

1983

GEORGIA-PACIFIC ANNUAL REPORT

SGP 0029895

ABOUT THE COMPANY

Georgia-Pacific Corporation is one of the world's largest forest products companies. Founded in Augusta, Georgia, in 1927 as a wholesaler of hardwood lumber, G-P has diversified its original lumber business to include a comprehensive assortment of building materials. Our building products distribution system, with 145 branches in 47 states, is the most extensive in the industry.

In the 1950s, G-P expanded its business to include the production of pulp and paper, and in the late 1950s we added chemicals.

To help supply more than 231 production facilities with raw materials, G-P is also a major landholder with more than 5.1 million acres of timber under management in North America, as well as large reserves of oil, gas, coal and gypsum.

Georgia-Pacific papers used in this report. Cover—Legendry® White, 80 lb. cover. Text—Carrara® Kidskin, White 80 lb. text

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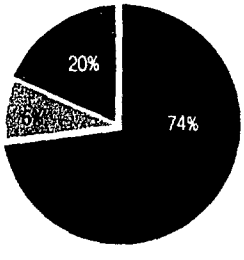
HIGHLIGHTS

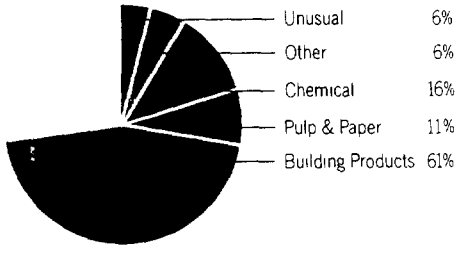
(Dollar amounts and shares are in millions)	1983	1982	Percent Change
Net sales	**$ 6,469**	$ 5,402	20
Income[1]	**105**	52	102
Per share of common stock[1]			
Primary	**.97**	.48	102
Fully diluted	**.96**	.50	92
Depreciation	**302**	280	8
Depletion	**69**	63	10
Cash from operations	**570**	480	19
Cash dividends declared	**76**	119	(36)
Total assets	**4,979**	5,150	(3)
Cash dividends declared per share of common stock	**$ .60**	$ 1.05	(43)
Shares of common stock and common stock equivalents			
Primary	**108**	106	2
Fully diluted	**112**	110	2
Number of common shareholders of record	**80,000**	88,000	(9)
Number of employees	**39,000**	44,000	(11)

[1]Before extraordinary items and accounting change in 1982.



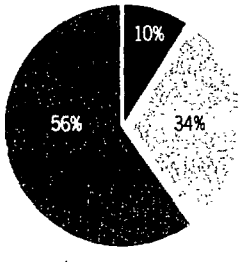
1983 SOURCES OF CASH
(millions)

■ Operations	$570
■ Debt	152
■ Other	53
	$775



1983 CASH FROM OPERATIONS
(millions)

Building Products	$348
Pulp & Paper	62
Chemicals	90
Other	32
Unusual	38
	$570



1983 USES OF CASH
(millions)

■ Dividends	$ 76
Capital Expenditures	258
■ Debt Repayment	434
	$768

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Dear Shareholder,

Sales in 1983 reached a record $6.4 billion, approximately 20 percent over 1982 levels, and our income from operations totaled $268 million, compared with only $21 million in 1982. Net income for 1983 totaled $105 million, including a gain of $38 million from settlement of a contract dispute and write-downs of under-performing assets totaling $156 million. In 1982, net income of $153 million included a $130 million gain from a change in accounting for investment tax credits, plus several other non-recurring gains and losses.

Nineteen eighty-three was a recovery year for Georgia-Pacific. After three years of a depressed economy, your company experienced a strong surge in demand for building products with gypsum wallboard, lumber and plywood leading the way. We also experienced strengthening demand for our paper products, particularly printing papers and corrugated containers, as well as firming prices and demand in our chemical business. We anticipate that the continuation of the economic recovery during 1984, combined with the effect of actions we have taken within Georgia-Pacific, will result in even stronger performance by all three lines of business.

We took major steps in 1983 to prepare and strengthen Georgia-Pacific for the 1980s and beyond:

— Substantially strengthening our balance sheet.

— Undertaking a corporate-wide review of assets.

— Continuing to improve productivity.

— Re-aligning our management structure.

— Capitalizing on several promising new investment opportunities.

Nineteen eighty-three saw substantial progress in reducing the amount of debt on our balance sheet, particularly the floating-rate portion. During the recession, high interest costs and the negative impact of high interest rates on our building products markets combined to impair our financial performance.

As a result of lower interest rates and our debt reduction program, our interest expense fell to $157 million in 1983 from $186 million in 1982. And our sales to the recovering housing industry grew substantially. In addition, we have diversified our building products customer base, leaving us less vulnerable to fluctuations in the housing market.

To ensure that we maximize the return on our investments and to foster growth in quality earnings, we thoroughly reviewed all our assets and sold or wrote down



NET SALES
(billions)

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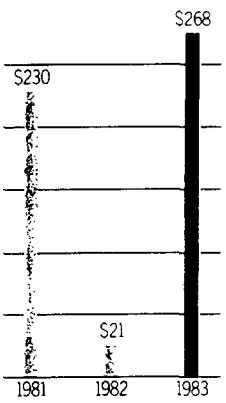

those that were underperforming or were not closely related to our core businesses. Specifically, we withdrew from a planned kraft paper mill joint venture in Indonesia and disposed of our interest in plywood operations in that country, sold the Williams Furniture Division, closed several marginal operations and wrote down other assets to their net realizable value. The write-downs and losses on sales associated with this program totaled $156 million.

These steps have been aimed at our objective of developing and sustaining growth in quality earnings, i.e., stable earnings generated primarily from operations. To achieve this objective and to guide us toward a new era of growth, we have the dedication and expertise of a new executive management team. The group comprises long-term Georgia-Pacific executives as well as executives with substantial experience elsewhere. Stanley S. Dennison, building products; Robert A. Schumacher, pulp and paper, and James R. Kuse, chemicals, combine 95 years of experience in their areas. Their talents are complemented by: James C. Van Meter, our new chief financial officer, and J. Kermit Birchfield, Jr., legal and government affairs, both of whom joined Georgia-Pacific during the past year.

The result is a G-P focusing on quality earnings. Of course we remain a forest products company with core areas of building products, pulp, paper and related chemicals, but we are now a leaner operation, capable of great flexibility and quick reaction. G-P has always been lean and adaptable but today we are even better able to adapt quickly to new market developments and technology, and to capitalize on attractive investment opportunities.

Our improving capabilities can best be seen in these examples:

— In building products, we moved forward with a new generation of structural panels that we believe represents the most important development in this industry since we pioneered Southern pine plywood in the early 1960s. As a result, we are implementing a plan to expand our oriented strand board (OSB) and waferboard capacities. We began construction of OSB plants in Virginia and Mississippi, and doubled the OSB capacity of our facility at Dudley, North Carolina. We will announce additional plant sites during 1984.

— Our Gypsum Division capitalized on a new application of $\frac{5}{16}$-inch wallboard in the mobile home market and a very strong demand for all gypsum products.

