursuant to such supply agreement. Riverwood purchases the remainder of the wood fiber used in CUK board production at the West Monroe mill from other private landowners in this region. Riverwood believes that adequate supplies of open market timber currently are available to meet its fiber needs at the West Monroe mill.

The Macon mill purchases most of its fiber requirements on the open market, and is a significant consumer of recycled fiber, primarily in the form of clippings from Riverwood's domestic converting plants as well as OCC and other recycled fibers. Riverwood has not experienced any significant difficulties obtaining sufficient OCC or other recycled fibers for its Macon mill operations, which it purchases in part from brokers located in the eastern United States. OCC pricing, however, tends to be very volatile since it is based largely on the demand for this fiber from recycled paper and containerboard mills. The Macon mill purchases substantially all of its pine pulpwood and hardwood requirements from private landowners in central and southern Georgia. Because of the adequate supply and large concentration of private landowners in this area, Riverwood believes that adequate supplies of pine pulpwood and hardwood timber currently are available to meet its fiber needs at the Macon mill.

Energy, including natural gas, fuel, oil and electricity, represents a significant portion of Riverwood's manufacturing costs. During the first quarter of 2003, Riverwood's financial results were negatively affected by energy costs when compared to the first quarter of 2002. Until the latter part of 2000, Riverwood's results had not been significantly affected by the volatility of energy costs. It entered into fixed price natural gas contracts designed to mitigate the impact of future cost increases for its natural gas requirements at its two U.S. mills through and including October 2003, and will continue to evaluate its hedge position. It believes that higher energy costs will continue to negatively impact its results for 2003. Since negotiated contracts and the market largely determine the pricing for its products, Riverwood is limited in its ability to pass through to its customers any energy or other cost increases that it may incur in the future.

Riverwood purchases a variety of other raw materials for the manufacture of its paperboard, primarily process chemicals and coating chemicals such as kaolin and titanium dioxide. All such raw materials are readily available, and Riverwood is not dependent upon any one source of such raw materials.

Seasonality

Riverwood's business is subject to moderate seasonality with demand for its products usually increasing in the spring and summer due to the seasonality of the worldwide beverage multiple packaging markets.

Working Capital

Riverwood continues to focus on reducing working capital needs and increasing liquidity. Its working capital needs arise primarily from maintaining a sufficient amount of inventories to meet the delivery requirements of its customers and its policy to extend credit to customers. Riverwood reviews a customer's credit history before extending credit of which the payment terms are generally 30 days domestically, but vary internationally according to local business practices.

Research, Development and Engineering

Research, development and engineering expenses were approximately $5.2 million, $5.1 million and $4.6 million in the years ended December 31, 2002, 2001 and 2000, respectively, and primarily related to packaging machines and new products.

Patents and Trademarks

As of December 31, 2002, Riverwood had a large patent portfolio, presently owning, controlling or holding rights to approximately 2,100 U.S. and foreign patents, with approximately 1,200 patent applications currently pending. Riverwood's operations are not dependent to any significant extent upon any single or related group of patents. It does not believe that the expiration of any of its patents at the end of their

normal lives would have a material adverse effect on its financial condition or results of operations. Its patents fall into two principal categories: packaging machinery and structural carton designs.

Riverwood®, Aqua-Kote®, Pearl-Kote®, Omni-Kote®, Multiboard®, Fridge Vendor®, Z-Flute® and its logo are Riverwood's pending or registered trademarks. Its operations are not dependent upon any single trademark. Riverwood does not hold any material licenses.

Employees and Labor Relations

As of December 31, 2002, Riverwood had approximately 4,150 employees worldwide (excluding employees of joint ventures), approximately 2,950 of whom were members of unions and covered by collective bargaining agreements.

There are four unions representing Riverwood's U.S. employees, one of which, the Paper, Allied-Industrial, Chemical & Energy Workers International Union AFL-CIO, CLC, is associated with the West Monroe mill and converting facility where it represents approximately 1,300 employees, and the Macon mill where it represents approximately 300 of the 400 union employees.

At the Macon mill, the current union contract was negotiated and ratified by the union in the second quarter of 1998 and runs through December 31, 2003. Also at the Macon mill, the International Association of Machinists and Aerospace Workers, and the International Brotherhood of Electrical Workers represent certain maintenance employees.

A new six year contract covering the West Monroe mill was negotiated and ratified by the union on March 20, 2003 and covers the six-year period from March 1, 2003 to February 28, 2009. The contract covering employees at the adjacent converting plants was negotiated and ratified by the union in 2000 and covers the five-year period from September 1, 2000 through August 31, 2005.

Riverwood's other U.S. converting plants, other than its converting facility in Perry, Georgia, are represented by unions. A new six year contract covering the Clinton, Mississippi converting plant contract was negotiated and ratified by the union on April 12, 2003 and covers the six-year period from February 1, 2003 through January 31, 2009. The Cincinnati, Ohio converting plant completed negotiations for a new five year labor agreement effective from February 1, 2001 through January 31, 2006. The Fort Atkinson, Wisconsin converting plant five year labor agreement was negotiated in 2002 with the Graphic Communication Workers International Union and the International Association of Machinists for the period of September 9, 2002 through September 9, 2007 and September 30, 2002 through September 30, 2007, respectively.

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Riverwood's international employees are represented by unions in Brazil, France, Spain, Sweden and the United Kingdom.

PROPERTIES

Headquarters

Riverwood executive offices are located at 814 Livingston Court, Marietta, Georgia 30067 where it currently leases approximately 18,000 square feet of office space.

Manufacturing Facilities

A listing of the major plants and properties owned, or leased, and operated by Riverwood is set forth below. Riverwood buildings are adequate and suitable for its business. Riverwood also leases certain facilities, warehouses and office space throughout the United States and in foreign countries.

Type of Facility and Location[(1)]	Floor Space in Square Feet	Principal Products Manufactured or Use of Facility
Paperboard Mills:		
West Monroe, LA	1,535,000	CUK board; linerboard; corrugating medium; kraft paper
Macon, GA	756,000	CUK board; linerboard
Norrköping, Sweden	417,000	WLC board
Converting Plants:		

Type of Facility and Location[(1)]	Floor Space in Square Feet	Principal Products Manufactured or Use of Facility
West Monroe, LA (2 plants)	621,000	Beverage cartons
Cincinnati, OH	241,800	Beverage cartons
Clinton, MS	210,000	Beverage cartons
Perry, GA[(2)]	130,000	Beverage cartons
Ft. Atkinson, WI	120,000	Beverage cartons
Bristol, Avon, United Kingdom	428,000	Beverage cartons; cartonboard
Igualada, Barcelona, Spain	131,000	Beverage cartons; cartonboard
Beauvois en Cambresis, France	70,000	Cartonboard
Le Pont de Claix, France	120,000	Cartonboard
Jundiai, São Paulo, Brazil	95,216	Beverage cartons; cartonboard
Packaging Machinery/Other:		
Crosby, MN	188,000	Packaging machinery engineering design and manufacturing
Marietta, GA	64,000	PDC Research and development; packaging machinery engineering design and carton engineering design
Igualada, Barcelona, Spain	22,400	Packaging machinery engineering design and manufacturing
Kennesaw, GA	62,500	Development and small scale manufacturing facility for Z-Flute® product

(1) Riverwood leases the facilities in Marietta, Georgia (3 facilities; leases expire on December 31, 2007 and April 30, 2010); Kennesaw, Georgia (lease expires on June 30, 2006); Clinton, Mississippi (part only; lease renewable annually); Beauvois en Cambresis, France (lease expires on December 31, 2006); and Igualada, Barcelona, Spain (2 facilities; leases expire on May 1, 2004 and October 18, 2010). Generally, leases are subject to extension or renewal at the option of the parties to the lease agreement. Riverwood owns all other facilities listed.

(2) The facility located in Perry, Georgia is leased from the Middle Georgia Regional Development Authority in consideration of the issuance of industrial development bonds by such entity.

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LEGAL PROCEEDINGS

See "Management's Discussion and Analysis Environmental and Legal Matters" on page 123.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

The following discussion and analysis of the results of operations and financial condition of Riverwood should be read in conjunction with Riverwood's consolidated financial statements and notes included elsewhere in this proxy statement/prospectus. The following discussion and analysis covers periods before completion of the merger and related transactions, and unless otherwise indicated, does not give effect to the merger or related transactions and does not include pro forma financial information or adjustments. Accordingly, the discussion and analysis of the covered periods does not reflect the significant impact that the merger and related transactions will have on Riverwood. See "Risk Factors", "The Proposed Merger", "Unaudited Condensed Pro Forma Combined Financial Statements" and the discussion below under " Financial Condition, Liquidity and Capital Resources".

General

Riverwood reports its results in two business segments: coated board (relating to its CUK board, used in its beverage multiple packaging and consumer products packaging businesses) and containerboard. The coated board business segment includes (1) the production and sale of CUK board for cartons from its West Monroe, Louisiana and Macon, Georgia mills and white lined chip board, or WLC from its paper mill in Norrköping, Sweden; (2) carton converting plants in the United States, Europe and Brazil; and (3) the design, manufacture and installation of packaging machinery related to the assembly of cartons for beverage and non-beverage consumer products applications. The containerboard

business segment includes the production and sale of linerboard, corrugating medium and kraft paper from paperboard mills in the United States. Riverwood intends to stop producing linerboard as it continues to shift production capacity to higher margin CUK board.

The table below sets forth EBITDA as defined in Riverwood's existing senior secured credit agreement, which we refer to as "Credit Agreement EBITDA". Credit Agreement EBITDA as presented below is a financial measure that is used in Riverwood's existing senior secured credit agreement. Credit Agreement EBITDA is not a defined term under accounting principles generally accepted in the United States and should not be considered as an alternative to income from operations or net income as a measure of operating results or cash flows as a measure of liquidity. Credit Agreement EBITDA differs from the term "EBITDA" (earnings before interest expense, income tax expense, and depreciation and amortization) as it is commonly used. In addition to adjusting net income to exclude interest expense, income tax expense, and depreciation and amortization, Credit Agreement EBITDA also adjusts net income by excluding certain other items and expenses, as specified below. Riverwood's existing senior secured credit agreement requires it to comply with a specified debt to Credit Agreement EBITDA leverage ratio and a specified consolidated Credit Agreement EBITDA to interest expense ratio for specified periods. See " Financial Condition, Liquidity and Capital Resources" below. We expect that, after the merger, the combined company will be required under the new senior secured credit facilities to comply with financial covenants of this type, although the specific ratios have yet to be finalized.

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The calculation of Credit Agreement EBITDA for the periods indicated is set forth below.

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002	Year Ended December 31, 2002	Twelve Months Ended March 31, 2003
	(In thousands of dollars)			
Net (Loss)	$ (9,766)	$ (7,717)	$ (11,262)	$ (13,311)
Income Tax Expense (Benefit)	1,016	95	(4,664)	(3,743)
Interest Expense, Net	33,877	38,605	146,057	141,329
Depreciation and Amortization	31,161	32,103	133,840	132,898
Equity in Net Earnings of Affiliates	(204)	(114)	(1,028)	(1,118)
Other non-cash charges(A)	3,558	(724)	12,656	16,938
Dividends from equity investments		612	612	
Loss on early extinguishment of debt			11,509	11,509
Credit Agreement EBITDA(B)	$ 59,642	$ 62,860	$ 287,720	$ 284,502

Notes:

(A) Other non-cash charges include non-cash charges for pension, postretirement and postemployment benefits, and amortization of premiums on hedging contracts deducted in determining net income.

