

GEORGIA-PACIFIC CORPORATION

BESTWALL GYPSUM DIVISION
Paoli, Pennsylvania
Revised 1/28/66

ACME PLANT

COMMENTS
1966 ANNUAL STANDARDS

PLAINTIFF'S EXHIBIT

GP-857

Total net profit before taxes is projected at approximately \$923,000 above 1965 levels with standard volume on board being 26 million feet more than 1965.

The increase in profit is based on the increased volume and price levels, and is partially offset by a change in the accounting of paper costs amounting to \$290,000.

SGP 0002734

ACME PLANT

PROFIT & LOSS STATEMENT
1966 ANNUAL STANDARDS

		Capacity	\$Percent	Units	Amount	Average Unit
Rock Sales	Tons		1.2	30,000	\$ 104,000	\$ 3.47
Plaster Sales	Tons	79,973	5.3	18,000	433,000	24.06
Board, Lath & Tile Sales	SM	217,300	85.4	185,412	6,906,000	37.33
Joint System Sales	Tons		7.6	4,632	613,000	132.34
Other Product Sales			.5	-	40,000	-
Total Sales	SM		100.0	185,412	\$8,096,000	\$ 43.66
Trade Discounts - Plaster	Tons		-	18,000	1,000	.06
- Board, Lath & Tile	SM		.3	185,412	24,000	.13
- Joint System	Tons		-	4,632	2,000	.43
Total Trade Discounts	SM		.3	185,412	\$ 27,000	\$.15
Freight - Rock	Tons		.3	30,000	22,000	.73
- Plaster	Tons		1.1	18,000	87,000	4.83
- Board, Lath & Tile	SM		17.0	185,412	1,381,000	7.45
- Joint System	Tons		1.5	4,632	124,000	26.77
- Other Products			.1	-	8,000	-
Total Freight	SM		20.0	185,412	\$1,622,000	\$ 8.75
Returns & Allowances - Board	SM		.4	185,412	35,000	.12
Cash Discounts - Rock	Tons		-	30,000	2,000	.07
- Plaster	Tons		.1	18,000	7,000	.39
- Board, Lath & Tile	SM		1.5	185,412	115,000	.62
- Joint System	Tons		.1	4,632	10,000	2.16
Total Discounts & Allowances	SM		2.1	185,412	\$ 169,000	\$.85
Net Sales - Rock	Tons		1.0	30,000	80,000	2.67
- Plaster	Tons		4.2	18,000	338,000	18.78
- Board, Lath & Tile	SM		66.1	185,412	5,351,000	28.92
- Joint System	Tons		5.9	4,632	477,000	102.98
- Other Products			.4	-	32,000	-
Total Net Sales	SM		77.6	185,412	\$6,278,000	\$ 33.92
Rock Cost	Tons		-	-	\$ -	\$ -
Rock Processing Cost	Tons		-	234,000	124,000	.53
Crushed Rock Loading	Tons		-	30,000	3,000	.10
Cost of Rock Sold	Tons		-	30,000	\$ 19,000	\$.63
Cost of Rock Used	Tons		-	204,000	108,000	.53
Stucco Processing Cost	Tons		-	162,000	167,000	1.03
Plaster Raw Materials Cost	Tons		-	18,000	77,000	4.25
Plaster Processing Cost	Tons		-	18,000	51,000	2.86
Cost of Plaster Sold	Tons		-	18,000	\$ 156,000	\$ 8.69
Cost of Stucco in Board	SM		-	188,208	247,000	1.31
Paper Cost	SM		-	188,208	1,521,000	8.08
Other Raw Material Cost	SM		-	188,208	306,000	1.62
Board Processing Cost	SM		-	188,208	922,000	4.90
Board, Lath & Tile Transfers	SM		-	936	66,000	70.51
Cost of Board, Lath & Tile Sold	SM		-	185,412	\$3,062,000	\$ 16.51
Joint System Tapes	Tons		-	6,000	45,000	7.50
Joint System Raw Material Cost	Tons		-	6,000	477,000	79.50
Joint System Processing Cost	Tons		-	6,000	53,000	8.86
Joint System Transfers	Tons		-	(1,368)	(161,000)	117.69
Cost of Joint System Sold	Tons		-	4,632	\$ 414,000	\$ 89.38
Cost of Other Products Sold			-	-	\$ 34,000	-
Gross Profit - Rock	Tons		.8	30,000	61,000	2.03
- Plaster	Tons		2.2	18,000	182,000	10.11
- Board, Lath & Tile	SM		28.3	185,412	2,289,000	12.35
- Joint System	Tons		.8	4,632	63,000	13.60
- Other Products			-	-	(2,000)	-
Total Gross Profit			52.1	185,412	\$2,593,000	\$ 13.99
Administrative Expense			1.3	-	107,000	-
General Plant Expense			4.6	-	371,000	-
Fixed Costs			2.7	-	221,000	-
Transport Warehouse Expense			.7	-	55,000	-
Operating Profit			22.8	-	\$1,249,000	-
Home Office Administrative			2.7	-	215,000	-
Selling Expense			9.7	-	781,000	-
Net Profit before taxes			10.4	-	\$ 253,000	-