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— In our pulp and paper business, we are expanding production and improving the product mix at our mills in Florida and Arkansas. This change will allow us to take further advantage of the strengths and equipment of each facility by shifting from slow growth products to higher margin bleached paper products in growth markets.
— In the chemical area, we acquired three polyvinyl chloride compounding operations with capacity of more than 150 million pounds annually. These facilities complement our large PVC operations in Louisiana and expand our PVC specialty product line. When we moved into the commercial chemicals area in the late 1950s, nearly 100 percent of our sales came from construction-related chemicals. Today, we have reduced that figure to 45 percent.
— We also announced a new spray-dry waferboard resin facility to be constructed at our forest products complex at Crossett, Arkansas. This facility will allow us to expand application of our knowledge and skills in this area and further capitalize on the growing structural panel market.
— In addition, we started up a new expandable polystyrene (EPS) plant in Ohio. This plant produces styrene beads which can be used for insulation board, disposable cups and plates, packing materials and other products.

Capital additions in 1983 complemented the major investment of the late 1970s and early 1980s. They provided us with effective long-term cost controls and also with high returns and short pay-back periods. Devices such as computerized plywood lathes increased productivity to levels 34 percent higher than those of only a decade ago. Today, not only are we the world's largest softwood plywood producer, but we are one of the most efficient.

Since our last report, several directors who were instrumental in the growth of Georgia-Pacific retired from the board. Julian N. Cheatham, John A. Watlington, Jr. and Robert E. Flowerree made vital and important contributions to our company. We owe them all a debt of gratitude.

A special note of appreciation is in order for Mr. Flowerree, architect of the successful development of pulp, paper and chemicals as integral and important parts of our business. He also guided the company during the relocation of our corporate headquarters from the Pacific Northwest to Atlanta—another move

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whose benefits we are already experiencing. Individuals with the foresight and skill of Mr. Flowerree have made Georgia-Pacific one of America's great corporations during the past 50 years—a greatness we intend to retain.

We also intend to continue Georgia-Pacific's tradition of paying dividends on approximately one-third of our sustainable, quality earnings in future years. Growth in our dividend remains an objective.

We are well prepared for the opportunities that 1984, the rest of the 1980s and the decades beyond will present. As we embark upon a new era of growth, we have the disciplined aggressiveness that has always been the hallmark of Georgia-Pacific.



T Marshall Hahn Jr

T. Marshall Hahn, Jr.
Chairman, President and
Chief Executive Officer

February 10, 1984

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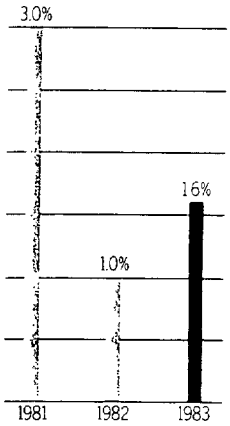
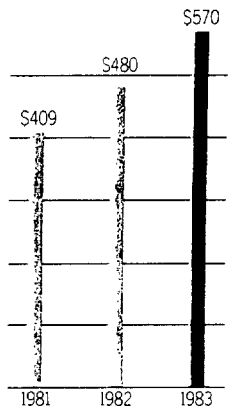
Corporate Objectives



RETURN ON NET SALES (%)

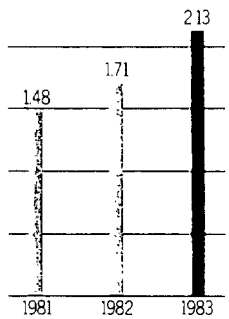
Georgia-Pacific's primary corporate objective is the growth of quality earnings. Through a comprehensive asset-review program, strategic investments and a variety of cost-control measures, we improved efficiency and productivity in 1983, and moved to capitalize on promising market opportunities. These measures have positioned our company for growth during the next decade and beyond.

We also continue to benefit from one of our important strengths: a strong cash flow. This stream of cash from operations provides G-P with substantial financial flexibility. We expect our cash from operations to improve further during the years ahead, providing our company with additional flexibility and financial strength. In 1983, our improved cash position enabled us to finance $258 million in capital improvements, reduce our debt by $282 million (including a $94 million payment of the plywood litigation settlement) and pay out $76 million in dividends.



CASH FROM OPERATIONS (millions)

We will continue to strive for productivity gains. Our 1983 capital improvements program included a series of projects which resulted in more effective cost controls. Following our major investment program of the late 1970s and early 1980s, these relatively small, but highly attractive projects, offer excellent returns with extremely short investment pay-back periods. We have many other attractive projects under review and will vigorously pursue them in 1984 and beyond.



CURRENT ASSETS/CURRENT LIABILITIES (ratio)

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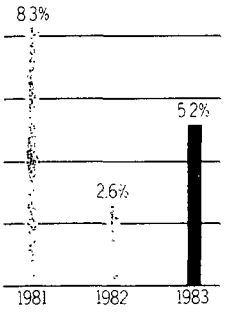


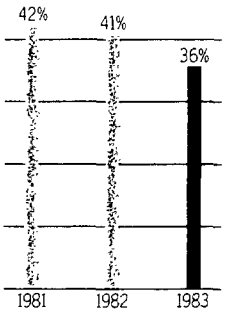
RETURN ON COMMON SHAREHOLDERS' EQUITY (%)

Our corporate objectives also include the continued reduction of our total debt, much of which was incurred during the five-year, $3 billion capital improvements program completed in 1981. We are currently reaping the benefits of that program with some of the most technologically advanced physical assets in the industry, but the interest cost on that debt—particularly the variable rate component—has been a hindrance to our performance. Further debt reduction and elimination of variable rate debt will continue to be one of our corporate objectives.

We intend to retain our policy of paying one-third of our sustainable, quality earnings as dividends. Our priority is to be in a position to avoid dividend fluctuations, prior to further dividend increases.

The higher cost of capital that characterizes today's business environment, which probably will continue to exceed the pre-recession levels, has dictated a review of all G-P assets to assure that we are maximizing returns. The write-down and divestiture of a number of underperforming investments which did not fit into our plans or which were not closely related to our core businesses is a direct result of this review.

In this past year, our actions have been aimed at the development of solid, long-term earnings growth. The combination of strategic investments, cost control measures, and the review of assets, coupled with a strong cash position and our debt-reduction plan, has positioned us to capitalize on future attractive opportunities.



DEBT TO TOTAL CAPITAL (%)

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Georgia-Pacific's executive management (from left): Stanley S. Dennison, Executive Vice President–Building Products; James C. Van Meter, Executive Vice President and Chief Financial Officer; Robert A. Schumacher, Executive Vice President–Pulp and Paper; T. Marshall Hahn, Jr., Chairman, President and Chief Executive Officer; J. Kermit Birchfield, Jr., Senior Vice President–Legal & Governmental Affairs; and James R. Kuse, Senior Vice President–Chemicals.

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A New Era

Georgia-Pacific entered a new stage of development in the past year. We have initiated major changes and will continue this process of change.

We were hit hard by the recent recession, as soaring interest rates held residential construction to its lowest level since World War II. The recession also occurred at the end of a five-year, $3 billion capital improvements program—a program that dramatically improved the efficiency of our plants and mills, but which also incurred a large amount of debt.