(B) Credit Agreement EBITDA is calculated in accordance with the definitions contained in Riverwood's existing senior secured credit agreement. Credit Agreement EBITDA is defined as consolidated net income (exclusive of non-cash charges resulting from purchase accounting during the periods subsequent to the March 1996 merger) before consolidated interest expense, consolidated income taxes, consolidated depreciation and amortization, and other non-cash charges deducted in determining consolidated net income, extraordinary items and the cumulative effect of accounting changes and earnings of, but including dividends from, non-controlled affiliates.

Business Trends and Initiatives

Riverwood's net sales, income from operations and cash flow from operations are influenced by sales volume and selling prices for its products and raw material and energy costs, and are affected by a number of significant business, economic and competitive factors. Many of

these factors are not within its control. Historically, in the coated board business segment, Riverwood has experienced stable pricing for its integrated beverage carton products, and moderate cyclical pricing for its cartonboard, which historically has been principally sold in the open market. Riverwood's cartonboard sales are affected by competition from competitors' CUK board and other substrates solid bleached sulfate, or SBS, recycled clay coated news, or CCN, and, internationally, WLC as well as by general market conditions.

In the containerboard business segment, conditions in the cyclical worldwide commodity paperboard markets have a substantial impact on Riverwood's containerboard sales. During 2002, it elected to take 32 days, or approximately 18,000 tons, of linerboard, CUK board and medium market related downtime at its U.S. mills that resulted in approximately $3.7 million of under-absorbed fixed costs. During the first quarter of 2003, Riverwood did not take any market related downtime at its U.S. mills. It expects to take 7 days, or approximately 2,700 tons, of medium market related downtime during 2003 on its medium machine, but the amount of downtime could change depending upon market conditions. The downtime results from a number of factors, but principally a weak containerboard market and production above planned rates. As a result of expected downtime during 2003, Riverwood estimates the impact on earnings at its U.S mills to be approximately $0.5 million related to the under-absorption of fixed costs.

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Energy, including natural gas, fuel oil and electricity, represents a significant portion of Riverwood's manufacturing costs. During 2002, its financial results were not negatively affected by energy costs when compared to 2001. Until the latter part of 2000, its results had not been significantly affected by the volatility of energy costs. During the first quarter of 2003, Riverwood's financial results were negatively affected by energy costs when compared to the first quarter of 2002. Riverwood entered into fixed price natural gas contracts designed to mitigate the impact of future cost increases for its natural gas requirements at its two U.S. mills through and including October 2003, and will continue to evaluate its hedge position.

In the fourth quarter of 2002, Riverwood was notified by CCE that CCE will not renew its supply contract with Riverwood. Under this contract, which expired on March 31, 2003, Riverwood supplied to CCE beverage cartons made from its CUK board, packaging machines and related services. Riverwood's supply contracts with its independent Coca-Cola bottling company customers are not subject to CCE's non-renewal notification. CCE's action did not impact Riverwood's 2002 results of operations. The impact on Riverwood's 2003 results of operations will depend, in part, on the extent to which it supplies beverage cartons to CCE during a phase-out period beginning April 1, 2003, which it continues to discuss with CCE. Riverwood continues to explore opportunities to replace the volumes that it will lose as a result of CCE's decision by seeking to increase sales to existing and new customers and to develop new applications for its CUK board. It continues to evaluate the impact of these developments and the recent increase in beverage market competitiveness on its future pricing for its beverage packaging products. Riverwood can provide no assurances that it will be able to replace all or any portion of the volumes it had expected to supply to CCE in 2003 and future periods or that it will be able to maintain current pricing levels on its beverage packaging products. If it cannot replace such volumes, it estimates that its volumes will be negatively impacted by approximately 17,000 tons in 2003 and 36,000 tons in 2004 and thereafter. In 2002, the CCE business represented approximately 5% of Riverwood's consolidated net sales and Credit Agreement EBITDA.

Riverwood is pursuing a number of long-term initiatives designed to improve productivity and profitability. It realigned its business into commercially-focused operating units, implemented a global restructuring program, implemented a number of cost saving measures and effected several management changes. It is continuing to implement a global Total Quality Systems, or TQS, initiative which uses statistical process control to help design and manage all types of activities including production and maintenance.

In addition, Riverwood is continuing to implement a strategy focused on the expansion into the high-growth segments of the consumer products packaging market. It is targeting segments of the non-beverage consumer products packaging market where it intends to capitalize on its expertise in beverage multiple packaging.

Riverwood plans to implement an initiative designed to enhance the competitiveness of its beverage carton converting operations. This initiative is expected to add new manufacturing technology, add press capacity and consolidate certain of its beverage carton converting operations. Riverwood expects to make a capital investment of approximately $75 million, as well as related costs, over the next 30 months.

Riverwood expects capital expenditures will range from $110 million to $120 million in 2003 as it invests to improve its process capabilities, in packaging machinery, and to comply with environmental cluster rules. See " Environmental and Legal Matters." Riverwood is accelerating certain capital driven cost reduction projects that will deliver benefits in 2004 and 2005. Riverwood continues to evaluate its current operations and assets with a view to rationalizing its operations and improving profitability, in particular with respect to its international converting assets and strategy. Finally, it is continuing to focus on reducing working capital and increasing liquidity.

Packaging machinery placements during 2002 increased approximately 27% when compared to 2001 as a result of a 16% increase in packaging machinery orders in 2001 when compared to 2000.

Packaging machinery placements during the first quarter of 2003 decreased approximately 47% when compared to the first quarter of 2002. This decrease was partially due to the timing of shipments. Riverwood expects packaging machinery placements for 2003 to be comparable to 2002. It has been and will continue to be selective in future packaging machinery placements to ensure appropriate returns.

Outlook

Riverwood expects that its 2003 full year income from operations will be comparable to its 2002 income from operations, although no assurance can be given in this regard. The achievement of this expectation is dependent upon (among other things) a number of profit improvement initiatives, including increasing worldwide beverage and North American consumer products sales volumes above 2002 levels, improving U.S. mill throughput, continued cost savings from other actions taken to date and stable pricing for Riverwood's products. In 2003, Riverwood expects sales volume increases in its worldwide beverage markets, and continued growth in its North American consumer products markets. It expects containerboard sales and margins to be negatively affected in 2003 due to the negative market pressures on containerboard pricing and sales volumes. Riverwood believes that energy costs will continue to negatively impact its results for 2003.

Critical Accounting Policies

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires Riverwood to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions.

Riverwood believes the following accounting policies are the most critical since these policies require significant judgment or involve complex estimations that are important to the portrayal of its financial conditions and operating results:

Riverwood receives revenue from the sales of manufactured products, the leasing of packaging machinery, and the servicing of packaging machinery. Riverwood recognizes sales revenue when the following criteria are met: persuasive evidence of an agreement exists, delivery has occurred or services have been rendered, Riverwood's price to the buyer is fixed and determinable, and collectibility is reasonably assured. Delivery is not considered to have occurred until the customer takes title and assumes the risks and rewards of ownership. The timing of revenue recognition is largely dependent on shipping terms. Revenue is recorded at the time of shipment for terms designated at free on board, or f.o.b., shipping point. For sales transactions designated f.o.b. destination, revenue is recorded when the product is delivered to the customer's delivery site. Riverwood recognizes revenues on its annual and multi-year carton supply contracts as the shipment occurs in accordance with the shipping terms discussed above.

Payments from packaging machinery use agreements are recognized on a straight-line basis over the term of the agreements. Service revenue on packaging machinery is recorded at the time of service.

Discounts and allowances are comprised of trade allowances, cash discounts and sales returns. Cash discounts and sales returns are estimated using historical experience. Trade allowances are based on the estimated obligations and historical experience. Rebates are determined based on the quantity purchased and are recorded at the time of sale.

Riverwood's inventories are stated at the lower of cost or market with cost determined principally by the FIFO basis. See note 27 to Riverwood's consolidated financial statements

included in this proxy statement/prospectus. Average cost basis is used to determine the cost of supplies inventories. Raw materials and consumables used in the production process such as wood chips and chemicals are valued at purchase cost on a FIFO basis upon receipt. Work in progress and finished goods inventories are valued at the cost of raw material consumed plus direct manufacturing costs (such as labor, utilities and supplies) as incurred and a proportion of manufacturing

overhead. Inventories are stated net of an allowance for slow-moving and obsolete inventory, which is based on estimates. If the condition of the inventories or the state of Riverwood's business would deteriorate, additional allowances may be required which would reduce income.

Riverwood reviews long-lived assets, including goodwill and certain identifiable intangibles for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. Upon determination that the carrying value of the assets is impaired, Riverwood would record an impairment charge or loss.

Riverwood faces uncertainties relating to pending litigation and environmental investigation and remediation obligations. It records accruals for such items based on estimates developed in consultation with legal counsel and environmental consultants at the time when the liability is probable and the costs are reasonably estimated. While there can be no assurance as to the ultimate outcome of any current lawsuits, claims or investigations relating to such uncertainties, Riverwood does not believe that such uncertainties will have a material adverse impact on the results of operations, cash flows or financial condition of Riverwood. However, future uncertainties may have a material adverse impact on the results of its operations, cash flows or financial condition.

Riverwood sponsors defined benefit plans, or the plans, for eligible employees and retirees. The impact of the plans on the Consolidated Financial Statements as of December 31, 2002 and December 31, 2001 and for each of the three years in the period ended December 31, 2002 is presented in note 16 to Riverwood's consolidated financial statements included in this proxy statement/prospectus. The effect of the plans on its Consolidated Financial Statements is subject to many assumptions. Riverwood believes that the most critical assumptions are (1) the discount rate; (2) the rate of increase in future compensation levels; and (3) the expected long-term rate of return on plan assets. The projected unit credit cost method is used for valuation purposes.

Riverwood determines its discount rate on its measurement date primarily by reference to annualized rates earned on high quality fixed income investments and yield-to-maturity analysis specific to its estimated future benefit payments. The lowering of Riverwood's discount rate by 1.0% would have increased its fiscal year 2002 pension expense by approximately $1.5 million. Riverwood has decreased its discount rate from 7.5% in 2002 to 6.5% in 2003.

Riverwood's rate of increase in future compensation levels is based primarily on labor contracts currently in effect with its employees under collective bargaining agreements and expected future pay rate increases for its other employees. Increasing its rate of increase in future compensation levels by 1.0% would have increased its fiscal year 2002 pension expense by approximately $0.5 million. Riverwood does not expect to change the rate of increase in future compensation levels from the 4.5% rate in 2002 during 2003.

The expected long-term rate of return on its plan assets is based primarily on plan-specific asset/liability investment studies performed by outside consultants and recent and historical returns on its plans' assets. The lowering of its expected long-term rate of return by 1.0% would have increased its fiscal year 2002 pension expense by approximately $2.2 million. Riverwood expects that it will decrease the expected long-term rate of return from 8.5% in 2002 to approximately 8.0% in 2003.

Non-cash pension expense recorded by Riverwood for the twelve month period ended December 31, 2002 was approximately $4.0 million; no cash contributions were made to the plans by Riverwood during the twelve month period ended December 31, 2002.

Recent declines in the equity markets have caused the market value of the plan assets to decrease. As a result, a minimum pension liability adjustment of $71.3 million was recorded in 2002 as a reduction of shareholders' equity. See note 16 to Riverwood's consolidated financial statements included in this proxy statement/prospectus.

First Quarter 2003 Compared With First Quarter 2002

Results of Operations

Riverwood has previously restated its results of operations for the first three quarters of 2002, to report its investment in Rengo Riverwood Packaging Ltd., or Rengo, using the equity method and to report its change in its method of determining the cost of inventories from the LIFO method to the FIFO method.

