

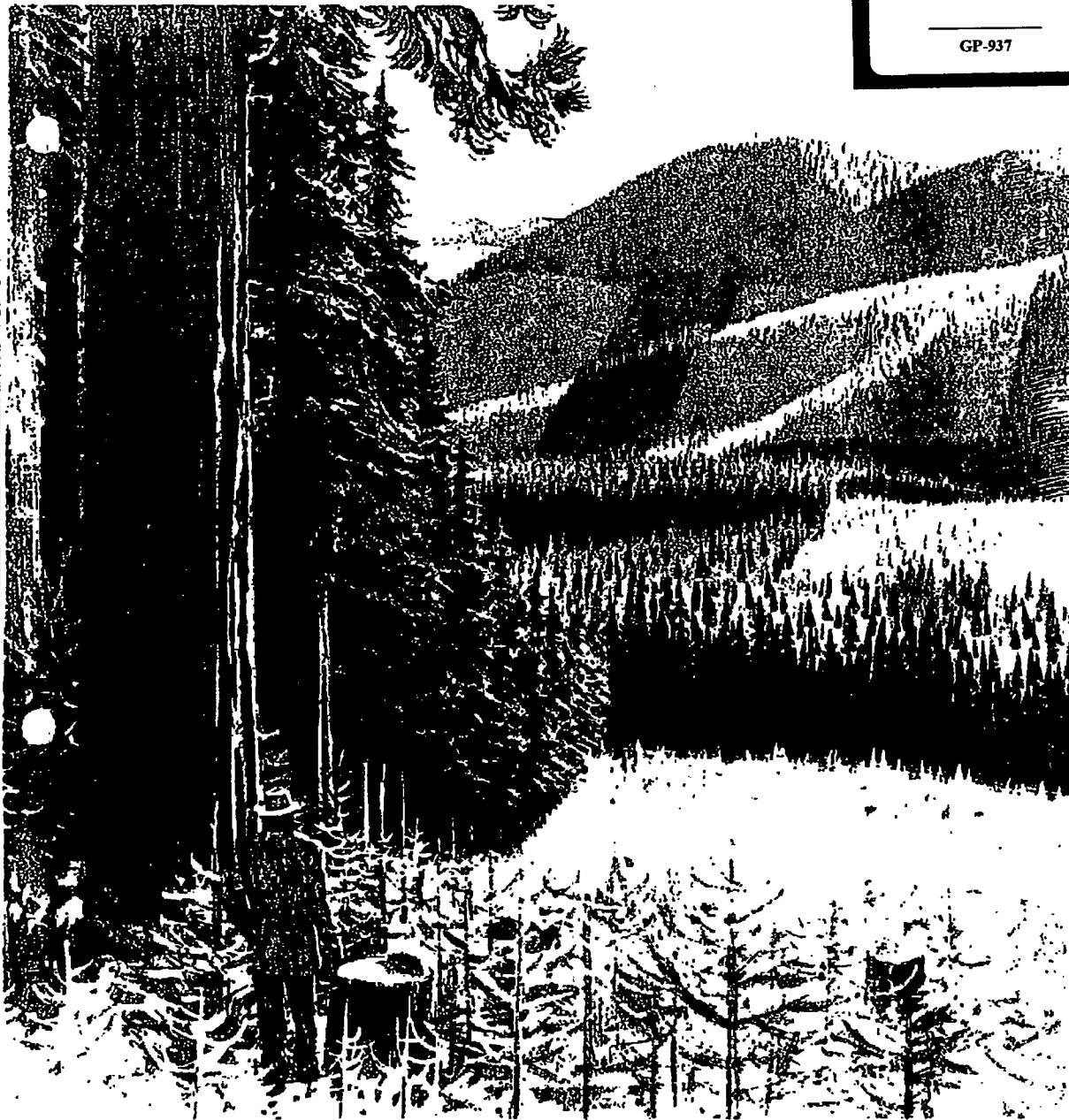
PLAINTIFF'S EXHIBIT

GP-937

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

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TREES PERPETUALLY

Annual Report

GEORGIA-PACIFIC CORPORATION

SGP 0032560

32nd Annual Report
for the year ending December 31, 1958

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Sales Offices, Distribution Warehouses, and Plants