The recession remained intense for an extended period, and it wore down counter-cyclical buffers that had previously sufficed to offset normal declines in the housing market. The net result was unsatisfactory performance. There was a demonstrated need for change, and thus we initiated a series of measures which have resulted in a much stronger company. 1983 was the beginning of this change.

— We have implemented a series of cost-reduction and production improvement programs. The effectiveness of those programs is evident throughout the company.

— Our balance sheet is strong and getting stronger. Debt has been reduced, maturities have been extended and our stream of cash from operations continues to be strong and healthy.

— There is a new management team in place at Georgia-Pacific. It is a team of seasoned G-P executives complemented by accomplished and experienced executives recruited from outside the corporation. By restructuring the company along decentralized management lines—a style of leadership which is intended to stimulate growth in quality earnings and build a base for future profitability—this team has set the stage for implementing a new direction for G-P.

The initial element of this new direction has focused on Georgia-Pacific as the leading forest products company—maximizing returns in the areas where we have demonstrated expertise, experience and success: building products, pulp, paper and chemicals. Toward this end, management initiated the write-down and sale of several non-strategic businesses in 1983, including our Indonesian operations and the Williams Furniture Division. But this new beginning was most evident this year in Georgia-Pacific's management and operations.

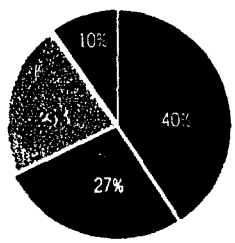
Georgia-Pacific's Leadership

Georgia-Pacific's future will be determined by its executive management:

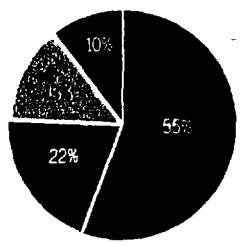
— T. Marshall Hahn, Jr., Chairman, President and Chief Executive Officer. Mr. Hahn became CEO in May after serving as President and Chief Operating Officer since October 1982. He joined the company as Executive Vice President–Chemicals in 1975, after serving on the Board of Directors for two years. He became Chairman February 1, 1984.

— Stanley S. Dennison, Executive Vice President–Building Products, a 22-year veteran of G-P.

— Robert A. Schumacher, Executive Vice President–Pulp and Paper, formerly President of Vanity Fair when that company was acquired by G-P in 1963.



1978



1983

U.S. HOUSING STARTS BY REGION (%)

■ South
■ West
■ North Central
■ Northeast

With nearly 75% of Georgia-Pacific's productive assets in the Sunbelt, we are positioned to capitalize on the South's rapid growth

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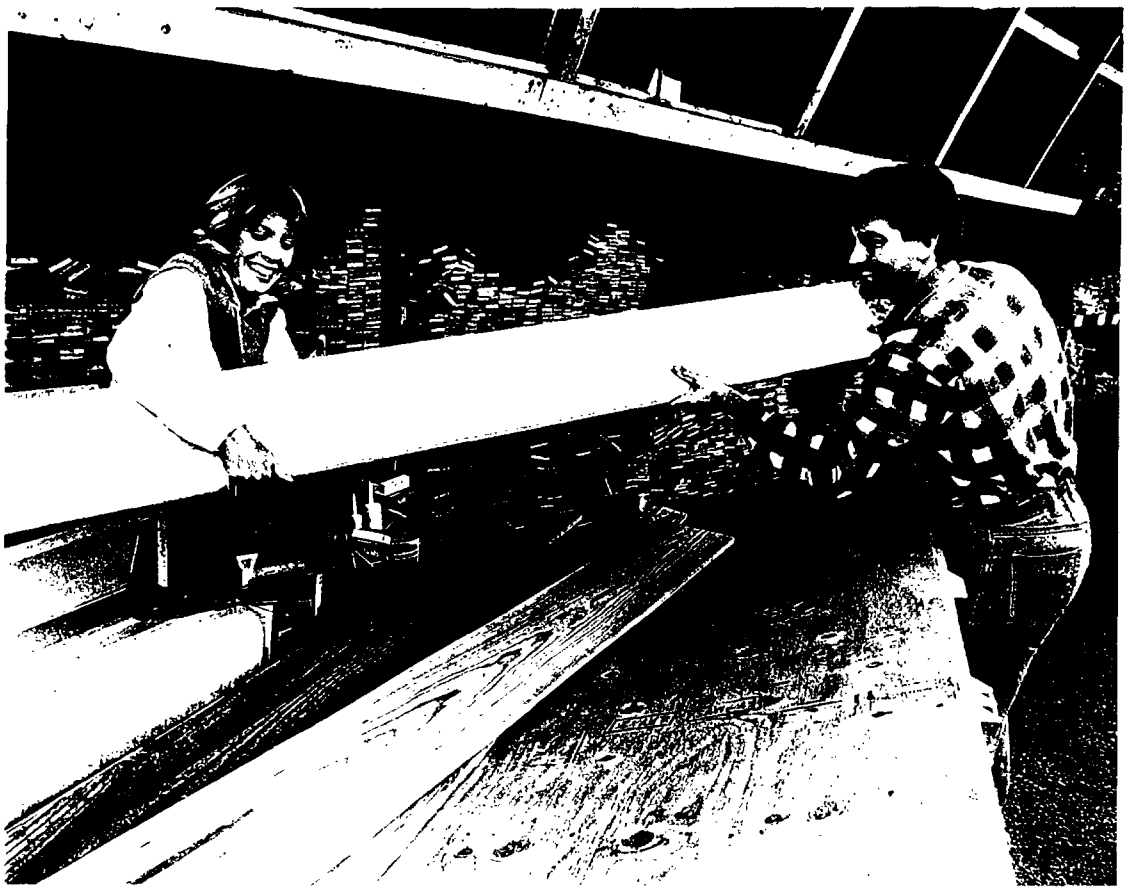


For the second year in a row, Georgia-Pacific saw greater revenues from the remodeling, repair and additions market than from new residential construction. The "do-it-yourself" market continues to grow at an estimated rate of 5-6% annually. We will continue to develop this market with our new advertising campaign "America Builds On Our Name.™"

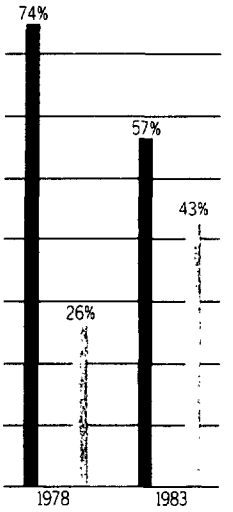
— James R. Kuse, Senior Vice President–Chemicals, with three decades of experience in the chemical industry, over half of which has been with Georgia-Pacific.

— James C. Van Meter, Executive Vice President and Chief Financial Officer, brings Georgia-Pacific a broad background in finance, having previously served in similar positions with major natural resource companies.

— J. Kermit Birchfield, Jr., Senior Vice President–Legal and Governmental Affairs, has a wide ranging background in corporate law, having served as a managing partner of a well-known New York law firm.