	Three Months Ended		
	March 31, 2003	Increase (Decrease) From Prior Period	March 31, 2002
	(In thousands of dollars)		
Net Sales (Segment Data):			
Coated Board	$ 275,912	1.4%	$ 272,026
Containerboard	22,114	15.4	19,158
Net Sales	298,026	2.3	291,184
Cost of Sales	239,889	2.6	233,855
Gross Profit	58,137	1.4	57,329
Selling, General and Administrative	29,870	8.2	27,615
Research, Development and Engineering	1,467	11.5	1,316
Other Expense (Income), Net	1,877	NM	(2,471)
Income from Operations	$ 24,923	(19.3)%	$ 30,869
Income (Loss) from Operations (Segment Data):			
Coated Board	$ 38,880	(11.9)%	$ 44,138
Containerboard	(6,677)	19.3	(8,276)
Corporate and Eliminations	(7,280)	(45.8)	(4,993)
Income from Operations	$ 24,923	(19.3)%	$ 30,869
Other Financial Data:			
Net Sales:			
Carrierboard	$ 184,011	(2.2)%	$ 188,108
Cartonboard	59,164	5.3	56,164
White lined chip board	24,862	30.6	19,035
Containerboard	22,114	15.4	19,158
Other (A)	7,875	(9.7)	8,719

Note:

(A) Other primarily represents revenue recognized from packaging machinery service and use agreements and sales of certain by-products.

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Paperboard Shipments. The following represents shipments of coated board and containerboard to outside customers. Shipments of coated board represent sales to customers of beverage carrierboard and folding cartonboard. Shipments of white lined chip board represent sales to customers of WLC produced at the Swedish mill. Shipments of containerboard represent sales to customers of linerboard, corrugating medium, kraft paper and various other items. Other primarily represents shipments of certain by-products. Total shipments for the first quarters ended March 31, 2003 and 2002 were as follows:

	Three Months Ended		
	March 31, 2003	Increase (Decrease) From Prior Period	March 31, 2002
		(In thousands of tons)	
Coated Board			
Carrierboard	152.4	(1.5)%	154.7
Cartonboard	90.0	1.0	89.1
White Lined Chip Board	43.0	9.4	39.3
Containerboard	65.1	13.2	57.5
Other	3.6	(44.6)	6.5
	354.1	2.0%	347.1

Net Sales. As a result of the factors described below, Riverwood's Net Sales in the first quarter of 2003 increased by $6.9 million, or 2.3%, to $298.0 million from $291.1 million in the first quarter of 2002. Net Sales in the coated board business segment increased by $3.9 million, or 1.4%, to $275.9 million in the first quarter of 2003 from $272.0 million in the first quarter of 2002, due primarily to the positive impact of foreign currency exchange rates, higher sales volume in North American consumer products markets resulting principally from Riverwood's increased efforts designed to generate growth in the consumer packaged goods sector, and higher sales volumes from the Swedish mill as a result of market share gains. These increases were somewhat offset by lower pricing in North American beverage markets as a result of increased beverage market competitiveness. Net Sales in the containerboard business segment increased by $2.9 million, or 15.4%, to $22.1 million in the first quarter of 2003 from $19.2 million in the first quarter of 2002, due primarily to higher medium volumes and higher linerboard pricing as a result of slightly improved market conditions.

Gross Profit. As a result of the factors discussed below, Riverwood's Gross Profit for the first quarter of 2003 increased by $0.8 million, or 1.4%, to $58.1 million from $57.3 million in the first quarter of 2002. Riverwood's gross profit margin decreased to 19.5% in the first quarter of 2003 from 19.7% in the first quarter of 2002.

The following table displays the gross profit for each of the Company's segments:

	Three Months Ended March 31, 2003	Increase (Decrease) From Prior Period	Three Months Ended March 31, 2002
Coated Board			
Net Sales	$ 275,912	1.4%	$ 272,026
Cost of Sales	212,219	2.3	207,469
Gross Profit	$ 63,693	(1.3)%	$ 64,557
Containerboard			
Net Sales	$ 22,114	15.4%	$ 19,158
Cost of Sales	27,670	4.9	26,386
Gross Profit	$ (5,556)	23.1%	$ (7,228)

Gross Profit in the coated board business segment decreased by $0.9 million, or 1.3%, to $63.7 million in the first quarter of 2003 from $64.6 million in the first quarter of 2002, while its gross profit margin decreased to 23.1% in the first quarter of 2003 from 23.7% in the first

quarter of 2002. The decrease in coated board Gross Profit was due primarily to the lower pricing in North American beverage markets as a result of increased beverage market competitiveness, higher energy costs and higher non-cash pension costs as a result of the decline in market values of Riverwood's pension assets due to unfavorable market conditions. These decreases were somewhat offset by higher Net Sales as a result of the factors discussed above and worldwide cost reductions as a result of savings gained from Riverwood's TQS and other initiatives. Gross Profit in the containerboard business segment increased by $1.6 million to a loss of $5.6 million in the first quarter of 2003 from a loss of $7.2 million in the first quarter of 2002, while its gross profit margin increased to (25.1)% in the first quarter of 2003 from (37.7)% in the first quarter of 2002. The increase in containerboard Gross Profit resulted principally from higher linerboard pricing as a result of slightly improved market conditions.

Selling, General and Administrative. Selling, General and Administrative expenses increased by $2.3 million, or 8.2%, to $29.9 million in the first quarter of 2003 from $27.6 million in the first quarter of 2002, due primarily to increased activities to support Riverwood's consumer products packaging business, inflation and higher non-cash pension costs as a result of the decline in market values of Riverwood's pension assets due to unfavorable market conditions. As a percentage of Net Sales, Selling, General and Administrative expenses increased to 10.0% in the first quarter of 2003 from 9.5% in the first quarter of 2002.

Research, Development and Engineering. Research, Development and Engineering expenses increased by $0.2 million, or 11.5%, to $1.5 million in the first quarter of 2003 from $1.3 million in the first quarter of 2002.

Other Expense (Income), Net. Other Expense (Income), Net, was $1.9 million in the first quarter of 2003 as compared to $(2.5) million in the first quarter of 2002. This change was principally due to a non-cash pension adjustment recorded in the first quarter of 2002 and the approximate $1.9 million charge in the first quarter of 2003 recorded to write off deferred costs associated with the proposed initial public offering. See " Business Trends and Initiatives."

Income from Operations. Primarily as a result of the factors discussed above, Riverwood's Income from Operations in the first quarter of 2003 decreased by $6.0 million, or 19.3%, to $24.9 million from $30.9 million in the first quarter of 2002, while its operating margin decreased to 8.4% in the first quarter of 2003 from 10.6.% in the first quarter of 2002. Income from Operations in the coated board

business segment decreased by $5.2 million, or 11.9%, to $38.9 million in the first quarter of 2003 from $44.1 million in the first quarter of 2002, while the operating margin decreased to 14.1% in the first quarter of 2003 from 16.2% in the first quarter of 2002, primarily as a result of the factors described above. Income from Operations in the containerboard business segment increased by $1.6 million, or 19.3%, to a loss of $6.7 million in the first quarter of 2003 from a loss of $8.3 million in the first quarter of 2002, while the operating margin increased to (30.2)% in the first quarter of 2003 from (43.2)% in the first quarter of 2002, primarily as a result of the factors described above.

Fluctuations in U.S. Currency Exchange Rates. The weakening of the U.S. dollar currency exchange rates as compared to the euro and other European currencies and the Japanese yen had a modest impact on Net Sales, Gross Profit, Income from Operations, and operating expenses during the first quarter of 2003.

Interest Income, Interest Expense, Income Tax Expense, and Equity in Net Earnings of Affiliates

Interest Income. Interest Income decreased by $0.4 million to $0.1 million in the first quarter of 2003 from $0.5 million in the first quarter of 2002 due primarily to lower average interest rates and interest received in the first quarter of 2002 on monies held in escrow.

Interest Expense. Interest Expense decreased by $5.1 million to $34.0 million in the first quarter of 2003 from $39.1 million in the first quarter of 2002 due primarily to lower average interest rates as a result of market interest rates and the second quarter 2002 refinancing.

Income Tax Expense. During the first quarter of 2003, Riverwood recognized an income tax expense of $1.0 million on (Loss) before Income Taxes of $(9.0) million. During the first quarter of 2002, Riverwood recognized an income tax expense of $0.1 million on (Loss) before Income Taxes of $(7.7) million. Income Tax Expense on income earned in the United States and certain foreign countries for the first quarter of both 2003 and 2002 was fully offset by a reduction to valuation allowances recorded for those countries. Income Tax Expense for the first quarter of 2003 and 2002 primarily represents Income Tax Expense on income earned in other foreign countries where no valuation allowance is recorded. Since income earned in those foreign countries was higher for the first quarter of 2003 in comparison to the first quarter of 2002, Income Tax Expense was higher for the same period.

Equity in Net Earnings of Affiliates. Equity in Net Earnings of Affiliates increased by $0.1 million to $0.2 million in the first quarter of 2003 from $0.1 million in the first quarter of 2002 as a result of Riverwood's equity in net earnings of Rengo.

2002 Compared With 2001

Results of Operations

The following discussion of Riverwood's results of operations is based upon the years ended December 31, 2002 and 2001. Effective January 1, 2003, Riverwood adopted SFAS No. 145, *"Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections as of April 2003"* and all prior years have been reclassified to give effect to this statement. See " Recent Accounting Pronouncements" on page 125. In the fourth quarter of 2002, Riverwood changed its method of valuing inventories from the LIFO method to the FIFO method and all prior

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years have been restated to give effect to that change. See note 27 to Riverwood's consolidated financial statements included in this proxy statement/prospectus.

	Year Ended December 31, 2002	Increase (Decrease) From Prior Period	Year Ended December 31, 2001
	(In thousands of dollars)		
Net Sales (Segment Data):			
Coated Board	$ 1,165,702	5.2%	$ 1,107,937
Containerboard	81,612	(12.9)	93,676
Net Sales	1,247,314	3.8	1,201,613
Cost of Sales	984,771	3.2	953,901
Gross Profit	262,543	6.0	247,712
Selling, General and Administrative	117,335	0.7	116,510
Research, Development and Engineering	5,227	2.3	5,111
Other (Income) Expense, Net	(631)	(100.0)	18,825
Income from Operations	$ 140,612	31.1%	$ 107,266
Income from Operations (Segment Data):			
Coated board	$ 186,108	25.8%	$ 147,958
Containerboard	(23,989)	(58.0)	(15,180)
Corporate and Eliminations	(21,507)	15.7	(25,512)
Income from Operations	$ 140,612	31.1%	$ 107,266
Other Financial Data:			
Net Sales:			
Carrierboard	$ 818,797	5.0%	$ 779,509
Cartonboard	234,357	6.7	219,542
White lined chip board	80,579	9.9	73,336
Containerboard	81,612	(12.9)	93,676
Other(A)	31,969	(10.1)	35,550

Note:

(A)
Other primarily represents revenue recognized from packaging machinery service and use agreements and sales of certain by-products.

Paperboard Shipments. The following represents shipments of coated board and containerboard to outside customers. Shipments of coated board represent sales to customers of beverage carrierboard and folding cartonboard. Shipments of white lined chip board represent sales to customers of WLC produced at the Swedish mill. Shipments of containerboard represent sales to customers of linerboard,

corrugating medium, kraft paper and various other items. Other primarily represents shipments of certain by-products. Total shipments for the years ended December 31, 2002 and 2001 were as follows:

(In thousands of tons)	2002	Increase (Decrease) From Prior Period	2001
Coated board			
Carrierboard	671.5	5.6%	636.1
Cartonboard	363.0	4.3	348.0
White lined chip board	156.9	4.3	150.4
Containerboard	235.3	(7.8)	255.3
Other	22.4	(4.7)	23.5
	1,449.1	2.5%	1,413.3

Net Sales. As a result of the factors described below, Riverwood's Net Sales in 2002 increased by $45.7 million, or 3.8%, compared with 2001. Net Sales in the coated board business segment increased by $57.8 million in 2002, or 5.2%, to $1,165.7 million from $1,107.9 million in 2001, due primarily to higher sales volume in North American beverage carton markets resulting, in large part, from increased volumes under a multi-year agreement with a beer producer customer and, to a lesser extent, higher sales volumes in worldwide consumer products markets resulting principally from Riverwood's increased efforts designed to generate growth in the consumer packaged goods sector and success in expanding the application of Riverwood's products into frozen food packaging, and higher sales volumes in international beverage from market share gains. Net Sales in the containerboard business segment decreased $12.1 million, or 12.9%, to $81.6 million in 2002 from $93.7 million in 2001, due principally to lower linerboard volumes resulting from the continued shift from linerboard production to value-added coated board production and lower containerboard pricing as a result of weak market conditions.