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HIGHLIGHTS OF 1958

- 👑 Sales, profits and cash flow for 1958 all recorded new highs:
 - Sales reached \$152,443,498 (compared with \$147,649,368 in 1957)
 - Net profits, after taxes, were \$10,072,377 (an increase of 18% over 1957)
 - Cash flow was \$29,789,891 (compared with \$27,740,522 in 1957)
- 👑 Production and sales of paper and containerboard at the new Toledo mill exceeded original estimates.
- 👑 A new major plywood plant at Coos Bay, Oregon, will soon be in production; a plywood plant at Samoa, California, is nearing completion; and a new gang mill at Toledo, Oregon, is already in operation.
- 👑 Output at our Savannah, Georgia, hardwood plywood and specialties plant was increased and diversified and a new veneer plant was added at Rocky Mount, North Carolina, to supplement Savannah's supply of veneers.
- 👑 Approximately 1½ million seedling trees were hand planted and over 5,000 acres were reseeded by helicopter. Additional timber was acquired and added to reserves.
- 👑 Georgia-Pacific research facilities were expanded and additional skilled scientific personnel added. A number of new products were released for marketing and more are under development.
- 👑 The reduction of long-term debt in the amount of \$11,264,000 was considerably ahead of the minimum mandatory requirement of \$6,000,000. In addition, \$6,960,000 of the convertible debentures were retired through conversions during the year.
- 👑 At year end, cash was \$16,444,604; total assets were \$210,752,396; and net working capital was \$43,257,534, a new high.

OUTLOOK

Economic indicators point to a period of sustained growth ahead. As to timing, opinions differ, but economists agree that this expansion is imminent.

Three major factors have direct bearing upon this future. The Bureau of Census forecasts that United States population will increase from 174 million in 1958 to 244 million by 1975. This will create a new and expanded market calling for great increase in the Gross National Product. The population growth also will bring new family formations. In 1958 about 1,450,000 marriages were recorded and the

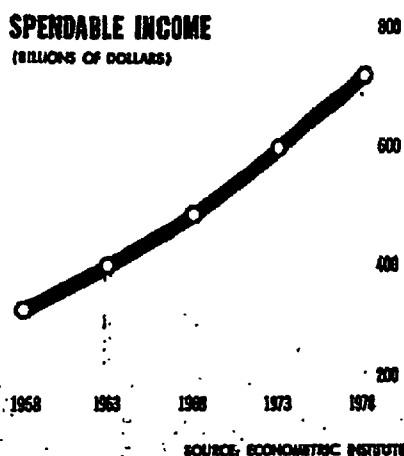
forecast for 20 years from now is 2,350,000 marriages. The third factor is more spendable income or purchasing power. From a recorded \$311 billion in 1958, spendable income is estimated at a possible \$725 billion annually by 1978.

The combination of these factors points to steady future demand for consumer and industrial products, new homes, schools, business establishments, and new industrial structures with which to produce more products and new products. However, government monetary policy will have a marked effect on

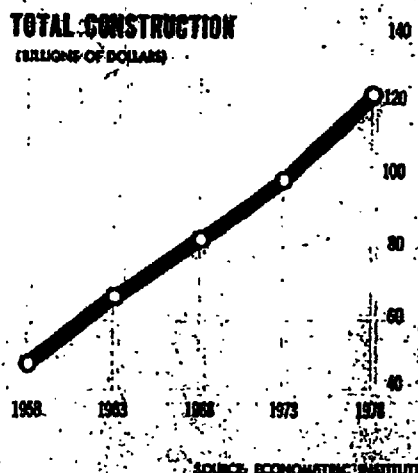
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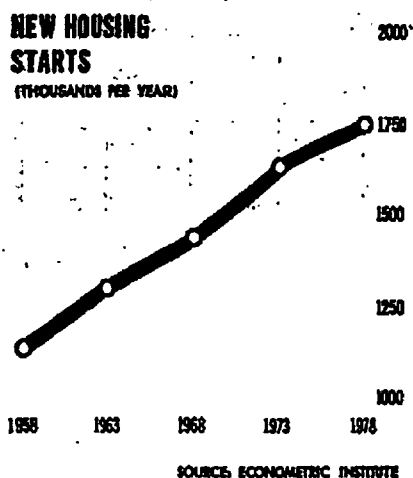
SPENDABLE INCOME
(BILLIONS OF DOLLARS)



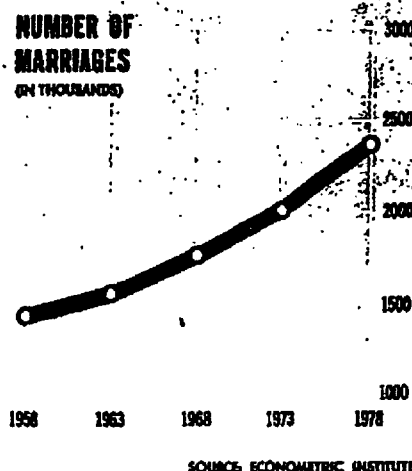
TOTAL CONSTRUCTION
(BILLIONS OF DOLLARS)



