PLAINTIFF'S EXHIBIT

GP-945

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

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GEORGIA-PACIFIC CORPORATION

1968 ANNUAL REPORT

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TIMBER AND OTHER RESOURCES

Timberlands and timber become steadily more valuable as man's hunger for products from these lands continues to soar. The problem is accentuated as highways, powerlines, airports, dams, housing developments and recreational parks remove land from the production of trees. Because our business is based upon natural resources . . . timber and minerals . . . and the myriad products derived from them, we have a responsibility to perpetuate the timber resource and to meet the product demands of the population. Consequently, we are trying to grow trees faster and better than Nature and we are heavily engaged in the constant replenishment of our forest lands. Also, through forest and product research we are able to extract more useful products each year from each tree harvested. Fortunately timber is one of the few renewable natural resources and the forest products industry is doing an outstanding job of conservation.

During 1968 we added 275,000 acres of fee timberland to Georgia-Pacific forest reserves, supporting in excess of two billion board feet of timber. This brings our total ownership in fee to approximately 4,500,000 acres, supplemented by approximately 1,500,000 acres under harvesting rights. This includes cutting rights on 232,000 acres in the Republic of the Philippines and on 400,000 acres in Ecuador. We also have cutting rights to eight billion board feet of timber on 855,000 acres in Alaska through our 50% ownership of Ketchikan Pulp Company. Our timber additions in 1968 provide a new base for more expansion of our plants and mills.

Exploration in 1968 discovered additional gypsum raw material on our lands bringing our reserve to about 172,000,000 tons, enough to last at least a century at the present rate of use. Gypsum is mined or quarried by us at seven locations in the United States and one in Canada.

Georgia-Pacific owns the mineral rights on approximately 85% of its timberlands. In Louisiana we have reserves of natural gas and oil which are currently being tapped by 77 active gas wells and nine active oil wells drilled by lessees, who pay us a royalty. The same is true of 209 active natural gas wells in Virginia and West Virginia. In the latter two states we also have approximately 234,000,000 tons of high-grade metallurgical coal which is being mined by 20 lessees and is used mainly in the production of coke for steel making. Royalties are paid on the basis of production.

To reforest the land we aerially seeded 8,600 acres from helicopters including a test seeding in Maine where this method never before has been used. Another 13,700 acres were hand planted with two-year-old seedling trees. This could result in an optimum 11,706,000 new trees, not counting the additional millions that will spring up from natural seeding or, in the case of redwoods, sprouts from the old roots. We have also put aside over 22,000 pounds of top-quality seeds for timberlands and have 8,500,000 seedlings reserved in nurseries. The seeds that are stored will be sown at the

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same altitude and soil condition as the parent trees, in order to bring the best results of survival and healthy growth.

Efforts to produce "super" trees continue in the West and South. In seed orchards, cone-bearing branches from forest trees showing superior genetic characteristics are grafted onto healthy five to six-year-old trees of the same species. In our present testing, the seeds from Douglas fir and Southern pine that are taken from the orchard are producing seedlings which grow 30% faster than normal seedlings. These new "super" trees are being tested against normal trees for survival and growth and results to date look very promising.

In the West we have tested nitrogen fertilizer on young timber (10-year-old regrowth) and have found that within a year after fertilizing, the trees in the experimental plots not only look more vigorous but have increased growth about 30%. In northern California we are conducting thinning in mixed fir and redwood stands of from 30 to 60 years of age. This gives us an immediate crop and also starts what is called "release growth" in the remaining trees, bringing them to maturity more quickly than if a dense stand had been allowed to remain. This process actually enables us to grow two crops in the place of one—a crop of valuable thinnings and a late crop of big trees that reach commercial maturity sooner.

In the South we are using chemical spray to subdue deciduous undergrowth in the pine forests. This results in quicker growth for the pine by eliminating much of the competition for sustenance.

In the Republic of the Philippines, at our Lianga Bay operations, we have established a tree nursery to aid in the reestablishment of the forests. This is the first time a foreign company has acted to restore the forest resource of the Philippines.

In September we lost some of our valuable commercial-type old-growth Douglas fir and redwood resource when the Redwood National Park in California became fact. It happened that this timber was part of the current harvest under our sustained yield program and we are having to reassess our operations in the area. Our truly park-like redwood areas along the VanDuzen River had been offered to the Government but were not included in the park. The establishment of the North Cascades National Park in Washington State also affected the raw material supply for our Bellingham, Washington, paper operations and we are having to find alternate sources.

Under our concept of full-use of the forest, we continued to welcome the public to our lands for recreation. Campers, hikers, fishermen, hunters and picnickers numbering over 385,000 people used our forests and streams in 1968.