Gross Profit. As a result of the factors discussed below, Riverwood's Gross Profit for 2002 increased by $14.8 million, or 6.0%, to $262.5 million from $247.7 million in 2001. Its gross profit margin increased to 21.0% in 2002 from 20.6% in 2001.

The following table displays the gross profit for each of the Company's segments:

	Year Ended December 31, 2002	Increase (Decrease) From Prior Period	Year Ended December 31, 2001
Coated Board			
Net Sales	$ 1,165,702	5.2%	$ 1,107,937
Cost of Sales	883,565	4.0	849,753
Gross Profit	$ 282,137	9.3%	$ 258,184
Containerboard			
Net Sales	$ 81,612	(12.9)%	$ 93,676
Cost of Sales	101,153	(3.9)	105,218

	Year Ended December 31, 2002	Increase (Decrease) From Prior Period	Year Ended December 31, 2001
Gross Profit	$ (19,541)	(69.3)%	$ (11,542)

Gross Profit in the coated board business segment increased by $24.0 million, or 9.3%, to $282.1 million in 2002 from $258.2 million in 2001, while its gross profit margin increased to 24.2% in 2002 from 23.3% in 2001. The increase in coated board Gross Profit was due primarily to worldwide cost reductions as a result of savings gained from Riverwood's TQS initiative, higher Net Sales as a

result of the factors discussed above, and lower depreciation expense. Gross Profit in the containerboard business segment decreased by $8.0 million to a loss of $19.5 million in 2002 from a loss of $11.5 million in 2001, while its gross profit margin decreased to (23.9)% in 2002 from (12.3)% in 2001. The decrease in containerboard Gross Profit resulted principally from lower containerboard pricing as a result of weak market conditions.

Selling, General and Administrative. Selling, General and Administrative expenses increased by $0.8 million, or 0.7%, to $117.3 million in 2002 from $116.5 million in 2001, due primarily to higher incentive expenses and pension costs somewhat offset by lower warehousing and rent expenses. As a percentage of Net Sales, Selling, General and Administrative expenses decreased from 9.6% in 2001 to 9.4% in 2002.

Research, Development and Engineering. Research, Development and Engineering expenses increased by $0.1 million, or 2.3%, to $5.2 million in 2002 from $5.1 million in 2001.

Other (Income) Expense, Net. Other (Income) Expense, Net, was $(0.6) million in 2002 as compared to $18.8 million in 2001. This change was primarily due to the cessation of goodwill amortization and a non-cash pension adjustment recorded in 2002 as well as certain charges recorded in 2001 relating to non-cash asset retirements and a litigation settlement.

Income from Operations. Primarily as a result of the factors discussed above, Riverwood's Income from Operations in 2002 increased by $33.3 million, or 31.1%, to $140.6 million from $107.3 million in 2001. Its operating margin increased to 11.3% in 2002 from 8.9% in 2001. Income from Operations in the coated board business segment increased by $38.2 million, or 25.8%, to $186.1 million in 2002 from $148.0 million in 2001, while the operating margin increased to 16.0% in 2002 from 13.4% in 2001, primarily as a result of the factors described above. Income from Operations in the containerboard business segment decreased $8.8 million to a loss of $24.0 million in 2002 from a loss of $15.2 million in 2001, while the operating margin decreased to (29.4)% in 2002 from (16.2)% in 2001, primarily as a result of the factors described above.

Fluctuations in U.S. Currency Exchange Rates. The weakening of the U.S. dollar currency exchange rates as compared to the euro and other European currencies had a modest impact on Net Sales, Gross Profit, Income from Operations, and operating expenses during 2002. However, the impact was somewhat offset by the strengthening of the U.S. dollar against the Japanese yen.

Loss on Early Extinguishment of Debt, Interest Income, Interest Expense, Income Tax (Benefit) Expense and Cumulative Effect of a Change in Accounting Principle

Loss on Early Extinguishment of Debt. On April 23, 2002, Riverwood borrowed $250 million pursuant to an amendment to its senior secured credit agreement. The proceeds were applied to redeem in full the 1996 senior notes. In addition, it borrowed $12 million under its revolving facility to pay fees, costs and expenses related to the refinancing transaction. In the second quarter of 2002, Riverwood recorded a non-cash charge to earnings of approximately $3.0 million related to the write-off of remaining debt issuance costs on the 1996 senior notes and a charge of approximately $8.6 million related to the call premium paid upon redemption of the 1996 senior notes.

On August 10, 2001, Riverwood entered into the senior secured credit agreement. The proceeds of the initial borrowings under the facilities of approximately $386 million, including $51 million in revolving credit borrowings, were applied to repay in full the outstanding borrowings under the prior term loan facility and the prior revolving facility and to pay approximately $12 million of the $14 million of fees and expenses incurred in connection with the amendment and restatement of the

prior credit agreement. During the third quarter of 2001, Riverwood recorded a non-cash charge to earnings of approximately $6.0 million related to the write-off of the applicable remaining deferred debt issuance costs on the prior term loan facility and the prior revolving facility.

On June 21, 2001, Riverwood completed an offering of $250 million principal amount of the 2001 notes, bearing interest at 10 5/8% annually. The net proceeds of this offering were applied to prepay a portion of the term loan facility resulting in a non-cash charge to earnings of approximately $2.8 million related to the write-off of the applicable portion of deferred debt issuance costs on the term loans.

Interest Income. Interest Income increased by $0.4 million to $1.3 million in 2002 from $0.9 million in 2001 due primarily to interest earned on the temporary investment of the proceeds associated with the 2002 term loan facility pursuant to a 30-day call notice period required under the indenture governing the 1996 senior notes.

Interest Expense. Interest Expense decreased by $11.5 million to $147.4 million in 2002 from $158.9 million in 2001 due primarily to lower average interest rates as a result of market interest rates as well as the second quarter 2002 refinancing, somewhat offset by the additional interest expense incurred on the 1996 senior notes during the 30-day call notice period required under such indenture.

Income Tax (Benefit) Expense. During 2002, Riverwood recognized an income tax benefit of $(4.7) million on a (Loss) before Income Taxes and Equity in Net Earnings of Affiliates of $(5.4) million. During 2001, Riverwood recognized an income tax expense of $6.6 million on a (Loss) before Income Taxes and Equity in Net Earnings of Affiliates of $(50.7) million. The income tax benefit in 2002 was primarily due to reductions of valuation allowances related to Riverwood's U.K. and German operations, somewhat offset by the income tax expense on the international operating income (see note 19 in the notes to Riverwood's consolidated financial statements included in this proxy statement/prospectus). The income tax expense in 2001 was due primarily to international operating income. These income tax expenses differed from the statutory federal income tax rate primarily because of valuation allowances established on net operating loss carryforward tax assets in the U.S. and certain international locations where the realization of such benefits is not more likely than not.

Cumulative Effect of a Change in Accounting Principle. On January 1, 2001, Riverwood adopted Statement of Financial Accounting Standards, or SFAS, No. 133, *Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS No. 137, Accounting for Derivative Instruments and Hedging Activities Deferral of the Effective Date of FASB Statement No. 133, and SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities,* or SFAS No. 133, which requires all derivative instruments to be measured at fair value and recognized on the balance sheet as either assets or liabilities. In addition, all derivative instruments used in hedging relationships must be designated, reassessed and documented pursuant to the provisions of SFAS No. 133. Upon adoption of SFAS No. 133, Riverwood recognized a one-time after-tax transition adjustment to decrease earnings by approximately $0.5 million.

2001 Compared With 2000

Results of Operations

The following discussion of Riverwood's results of operations is based upon the years ended December 31, 2001 and 2000. Effective January 1, 2003, Riverwood adopted SFAS No. 145, *"Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections as of April 2003"* and all prior years have been reclassified to give effect to this statement. See " Recent Accounting Pronouncements" on page 125. In the fourth quarter of 2002, Riverwood changed its method of valuing inventories from the LIFO method to the FIFO method and all prior years have been restated to give effect to that change. See note 27 to Riverwood's consolidated financial statements included in this proxy statement/prospectus.

	Year Ended December 31, 2001	Increase (Decrease) From Prior Period	Year Ended December 31, 2000
	(In thousands of dollars)		
Net Sales (Segment Data):			
Coated Board	$ 1,107,937	4.0%	$ 1,065,813

	Year Ended December 31, 2001	Increase (Decrease) From Prior Period	Year Ended December 31, 2000
Containerboard	93,676	(26.0)	126,549
Net Sales	1,201,613	0.8	1,192,362
Cost of Sales	953,901	2.5	930,786
Gross Profit	247,712	(5.3)	261,576
Selling, General and Administrative	116,510	3.8	112,200
Research, Development and Engineering	5,111	12.2	4,554
Restructuring Credit		NM	(2,600)
Gain on Sale of Investment		NM	(70,863)
Other Expense, Net	18,825	3.0	4,731
Income from Operations	$ 107,266	(49.8)%	$ 213,554
Income from Operations (Segment Data):			
Coated board	$ 147,958	(5.5)%	$ 156,634
Containerboard	(15,180)	(100.0)	2,986
Corporate and Eliminations	(25,512)	(100.0)	53,934
Income from Operations	$ 107,266	(49.8)%	$ 213,554
Other Financial Data:			
Net Sales:			
Carrierboard	$ 779,509	4.8%	$ 743,569
Cartonboard	219,542	4.8	209,395
White lined chip board	73,336	(5.1)	77,273
Containerboard	93,676	(26.0)	126,549
Other(A)	35,550	(0.1)	35,576

Note:

(A) Other primarily represents revenue recognized from packaging machinery service and use agreements and sales of certain by-products.

Paperboard Shipments. The following represents shipments of coated board and containerboard to outside customers. Shipments of coated board represent sales to customers of beverage carrierboard and folding cartonboard. Shipments of white lined chip board represent sales to customers of WLC

produced at the Swedish mill. Shipments of containerboard represent sales to customers of linerboard, corrugating medium, kraft paper and various other items. Other primarily represents shipments of certain by-products. Total shipments for the years ended December 31, 2001 and 2000 were as follows:

	2001	Increase (Decrease)	2000

		From Prior Period	
		(In thousands of tons)	
Coated Board			
Carrierboard	636.1	4.0%	611.7
Cartonboard	348.0	2.2	340.4
White lined chip board	150.4	0.0	150.4
Containerboard	255.3	(20.1)	319.4
Other	23.5	76.7	13.3
	1,413.3	(1.5)%	1,435.2

Net Sales. As a result of the factors described below, Riverwood's Net Sales in 2001 increased by $9.3 million, or 0.8%, compared with 2000. Net Sales in the coated board business segment increased by $42.1 million in 2001, or 4.0%, to $1,107.9 million from $1,065.8 million in 2000, due primarily to higher sales volume in North American beverage carton markets resulting, in large part, from the increased volumes under a multi-year agreement with a beer producer customer and increased soft drink can pack volumes, and higher sales volumes in North American consumer product markets resulting principally from Riverwood's increased efforts designed to generate growth in the consumer packaged goods sector including its success in expanding the application of the Company's products into frozen food packaging. These increases were somewhat offset by lower sales volumes in international consumer product markets and in Brazil as a result of weak market conditions, and the negative impact of foreign currency exchange rates. Net Sales in the containerboard business segment decreased $32.8 million, or 26.0%, to $93.7 million in 2001 from $126.5 million in 2000, due principally to lower volumes and pricing as a result of weak market conditions.