NEW HOUSING STARTS
(THOUSANDS PER YEAR)



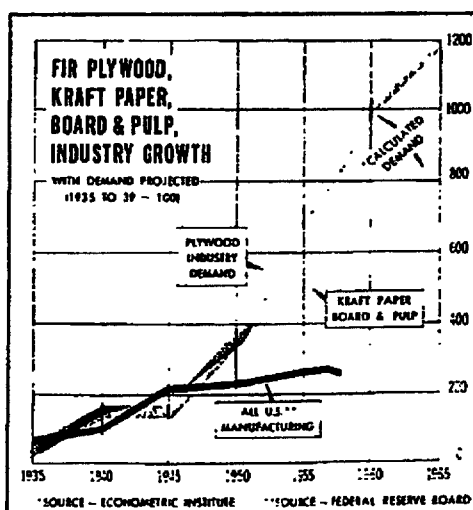
NUMBER OF MARRIAGES
(IN THOUSANDS)



new home construction. While economists agree that demand will be large for years to come, the level of residential construction obviously will be affected by the availability of mortgage money.

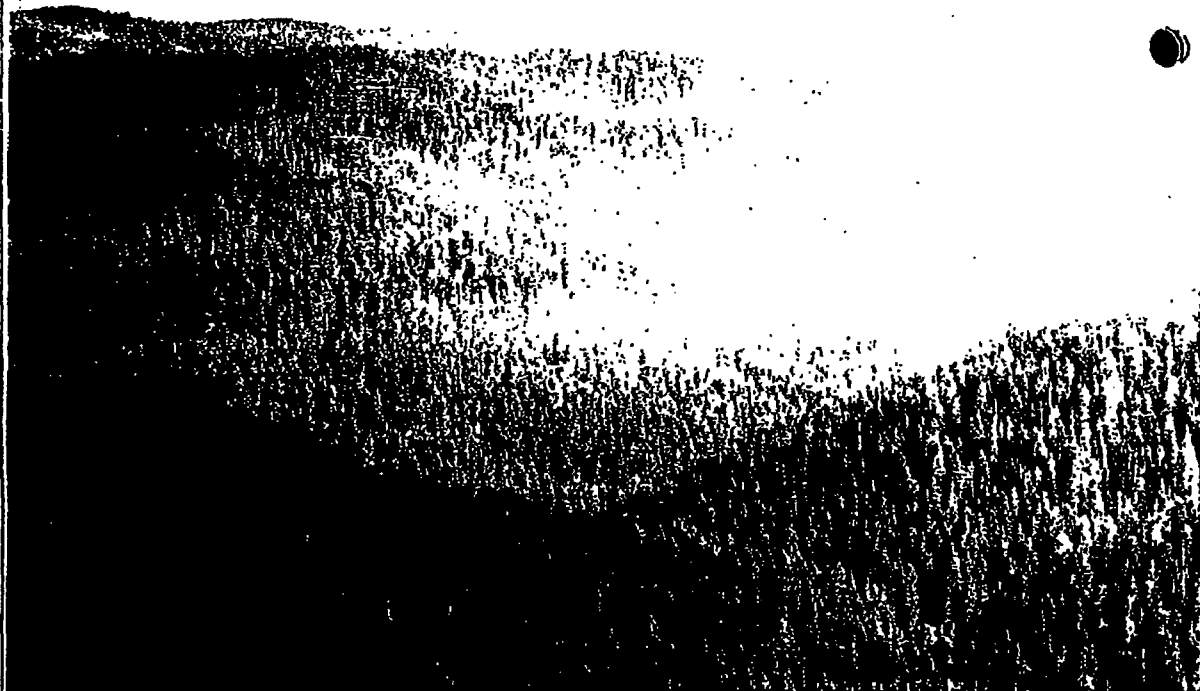
Dollar volume of total construction set a record in 1958 for the fourteenth year, and the United States Departments of Commerce and Labor forecast a 7% rise in 1959 to another record of \$52.3 billion.

Georgia-Pacific is moving aggressively to maintain and improve its position in this growing economy. 1959 should be another good year.



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Panorama in a section of Georgia-Pacific's timber resources.

During 1958, the Corporation continued to harvest its timber on a long-term schedule designed to improve the quality and quantity of future growth. Cutting experience and field studies throughout the year confirm that the quality and growth factors of our holdings are unsurpassed. In addition, we continued the policy of purchasing additional timber in the open market and from the United States government reserves, when purchases appeared advantageous.

