PLAINTIFF'S EXHIBIT

GP-928

PROTECTED MATERIAL
Georgia-Pacific v. Asten, et al.
No. 92-2-21950-6 (King Co. Super. Ct.)

GCHAT 06 0053

GEORGIA—PACIFIC

PLYWOOD & LUMBER CO.

TWENTY-THIRD ANNUAL REPORT

1949

Twenty-third Annual Report 1949



GEORGIA-PACIFIC
PLYWOOD & LUMBER CO.

PROTECTED MATERIAL
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TO THE STOCKHOLDERS

THIS is the twenty-third Annual Report of the Company. During each year of its history profits have been realized from operations, although they were meager in 1949. All things considered, however, we believe your Company met rapidly changing and trying conditions with reasonable success.

Sales

Lower sales volume during the year was industry-wide. Company net sales were $35,042,015 in 1949 compared with net sales of $45,340,826 in 1948. In unit volume, however, 1949 sales exceeded those of 1948, but because of substantially lower prices, the 1949 figure represents a 23% decrease in dollar return.

Prices

Early in the year a price war developed in the plywood industry. The index of price per thousand square feet was $110 in December 1948; it had fallen to $68 by June 1949. In August the downward trend was reversed by a minor price increase, followed by several upward adjustments, so that at year-end the index price stood at $80.

The decline in prices and volume during the first seven months of the year was a pattern felt throughout the national economy. The plywood and lumber industries were keenly affected by the confused markets that resulted from the general testing of price levels and by the rush to dispose of inventories.

Earnings and sales volume were both seriously affected by an earthquake of record violence which occurred in April and severely damaged two of our plywood plants at Olympia, Washington. Production was resumed as rapidly as possible, but did not return to normal until late June, about the time plywood prices were at the year's low.

Earnings

Earnings during the last quarter of 1949 showed improvement over the previous three quarters of the year. Net earnings during the first quarter were $210,631, while the second and third quarters resulted in a combined loss of $188,281. Fourth quarter earnings were $300,509, thus bringing net earnings, after taxes, for the year 1949 to $322,859, equivalent to 34¢ per share on the common stock, after deducting dividends on the preferred stock. Comparable net earnings for 1948 were $3,457,528, or $4.48 per share.

The Company's low rate of earnings could not be satisfactorily offset by year-end, despite improved conditions during the last quarter of the year. Orders booked at the higher price levels

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will not become fully effective until early in the current year, when all older lower priced orders are shipped. However, we did begin to enjoy the benefits of improved prices to a considerable degree during the last period.

Dividends

Fifty cents per share was paid on the common stock during 1949, 25¢ of which was from 1948 fourth quarter earnings and 25¢ from 1949 first quarter earnings. This compares with $1.00 paid on the common stock in 1948.

The previously stated conditions caused the Board of Directors to suspend dividend payments on the common stock last June. While the year-end trend of earnings was favorable, the Board did not feel that there were sufficient accumulations of earnings at the time of its January 1950 meeting to justify the resumption of the common dividend at that time.

Financial Condition

Management has made a determined drive to keep our financial house in first-class order. At year-end the Company had net working capital of $6,916,012, a current ratio of 3.11 to 1 and cash of $2,441,389. The surplus account totalled $6,416,991, compared with $6,391,519 the previous year. Long term debt at year-end was $1,354,167.

Operating Conditions

Company plants are operating at near capacity rates. Demand and the backlog of orders, as well as prices, are currently on a reasonably satisfactory basis. The demand for plywood is again exceeding the supply.

In September 1949 the Company purchased for $300,000 cash, a large plywood plant at Savannah, Georgia. This plant, one of the most modern in the industry, was completed only a year previously at a stated cost of $2,248,512, and was designed for the manufacture of hardwood plywood. The production of the new plant, which will start operations during the current quarter, will supplement the Company's present production and assist in filling the accumulation of unfilled orders.

Outlook

The current earnings trend of the Company is encouraging and should improve during 1950 if present market conditions continue.

Conclusion

Sincere appreciation is extended to all employees for their splendid loyalty, high morale and excellent performance during a difficult year. Together we look forward with confidence to the year ahead.

Submitted on behalf of the Board of Directors

President

February 9, 1950

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GEORGIA-PACIFIC PLYWOOD & LUMBER CO.

PRODUCTS

Douglas Fir Plywood	Mouldings—Western and Southern
Hardwood Plywoods and Veneers	Southern and Appalachian Hardwood Lumber
GPX Plastic-Faced Plywood	Long Leaf and Short Leaf Pine Lumber and Timbers
Giant-Sized Scarfed Panels	Flooring—Residential and Factory
Doors—Fir and Hardwood	Treated Lumber and Timbers
Douglas Fir Lumber and Timbers	Poles and Piling
Western Pine Lumber	
Cypress and Redwood Lumber	

OFFICES

HOME OFFICE	Southern Finance Building, Augusta, Ga.
GENERAL SALES OFFICE	Empire State Building, New York 1, N. Y.
District Offices:	
Eastern	Empire State Building, New York 1, N. Y.
Southern	Southern Finance Building, Augusta, Ga.
Midwestern	McCormick Building, Chicago 4, Ill.
Western	Wilcox Building, Portland 4, Ore.

WHOLESALE DISTRIBUTING WAREHOUSES

Boston, Mass.	Castle Island Terminal
Newark, N. J.	Port Newark Independent Terminal
Philadelphia, Pa.	Pier 179 North, Delaware River at Allegheny Avenue
Chicago, Ill.	1805 Bryn Mawr Avenue

MILLS

Olympia, Washington	Jackson, Mississippi
Bellingham, Washington	Steelwood, Alabama
Springfield, Oregon	Cleveland, South Carolina
Savannah, Georgia	Fairfax, South Carolina
Dumas, Arkansas	Walterboro, South Carolina

Associated Mills throughout the South and on the Pacific Coast.

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