The new leadership will make G-P a more dynamic and adaptable enterprise in the years ahead, ready and able to take advantage of attractive business opportunities.

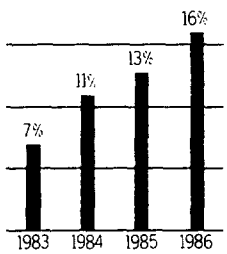
The new leadership began by instituting changes this year in management structure. A major



GEORGIA-PACIFIC PINE PLYWOOD PRODUCTION END USES (%)

■ Sheathing
▲ Specialties





PROJECTED GROWTH OF OSB/WAFERBOARD*

(as a % of total structural panels)

*Source Data Resources Inc

After extensive market and technical research on the new generation of structural panels, Georgia-Pacific announced a major capital program to manufacture oriented strand board and waferboard.

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component was the adoption of a decentralized, function-based system which replaced a regionally based operating management system.

The Crossett Division, for example, which had pulp, paper and building products plants reporting to a single regional operating vice-president, was divided by product line. Similar reorganization was accomplished in our other regions so that managers now have responsibilities targeted in clearly defined business segments. Productivity at our plants and mills has already improved measurably.

Mobilizing for Change: Products and Markets

Georgia-Pacific's headquarters and the bulk of our productive and natural resource assets are located in the South. This area is expected to experience tremendous growth—65% of the country's residential construction during the 1980s. We are strategically situated in this prime area of growth and we have the marketing strength in our building products group to exploit our geographic advantage.

Georgia-Pacific is also utilizing one of its unparalleled assets—the potential of the industry's largest and most successful distribution system. With 145 branches throughout the country, we can capitalize on, and react quickly to, changes in the marketplace. We have already used it to help develop the remodeling, repair and additions market to the extent that in 1982 and 1983—for the first time in our history—a higher percentage of the company's building products sales were for the remodeling market than for new residential construction.

The Distribution Division—even during the depths of the 1980-82 recession—sold more than $10 million a day in building products and in 1983, a record sales year, we moved more than $13 million a day through our system. This volume gives us exceptional marketing muscle to move new products to new and old customers alike in all building materials markets—residential, industrial, commercial, remodeling, repair and additions.

We mobilized our assets in 1983 to take advantage of new markets and products within each of our main businesses.

We announced plans to expand our market share in oriented strand board (OSB) and waferboard, committing G-P to the new generation of structural panel products. This market is one of the most significant developments in building products since we introduced Southern pine plywood in the early 1960s. Just as then, G-P will be in the forefront as the structural panel market develops. While we continue to shift our plywood product mix heavily into specialties, our OSB and waferboard are gaining excellent market acceptance.

As part of this program, in January 1984, expansion was completed at our plant in Dudley, North Carolina, where we have been experimenting with and producing OSB for several years. The expan-

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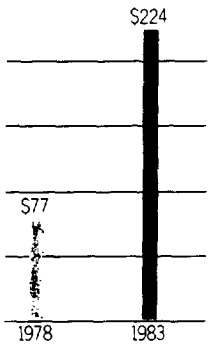
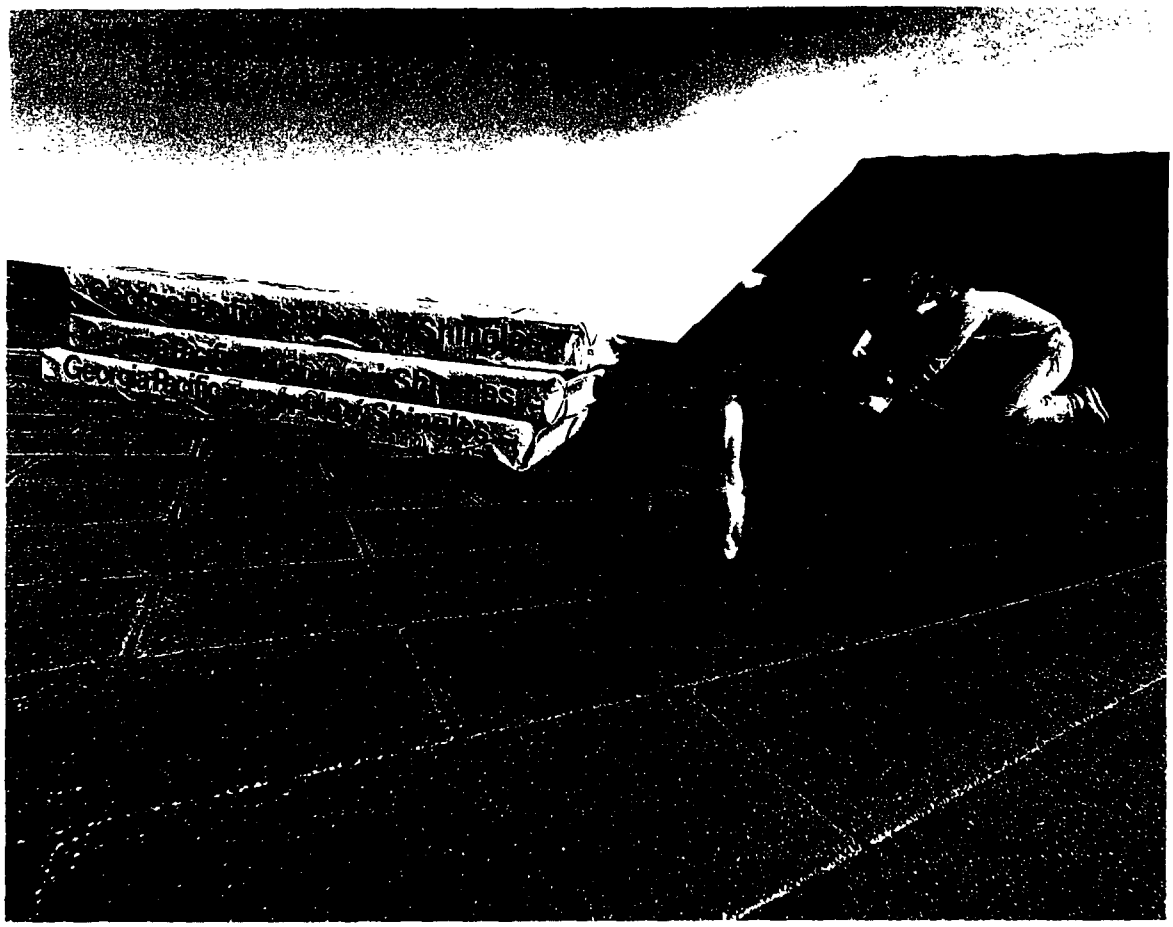
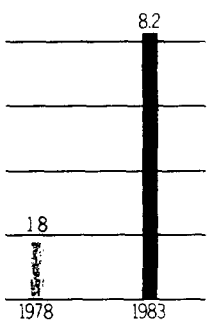


OFING SALES
llions)





OFING CAPACITY
llions of squares*)

quare covers 100 sq ft
oof surface

sion has doubled OSB production at that facility and at the same time, we have begun construction of two more OSB plants at Emporia, Virginia, and Grenada, Mississippi. Those plants will be completed and on line by early 1985. We will be announcing locations of other facilities as sites are selected and as the market warrants.