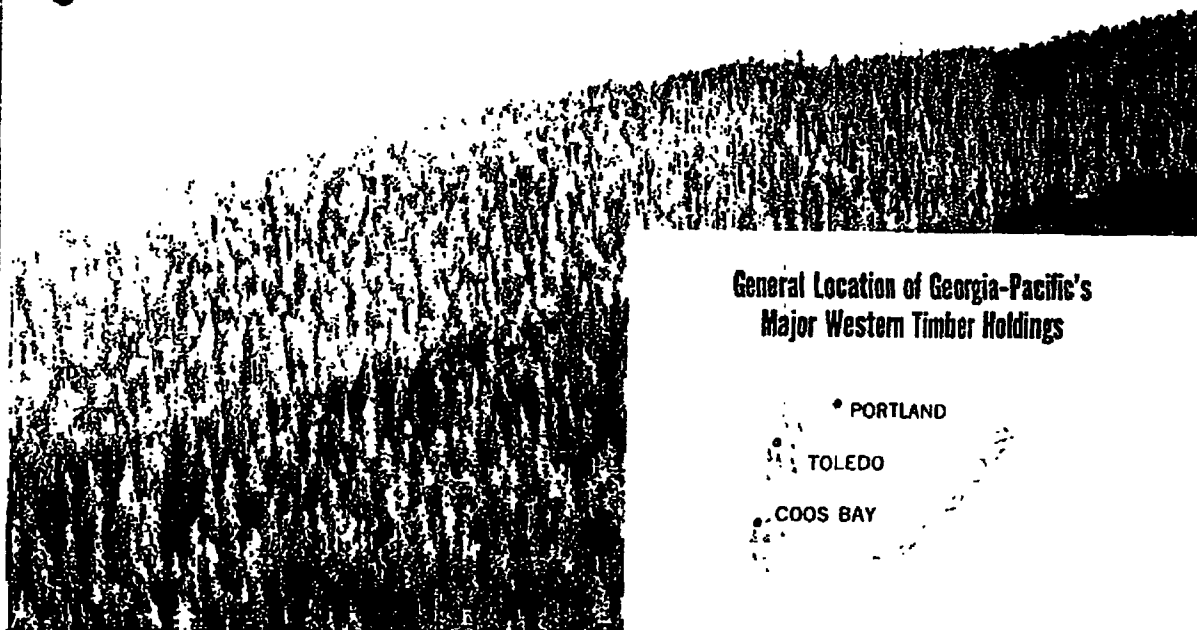
Most of our timberlands lie in the Pacific Coastal range, where the soil is deep and fertile and abundant rainfall contributes to the rapid growth of the tim-

ber. By reseeding and replanting each section immediately following timber harvest, our lands are kept in constant productivity. In 1958, approximately 1½ million seedling trees were hand planted, and over 5 thousand acres were seeded by helicopter. Acreage so reforested during the year exceeded the acreage harvested.

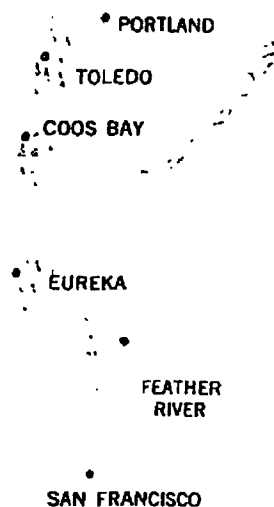
All new methods and techniques in forestry are studied and tested by our staff of foresters to achieve the maximum annual growth per acre. Experimental plots in the forest enable us to study growth characteristics and these studies indicate that a substantially larger volume of timber per acre can be

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General Location of Georgia-Pacific's Major Western Timber Holdings



grown through modern forestry practices than has been grown in the past by nature alone.

Substantial changes which are being made in Georgia-Pacific manufacturing facilities to increase utilization of timber harvested are also affecting our forestry operations. Better recovery from each log used, new products manufactured from previously discarded waste, and utilization of portions of the tree that formerly were left in the woods all have the effect of increasing the quantity of raw material available, as well as enhancing the value of the manufactured output. The basis of our entire forestry program is to insure, over successive years,

Reforestation by aerial seeding is one way G-P helps nature produce forests for tomorrow.



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California Redwood trees in G-P's vast timber holdings in northern California.

that we will grow a volume of timber at least equal to the volume harvested.

We continue to study with interest all oil and mineral activities in the vicinity of our holdings. Although there were no major developments during the year, various petroleum companies indicated considerable interest in certain of our properties and we granted two small leases covering approximately 800 acres in one of our larger areas in California.