Gross Profit. As a result of the factors discussed below, Riverwood's Gross Profit for 2001 decreased by $13.9 million, or 5.3%, to $247.7 million from $261.6 million in 2000. Its gross profit margin decreased to 20.6% in 2001 from 21.9% in 2000.

The following table displays the gross profit for each of the Company's segments:

	Year Ended December 31, 2001	Increase (Decrease) From Prior Period	Year Ended December 31, 2000
Coated Board			
Net Sales	$ 1,107,937	4.0%	$ 1,065,813
Cost of Sales	849,753	4.2	815,336
Gross Profit	$ 258,184	3.1%	$ 250,477
Containerboard			
Net Sales	$ 93,676	(26.0)%	$ 126,549
Cost of Sales	105,218	(12.8)	120,624
Gross Profit	$ (11,542)	(100.0)%	$ 5,925

Gross Profit in the coated board business segment increased by $7.7 million, or 3.1%, to $258.2 million in 2001 from $250.5 million in 2000, while its gross profit margin decreased to 23.3% in

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2001 from 23.5% in 2000. The increase in coated board Gross Profit was due primarily to worldwide cost reductions as a result of savings gained from Riverwood's TQS initiative, higher Net Sales as a result of the factors discussed above, and lower depreciation expense somewhat

offset by increased energy costs. Gross Profit in the containerboard business segment decreased by $17.5 million to a loss of $11.5 million in 2001 from a profit of $5.9 million in 2000, while its gross profit margin decreased to (12.3)% in 2001 from 4.7% in 2000. The decrease in containerboard Gross Profit resulted principally from lower containerboard pricing as a result of weak market conditions.

Selling, General and Administrative. Selling, General and Administrative expenses increased by $4.3 million, or 3.8%, to $116.5 million in 2001 from $112.2 million in 2000, due primarily to higher warehousing expenses. As a percentage of Net Sales, Selling, General and Administrative expenses increased from 9.4% in 2000 to 9.7% in 2001.

Research, Development and Engineering. Research, Development and Engineering expenses increased by $0.5 million, or 12.2%, to $5.1 million in 2001 from $4.6 million in 2000, due primarily to higher research and development investing relating to Riverwood's new product Z-Flute®, packaging machinery and products of the Swedish mill.

Restructuring Credit. During 2000, Riverwood substantially completed the 1998 restructuring plan that related primarily to the restructuring of its European operations, primarily the ongoing rationalization of its international folding carton converting operations. It reduced the restructuring reserve by $4.8 million. In addition, $2.2 million of new restructuring activities aligned with the overall objectives of the initial plan were recorded and completed during 2000. Riverwood completed the 1998 restructuring plan during 2001. See note 23 to Riverwood's consolidated financial statements included in this proxy statement/prospectus.

Gain on Sale of Investment. During 2000, Riverwood recognized a $70.9 million gain from the sale of Igaras. See " Equity in Net Earnings of Affiliates" below.

Other Expense, Net. Other Expense, Net, was $18.8 million in 2001 and $4.7 million in 2000. This change was primarily due to certain operating charges recorded in 2001 primarily relating to a litigation settlement and non-cash asset retirements, and certain operating credits recorded in 2000.

Income from Operations. Primarily as a result of the factors discussed above, Riverwood's Income from Operations in 2001 decreased by $106.3 million, or 49.8%, to $107.3 million from $213.6 million in 2000, while its operating margin decreased to 8.8% in 2001 from 17.9% in 2000. Income from Operations in the coated board business segment decreased by $8.7 million, or 5.5%, to $148.0 million in 2001 from $156.6 million in 2000, while the operating margin decreased to 13.4% in 2001 from 14.7% in 2000, primarily as a result of the factors described above. Income from Operations in the containerboard business segment decreased $18.2 million to a loss of $15.2 million in 2001 from a profit of $3.0 million in 2000, while the operating margin decreased to (16.2)% in 2001 from 2.4% in 2000, primarily as a result of the factors described above. Income from Operations in the Corporate and Eliminations segment decreased $79.4 million to a loss of $25.5 million in 2001 from a profit of $53.9 million in 2000 due primarily to the sale of Igaras during 2000. See " Equity in Net Earnings of Affiliates" below.

Fluctuations in U.S. Currency Exchange Rates. The strengthening of the U.S. dollar currency exchange rates as compared to the Japanese yen, the euro, and other European currencies had a modest impact on Net Sales, Gross Profit, Income from Operations, and operating expenses during 2001.

Loss on Early Extinguishment of Debt, Interest Income, Interest Expense, Income Tax Expense, Equity in Net Earnings of Affiliates and Cumulative Effect of a Change in Accounting Principle

Loss on Early Extinguishment of Debt. On August 10, 2001, Riverwood entered into the senior secured credit agreement. The proceeds of the initial borrowings under the facilities of approximately $386 million, including $51 million in revolving credit borrowings, were applied to repay in full the outstanding borrowings under the prior term loan facility and the prior revolving facility and to pay approximately $12 million of the $14 million of fees and expenses incurred in connection with the amendment and restatement of the prior credit agreement. During the third quarter of 2001, Riverwood recorded a non-cash charge to earnings of approximately $6.0 million related to the write-off of the applicable remaining deferred debt issuance costs on the prior term loan facility and the prior revolving facility.

On June 21, 2001, it completed an offering of $250 million principal amount of the 2001 notes, bearing interest at $10^{5}/_{8}$% annually. The net proceeds of this offering were applied to prepay a portion of the term loan facility resulting in a non-cash charge to earnings of approximately $2.8 million related to the write-off of the applicable portion of deferred debt issuance costs on the term loans.

On October 3, 2000, Riverwood completed the sale of its 50 percent investment in Igaras. It applied $120 million and $25 million of the sale proceeds to its 2001 and 2002 term loan maturities under the prior term loan facility, respectively. It recognized a loss on the extinguishment of debt of approximately $2.1 million in the fourth quarter of 2000.

Interest Income. Interest Income increased by $0.1 million to $0.9 million in 2001 from $0.8 million in 2000.

Interest Expense. Interest Expense decreased by $22.4 million to $158.9 million in 2001 from $181.3 million in 2000 due primarily to lower average debt balances and, to a lesser extent, lower average interest rates.

Income Tax Expense. During 2001, Riverwood recognized an income tax expense of $6.6 million on a (Loss) before Income Taxes and Equity in Net Earnings of Affiliates of $(50.7) million. During 2000, it recognized an income tax expense of $3.0 million on Income before Income Taxes and Equity in Net Earnings of Affiliates of $33.1 million. The income tax expense, in both 2001 and 2000, was due primarily to international operating income. The increase in income tax expense from 2000 to 2001 was due primarily to an increase in international operating income. These income tax expenses differed from the statutory federal income tax rate primarily because of valuation allowances established on net operating loss carryforward tax assets in the U.S. and certain international locations where the realization of such benefits is not more likely than not.

Equity in Net Earnings of Affiliates. In 2000, Equity in Net Earnings of Affiliates was comprised primarily of Riverwood's equity in net earnings of Igaras. On October 3, 2000, Riverwood, along with its joint venture partner, completed the sale of the jointly-held subsidiary Igaras for approximately $510 million, including the assumption of $112 million of debt. Riverwood recognized a gain of approximately $70.9 million in accordance with the sale. Through the date of the sale, Igaras was accounted for under the equity method of accounting. Equity in Net Earnings of Affiliates decreased from $3.4 million in 2000 to $1.0 million in 2001 as a result of the sale of Igaras, somewhat offset by Riverwood's equity in net earnings of Rengo.

Cumulative Effect of a Change in Accounting Principle

On January 1, 2001, Riverwood adopted SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS No. 137, Accounting for Derivative Instruments and Hedging Activities Deferral of the Effective Date of FASB Statement No. 133, and SFAS No. 138, Accounting for*

Certain Derivative Instruments and Certain Hedging Activities, or SFAS No. 133, which requires all derivative instruments to be measured at fair value and recognized on the balance sheet as either assets or liabilities. In addition, all derivative instruments used in hedging relationships must be designated, reassessed and documented pursuant to the provisions of SFAS No. 133. Upon adoption of SFAS No. 133, Riverwood recognized a one-time after-tax transition adjustment to decrease earnings by approximately $0.5 million.

Financial Condition, Liquidity and Capital Resources

Riverwood broadly defines liquidity as its ability to generate sufficient cash flow from operating activities to meet its obligations and commitments. In addition, liquidity includes the ability to obtain appropriate debt and equity financing and to convert into cash those assets that are no longer required to meet existing strategic and financial objectives. Therefore, liquidity cannot be considered separately from capital resources that consist of current or potentially available funds for use in achieving long-range business objectives and meeting debt service commitments.

Riverwood's net sales, income from operations and cash flows from its operations are subject to moderate seasonality with demand usually increasing in the spring and summer due to the seasonality of the worldwide beverage multiple packaging markets.

Cash Flows. Cash and Equivalents decreased by approximately $3.1 million in the first quarter of 2003. Cash provided by operating activities in the first quarter of 2003 totaled $17.1 million, compared to a use of cash of $0.5 million in the first quarter of 2002. This improvement was principally due to favorable changes in operating assets and liabilities. Cash used in investing activities in the first quarter of 2003 totaled $20.7 million, compared to $13.2 million in the first quarter of 2002. This change was principally due to a 59.4% increase in purchases of property, plant and equipment. Cash provided by financing activities in the first quarter of 2003 totaled $0.4 million, compared to $18.9 million in the first quarter of 2002. This change was principally due to higher net borrowings under Riverwood's revolving credit facilities. Cash and Equivalents increased by approximately $6.4 million in 2002. Cash provided by operating activities in 2002 totaled $87.5 million, compared to $87.7 million in 2001. Cash used in investing activities in 2002 totaled $58.7 million, compared to $90.0 million in 2001. This change was principally due to the $29.5 million payment for the settlement of tax matters in 2001. Cash used in financing activities in 2002 totaled $23.6 million, compared to $9.2 million in 2001. In 2002, Riverwood used cash of $23.2 million to reduce debt and pay financing fees, call premiums and other refinancing costs. In 2001, Riverwood used cash of $9.2 million to reduce debt and pay financing fees and other refinancing costs. Depreciation and amortization during the first quarter of 2003 totaled approximately $31.1 million and during 2002 totaled approximately $133.8 million, and is expected to be approximately $125 million to $135 million in 2003.

Liquidity and Capital Resources. On a pro forma basis giving effect to the merger and related transactions, the combined company's liquidity needs are expected to arise primarily from debt service on its substantial indebtedness and from the funding of its capital expenditures, ongoing operating costs and working capital. As of December 31, 2002, on such a pro forma basis, and assuming that substantially all of GPC's existing senior subordinated notes are tendered for purchase, the combined company would have had outstanding approximately $2.2 billion of long-term debt, consisting primarily of $850 million aggregate principal amount of new notes, approximately $1.2 billion of term loans under the new credit facilities, approximately $149 million of revolving credit borrowings under the new credit facilities, and other debt issues and facilities. Cash paid for interest during 2002 would have been approximately $149 million on the same pro forma basis.