In conjunction with the development of structural panels, we have announced plans to build a powdered thermosetting resin facility adjacent to our Crossett chemical operation. With feedstock chemicals being shipped from our Plaquemine facility, plus our experience in resin manufacturing and marketing, we will be a low cost, high quality producer of these promising new waferboard resins.

Georgia-Pacific's Distribution Division marketing strength allows us to develop a market position and then integrate backward into manufacturing. Example: The roofing business has grown from zero roofing production in 1976 to a major producer in 1983

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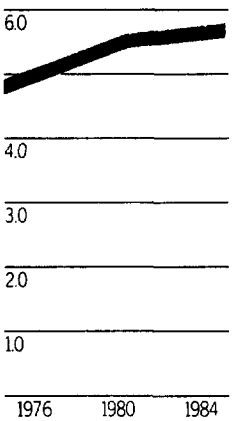
Georgia-Pacific's bleached hardwood kraft pulp mill at Woodland, Maine, has achieved such superior cleanliness and brightness that it has passed the stringent specifications for photo finishing paper.



PRINTING/WRITING PAPERS - MARKET GROWTH
(millions of tons per billion dollars of GNP)

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One of Georgia-Pacific's strongest product lines is the tissue business with its two stable market components–consumer and commercial. Fastest growing 5–6% per year–is the commercial segment which supplies napkins, food wrap and other paper accessories to the fast food industry.

We have continued initiatives in other markets which demonstrate a promise of high returns.

— Despite our relatively recent entrance into the roofing market, we are today one of the major forces in this market following integration into manufacturing in 1977. To increase our access to additional markets, particularly in the fast developing West, we acquired a roofing plant in Denver early in 1983.

— At the Woodland, Maine, pulp and paper facility, equipment was successfully upgraded allowing for increased pulp and specialty paper production. The Woodland pulp operation is now being completely supplied by "whole tree" chips, resulting in substantial wood cost savings over previous methods. With the most sophisticated chip screening and pulp cleaning equipment in the industry we are able to produce one of the highest quality bleached

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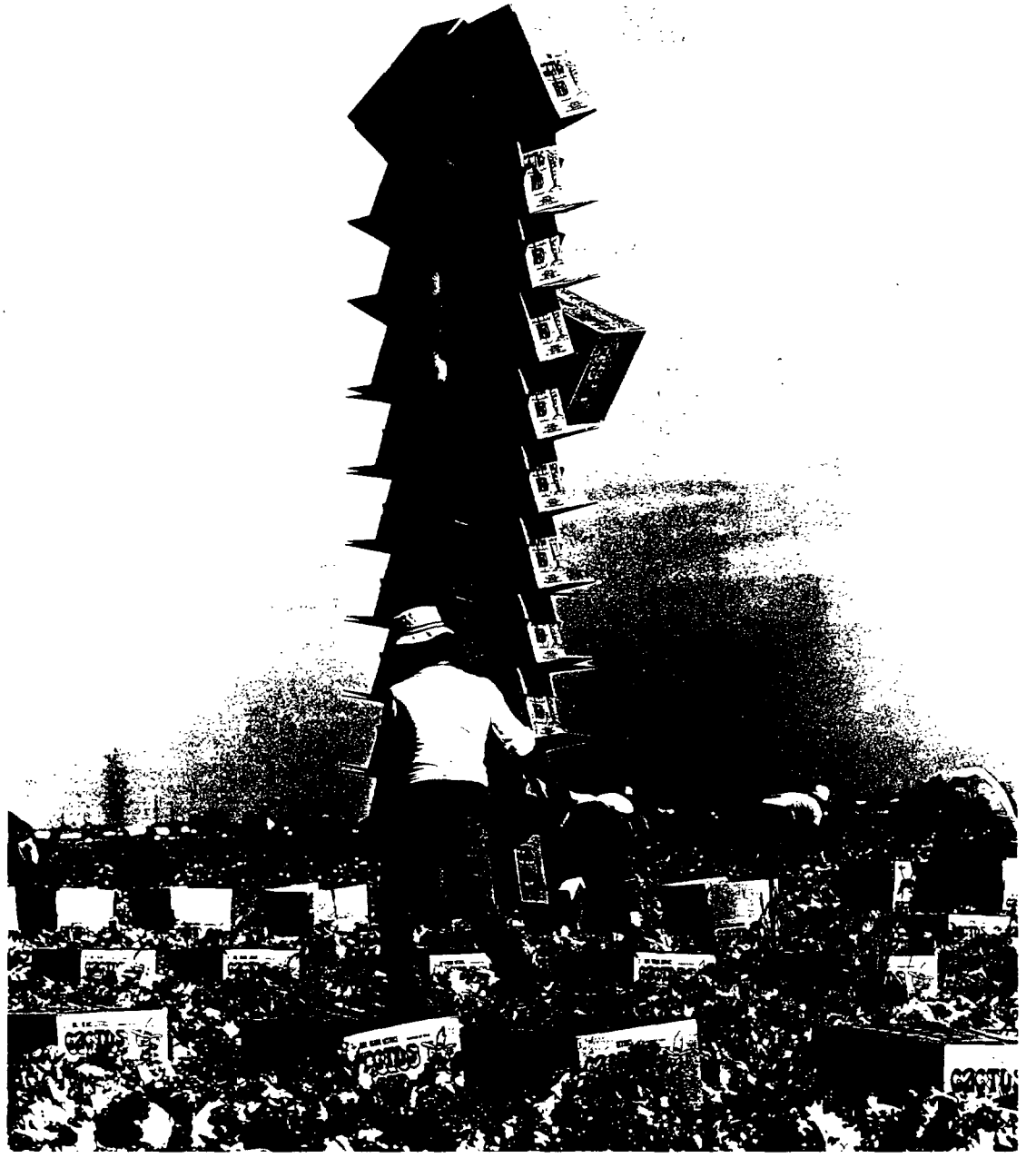

Georgia-Pacific's corrugated container business is cost-competitive and its strong position in Western wine and truck crop markets is protection against the cyclical nature of the container business.

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kraft hardwood pulps in the world. In addition, in order to take advantage of the fast growing uncoated free-sheet grades we converted from newsprint production, where demand has been weakening, to quality printing paper grades. The upgrading has also resulted in major savings of chemical and energy consumption.
— We recently started production at our first expandable polystyrene (EPS) plant in Painesville, Ohio. EPS is used for products such as drinking cups and packing materials which are not tied to construction cycles.