GEORGIA-PACIFIC CORPORATION

BESTWALL GYPSUM DIVISION
Paoli, Pennsylvania
Revised 1/27/66

ACME PLANT

COMPARATIVE STATISTICS
1966 ANNUAL STANDARDS

	<u>1965 Annual Standard</u>	<u>1965 Actual Estimated</u>	<u>1966 Annual Standard</u>
Annual Sales Volume	\$ 6,435,000	\$ 4,799,000	\$ 6,278,000
Annual Profit Before Taxes	\$ 1,395,000	\$ (81,000)	\$ 843,000
Statistics:			
Number of Employees - Salaried	27	28	28
- Hourly	157	155	154
Johns-Manville Sales %	5.2	4.5	4.1
Industrial Sales %	1.8	3.2	2.7
Board & Lath Plant:			
Days Operated	23.3	22.8	24.5
Average Daily Production	660 M Sq. Ft.	628 M Sq. Ft.	640 M Sq. Ft.
% of Capacity	81	79	85
Production per Man Hour	915 Sq. Ft.	872 Sq. Ft.	931 Sq. Ft.
Man Hours per Machine Hours	17.6	17.4	15.9
Net Book Value at 12-31 of Property, Plant & Equipment	\$ 1,241,000	\$ 1,241,000	\$ 1,241,000
Return on Investment in Property, Plant & Equipment	112.4%	(6.5)%	67.3%

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ACME PLANT

RAW MATERIAL COST
1966 ANNUAL STANDARDS

<u>Gypsum Board Paper Costs</u>	<u>Annual Standard Usage Tons</u>	<u>Unit Cost Per Ton</u>	<u>Annual Amount</u>
Ivory	6,840	\$120.64	\$825,180
Grayback	6,504	89.6	583,020
Lath	324	87.6	28,392
Other	<u>1,008</u>	84.0	<u>84,708</u>
Total Paper	<u>14,676</u>		<u>\$1,521,300</u>

ACME PLANT

ADMINISTRATIVE EXPENSE
1966 ANNUAL STANDARDS

	<u>ANNUAL AMOUNT</u>	<u>CURRENT YEAR ESTIMATE</u>
Salaries	\$ 69,252	\$ 65,700
Stock Bonus	6,732	4,140
Payroll Taxes & Insurance	3,841	3,501
Travel & Entertainment	2,640	4,620
Stationery & Supplies	2,688	2,750
Postage	2,100	2,433
Telephone, Telegraph & Teletype	17,100	18,688
Dues & Subscriptions	600	600
Contributions	420	360
Maintenance & Repairs	600	504
Other	<u>371</u>	<u>77</u>
Total Direct Expenses	<u>\$ 106,644</u>	<u>\$ 103,373</u>
Service Charges		
Division General Administrative	<u>\$ 215,000</u>	<u>\$ 304,000</u>
Total Administrative Expense	<u>\$ 321,644</u>	<u>\$ 407,373</u>
Annual Volume (M Sq. Ft.)	185,412	171,695
Per Unit Cost	\$ 1.73	\$ 2.37

ACME PLANT

INVENTORIES *
1966 ANNUAL STANDARDS

		<u>Units</u>	<u>Amount</u>	<u>Average</u>
Board, Lath & Tile	SM	6,940	\$ 148,000	\$ 21.32
Plaster and Joint System			50,000	
Total Finished Products			<u>198,000</u>	
Raw Materials			\$ 198,000	
Supplies			35,000	
Gypsum Board Paper			88,000	
Semi-Finished Products			<u>20,000</u>	
Total Plant			<u>\$ 539,000</u>	

* Inventories are valued at Standard Cost.