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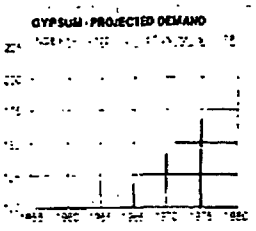

Gypsum is a product most of us see every day without knowing it, simply because it is always concealed beneath paint, fabric or attractive paneling. Gypsum is also a product which is growing in use and we expect demand will almost double by 1980. Since we entered the gypsum business in 1965, we have expanded our manufacturing capacity for gypsum board by 170,000,000 square feet and this will bring our total capacity to about two billion square feet annually in 1969.

Our present capacity is 1.692 billion square feet per year. Single-family houses and garden or tower apartments are a vast market for our gypsum products because the panels can control sound and fire, provide insulation, carry radiant heat and are easy to apply. Commercial uses are constantly growing and the new versatility being built into Georgia-Pacific gypsum products guarantees greater acceptance in the future.



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GEORGIA-PACIFIC SERVES THE WORLD

ADMINISTRATIVE OFFICES • Augusta, Georgia • Crossett, Arkansas • New York, New York • Portland, Oregon • Stamford, Connecticut

PLANTS • Acme, Texas • Ahoskie, North Carolina • Ajax, Ontario, Canada • Akron, New York • Alcolu, South Carolina • Alderpoint, California • Asheboro, North Carolina • Aurora, Illinois • Barberton, Ohio • Bellingham, Washington • Big Lagoon, California • Blue Rapids, Kansas • Bridgeton, New Jersey • Brunswick, Georgia • Buena Park, California • Burlington, Iowa • Caldwell, Ohio • Camp Adair (Corvallis), Oregon • Carlotta, California • Chiefland, Florida • Cincinnati, Ohio • Cloverdale, California • Conway, North Carolina • Conway, South Carolina • Cookeville, Tennessee • Coos Bay, Oregon • Coquille, Oregon • Covelo, California • Crescent City, California • Crossett, Arkansas • Delair, New Jersey • Del Mar, California • Del Rey, California • Diesmore, California • Duarte, California • Ecuador (under development) • Elk Grove, Illinois • Elkhart, Indiana • Emporia, Virginia • Enfield, North Carolina • Eugene, Oregon • Feather Falls, California • Fordyce, Arkansas • Fort Bragg, California • Fort Dodge, Iowa • Gary, Indiana • Gilbert, West Virginia • Gilman, Vermont • Gloster, Mississippi • Grand Rapids, Michigan • Harlan (Evarts), Kentucky • Iaeger (McDowell), West Virginia • Indianapolis, Indiana • Junction City, Oregon • Kalamazoo, Michigan • Ketchikan, Alaska • Leavenworth, Kansas • Llanga Bay, Philippines • Lockport, Illinois • Louisville, Mississippi • Lovell, Wyoming • Lufkin, Texas • Lyons Falls, New York • Marquette, Michigan • Marshall, Michigan • Memphis, Tennessee • Modesto, California • Monticello, Iowa • Muncie, Indiana • Murfreesboro, North Carolina • Muskegon, Michigan • New Bern, North Carolina • Newcomerstown, Ohio • New London, Wisconsin • New Richmond (Guyan), West Virginia • Norway, Oregon • Nutley, New Jersey • Oliver Springs, Tennessee • Olympia, Washington • Orville, Ohio • Oshkosh, Wisconsin • Ottawa, Ohio • Pico Rivera (Los Angeles), California • Potter Valley, California • Plattsburgh, New York • Plymouth, North Carolina • Pryor, Oklahoma • Pilot Rock, Oregon • Post Falls, Idaho • Powers, Oregon • Portel, Brazil • Reading, Pennsylvania • Rogue River, Oregon • Richwood, West Virginia • Russellville, South Carolina • St. Louis, Missouri • Samoa, California • Sigurd, Utah • San Francisco, California • Santa Clara, California • Savannah, Georgia • Sheboygan, Wisconsin • Slidell, Louisiana • Springfield, Oregon • Sumter, South Carolina • Taylorville, Illinois • Thorold, Ontario, Canada • Toledo, Oregon • Tomahawk, Wisconsin • Vansant, Virginia • Toronto, Ontario, Canada • Ukiah, California • Urania, Louisiana • Vernon, California • Willits, California • Wilmington, Delaware • Winesburg, Ohio • Yamell, Oregon • Woodland, Maine