Quality Earnings

Profits that are primarily inflation driven or that offer little protection against cyclical declines in the economy or that are not generated from operations, are not the foundation of true growth. Quality earnings offer solid, higher returns on capital invested.
— Georgia-Pacific is determined to increase quality earnings by developing positions in growing markets. In 1983 we announced a $100 million conversion program, to be implemented this year, for our Crossett, Arkansas, and Palatka, Florida, paper mills. These conversions will reduce our exposure to the hard-pressed unbleached kraft paper markets by producing higher margin writing papers and bleached board at Crossett, as well as increasing our profitable commercial and consumer tissue production at both facilities. Our more modern and efficient machines at Palatka will continue to produce kraft paper.
— Quality earnings are bolstered by developing markets and products that are more stable in fluctuating business cycles. Besides being one of the largest, we are now one of the industry's lowest-cost producers of corrugated containers and we are aggressively developing our capabilities to take advantage of higher margin markets. Most of our corrugated container operations in the West are located in major wine and truck crop producing areas. Georgia-Pacific has successfully developed and customized products to fulfill the requirements of our important agribusiness customers. These specialty products make us less vulnerable to the cyclical swings in the containerboard industry.
— Our white paper machines have successfully targeted specialty market niches which tend to be more stable and more profitable. One example is safety paper used for bank checks, rapid transit tickets and other sensitive documents and records. We produce much of the nation's bank check paper at locations in New York and Iowa using uncoated printing paper from several of our Northeastern paper mills. This market has grown rapidly with the proliferation of money market and other special accounts of the financial services industry.
— We continue to increase production of higher margin specialties at our plywood plants. Approximately 40% of the plywood we produce is in specialty grades which complements and accommodates our rapid growth in the new structural panels, OSB and waferboard. Most of our ply-

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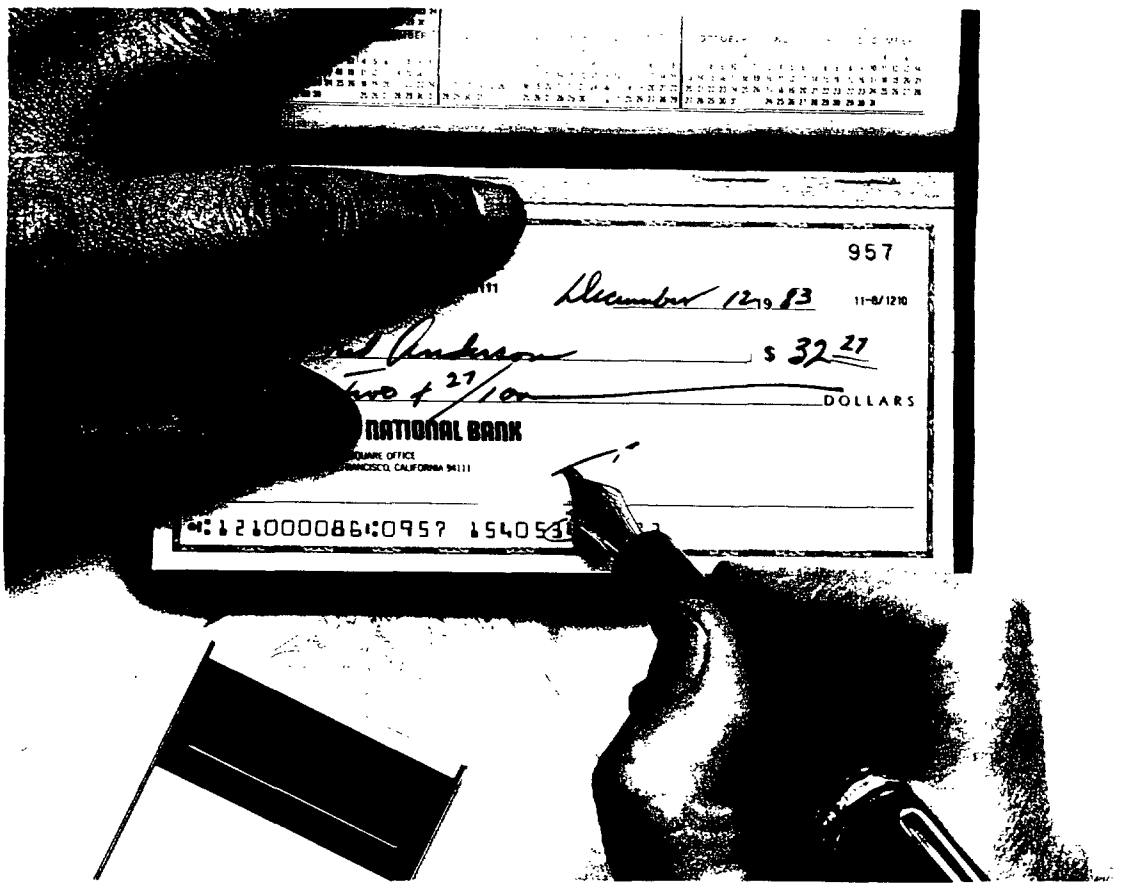

Georgia-Pacific's uncoated writing and printing paper grades are specialties with unique market niches such as safety paper used in check manufacturing. G-P is a principal producer of safety check paper for this country's banks.

wood plants are producing such specialty products as Sturd-I-Floor,™ siding, concrete form and sanded products. As an example, our Emporia plywood plant—which has an OSB plant under construction nearby—is now approaching 80% specialties. This production not only complements our commodity-oriented structural panels, but does so at a higher return.

— The results of our $3 billion capital improvements program during the late '70s and early '80s, and the lean and efficient operating levels we achieved during the recession, became evident as the recovery began in 1983. Our Southern pine plywood plants are examples. Throughout the Southeast we achieved record productivity levels during the year. In 1984, we expect our plants to average more than 4,000 square feet of pine plywood from 1,000 board feet of pine logs—more than a one-third improvement in the productivity

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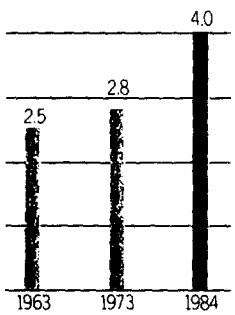

PLYWOOD RECOVERY

(thousands of sq ft of plywood per 1000 bd ft of logs)

levels of less than 10 years ago. Today, we are not only the largest producer of softwood plywood, we are also one of the most efficient.

— In chemicals, we have successfully integrated our recent Pacific Resins acquisition into our rapidly growing Resin Division. Pacific Resins has broadened our chemical market development capabilities with a modern laboratory and research expertise. The development of new specialty resins adds another element of business that is not directly tied to cycles of the housing industry.

— In 1983 we purchased a group of three polyvinyl chloride (PVC) resin compounding plants. The purchase enhances our chemical production at Plaquemine, which will provide PVC specialty resins. The acquisition not only baseloads the Plaquemine PVC plant, but it will also allow further expansion in PVC specialties. When G-P entered Exchange Oil & Gas, Georgia-Pacific's exploration and development subsidiary, has provided an important hedge against energy market fluctuations. Exchange also adds flexibility and energy cost savings at our plants and mills, as well as professional management of current, and potential, mineral resources on G-P timberlands. The North Maurice field tank battery pictured here in Lafayette Parrish, La., exemplifies one of our recently discovered, deep, high pressure natural gas and condensate fields.

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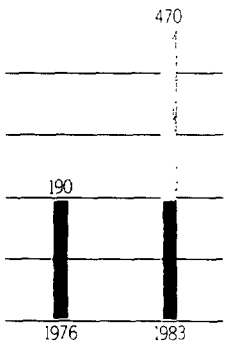

PVC RESIN PRODUCT MIX
(millions of lbs.)