HOUSTON WAREHOUSE

INVENTORIES *
1966 ANNUAL STANDARDS

		<u>Units</u>	<u>Amount</u>	<u>Average</u>
Board, Lath & Tile	SM	2,210	\$ 55,000	\$ 24.89
Joint System			13,000	
Total Warehouse			<u>\$ 68,000</u>	

* Inventories are valued at Standard Cost.

GEORGIA-PACIFIC CORPORATION

BESTWALL GYPSUM DIVISION
ACME, TEXAS

CAPITAL EXPENDITURES
1966 ANNUAL STANDARDS

	Purchase	Lease	Annual Savings	Depreciation or Lease Expense in Standards	Savings in Standards	Prior Year Approval	Subsequent Year Carryover
1. Purchase lease two lift trucks - 2nd and 3rd quarter completion. Two old and worn out trucks in Board Warehouse must be replaced. <i>Put 1st quarter in RCE for No Savings.</i>	\$ 1,500	\$ 25,000	\$	\$ 1,250	\$	\$	\$
2. Purchase lease Company car - 2nd quarter completion. Current 1964 model has 50,000 miles on it. No Savings.				330			
3. Replace old switch panel in packing & shipping. 2nd quarter completion. Old switch panel antiquated and unsafe. <i>Put 1st quarter in RCE for No Savings.</i>	2,500			60			
4. Replace mill switch panel. 2nd quarter completion. Present switch inadequate to handle load. <i>Put 1st quarter in RCE for No Savings.</i>	1,500			35			
5. Replace windows on west side of board line with corrugated steel, translucent panel and air vents. 4th quarter completion. Reduce maintenance and improve appearance. <i>Put 1st quarter in RCE for No Savings.</i>	3,500			50			
6. Purchase & install feed water cooler. 2nd quarter completion. To reduce slurry temperatures in summer months and improve quality. Savings based on reducing product weights 35#/M on 100,000 M. <i>Put 1st quarter in RCE for No Savings.</i>	14,000		17,800	350	8,900		
7. Replace old type wood turner arms with steel arms and new type hinges on wet and dry end turners. 3rd quarter completion. No Savings. <i>Put 1st quarter in RCE for No Savings.</i>	4,000			100			

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	<u>Purchase</u>	<u>Lease</u>	<u>Annual Savings</u>	<u>Depreciation or Lease Expense in Standards</u>	<u>Savings in Standards</u>	<u>Prior Year Approval</u>	<u>Subsequent Year Carryover</u>
8. Purchase lease one Joint System fork truck. 3rd quarter completion. Present truck is 14 years old and is source of heavy repairs. To be traded in. No Savings. <i>✓</i>	\$	\$ 8,000	\$	\$ 400	\$	\$	\$
9. Purchase electric typewriter for office. 2nd quarter completion. To improve office typing efficiency. No Savings. <i>✓</i>	530			50			
10. Purchase and install Falk reducer on #4 kettle. 4th quarter completion. This is only kettle using crown wheel and pinon drive. Will increase RPM of agitator and make smoother drive. <i>dropped</i>	8,500			210			
11. Provide 70-ton storage tank - air unloading equipment for bulk handling of vermiculite. 3rd quarter completion. Will simplify unloading and handling of this material. Savings based on bulk cost vs. bagged cost. <i>dropped</i>	6,000		2,500	150	833		
12. Purchase and install larger elevator in Joint System Dept. and 2-ton blenders. 2nd quarter completion. Will increase production 10% in 8-hour day. Savings based on increased production rate. <i>dropped</i>	16,000		4,000	400	2,500		
TOTAL APPROVED CAPITAL EXPENDITURES ACME, TEXAS	\$ 56,530	\$ 35,000	\$ 24,300	\$ 3,385	\$ 12,233	\$ -	\$ -

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General Plant Expense		4.6	-	271,000	-
Fixed Costs		2.7	-	221,000	-
Houston Warehouse Expense		.7	-	55,000	-
Operating Profit		22.8	-	\$1,939,000	-
Home Office Administrative		2.7	-	215,000	-
Selling Expense		2.7	-	281,000	-
Net Profit Before Taxes		10.4	-	\$ 443,000	-