DISTRIBUTION CENTERS
• Albany, Georgia • Albany, New York • Albuquerque, New Mexico • Anaheim, California • Atlanta, Georgia • Augusta, Georgia • Boise, Idaho • Anchorage, Alaska • Baltimore, Maryland • Bellingham, Washington • Berkeley, California • Akron, Ohio • Billings, Montana • Birmingham, Alabama • Boston, Massachusetts • Buffalo, New York • Charlotte, North Carolina • Chattanooga, Tennessee • Chicago, Illinois • Columbus, Ohio • Cincinnati, Ohio • Cleveland, Ohio • City of Industry, California • Columbia, South Carolina • Clifton, New Jersey • Dayton, Ohio • Dallas, Texas • Detroit, Michigan • Evansville, Indiana • Denver, Colorado • Easton, Maryland • Elkhart, Indiana • Eugene, Oregon • El Paso, Texas • Fairbanks, Alaska • Franklin Park, Illinois • Fort Worth, Texas • Fresno, California • Great Falls, Montana • Houston, Texas • Greenville, South Carolina • Greensboro, North Carolina • Grand Rapids, Michigan • Ketchikan, Alaska • Jackson, Mississippi • Jacksonville, Florida • Indianapolis, Indiana • Kansas City, Missouri • Knoxville, Tennessee • Lafayette, Louisiana • Lancaster, Pennsylvania • New Orleans, Louisiana • Little Rock, Arkansas • Los Angeles, California • Louisville, Kentucky • Lubbock, Texas • Lynchburg, Virginia • Manchester, New Hampshire • Memphis, Tennessee • Miami, Florida • Milwaukee, Wisconsin • Minneapolis, Minnesota • Mobile, Alabama • Muskegon, Michigan • Nashville, Tennessee • Lincoln, Nebraska • Orlando, Florida • Norfolk, Virginia • Oklahoma City, Oklahoma • Pacoima, California • Pasco, Washington • Peoria, Illinois • Pico Rivera, California • Philadelphia, Pennsylvania • Phoenix, Arizona • Pittsburgh, Pennsylvania • Portland, Maine • Portland, Oregon • Providence, Rhode Island • Richmond, Virginia • Riverside, California • Rochester, New York • Sacramento, California • St. Clair, Pennsylvania • St. Louis, Missouri • Salt Lake City, Utah • Salinas, California • San Antonio, Texas • San Diego, California • San Fernando, California • San Jose, California • Savannah, Georgia • Seattle, Washington • Shreveport, Louisiana • Spokane, Washington • Syosset, L.I., New York • Syracuse, New York • Tacoma, Washington • Tampa, Florida • Toledo, Ohio • Tulsa, Oklahoma • Wallingford, Connecticut • Washington, D.C. • Wichita, Kansas • Yonkers, New York

SALES OFFICES • Akron, Ohio • Atlanta, Georgia • Augusta, Georgia • Bishopville, South Carolina • Boston, Massachusetts • Camden, New Jersey • Carrollton, Texas • Chicago, Illinois • Cincinnati, Ohio • Cloverdale, California • Columbus, Ohio • Crossett, Arkansas • Dallas, Texas • Detroit, Michigan • Eugene, Oregon • Franklin Park, Illinois • Fresno, California • Glendale, Arizona • Grand Rapids, Michigan • High Point, North Carolina • Milwaukee, Wisconsin • Minneapolis, Minnesota • Murfreesboro, North Carolina • New Berlin, Wisconsin • New York, New York • North Kansas City, Missouri • Oakland, California • Parma, Ohio • Pico Rivera, California • Portland, Oregon • Redondo Beach, California • Salinas, California • San Francisco, California • Samoa, California • Savannah, Georgia • Seattle, Washington • South San Francisco, California • Stamford, Connecticut • Sumter, South Carolina • Tigard, Oregon • Toledo, Ohio • Ukiah, California • Wenatchee, Washington • Yakima, Washington

FOREIGN SALES OUTLETS • Australia • Argentina • Bahamas • Barbados • Belgium • Bermuda • Brazil • Canada • Canary Islands • Cape Verde Islands • Colombia • Denmark • Dutch Antilles • Egypt • France • West Germany • Ghana • Greece • Guatemala • Holland • Hong Kong • India • Iran • Iraq • Ireland • Italy • Jamaica • Japan • Korea • Kuwait • Lebanon • Madeira Islands • Malaysia • Mexico • New Zealand • Norway • Peru • Okinawa • East Pakistan • West Pakistan • Philippines • Puerto Rico • Saudi Arabia • Scotland • South Africa • South Viet Nam • Spain • Sweden • Switzerland • Tahiti • Taiwan • Thailand • Trinidad • United Kingdom • Uruguay • Venezuela • Virgin Islands • West Indies