■ Commodity Grade
▪ Specialty Grade

When Georgia-Pacific entered
the polyvinyl chloride resin business
in 1978 we produced 100% com-
modity grade pipe resin. By the end
of 1983, G-P's grade-mix had shifted
to more than 50% specialties such
as resins used in plastic food wrap

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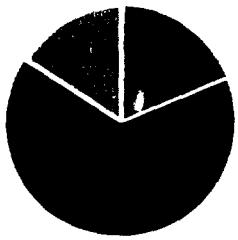

TIMBER RESOURCE BASE

North America (in acres)

Owned in fee	4,632,000
Controlled	532,000
	5,164,000

Regional Timber Distribution

■ Eastern U.S and Canada	19%
■ Southern U.S	65%
▮ Western U.S.	16%
	100%

the PVC business in 1977, we produced 100% commodity grade resins. We now produce over 50% higher margin specialty resins. These specialties are also less sensitive to business cycles, providing resins to end-products, including medicine cap liners, plastic bottles and plastic food wraps.

— Our tall oil fractionation plant at Crossett continues to be a model for the industry. Besides setting standards for productivity and efficiency, it is producing extremely pure, high-quality chemicals which are used in end-products relatively immune from business cycles such as detergents, inks, adhesives, textiles and soaps.

— 1983 also saw continued gains in the productivity of our forests and improved utilization of the wood from our five million acres of North American timberland.

In our other key natural resource area, G-P's Exchange Oil and Gas subsidiary, contrary to the

Georgia-Pacific's donation of land and building materials to the Wyoming County Youth Camp project provides an outstanding summertime recreation/education environment for youngsters in southern West Virginia.

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industry trend, added 5.3 billion cubic feet of natural gas and 0.8 million barrels of oil and gas liquids to proved reserves during 1983. Proved reserves now total 87.9 billion cubic feet of natural gas and 6.1 million barrels of oil and gas liquids, including G-P's net royalty interests of 6.9 billion cubic feet of gas and 0.3 million barrels of oil and condensate. Due to the recent discovery of the North Maurice Field in Lafayette Parish, Louisiana, our additional probable reserves increased to 33 billion cubic feet of natural gas and 2.9 million barrels of oil and gas liquids. Exchange has 72 net gas and oil wells with a net average daily production during 1983 of 23.3 million cubic feet of gas and 1,890 barrels of oil and condensate.

Since its acquisition in 1975, Exchange has provided an important hedge against energy market fluctuations, as well as professional management of the current and potential mineral resources on Georgia-Pacific timberlands. Also of importance is the flexibility and savings in energy costs at some of our plants and mills that are using Exchange-produced natural gas.

Along with our mission of generating returns to our shareholders, G-P will continue to strive for excellence in all those areas in which we, as a corporation and as individual employees, affect the communities in which we live and operate:

—We are constantly improving air and water quality, and reducing solid waste in our plant communities.

—Reforestation and careful management of our timber and soils, and constant improvement in utilization of wood fiber are ongoing G-P efforts toward wise stewardship of our timberlands.

—We are actively involved in our communities through the G-P scholarship program, support of cultural activities, aid to private sector social service organizations, and by encouraging our employees to participate in community activities.

It has been a year of dramatic change at Georgia-Pacific. We have capitalized on a rejuvenated economy to redirect our resources to higher margin areas. A new management team is in place. We have increased our financial flexibility to take advantage of opportunities and Georgia-Pacific is now trimmed and prepared for a new generation of growth.

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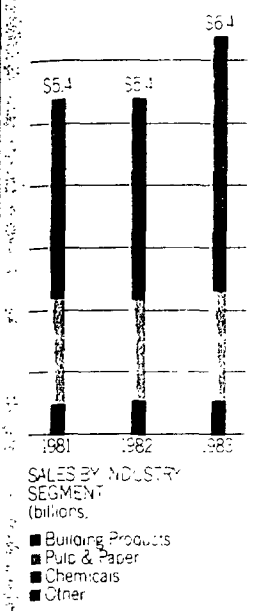
Management's Discussion and Analysis

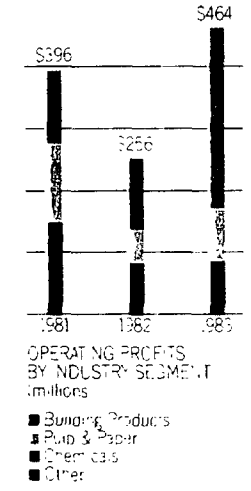


Liquidity and Capital Resources

In 1983, the corporation's cash provided from operations was $570 million compared to $480 million in 1982. The improvement in cash allowed the corporation to retire a net $282 million of debt from the 1982 balance sheet, meet capital expenditures of $258 million and still pay a dividend amounting to $76 million.

The corporation's debt to total capital was reduced substantially from 41% in 1982 to 36% in 1983. This improvement was a significant step toward the corporation's goal of a 30–35% ratio. The projected improved cash from operations will allow the corporation to continue to rid itself of its rate-sensitive debt load. Progressive debt management was evident this year with the reduction of total debt as mentioned above, thereby reducing interest expense by 16% to $157 million. The corporation was also able to negotiate three new credit agreements in early 1984 totaling $700 million that will facilitate better cash management (see Note 7 of the Notes to Financial Statements for more details) and allow the corporation to capitalize on any future market opportunities. Depending on market conditions, the corporation may decide to issue additional securities in 1984.

The capital expenditures of $258 million in 1983 were almost equal to 1982's $260 million. The corporation is projecting estimated capital expenditures, including capitalized interest, of $600 million in 1984. Capital expenditures for 1984 will include a large part of the cost of construction of two oriented strand board plants, the program to improve productivity and product mix in our pulp and paper mills, natural resource acquisitions and other smaller projects. These projects are expected to be funded by the cash generated from operations and debt instruments currently available.



In connection with our continuing review of corporate assets, studies are currently being conducted concerning the long-term strategy for our chemical operations. While no decisions have been made, these studies could lead to disposition or other redeployment of chemical segment assets or to changes in operating objectives.

Working capital improved by $219 million in 1983. This was accomplished by substantially reducing short-term debt while allowing receivables and inventories to increase to levels necessary to reflect current and future demand.

1983 Compared with 1982

Georgia-Pacific's consolidated net sales reached $6.4 billion in 1983 which was 20% higher than 1982. Income of $105 million ($.97 per share on a primary basis) was a 102% improvement over 1982's income before extraordinary items and accounting change.

There were a number of significant items included in both years' operations that have been segregated on the corporation's income statement as unusual items to avoid distorting the operating results (see Note 2). Pre-tax income from operations (after excluding all unusual items) was $268 million in 1983 versus $21 million in 1982.

The significant improvement in the corporation's operating results came primarily in the building products and pulp and paper segments of the business.

Building products sales improved by 31% to a level of almost $4 billion in 1983. Operating profits rose by 187% to $324 million from the 1982 depressed levels. The housing market's rebound in 1983 coupled with stabilizing interest rates and firming prices helped this segment of our business attain the improved results. Major cost reduction and production improvement programs initiated during the past few years also contributed significantly to this segment's improvement. The corporation's emphasis on the remodeling market also paid off as sales outpaced new residential construction.