In June, the United States Forest Service granted us a 3-year extension of its preliminary award covering 7½ billion board feet of timber located in the general area of Juneau, Alaska. Under the terms of

this extension, the Corporation has until July 1961, to determine whether to take the steps necessary to make this 50-year award final, which would necessitate the construction of a plant by July 1964. Our final decision on the use of this fine stand of timber will necessarily depend on our evaluation of the future economic and technical developments in the area, as well as the outlook for forest products in world markets.

Georgia-Pacific's long-range program for its timber and commodities looks more promising each year, as forest practices continue to improve, and as research develops more complete timber and wood utilization.

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The year 1958 was marked by aggressive expansion in Georgia-Pacific's manufacturing facilities. The constant objective is to reach maximum utilization of timber harvested, realizing the largest possible profit by improved recovery and the manufacture of new and more profitable products.

Paper and Containerboard Production and shipments at our new Toledo, Oregon, mill exceeded original estimates. Constructed as a 250-ton daily capacity mill, installation of more pulp storage was completed at year end. The mill is now producing 350 tons of kraft paper and containerboard per day.

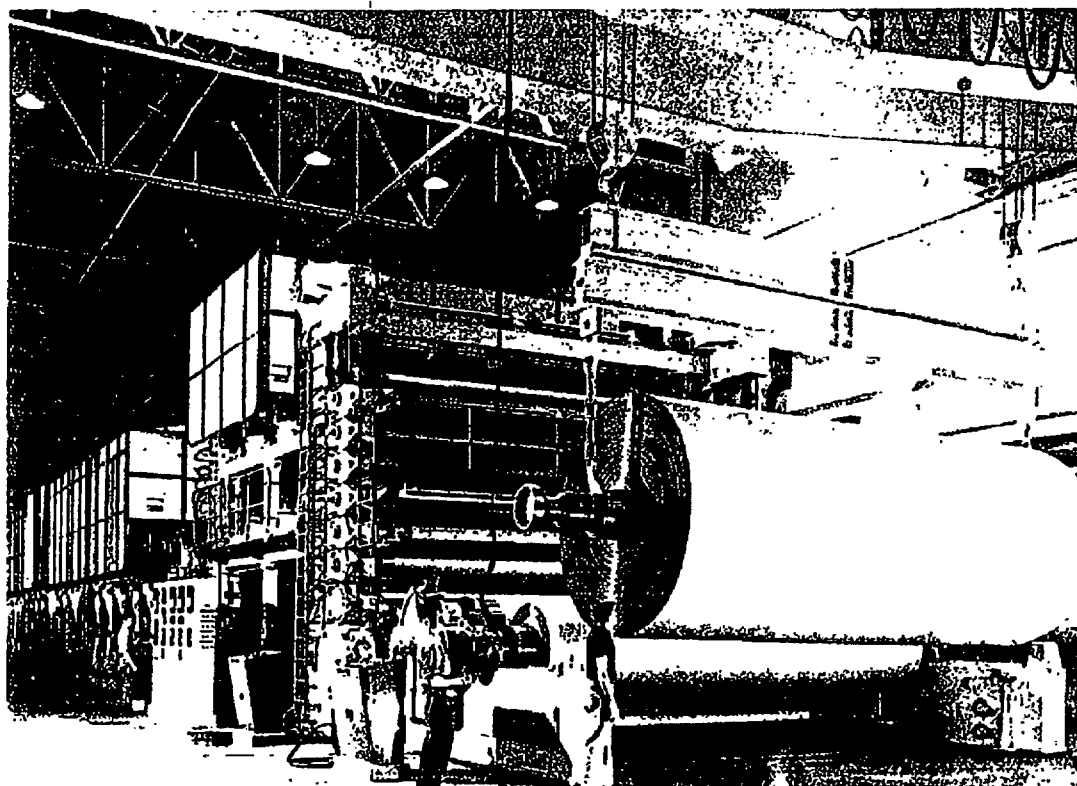
This mill uses as its raw material wood waste from our adjacent plywood and lumber plants. All wood coming from the forest at this location is utilized. The old waste burner is gone.

Plywood, Hardboard and Specialties A new plywood plant, with annual capacity exceeding 100 million square feet, is near completion at Coos Bay, Oregon. This will allow better use of raw material and a more profitable operation.

At Samoa, California, a plywood plant is under construction which will provide more complete utilization of our northern California timber. It will have an annual capacity of 75 million square feet.