SGP 0032659

GEORGIA-PACIFIC PRODUCTS

PAPER • Printing papers: text and cover, book, magazine, bond, offset, tablet, duplicator, business form, bristol, coated, safety, greeting card, newsprint. Kraft papers: bleached and unbleached, converting, bag, laminating, envelope, gumming, multiwall sack, specialty, butcher, extensible polyethylene coated. PAPERBOARD • Coated and uncoated bleached foodboard, including carton, tray, cup, milk carton, semi-bleached, folder and tag; kraft linerboard, test liner and chipboard, corrugating medium and polyethylene coated bleached and unbleached board. CONVERTED PAPER PRODUCTS • Household towels, bathroom and facial tissues, napkins, waxed paper, industrial tissues and toweling, folding cartons, cartons for milk, other liquids and semi-solids, grocery bags and sacks, labels, corrugated containers including waxed and impregnated containers. PULP • Sulfate and sulfite pulps in varying bleached and unbleached grades, dissolving pulps for the manufacture of rayon products. CHEMICALS • Amino resins, calcium sulfate, caustic soda, cellulose, animal feed binders, cement additives, chlorine, dispersants, dried tall oil soap, charcoal briquets, granular and activated charcoal, wood tar derivatives, drilling mud additives, ethyl alcohol, methanol, acetic acid, formaldehyde, lignosulfonates, phenol formaldehyde resins, urea formaldehyde resins, resorcinol formaldehyde resins, sodium chlorate, sulfuric acid, tall oil, tanning agents, turpentine, wax emulsions, paint, varnish and lacquer, liquid swimming pool chemicals, household bleach, household detergents, fabric softener, tile cleaner, algicide. PLYWOOD • Hardwood plywood, factory-finished and unfinished panels include rosewood, birch, cherry, walnut, elm, oak, pecan, maple, hickory, ash, Philippine mahogany, African mahogany, laurel, teak, butternut, Amazon maple, virola, banak, gum and vinyl-coated panels. Primary softwood plywood species include Douglas fir and Southern pine. Panel treatments include high density overlaid, medium density overlaid, Fiber-Ply, acrylic overlaid, rough-sawn vertical siding, reverse board and batten siding, 2-4-1, T & G, shiplapped plywood, Texture 1-11, fire retardant panels, plain and brushed vertical siding, "V" and channel-grooved panels, scarfed panels, marine overlaid panels, non-slip overlaid plywood and Stabilite for pattern making. GYPSUM WALLBOARD • Gypsum wallboard, insulating gypsum wallboard, gypsum sound deadening board, exterior gypsum form board, Firestop gypsum sheathing, Firestop gypsum wallboard, Firestop gypsum backer, tile backer board, vinyl-clad gypsum paneling and decorative vinyl-clad gypsum paneling. GYPSUM PLASTER • Gauging plaster, unfibered, fibered and extra-fibered. GYPSUM ACCESSORY PRODUCTS • Laminating compound, bedding compound, topping compound, adhesive and tape. GYPSUM ROOF DECKS • Incombustible roof decking. GYPSUM LATH • Plain lath, perforated lath, long-length lath, insulating lath and high absorption gypsum base. LUMBER • Western species include Douglas fir, California redwood, sugar pine, Ponderosa pine, Idaho white pine, white fir, larch, hemlock, incense cedar and spruce. Appalachian and Southern species include poplar, basswood, birch, cherry, walnut, white oak, red oak, hard maple, soft maple, beech, butternut, ash, hickory, buckeye, sap gum, chestnut, sycamore, cottonwood, hackberry, pecan, magnolia, cypress, tupelo, willow, yellow pine and hemlock. Foreign species include lauan, virola. HARDBOARD • Standard, utility, tempered and treated panels which are perforated, grooved, wood grained and vinyl overlaid. FLAKEBOARD • Standard, furniture core, vinyl overlaid. PARTICLEBOARD • Standard, furniture core and flooring underlayment. OTHER • Wire-bound boxes and round baskets, kitchen cabinets, wood and aluminum frames and casements, solid and hollow core wood doors, aluminum doors, aluminum farm gates, aluminum siding, cedar closet lining, dining room and bedroom furniture.

This report is printed on Georgia-Pacific, Kalamazoo Superfold 146# cover and 100# Dull Coated Text Enamel and 100# Hopper Rotunda Ivory.

PROTECTED MATERIAL
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No. 92-2-21950-6 (King Co. Super. Ct.)