Based upon current levels of operations, anticipated cost savings and expectations as to future growth, Riverwood and Graphic believe that cash generated from operations, together with amounts available under the new credit facilities and other available financing sources, will be adequate to

permit the combined company to meet its debt service obligations, capital expenditure program requirements, ongoing operating costs and working capital needs until the maturity of the new credit facilities, although no assurance can be given in this regard. The combined company's future financial and operating performance, ability to service or refinance its debt and ability to comply with the covenants and restrictions contained in its debt agreements will be subject to future economic conditions and to financial, business and other factors, many of which are beyond its control and will be substantially dependent on the selling prices and demand for its products, raw material and energy costs, and its ability to successfully implement its overall business and profitability strategies. See "Risks Relating to the Combined Company's Business" beginning on page 25.

Indebtedness Prior to the Merger. Riverwood's existing senior secured credit agreement provides for $585 million of term loan facilities (consisting of a $335 million 2001 term loan facility and a $250 million 2002 term loan facility) and a $300 million revolving credit facility. As of March 31, 2003, Riverwood had outstanding approximately $1,504 million of long-term debt, consisting primarily of $400 million of its $10^7/_8$% senior subordinated notes due 2008, $500 million of its $10^5/_8$% senior notes due 2007, $584 million outstanding under its term loan facilities, $17 million under its revolving credit facility, and other debt issues and facilities. Principal and interest payments under its term loan facilities and revolving credit facility, together with principal and interest payments on its senior notes and senior subordinated notes, represent significant liquidity requirements for Riverwood. Riverwood's existing 2001 term loan facility matures on December 31, 2006 and amortizes in semi-annual installments of $37.5 million beginning June 30, 2003 and of $46.25 million beginning June 30, 2005, amounting to principal payments of $75.0 million, $75.0 million, $92.5 million and $92.5 million in 2003, 2004, 2005 and 2006, respectively. Riverwood's existing 2002 term loan facility amortizes in semi-annual installments of $2.5 million annually in each of 2003, 2004, 2005 and 2006 with the remaining principal due at maturity on March 31, 2007. Riverwood's existing revolving credit facility matures on December 31, 2006. The loans under Riverwood's existing credit facilities bear interest at floating rates based upon the interest rate option elected by Riverwood.

The financial covenants in Riverwood's existing senior secured credit agreement specify, among other things, the following requirements for each four quarter period ended during the following test periods:

Test Period	Consolidated Debt to Credit Agreement EBIDTA Leverage Ratio	Consolidated Credit Agreement EBITDA to Interest Expense Ratio
December 31, 2002 - December 30, 2003	5.50 to 1.00	2.00 to 1.00
December 31, 2003 - December 30, 2004	5.00 to 1.00	2.10 to 1.00
December 31, 2004 - December 30, 2005	4.70 to 1.00	2.25 to 1.00
December 31, 2005 - December 30, 2006	4.40 to 1.00	2.25 to 1.00
December 31, 2006 - March 31, 2007	4.40 to 1.00	2.25 to 1.00

At March 31, 2003, Riverwood was in compliance with the financial covenants in its existing senior secured credit agreement. The new credit facilities will likewise require the combined company to comply with specified leverage and interest coverage ratios, although the covenant ratios have not yet been finalized.

In connection with the merger and related transactions (including the refinancing), substantially all of Riverwood's existing indebtedness is expected to be redeemed, repurchased or otherwise repaid and replaced with borrowings under the new credit facilities by the combined company and with indebtedness of the combined company under the new notes. See "The Proposed Merger Merger Financing" on page 60.

New Credit Facilities. The new credit facilities are expected to provide for aggregate maximum borrowings of $1.6 billion under (1) a term loan facility, providing for term loans in an aggregate

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principal amount of $1.2 billion in two tranches, consisting of Tranche A term loans and Tranche B term loans, and (2) a revolving credit facility, providing for up to $400 million in revolving loans to the borrower (including standby and commercial letters of credit) outstanding at any time. In connection with the consummation of the merger and the refinancing, and assuming that substantially all of GPC's existing senior subordinated notes are tendered for purchase, approximately $1.2 billion is expected to be drawn under the term loan facility and approximately $100 million is expected to be drawn under the revolving credit facility. Undrawn amounts under the revolving credit facility will be available on a revolving credit basis for general corporate purposes of the borrower and its subsidiaries. On a pro forma basis giving effect to the merger and related transactions, approximately $1.3 billion would have been outstanding under the new credit facilities as of December 31, 2002. The availability of the new credit facilities is expected to be subject to various conditions precedent. See "The Proposed Merger Merger Financing New Credit Facilities Availability" on page 61.

The Tranche A term loans and the revolving credit facility are expected to mature in 2009. The Tranche B term loans are expected to mature in 2010. Amortization of the principal amount of the respective tranches of the term loan facility is expected to be on an installment schedule to be determined, with amortization of the Tranche A term loans over their term and with no substantial amortization of the Tranche B term loans until maturity.

At the borrower's election, the interest rates per annum applicable to the loans under the new credit facilities are expected to be a fluctuating rate of interest measured by reference to either (1) an adjusted London inter-bank offered rate, or LIBOR, plus a borrowing margin or (2) an alternate base rate, or ABR, plus a borrowing margin.

The credit agreement for the new credit facilities is expected to provide for mandatory prepayment and reduction of the facilities under specified circumstances, and is expected to contain restrictive covenants, including compliance with specified financial ratios and tests, consisting of a minimum interest expense coverage ratio, a maximum leverage ratio and maximum capital expenditures. The credit agreement for the new credit facilities is also expected to contain customary events of default including non-payment of principal, interest or fees, failure to comply with covenants, inaccuracy of representations or warranties in any material respect, cross default to certain other indebtedness, loss of lien perfection or priority, material judgments and change of ownership or control. See "The Proposed Merger Merger Financing New Credit Facilities" on page 61.

New Notes. Riverwood and Graphic expect that the financing arrangements to be entered into in connection with the merger and the refinancing will include the offering and sale of approximately $850 million aggregate principal amount of new notes, which are currently expected to consist of senior notes and senior subordinated notes, in a private offering with registration rights. See "The Proposed Merger Merger Financing New Notes" on page 63 for a summary description of certain terms of the new notes and the indentures under which such new notes are expected to be issued, based on Riverwood and Graphic's preliminary discussions with financing sources.

To the extent any of GPC's existing senior subordinated notes are not tendered for purchase (in the anticipatory tender offer or the change of control offer), those notes not tendered for purchase are expected to remain outstanding, and the amount of funds required to consummate the merger and related transactions may be reduced as a result.

Financing Sources and Cash Flows. As of December 31, 2002, on a pro forma basis giving effect to the merger and related transactions, the combined company's remaining borrowing availability under the revolving credit facility provided by the new credit facilities would have been approximately $243 million. Undrawn amounts under the revolving credit facility will be available to meet future working capital and other business needs of the combined company.

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Capital Expenditures. Riverwood's capital spending for the first quarter of 2003 was approximately $19.6 million, up 59.4% from $12.3 million in the first quarter of 2002. Its capital spending for 2002 was approximately $56.0 million, down 2.2% from $57.3 million in 2001. Capital spending during the first quarter of 2003 and during 2002 related primarily to improving Riverwood's process capabilities, manufacturing packaging machinery and environmental cluster rules compliance. During the first quarter of 2003, Riverwood had capital spending of approximately $15.1 million for improving process capabilities, approximately $4.1 million for manufacturing packaging machinery and approximately $0.4 million for compliance with the cluster rules. During 2002, it had capital spending of approximately $44.9 million for improving process capabilities, approximately $10.2 million for packaging machinery manufacturing and approximately $0.9 million for compliance with the cluster rules.

Riverwood's total capital spending for 2003 (without giving effect to the merger and related transactions) is expected to be between $110 million and $120 million, and is expected to relate principally to improving Riverwood's process capabilities (approximately $98 million to $108 million), the production of packaging machinery (approximately $10 million) and environmental cluster rules compliance (approximately $2 million). Riverwood is accelerating certain capital driven cost reduction projects that will deliver benefits in 2004 and 2005. Over the next three years, it anticipates that it will spend approximately $22 million at its two U.S. mills to comply with the cluster rules.

Letter of Credit Commitments. Riverwood is required by its insurance company to have a standby letter of credit to secure payment of workers' compensation claims. The letter of credit, with a value of $0.4 million, expired on February 20, 2003 and was subsequently extended. The letter of credit will automatically be extended without amendment for successive one-year periods from the current expiration date and any future expiration date unless at least 45 days prior to the expiration date Riverwood is notified that the financial institution elects not to renew. In addition, the Ohio Bureau of Workers' Compensation requires Riverwood to have a standby letter of credit for non-performance according to the conditions and obligations as provided under workers' compensation law. It is a further condition of the letter of credit to cover all injuries or occupational disease claims incurred in any period prior to and/or during the present term should Riverwood not perform. The letter of credit, with a value of $0.2 million, was renewed on September 20, 2002 and is automatically extended without amendment for successive one-year periods from the current expiration date and any future expiration date unless at least 60 days prior to the expiration date Riverwood is notified that the financial institution elects not to renew.

Derivative Instruments and Hedging Activities. Riverwood is exposed to fluctuations in interest rates on its variable rate debt and fluctuations in foreign currency transaction cash flows. It actively monitors these fluctuations and uses derivative instruments from time to time to manage its exposure. In accordance with its risk management strategy, it uses derivative instruments only for the purpose of managing risk associated with fluctuations in the cash flow of the underlying exposures identified by management. Riverwood does not trade or use derivative instruments with the objective of earning financial gains on interest or currency rates, nor does it use leveraged instruments or instruments where there are no underlying exposures identified. Its use of derivative instruments may result in short-term gains or losses and may increase volatility in its earnings.

On January 1, 2001, Riverwood adopted SFAS No. 133 which requires all derivative instruments to be measured at fair value and recognized on the balance sheet as either assets or liabilities. In addition, all derivative instruments used in hedging relationships must be designated, reassessed and documented pursuant to the provisions of SFAS No. 133. Upon adoption of SFAS No. 133, Riverwood recognized a one-time after-tax transition adjustment to decrease earnings by approximately $0.5 million and decrease other comprehensive income by approximately $1.1 million. These amounts have been presented as a cumulative effect of change in accounting principle in the accompanying Consolidated Statement of Operations and Comprehensive (Loss) Income for the year ended December 31, 2001.

The following is a summary of Riverwood's derivative instruments as of March 31, 2003 and the accounting policies it employs:

Hedges of Anticipated Cash Flows.

The following is a reconciliation of current period changes in the fair value of the interest rate swap agreements, and foreign currency forward and option contracts which have been recorded as Accumulated Derivative Instruments Loss in the accompanying Consolidated Balance Sheets at March 31, 2003, December 31, 2002 and December 31, 2001 and as Derivative Instruments (Loss) Gain in the accompanying Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income for the three months ended March 31, 2003.

(In thousands of dollars)

SFAS No. 133 transition adjustment	$ (1,094)
Reclassification to earnings	3,898
Current period decrease in fair value	(7,374)
Balance at December 31, 2001	(4,570)
Reclassification to earnings	6,014
Current period decrease in fair value	(7,579)
Balance at December 31, 2002	$ (6,135)
Reclassification to earnings	994

(In thousands of dollars)	
Current period decrease in fair value	(1,251)
Balance at March 31, 2003	(6,392)

At March 31, 2003, there was no material ineffective portion related to the changes in fair value of the interest rate swap agreements or option contracts and there were no amounts excluded from the measure of effectiveness. During the second quarter of 2002, Riverwood de-designated certain of its foreign currency forward and option contracts due to such contracts no longer meeting Riverwood's established effectiveness test. As a result, during the second quarter of 2002, Riverwood recognized a mark-to-market loss of approximately $1.8 million in the accompanying Consolidated Statement of Operations and Comprehensive (Loss) Income; had the foreign currency forward and option contracts not been de-designated, this approximate $1.8 million mark-to-market loss would have been deferred into Other Comprehensive (Loss) Income and would have been recognized in the Consolidated Statement of Operations and Comprehensive (Loss) Income over the remaining two quarters. At December 31, 2002, all mark to market losses relating to the de-designated hedges had been recorded in the Consolidated Statement of Operations and Comprehensive (Loss) Income.