In 1958, our plywood plant at Bellingham, Washington, was closed and the equipment installed in our plants in Oregon. This move replaced the Bellingham production at much lower cost, since the Oregon locations are much closer to our major timber holdings. At Olympia, Washington, manufacture was consolidated into two plants instead of three, con-

Twenty-ton roll of paper comes off West's largest paper machine at Georgia-Pacific mill, Toledo, Oregon.



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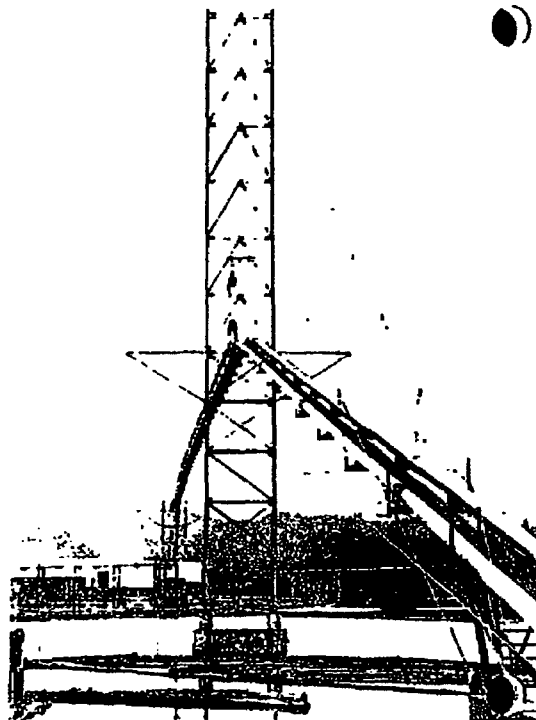
centrating on production of special and distinctive types of plywood. This program has greatly improved the results of these operations.

At Savannah, Georgia, the factory-finished hardwood plywood department was expanded and production increased. The Corporation purchased a veneer plant at Rocky Mount, North Carolina, to supplement the supply of fine hardwood veneers used at Savannah.

Productive capacity of hardboard, using wood waste, was stepped up and improved at our Coos Bay, Oregon, plant.

California Redwood and Other Lumber. Our mills at Samoa and Eureka, California, are among the nation's largest producers of Redwood products, accounting for about 15% of the total. In 1958, we became the first in the industry to market packaged and factory-sealed Redwood.

A new gang mill to utilize small logs from tree tops formerly left in the woods, was completed at Toledo, Oregon. Improvements in operations also were effected at our hardwood mills in the South and at McKeever, New York.

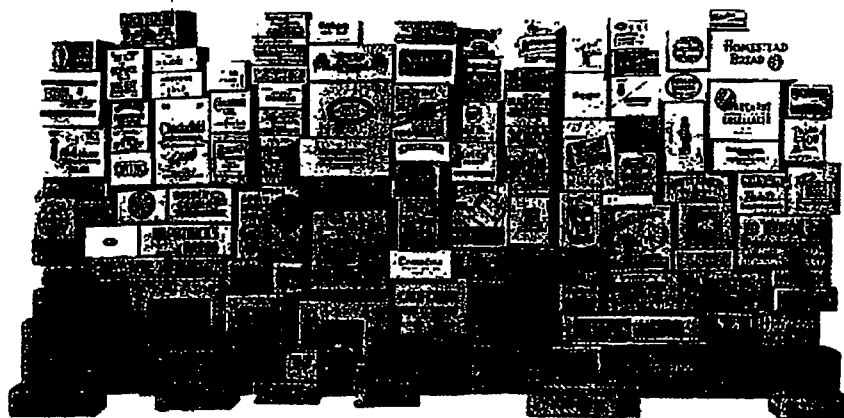


Pneumatic pipe line automatically carries wood chips from lumber mills to paper mill at Toledo, Oregon.

Giant Douglas Fir log in lathe ready to be peeled into plywood veneer.



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Typical corrugated shipping containers made by a major converter of G-P containerboard.

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PRODUCTS

Georgia-Pacific is one of the nation's largest integrated producers of forest products including plywood and plastic-coated plywood, hardboard, Redwood products, lumber, pulp, paper and containerboard. As a result G-P offers one of the most complete product lines in the industry. A few uses are shown on these pages.