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

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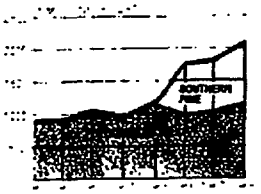
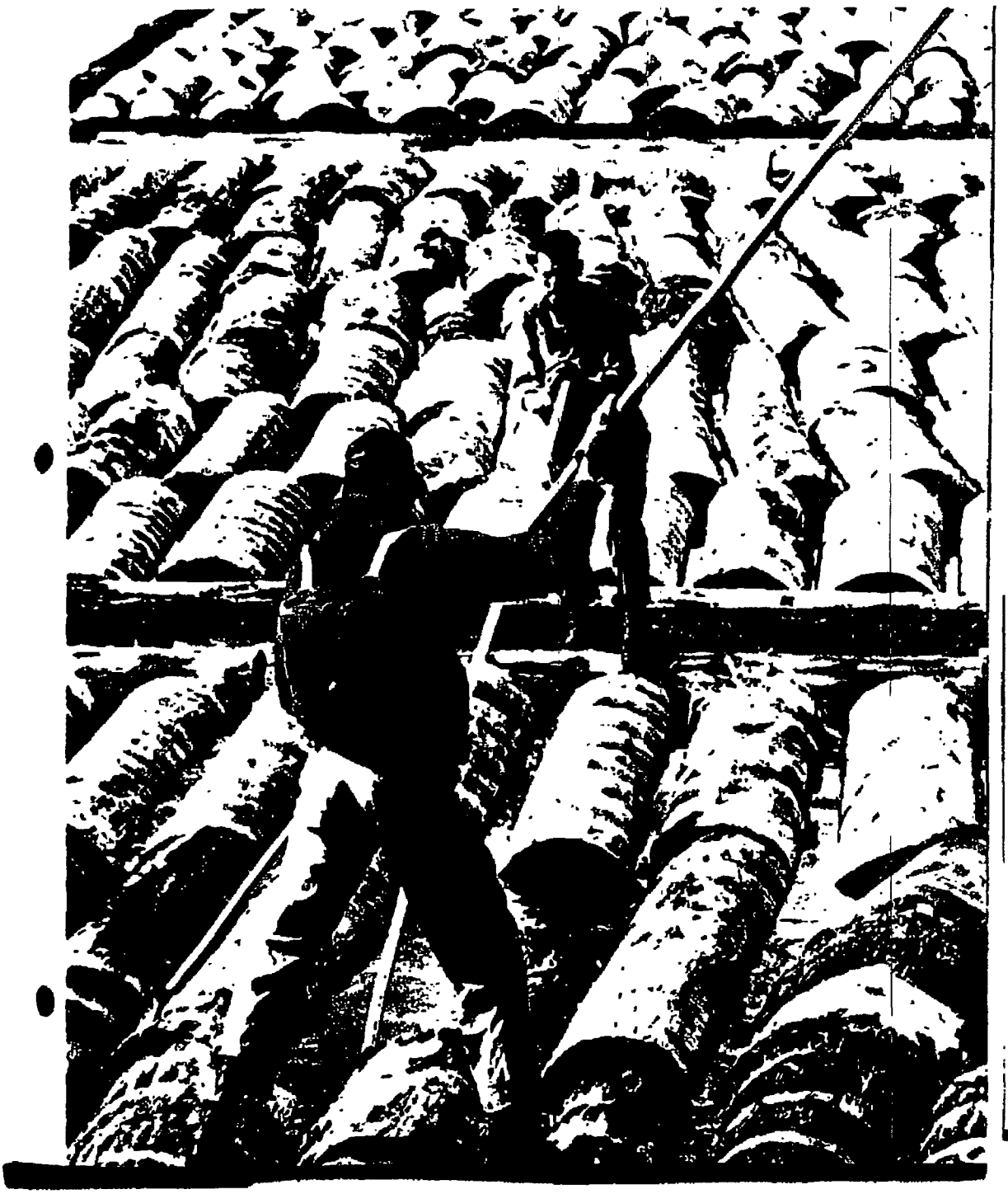
0466

G-P SOFTWOOD PLYWOOD CAPACITY



Plywood has become a miracle product that America demands in ever-increasing quantities. Georgia-Pacific is the world's largest producer of plywood with a softwood capacity of 2.1 billion square feet and a hardwood capacity of 550 million square feet. In 1969 we plan to build three new Southern pine plywood plants and expand three existing Southern pine plywood plants adding approximately 500 million square feet annually to our overall capacity. We now operate nine Douglas fir plants nine Southern pine plywood plants five hardwood plywood plants and seven veneer plants. In addition we import hardwood plywood panels from Italy Japan, Korea, Malaya, Republic of the Philippines and Taiwan. Georgia-Pacific plywoods are manufactured for every use from beautiful factory-finished hardwood panels for home and office to panels overlaid with acrylics for commercial and industrial applications!