The balance of $6.4 million recorded in Accumulated Derivative Instruments Loss at March 31, 2003 is expected to be reclassified into future earnings, contemporaneously with and offsetting changes in the related hedged exposure. The estimated amount to be reclassified into future earnings as interest expense over the next twelve months through March 31, 2004 is approximately $4.4 million. The actual amount that will be reclassified to future earnings over the next twelve months may vary from this amount as a result of changes in market conditions. No amounts were reclassified to earnings during 2002 in connection with forecasted transactions that were no longer considered probable of occurring.

Riverwood uses interest rate swap agreements to fix a portion of its variable rate term loan facility to a fixed rate in order to reduce the impact of interest rate changes on future income. The differential to be paid or received under these agreements is recognized as an adjustment to interest expense related to the debt. At March 31, 2003, it had interest rate swap agreements with a notional amount of $410 million, which expire on various dates through the year 2003 and 2004, under which it will pay fixed rates of 2.21% to 3.52% and receive three-month LIBOR.

Derivatives not Designated as Hedges.

Riverwood has foreign currency forward contracts used to hedge the exposure associated with foreign currency denominated receivables. These contracts are presently being marked-to-market through the income statement and will continue to be marked-to-market through the income statement.

Riverwood enters into fixed price natural gas contracts designed to effectively hedge prices for a substantial portion of its natural gas requirements at its two U.S. mills. The purpose of the fixed price natural gas contracts is to eliminate or reduce price risk with a focus on making cash flows more predictable. As of March 31, 2003, it had entered into contracts to hedge substantially all of its natural gas requirements for its two U.S. mills through October 31, 2003. The contract price and fair value of these natural gas contracts was approximately $10.8 million and $14.9 million, respectively. These contracts are not accounted for as derivative instruments under SFAS No. 133, as they qualify for the normal purchase exemption.

Commitments. At December 31, 2002, total commitments of Riverwood under long-term, non-cancelable contracts were as follows:

	Payment Due by Period				
	Less than 1 year	**1-3 years**	**4-5 years**	**After 5 years**	**Total**
	(In thousands of dollars)				
Long-Term Debt	$ 78,415	$ 173,690	$ 849,956	$ 400,018	$ 1,502,079
Operating Leases	15,664	5,408	2,239	946	24,257
Unconditional Purchase Obligations(A)	34,291	24,674	20,381	81,609	160,955

	Payment Due by Period				
Total Contractual Cash Obligations	$ 128,370	$ 203,772	$ 872,576	$ 482,573	$ 1,687,291

Note:

(A) Unconditional Purchase Obligations primarily consist of commitments related to wood processing and handling, natural gas and electricity and firm transportation of natural gas.

The foregoing information as to commitments is presented on a historical basis and does not take into account the merger and related transactions.

Net Operating Loss Carryforwards. As of December 31, 2002, Riverwood had approximately $1.2 billion of NOLs. After the completion of the merger, these NOLs generally may be used by the combined company to offset taxable income earned in subsequent taxable years, but will expire between 2011 and 2022 if not used before that time.

Section 382 of the Code imposes an annual limitation on the amount of taxable income that can be offset by NOLs that are attributable to the period preceding an ownership change. If a corporation undergoes an ownership change, the amount of post-change income for each taxable year after the ownership change that can be offset by pre-change NOLs will be limited to the product of:

- the fair market value of the corporation's stock immediately before the ownership change (generally, for this purpose, excluding capital contributions made to the corporation during the two-year period ending on the date of the ownership change); and

- the long-term tax-exempt rate for the month in which the ownership change occurs (4.45% for June 2003).

Any unused section 382 limitation for a taxable year will be carried forward and will increase the section 382 limitation for the next post-change year.

Generally, a corporation undergoes an ownership change if one or more 5-percent shareholders increase their percentage ownership of the corporation's stock, in the aggregate, by more than 50 percentage points over such shareholders' lowest percentage ownership at any time during the testing period (generally, the preceding three years). A 5-percent shareholder is generally a person who owns, directly or indirectly, at least 5 percent of the stock of the corporation at any time during the testing period. For this purpose, subject to special rules, shareholders who directly own less than 5 percent of a corporation's stock are aggregated and treated as a single 5-percent shareholder.

Pursuant to the above rules and based on the information known to Riverwood as of June 13, 2003, issuance of shares of the combined company stock to the Graphic stockholders in the merger, together with previous shifts in the ownership of Riverwood stock during the applicable testing period, will result in 5-percent shareholders having increased their percentage ownership of the combined company's stock by approximately 43 percentage points. Based on the above, Riverwood does not expect that the combined company will undergo an ownership change at the time of the merger. However, direct or indirect transfers of Riverwood stock after June 13, 2003, or the stock of the combined company after the completion of the merger, by one or more 5-percent shareholders (including pursuant to a registered offering of shares under the amended and restated registration rights agreement), or issuances or redemptions of Riverwood or the combined company stock, when taken together with the shift in ownership resulting from the merger, could result in an ownership change that would subject Riverwood's or the combined company's NOLs to a section 382 limitation. If the combined company undergoes an ownership change during the two-year period following the merger, it is possible that the receipt of the assets of Graphic pursuant to the merger would be treated as a capital contribution to the combined company, in which case the fair market value of the combined company used in determining the section 382 limitation would exclude value attributable to Graphic. Imposition of any section 382 limitation on Riverwood's or the combined company's NOLs could have an adverse effect on the anticipated future cash flow of the combined company. Any section 382 limitation resulting from an ownership change of the combined company will also apply to pre-merger NOLs of Graphic.

Related Party Transaction. CD&R will be paid a transaction fee of $10 million upon the closing of the merger. See "Certain Relationships and Related Transactions."

Environmental and Legal Matters. Riverwood is committed to compliance with all applicable foreign, federal, state and local environmental laws and regulations. Environmental law is, however, dynamic rather than static. As a result, costs that are unforeseeable at this time, may be incurred when new laws are enacted, and when environmental agencies adopt or revise rules and regulations. In general, the environmental laws that Riverwood is subject to regulate discharges and emissions of constituents to the air, soil and water, prescribe procedures for the use, reuse, reclamation, recycling and disposal of designated waste materials and impose liability and requirements relating to the cleanup of contamination. In certain instances, state environmental laws may be stricter than their federal counterparts.

The federal Clean Air Act imposes stringent limits on air emissions, establishes a federal permit program (Title V) and provides for civil and criminal enforcement sanctions. In response to these requirements, in the early 1990's Riverwood switched from solvent-based to water-based inks and varnishes at its converting operations in order to reduce and meet requirements with respect to emissions of volatile organic compounds. Where necessary, its plants have received or submitted an application to the appropriate permitting authority for a Title V permit.

The federal Clean Water Act establishes a system of minimum national effluent standards for each industry, water quality standards for the nation's waterways and a permit program that provides discharge limitations. It also regulates releases and spills of oil and hazardous materials and wastewater and stormwater discharges. Riverwood's mill in West Monroe, Louisiana is the only one of its facilities

that is a direct discharger to a water body and a permit currently covers its discharges to the Ouachita River. Its other operations discharge to publicly owned treatment works and are subject to pretreatment requirements and limitations.

The federal Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, establishes liability for waste generators, current and former site owners and operators and others in connection with releases of hazardous materials. In certain instances, Riverwood has been identified as a potentially responsible party, or PRP, under CERCLA and similar state laws.

In 1998, the U.S. Environmental Protection Agency adopted regulations, generally referred to as the cluster rules, that mandated more stringent controls on air and water discharges from United States pulp and paper mills. Over the next three years, Riverwood anticipates that it will spend approximately $22 million at its two U.S. mills to comply with these regulations.

Riverwood is involved in environmental investigation and remediation projects for certain properties currently or formerly owned or operated by Riverwood, and at certain waste disposal sites. Some of these projects are being addressed under federal and state statutes, such as CERCLA and analogous state laws. Riverwood's costs in certain instances cannot be reliably estimated until the remediation process is substantially underway or liability has been addressed. It accrues reserves for these contingencies when the liability is probable and the costs are reasonably estimable. It believes that based on current information and regulatory requirements, its accruals for environmental matters are adequate. However, there can be no assurance that Riverwood will not incur significant costs in excess of accrued amounts in connection with remediation activities and other environmental matters.

In late 1995, the Louisiana Department of Environmental Quality, or the DEQ, notified Riverwood's predecessor, the corporation formerly known as Riverwood International Corporation, or old RIC, of potential liability for the remediation of hazardous substances at a former wood treatment site in Shreveport, Louisiana (known as the Line Avenue Site) that old RIC or its predecessors previously operated. In August 2001, Riverwood entered into an agreement with the DEQ and the landowners to remediate the site. The agreement required the removal of soils containing wood-treating constituents in excess of regulatory standards, consolidation of these soils in a sub portion of the site, capping of the sub portion, land use restrictions, future operations and maintenance, or O&M, to ensure the integrity of the cap, long-term monitoring of the groundwater, and a recorded prohibition on the use of on-site groundwater. Riverwood contracted with a qualified contractor to remediate the site at a cost of approximately $1.3 million. In addition, each of the O&M and groundwater monitoring costs for the initial five years are expected to be approximately $0.1 million (no such costs are estimated beyond the initial five-year period). As of March 31, 2003, all of the required soil excavation and consolidation has been completed. Riverwood expects to complete construction of the cap by July 2003. As of March 31, 2003, it has paid its contractor approximately $1.0 million to remediate the site. Riverwood has been reimbursed approximately half of these costs from a PRP that has entered into a settlement agreement with Riverwood. Riverwood owes its contractor approximately $0.3 million in connection with activities at the site.

On July 6, 2000, Riverwood and the DEQ entered into a settlement agreement for remediation of a site in Caddo Parish, Louisiana (known as the Shoreline Refinery Site). The principal contamination at this site was an approximately 5 acre impoundment of oil-based sludge that

appeared to originate from an oil refinery that was operated by prior operators. The remedial action contemplated by the settlement agreement required the neutralization, stabilization and consolidation of sludges and soils at the site, capping of the consolidated materials, the establishment of a vegetative cover, and five years of post-closure care of the capped area. Riverwood contracted to complete the remedial action in accordance with the terms of the settlement agreement. In a November 26, 2002 letter to Riverwood, the DEQ stated that all required construction activities were accomplished and that the five-year post-closure care and reporting period would commence. Riverwood conveyed the property to its contractor on October 22, 2000.

Riverwood is a party to a number of lawsuits arising out of the ordinary conduct of its business. While there can be no assurance as to their ultimate outcome, it does not believe that these lawsuits will have a material impact on the results of its operations, cash flows or financial condition.

Riverwood has been a plaintiff in actions filed in the U.S. District Court for the Northern District of Georgia against MeadWestvaco, successor by merger to The Mead Corporation, and R.A. Jones Co. Inc., or R.A. Jones, claiming infringement of Riverwood's patents for its packaging machines and seeking damages sufficient to compensate for such infringement. The patents in suit were found infringed but invalid by a jury in a trial against R.A. Jones in August 2001. This finding of invalidity as to U.S. Patent Nos. 5,666,789 and 5,692,361 was appealed to the CAFC. The suit against MeadWestvaco was dismissed by mutual agreement, subject to being refiled, pending the outcome of the appeal of the decision in the case against R.A. Jones. The CAFC vacated the holding of invalidity as to U.S. Patent Nos. 5,666,789 and 5,692,361 and remanded to the District Court for determination of proper inventive entity. The finding of infringement was affirmed by the CAFC. Further proceedings consistent with the decision of the CAFC will follow in the District Court.