The principal products include:

- G-P DOUGLAS FIR PLYWOOD
- G-P HARDWOOD PLYWOOD
- G-P KRAFT PAPER
- G-P KRAFT LINERBOARD
- G-P UNBLEACHED KRAFT PULP
- G-P CALIFORNIA REDWOOD LUMBER AND SPECIALTIES
- G-P HARDBOARDS

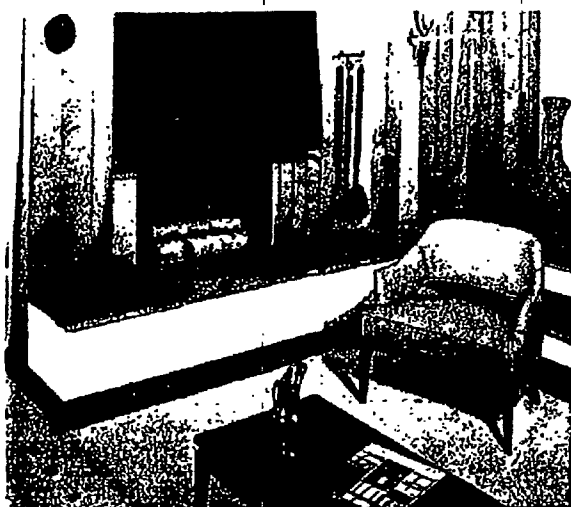
G-P markets many species of lumber all over the world.

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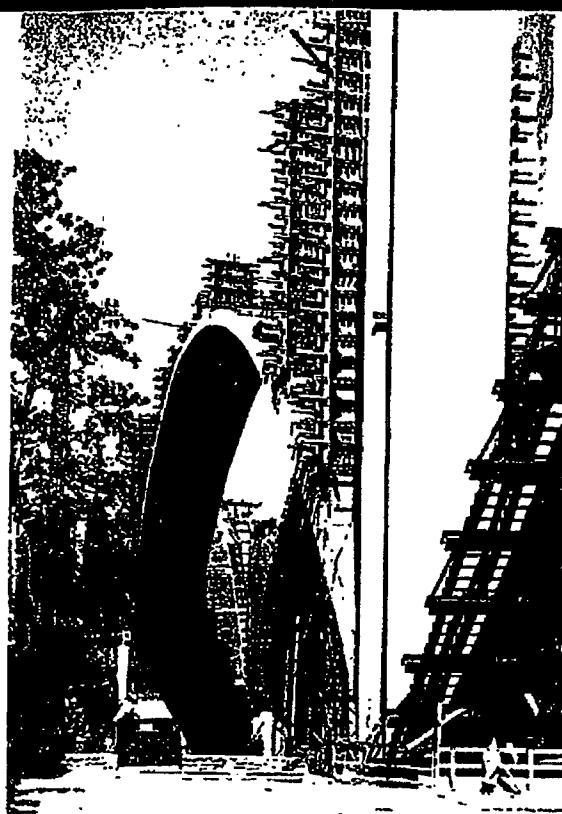
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An example of beautiful G-P factory-finished plywood paneling.



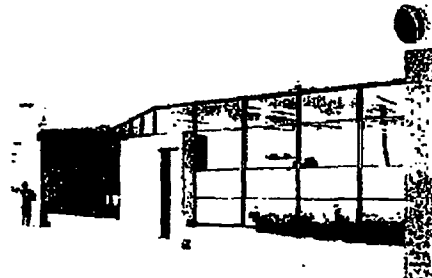
Millions of feet of plywood are used to form concrete in national highway program.



Redwood finds increasing use in expanding construction in modern architecture.

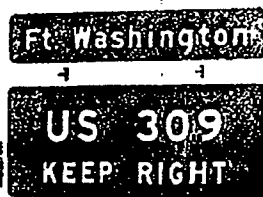
- G-P FACTORY-FINISHED HARDWOOD PANELING (For use with exclusive Clip System)
- G-P FACTORY-FINISHED HARDWOOD PANELING
- G-P RIPPLWOOD
- G-P STRIATED HARDWOOD PLYWOOD
- GPX PLASTIC-FACED PLYWOOD
- GPX BEVEL SIDING
- G-P GUARANTEED PREMIUM SHEATHING
- G-P GIANT SCARFED PANELS
- G-P VENEERS
- G-P LUMBER AND TIMBERS OF ALL TYPES
- G-P PRINTED GRAIN PLYWOODS
- G-P FAMILY-PROOF OAK FLOORING

GP DOUGLAS FIR FINISH LUMBER

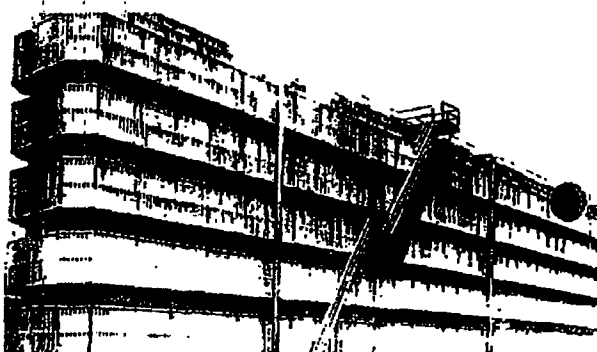


G-P plywood is in demand for use in the expanding school system. Here it is used for ceiling and wall panels.