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

MANUFACTURING

Georgia-Pacific is in one of the most exciting periods in the development and integration of its manufacturing facilities. There are five expansion projects under way at existing plants and there are 17 new plants either under construction or soon to be started. At the end of the year we were operating 169 plants located in 33 states and three foreign nations.

PLYWOOD—The Russellville, South Carolina, Southern pine plywood plant started production in February with an annual capacity of 120,000,000 square feet. This becomes the ninth Southern pine plywood plant we have built since pioneering the first one in the country over five years ago. During this coming year we shall construct three other new pine plywood plants, one at Monticello, Georgia; the second at Urania, Louisiana, and another at Taylorsville, Mississippi. Additionally we plan to expand the capacity of the Gloster, Mississippi, and the Emporia, Virginia, pine plywood plants from 90,000,000 square feet each to 140,000,000 square feet annually and the Savannah, Georgia, pine plywood plant from 50,000,000 square feet to 100,000,000 square feet annually. Our Douglas fir plywood operations remain the same with the exception of a green fir veneer plant now working at Crescent City, California, and a similar plant at Sutherlin, Oregon, supplying veneers to our plywood plants in the West. We remain the largest producer of softwood and hardwood in the nation.

GYPSUM—Early in 1968 the new gypsum plant at Lovell, Wyoming, went into production with an 80,000,000 square foot annual capacity, becoming one of nine plants making gypsum board and plaster. In October the Acme, Texas, gypsum plant, which was expanded, started its new production line and increased its capacity from 228,000,000 square feet a year to 400,000,000 square feet. Construction of the new gypsum plant at Buchanan, New York, is proceeding and the plant will go on stream this coming spring.

PAPER—Much of our increased pulp and paper production has come through development of new efficiencies in existing mills. This would be true of fine papers at Kalamazoo, Michigan, and Reading, Pennsylvania; bleached kraft pulp at Woodland, Maine; corrugating medium at Santa Clara, California, and household tissues at Plattsburgh, New York. We are now expanding the kraft paper mill at Crossett, Arkansas, from 850 tons a day to 1,250 tons a day. This extra capacity will be used in expanded foodboard production and a new tissue machine at Crossett. The change is due to be completed early in 1970. A new multi-cylinder paperboard machine will be installed at Thorold, Ontario, in 1969. It will increase production of surfacing paper for gypsum board by 40% for a total production of 80,000 tons a year.

We plan to augment the raw material supply for our Bellingham, Washington, paper mills and have purchased the Post Falls Lumber Company, Inc., Post Falls, Idaho, and are supplementing its lumber operation with additional chipping facilities. Chip unloading machinery will be installed at Bellingham to receive this material.

PAPER PRODUCTS—The new Asheboro, North Carolina, container plant is now producing at the annual rate of 300,000,000 square feet of containers for the tobacco, textile, furniture, produce and other Southern industries. A plant in Lancaster, Pennsylvania, has been built and will soon be producing milk cartons. The capacity of this plant will be 30,000 tons annually. A safety paper plant with polyethylene printing facilities will come into production in mid-year at Warwick, New York.

Three plants producing labels for soup, tobacco, soap, paint and other products have been acquired. They are The Multi-Colortype Company, its wholly-owned subsidiary, The McDonald Printing Company, Inc., both of Cincinnati, Ohio, and The Will County Printing Company, Lockport, Illinois.

In the huge Southern California market, our Buena Park (Los Angeles), California, corrugated container plant will be expanded from a 700,000,000 square foot product capacity to a 1,300,000,000 square foot capacity in order to meet market demands.

CHEMICALS—The largest single chemical expansion during the year came with acquisition of Tops Chemical Co., headquartered at Del Mar, California, and with five other plants in Los Angeles (2), Del

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PROTECTED MATERIAL
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Bay, Richmond and Sacramento, California. These plants package up to 40,000 tons of industrial and household chemicals including waste and water treatment chemicals, household bleach, water softener, detergent, tile cleaner and fabric softener. Also acquired was a 50% ownership in Cliffs Dow Chemical Co., Marquette, Michigan, and Cookeville, Tennessee, makers of charcoal, granular and activated charcoal products, methanol, acetic acid, flavor enhancers and wood tar derivatives. A sixth resin plant was added, this time at Louisville, Mississippi, to produce 20,000 tons of resins for our internal use in particleboard and plywood. We will expand the capacity of this plant in 1969. Capacity of the Coos Bay, Oregon, formaldehyde plant was increased by 25,000 tons in 1968.

The Bellingham, Washington, chemical facilities will be expanded in the coming months to add 200 tons a day of lignin chemical capacity. This expansion will also minimize waste disposal.