International Operations. At December 31, 2002, approximately 13% of Riverwood's total net assets were denominated in currencies other than the U.S. dollar. Riverwood has significant operations in countries that use the Swedish krona, the British pound sterling, the Japanese yen, or the euro as their functional currencies. The effect of a generally weaker U.S. dollar against the euro and other European currencies, somewhat offset by the effect of a stronger U.S. dollar against the Japanese Yen produced a net currency translation adjustment gain of approximately $13.0 million, which was recorded as an adjustment to shareholders' equity for the year ended December 31, 2002. The magnitude and direction of this adjustment in the future depends on the relationship of the U.S. dollar to other currencies. Riverwood cannot predict major currency fluctuations. Its revenues from export sales fluctuate with changes in foreign currency exchange rates. Riverwood pursues a currency hedging program in order to limit the impact of foreign currency exchange fluctuations on financial results. See " Financial Instruments" below.

Financial Instruments. The functional currency for most of Riverwood's international subsidiaries is the local currency for the country in which the subsidiaries own their primary assets. The translation of the applicable currencies into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted average exchange rate during the period. Any related translation adjustments are recorded directly to shareholders' equity. Gains and losses on foreign currency transactions are included in Other Expense, Net for the period in which the exchange rate changes.

Riverwood pursues a currency hedging program which utilizes derivatives to limit the impact of foreign currency exchange fluctuations on its consolidated financial results. Under this program, it has entered into forward exchange and option contracts in the normal course of business to hedge certain foreign currency denominated transactions. Realized and unrealized gains and losses on these forward contracts are included in the measurement of the basis of the related foreign currency transaction when recorded. The premium on an option contract is reflected in Other Expense, Net, during the period in which the contract expires. These instruments involve, to varying degrees, elements of market and credit risk in excess of the amounts recognized in the Consolidated Balance Sheets. Riverwood does not hold or issue financial instruments for trading purposes. See " Quantitative and Qualitative Disclosure About Market Risk" on page 129.

Impact of Inflation. In the U.S., the inflation rate was approximately 1.6% for 2002. In Europe, where Riverwood has manufacturing facilities, the inflation rate for 2002 was approximately 2.0%. Net Sales from international operations during the period amounted to approximately $337 million, or 27% of its combined Net Sales in 2002.

Recent Accounting Pronouncements. In June 2001, the Financial Accounting Standards Board, or the FASB, issued SFAS No. 141, "*Business Combinations*", or SFAS No. 141, which was effective as of January 1, 2002. SFAS No. 141 requires the purchase method of accounting for business combinations initiated after June 30, 2001 and eliminates the pooling-of-interests method. Riverwood adopted SFAS

No. 141 on January 1, 2002 and the adoption did not have a significant impact on its financial position and results of operations.

In June 2001, the FASB issued SFAS No. 142, "*Goodwill and Other Intangible Assets*", or SFAS No. 142, which was effective January 1, 2002. SFAS No. 142 requires, among other things, the discontinuance of goodwill amortization. In addition, the standard includes provisions for the reclassification of certain existing recognized intangibles as goodwill, reassessment of the useful lives of existing recognized intangibles, reclassification of certain intangibles out of previously reported goodwill and the identification of reporting units for purposes of assessing potential future impairments of goodwill. SFAS No. 142 also requires Riverwood to complete a transitional goodwill impairment test six months from the date of adoption. The adoption of SFAS No. 142 resulted in the discontinuation of amortization of goodwill recorded at December 31, 2001 of approximately $8 million annually. Intangible assets with a determinable life will continue to be amortized over the appropriate periods. Riverwood adopted SFAS No. 142 on January 1, 2002. The following table shows Net (Loss) Income for the year ended December 31, 2002 and Adjusted Net (Loss) Income for the years ended December 31, 2001 and 2000 exclusive of goodwill amortization:

(In thousands of dollars)	**Year ended December 31, 2002**	**Year ended December 31, 2001**	**Year ended December 31, 2000**
Net (Loss) Income	$ (11,262)	$ (65,557)	$ 31,347
Plus: Amortization of Goodwill		7,740	7,948
Adjusted Net (Loss) Income	$ (11,262)	$ (57,817)	$ 39,295

The following table shows Income (Loss) before Cumulative Effect of a Change in Accounting Principle for the year ended December 31, 2002 and Adjusted Income (Loss) before Cumulative Effect of a Change in Accounting Principle for the years ended December 31, 2001 and 2000 exclusive of goodwill amortization:

	Year ended December 31, 2002	**Year ended December 31, 2001**	**Year ended December 31, 2000**
		(In thousands of dollars)	
Income (Loss) before Cumulative Effect of a Change in Accounting Principle	$ (11,262)	$ (65,058)	$ 31,347
Plus: Amortization of Goodwill		7,740	7,948
Adjusted Income (Loss) before Cumulative Effect of a Change in Accounting Principle	$ (11,262)	$ (57,318)	$ 39,295

The following table displays the intangible assets that continue to be subject to amortization and aggregate amortization expense as well as intangible assets not subject to amortization as of December 31, 2002 and December 31, 2001:

	As of December 31, 2002		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Carrying Amount**
Amortized intangible assets:			
Patents	$ 23,633	$ 9,471	$ 14,162
Licenses	3,598	1,207	2,391
Trademarks	39,642	13,351	26,291
	$ 66,873	$ 24,029	$ 42,844
Unamortized intangible assets:			
Goodwill	$ 268,284		$ 268,284

	As of December 31, 2002		
	As of December 31, 2001		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:			
Patents	$ 23,926	$ 7,986	$ 15,940
Licenses	3,598	997	2,601
Trademarks	39,624	11,370	28,254
	$ 67,148	$ 20,353	$ 46,795
Unamortized intangible assets:			
Goodwill	$ 321,976	$ 45,494	$ 276,482

Amortization expense for intangible assets subject to amortization was approximately $3.7 million for 2002, and is expected to be approximately $4 million annually for the next five fiscal years.

In February 2003, Riverwood received $7 million of cash from a third party in settlement of a tax matter related to the merger of CDRO Acquisition Corporation into old RIC on March 27, 1996, or the 1996 merger. This settlement has been recorded as a reduction of Goodwill and an increase in Other Receivables as of December 31, 2002.

In the fourth quarter of 2002, in accordance with SFAS No. 109, *"Accounting for Income Taxes"*, Riverwood reduced Goodwill and Other Noncurrent Liabilities by approximately $1.2 million as Riverwood determined that certain income tax exposures that had been identified as part of the 1996 purchase price allocation were no longer considered to be an exposure to Riverwood.

In June 2001, the FASB issued SFAS No. 143, "*Accounting for Asset Retirement Obligations*", or SFAS No. 143, which is effective January 1, 2003. SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. Riverwood does not believe that the adoption of SFAS No. 143 will have a significant impact on its financial position and results of operations.

In August 2001, the FASB issued SFAS No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets*", or SFAS No. 144, which was effective January 1, 2002. SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets, as well as eliminating the exception to consolidation for a subsidiary for which control is likely to be temporary. Riverwood adopted SFAS No. 144 on January 1, 2002 and the adoption did not have a significant impact on its financial position and results of operations.

In April 2002, the FASB issued SFAS No. 145, *"Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections as of April 2002*," or SFAS No. 145. This statement rescinds SFAS No. 4, *"Reporting Gains and Losses from Extinguishment of Debt,"* or SFAS No. 4, and an amendment of the Statement, SFAS No. 64, *"Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements."* This Statement also rescinds SFAS No. 44, *"Accounting for Intangible Assets of Motor Carriers."* This statement amends SFAS No. 13, *"Accounting for Leases"*, to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. Riverwood adopted SFAS No. 145 effective January 1, 2003 and the adoption resulted in a reclassification of expenses from Extraordinary Loss on Early Extinguishment of Debt to Loss on Early Extinguishment of Debt included in (Loss) Income before Income Taxes and Equity in Net Earnings of Affiliates of approximately $11.5 million, $8.7 million and $2.1 million for the years ended December 31, 2002, 2001 and 2000, respectively, associated with the rescission of SFAS No. 4.

In July 2002, the FASB issued SFAS No. 146, *"Accounting for Costs Associated with Exit or Disposal Activities,"* or SFAS No. 146, which was effective December 31, 2002. SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force, or EITF, Issue No. 94-3, *"Liability Recognition for Certain Employee Termination Benefits*

and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." This Statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred, and concludes that an entity's commitment to an exit plan does not by itself create a present obligation that meets the definition of a liability. This Statement also establishes that fair value is the objective of initial measurement of the liability. The provisions of this Statement are effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. Riverwood adopted SFAS No. 146 effective January 1, 2003 and the adoption did not have a significant impact on its financial position and results of operations.

In December 2002, the FASB issued SFAS No. 148, *"Accounting for Stock-Based Compensation Transition and Disclosure, Amendment of SFAS No. 123,"* or SFAS No. 148. This Statement provides additional transition guidance for those entities that elect to voluntarily adopt the provisions of SFAS No. 123, *"Accounting for Stock Based Compensation."* Furthermore, SFAS No. 148 mandates new disclosures in both interim and year-end financial statements within Riverwood's Significant Accounting Policies footnote. Riverwood has elected not to adopt the recognition provisions of SFAS No. 123, as amended by SFAS No. 148.

In April 2003, the FASB issued SFAS No. 149, *"Amendment of Statement 133 on Derivative Instruments and Hedging Activities,"* or SFAS No. 149. This statement will be applied prospectively and is effective for contracts entered into or modified after June 30, 2003. The statement will be applicable to existing contracts and new contracts entered into after June 30, 2003. The Company does not expect that the adoption of SFAS No. 149 will have a material effect on the Company's financial statements.

In May 2003, SFAS No. 150, *"Accounting for Certain Financial Instruments with Characteristics of Liabilities and Equity,"* or SFAS No. 150. This statement establishes standards for classification of certain financial instruments that have characteristics of both liabilities and equity in the statement of financial position. This Statement is effective for all contracts created or modified after the date the Statement was issued and otherwise effective at the beginning of the first interim period beginning after June 15, 2003. Management does not expect the adoption of SFAS No. 150 to have a material impact on its financial conditions or results of operations.

FINANCIAL STATEMENTS

The financial statements and selected financial data of Riverwood are presented in this proxy statement/prospectus beginning on page F-2.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On June 9, 2002, Riverwood dismissed Deloitte & Touche LLP as its auditors, and appointed PricewaterhouseCoopers LLP to serve as its independent accountants. On June 12, 2002, Riverwood filed a Form 8-K disclosing the information required by Item 304 of Regulation S-K with respect to the foregoing.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Riverwood is exposed to market risk from changes in interest rates, foreign currency and commodity prices. To minimize these risks, it enters into various hedging transactions.

Interest Rates

Riverwood is exposed to changes in interest rates, primarily as a result of its short-term and long-term debt with both fixed and floating interest rates. It uses interest rate swap agreements effectively to fix the LIBOR rate on $410,000,000 of variable rate borrowings.

Interest Rate Sensitivity Principal (Notional) Amounty By Expected Maturity Average Interest (Swap) Rate

	December 31,							
(In thousands of dollars)	**2003**	**2004**	**2005**	**2006**	**2007**	**Thereafter**	**Total**	**Fair Value**
LIABILITIES:								

	December 31,							
Long-term debt, including current portion:								
Fixed Rate	915	475	715	356	501,000	400,018	903,479	927,209
Average Interest Rate	5.79%	4.30%	4.30%	4.30%	10.62%	10.88		