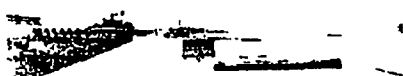
Packaged Fir and Redwood lumber offer new market opportunities for over 30,000 dealers.



GPX plastic-overlaid plywood has myriad uses, including new highway signs.



Great durability of Redwood is vital in this huge industrial cooling tower.



G-P Premium Sheathing, shown here on 12-acre warehouse roof, is popular builder item.



New versatility of G-P hardboards is shown in this dealer display.

PROTECTED MATERIAL
Georgia-Pacific Corp., Atlanta, Ga.
No. 92-2-21950-6 (King Co. Super. Ct.)

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GEORGIA-PACIFIC CORPORATION

SALES OFFICES AND DISTRIBUTION WAREHOUSES

Akron, Ohio, 1069 Dublin Street	Grand Rapids, Mich., 825 Buchanan Ave., S. W.	Olympia, Wash., Port Dock Building "C"
Atlanta, Ga., 3121 Maple Drive N.E.	Greenville, S. C., Keith Drive	Pasco, Wash., Pasco Air Base
Augusta, Ga., 753 Broad Street Southern Finance Building	Hatfield, Pa., Hatfield Valley Rd.	Philadelphia, Pa., 63rd St. and Eastwick Avenue
Baltimore, Md., 301 South Kresson Street	Houston, Texas, 4715 Calhoun Road	Pittsburgh, Pa., 33rd St. and Liberty Ave.
Billings, Mont., Bernard Street Northern Pacific Industrial Sites	Jackson, Miss., 1001 Terry Road	Portland, Ore. 421 S. W. 6th Ave. 330 S. E. Division Place
Boston, Mass., 141 Bacon Street, Waltham, Mass.	Lancaster, Pa., West Roseville Road and Reading R. R.	Providence, R. I., Harborside Industrial Park
Charlotte, N. C., 2115 Freedom Drive	Long Branch, N. J., 174 Branchport Ave.	Salinas, Calif., 1031 Industrial Avenue
Chicago, Ill. 1801 and 1811 West Bryn Mawr 11909 Avenue "O" 35 E. Wacker Drive	Los Angeles, Calif., 14416 Victory Blvd., Van Nuys 903 Fair Oaks, South Pasadena, Calif.	Samoa, Calif.
Cleveland, Ohio, 4832 Ridge Road	Meriden, Conn., 14 Cherry Street	San Antonio, Texas, 1702 S. Alamo Street at Main
Columbia, S. C., 1099 Berea Road	Milwaukee, Wis., 8229 W. Greenfield Ave., West Allis	San Francisco, Calif., 400 Montgomery St.
Dallas, Texas, 2422 Butler Street	Newark, N. J., 102 Marsh Street, Port Newark	Santa Clara, Calif., 731 Martin Ave.,
Detroit, Mich., 126 E. Hudson Street, Royal Oak	New Castle, Pa., Cherry Street Extension	Seattle, Wash., 410 Terry Avenue North
East Peoria, Ill., 206 West Camp Street	New Orleans, La., 501 City Park Avenue	Spokane, Wash., 3420 North Regal Street
Easton, Md., Terminal Warehouse, South Street, Kemp Ave.	New York, N. Y. 375 Park Avenue 933 Cortlandt Avenue 121 S. 4th Street, New Hyde Park, L. I., N. Y.	Tacoma, Wash., 824 East 25th Street
Eugene, Ore., 2833 Side Street		Toledo, Ohio, 2461 Dorr Street
Fort Worth, Texas, 645 East Vickery Blvd.		Vineland, N. J., Mill and Pine Streets
Fresno, Calif., 3140 California Avenue		Washington, D. C., 3025 "V" Street, N. E.
		Williamsport, Pa., 2000 E. 3rd St.

PLANTS

Coos Bay, Oregon (4 plants)	Samoa, California (2 plants)	Jackson, Mississippi
Coquille, Oregon	Springfield, Oregon	McKeever, New York
Eureka, California	Toledo, Oregon (3 plants)	Rocky Mount, North Carolina
Feather Falls, California	Cleveland, South Carolina	Savannah, Georgia
Olympia, Washington (2 plants)	Enfield, North Carolina	Steelwood, Alabama