Engineering has begun on a cumene-based phenol plant with a capacity of 200 million pounds annually, and a methanol plant with a capacity of 100 million gallons annually at our Plaquemine, Louisiana, site. These products are used in the manufacture of formaldehyde which in turn is utilized to make resins and adhesives.

Two formaldehyde plants will be built, one at Crossett, Arkansas, and one at a Georgia location to be announced. Also we will build a resin plant in Georgia.

LUMBER—In 1968, we added approximately 300,000,000 board feet annually of Douglas fir, Western pine and other species to our capacity. Most of this manufacturing is located in Northern California. Residue from the milling is made into chips for use at paper mills and hardboard plants.

Our Western pine lumber mill at Feather Falls, California, will be replaced this coming year by a new mill at Oroville, California. The latter will be better located for timber and transportation and will have a capacity of 63,000,000 board feet annually.

Chip and saw facilities are to be constructed in 1969 at Cross City, Florida; Monticello, Georgia; Russellville and Hampton, South Carolina. These will make lumber from peeler cores and from small logs unsuitable for plywood and then chip the residue for use in paper mills and particleboard plants. Construction of the replacement hardwood lumber mill at Alcolu, South Carolina, is proceeding and it will start up this spring with a capacity of 25,000,000 board feet, an increase of 5,000,000 board feet over the old mill.

PARTICLEBOARD—Five new particleboard plants will be built, four in the South, at Vienna, Georgia; Urania, Louisiana; Taylorsville, Mississippi, and Russellville, South Carolina, and one at Coos Bay, Oregon. These will supplement the two existing plants in the South and will increase our capacity of particleboard by approximately 400 million square feet (¾" basis) annually.

OTHER PRODUCTS—Largest addition in the general product area was Weather-Seal, Inc., a manufacturer of kitchen cabinets, wood and aluminum windows, doors and related products. The division has seven plants in Ohio and one in Kansas. Headquarters are at Barberton, Ohio.

The Curtis Door Companies, Inc., New London, Wisconsin, was purchased in the fall. It is a maker of flush doors and folding flush doors about 90% of which are architectural doors for commercial and institutional uses.

AIR AND WATER QUALITY CONTROL—Georgia-Pacific's program to eliminate air and water pollution has shown steady progress and some studies have resulted in the discovery of absolutely new methods. One such method is so promising that we are seeking a patent on it and two others appear to be the first of their kind in the nation. New controls are included in the $75,000,000 expansion at Crossett, Arkansas. At Woodland, Maine, located on the St. Croix River on the Canadian border, we are investing $4,600,000 to remove 90% of the solids from mill effluent in addition to some other related improvements. These items are typical of the serious intent of the Corporation to help clean up America.

GCHAT 13 0469

SGP 0032663

PROTECTED MATERIAL
Georgia-Pacific v. Astra, et al.
No. 92-2-21930-6 (King Co. Super. Ct.)

PRODUCT DEVELOPMENT AND MARKETING

Both product development and sales planning must anticipate and meet changing markets and changing consumer needs. They must bridge the gap between the resource and the ultimate user and they must do it well enough to assure Georgia-Pacific a growing share of market in this competitive age. We have continued to meet this challenge aggressively by increasing our product lines, expanding our distribution system and sales offices, replacing older distribution facilities with modern ones, carrying on extensive product research and advertising and promotion.

The Company-owned distribution system now totals 105 centers located strategically in the major markets of the United States. New locations added during 1968 were Albany, Georgia; Anchorage, Alaska; Bellingham, Washington; Fairbanks, Alaska; Boise, Idaho; Lynchburg, Virginia; St. Clair, Pennsylvania, and Wichita, Kansas. Relocations in the system due to construction of new service-oriented facilities were in Fresno, California; Greenville, South Carolina; Manchester, New Hampshire, and Portland, Maine. Eight sales offices added during the year are occupied with the sale of the doors and windows produced by our Weather-Seal Division in Ohio.

Three new foreign markets are the Bahamas, Cape Verde Islands and Kuwait. Plywood, lumber, pulp and gypsum now are exported to 56 foreign locations. (See Page 10 for list.)

The sales of our products have taken on a new aspect within the last year due to long-range planning. We now make the wood products, the gypsum board and plaster, cabinets, doors, windows, paint and varnish with which to build a structure and we make the furniture with which to furnish some of the rooms. We can also supply the chlorine for the swimming pool and the tile cleaner too. Certain of the chemicals we make are used to produce other G-P chemicals and some chemicals, in turn, go into glues for our plywood. Kraft paper and board, foodboard and commercial printing papers are all converted into other products by our own Company as well as other companies. We make machines that cut and bond milk cartons made from our foodboard. We use our paper to make the labels that go on our products and those of many other well-known manufacturers. We sell the dispensers which use great quantities of Georgia-Pacific industrial tissues. Integrated manufacturing and marketing is a practical approach to many kinds of sales.

During 1968 a number of new products were developed for the plywood, paper, gypsum, chemical and Weather-Seal lines.

Among panel products, we introduced a new Southern pine plywood concrete form panel coated with a formula called Magic Kote. This replaces oiled panels and allows contractors to strip the forms from concrete more rapidly and more cleanly in addition to extending re-use of the panels.

A new decorative panel of "rough sawn" Southern pine plywood in both clear grain and knotty grain with special grooving is being produced in lengths up to 10 feet for the single and multiple family housing market.

To meet an ever-expanding market for the "weathered look" in interiors as well as exteriors, we added Weathered Oak Barn Gray paneling to our plywood line. This successfully reproduces a silvery appearance of great charm in a board and batten fashion.

Florentine prints in five colors on a special surfacing bonded to Philippine mahogany are becoming a popular item with builders of all kinds as well as the remodeling and do-it-yourself users. These prints provide a durable and stylish wall surfacing.

In June the new Georgia-Pacific gypsum research center was completed in Tigard, Oregon, and its 16 technicians produced some exciting products during the year. Topping the list are Georgia-Pacific Radiant Heating Panels of gypsum, designed to provide a complete uniform low temperature electrical radiant heating system. Heating elements are embedded within the panels and lead wires

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are within the panel also. After the panel is nailed in place, a pigtail need only be connected to the thermostat in order to make it function. One 240 volt, 4-foot by 8-foot panel will produce 1,632 BTU's of heat per hour, or a 4-foot by 12-foot panel will produce 2,448 BTU's. The uses for this product are many.

Also developed was a foil-surfaced gypsum board panel to provide built-in heat-reflecting insulation as the board is applied to the interior outer walls or ceiling of a structure. A new glass-fiber-reinforced gypsum Firestop sheathing was created to provide increased strength and fire resistance for changing construction needs. The surfacing on this board also has improved water repellency. Three new attractive surfaces were added to our Elemawall gypsum line. Marketing of agricultural gypsum was stepped up as a soil conditioner, fertilizer, a means of clarifying muddy bodies of still water and as a carrier for concentrated insecticides.

Our particleboard was refined for outdoor uses with phenolic waterproofing. Two new designs were introduced. One is a "rough sawn" panel for exterior surfacing and the other is a shutter design for simple, inexpensive imitation of real shutters.

In the paper products field we introduced a new text and vellum offset paper in weights from 50# to 100# and Georgia-Pacific Formfold for business machine manufacturers. The latter is a substitute for expensive register bond paper and has business machine folding characteristics built into it.

In 1969 we shall be producing the nation's first dairy cartons to be printed in five colors by the gravure process. This creates an obvious retail sales advantage for our customers as well as for ourselves. Also we are manufacturing some new machinery to set up, close and heat-seal folding cartons of this type. We developed a new hot-air sealing system for coated cartons which gives food packaging greater durability, makes it look brighter, stay cleaner and more resistant to moisture and frost while reducing waste and eliminating adhesive costs.

Several new things were done with household and industrial tissue products. New, attention-getting packaging was created for bathroom tissues, assuring that our products will stand out on the store shelves. We introduced scented, flowered facial tissues in decorator packages. And to help industrial tissue sales we commenced selling nine new specially designed metal and wood-grained dispensers for towels and sanitary tissue items as well as a new miniature matching deodorizer for washrooms, called Mini-Fresh.

One of the most exciting discoveries came in our Weather-Seal Division where a new principle for controlling sliding aluminum doors and windows (among the products of this division) was introduced. Called Kushion Aire, the device uses magnetic force to allow the door or window to glide effortlessly along its base and at the same time remain air-tight top and bottom. Magnetic strips, one in the threshold and one in the unit, are reversed so that they repel rather than cling together and create what amounts to a cushion of air between the threshold and the unit. Consequently they slide easily and quietly but remain always secure.

The merging of Tops Chemical Co. into Georgia-Pacific helped expand our chemical product list. This division makes household bleach, waste treatment chemicals, swimming pool chemicals, tile cleaner, detergents, water softeners, fabric softeners and household starch.

Last fall our Williams Furniture Division introduced three new lines to the national furniture buyers with great success. One of these lines is oriented to high-income markets and will be sold as the San Simeon line under a Georgia-Pacific label.

To aid the sales of all divisions and of those who ultimately wholesale or retail our products, we have continued a strong and expanded, carefully-directed advertising and promotion program through the year. The reactions from sales outlets around the nation have been enthusiastic.

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