The pulp and paper segment's sales were relatively flat for 1983 compared to 1982 at $1.7 billion, however, operating profits improved by 47% to $72 million. The increase in prices, improved efficiencies in our manufacturing processes and the improvement of our sales mix to higher margin specialty grades allowed this segment to rebound from a 3% to a 4.1% return on net sales.

The chemical segment's sales of $683 million were up almost 9% from 1982's depressed levels; however, operating profits dipped to $64 million from $77 million in 1982 primarily due to the absence of royalty interests sold in June 1982 (see Note 2). Resin operations showed a profit increase due to increased volumes. Plaquemine reflected a profit increase primarily due to

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increases in vinyl chloride monomer (VCM) and polyvinyl chloride resin (PVC) volumes and prices. Methanol, phenol/acetone and caustic/chlorine results were down in 1983 as compared to 1982 due to lower prices. Oil and gas income was down for the year as a result of an oversupply situation and lower prices in 1983.

Other operations' sales were at $69 million in 1983 compared to $67 million in 1982. Profits were down to $4 million versus $17 million in 1982 principally as a result of larger expenses associated with the GA-MET joint venture.

For a discussion of "income taxes" and the "effects of inflation" see Notes 3 and 14.

1982 Compared with 1981

The corporation's sales were $5.4 billion in 1982, the same as 1981. Income before extraordinary items and change in accounting for investment tax credits was $52 million ($.48 per share on a primary basis) down from $160 million ($1.51 per share) in 1981. The forest products industry continued to experience its deepest recession since the end of World War II.

The corporation's building products segment had sales of $3.0 billion in 1982 which was the same as 1981. Operating income was $113 million, a 3% decrease from the $116 million in 1981. The decrease in operating income was attributable to the change in accounting for investment tax credits (see Note 6) and the depressed housing starts that were at their lowest level in the United States since 1946. Sales volumes in this segment were at good levels, but prices were too soft to provide satisfactory results. The corporation did experience some improvement in the fourth quarter of 1982, particularly in plywood.

Demand for the corporation's pulp and paper products correlates closely with real growth in the gross national product, but is also affected by inventory levels of the users of these products and industry productive capacity. The corporation's pulp and paper segment sales were $1.7 billion in 1982 compared with $1.6 billion in 1981, a 5% increase. Operating income was down 58% to $49 million compared with 1981's $116 million. The decrease in operating income was attributable in part to market conditions and competition which resulted in price decreases, and to the change in accounting for investment tax credits (see Note 6). Additionally, the export pulp market had been adversely affected by the strong U.S. dollar.

The corporation's chemical operations were impacted by the market for building products and the real growth in gross national product. Sales for the corporation's chemical segment were $628 million in 1982, a 15% decrease from $738 million in 1981. Operating income declined to $77 million compared with $149 million in 1981, a 48% decrease. The decreases were a result of lower prices and volumes for most of the corporation's chemical products. The reduction in demand resulted in some curtailment of operations beginning in late 1981 and continuing into 1982. Oil and gas income decreased in 1982 compared with 1981. This segment's performance was also adversely affected by the change in accounting for investment tax credits (see Note 6).

Interest expense increased in 1982 due to the higher level of debt outstanding, higher interest rates and lower levels of capitalized interest.

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Independent Auditors' Report

To the Shareholders and Board of Directors of Georgia-Pacific Corporation:

We have examined the balance sheets of Georgia-Pacific Corporation (a Georgia corporation) and subsidiaries as of December 31, 1983 and 1982 and the related statements of income, common shareholders' equity and changes in financial position for each of the three years in the period ended December 31, 1983. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Georgia-Pacific Corporation and subsidiaries as of December 31, 1983 and 1982, and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1983, all in conformity with generally accepted accounting principles applied on a consistent basis, except for the change (with which we concur) in the method of accounting for investment tax credits as described in Note 6 to the financial statements.

ARTHUR ANDERSEN & CO.

Atlanta, Georgia,
February 10, 1984.

Responsibility for Financial Statements

The financial statements on the following pages, which consolidate the accounts of Georgia-Pacific Corporation and its subsidiaries, have been prepared in conformity with generally accepted accounting principles applied on a consistent basis except for the change in 1982 in the method of accounting for investment tax credits. Management of Georgia-Pacific Corporation is responsible for the accurate and objective preparation of the consolidated financial statements. Accordingly, the corporation maintains a system of policies, procedures and controls which is designed to provide reasonable assurance that assets are safeguarded and that accounting records are reliable. An independent evaluation of the system is performed by the corporation's internal audit staff in order to confirm that the system is adequate and operating effectively. As indicated in the Independent Auditors' Report, Arthur Andersen & Co., performs a separate independent examination of the corporation's consolidated financial statements for the purpose of determining that the statements are presented fairly in accordance with generally accepted accounting principles applied on a consistent basis. Arthur Andersen & Co., is appointed by the Board of Directors and meets regularly with the Audit Committee of the Board. The Audit Committee is comprised of three outside directors who review the work of the corporation's internal auditors and independent public accountants and approve fees paid for audit and non-audit services. The independent public accountants have full and free access to the Audit Committee.

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Statements of Income

(Millions, except per share amounts)	Year ended December 31		
	1983	1982	1981
Net sales	**$6,469**	$5,402	$5,414
Costs and expenses			
Cost of sales	**5,274**	4,475	4,455
Selling, general and administrative	**399**	377	327
Depreciation and depletion	**371**	343	277
Interest	**157**	186	125
	6,201	5,381	5,184
Income before unusual items, income taxes, extraordinary items and accounting change	**268**	21	230
Unusual items, net	**(118)**	46	—
Income before income taxes, extraordinary items and accounting change	**150**	67	230
Provision for income taxes	**45**	15	70
Income before extraordinary items and accounting change	**105**	52	160
Litigation settlement, net of taxes	**—**	(56)	—
Gain on exchange of bonds	**—**	27	—
Cumulative effect of change in accounting for investment tax credits	**—**	130	—
Net income	**$ 105**	$ 153	$ 160
Per common share—primary			
Income before extraordinary items and accounting change	**$ .97**	$ .48	$ 1.51
Litigation settlement	**—**	(.52)	—
Gain on exchange of bonds	**—**	.25	—
Accounting change	**—**	1.23	—
Net income	**$ .97**	$ 1.44	$ 1.51
Per common share—fully diluted			
Income before extraordinary items and accounting change	**$ .96**	$ .50	$ 1.49
Litigation settlement	**—**	(.51)	—
Gain on exchange of bonds	**—**	.24	—
Accounting change	**—**	1.19	—
Net income	**$ .96**	$ 1.42	$ 1.49

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Financial Position

(Millions)	Year ended December 31		
	1983	1982	1981
Cash provided by operations			
Income before extraordinary items and accounting change	**$105**	$ 52	$160
Items in income not affecting cash			
Depreciation	**302**	280	223
Depletion	**69**	63	54
Deferred income taxes	**10**	5	118
Unusual items	**156**	33	—
	642	433	555
Cash provided by (used for) working capital			
Receivables	**(51)**	(69)	32
Inventories	**(34)**	18	(100)
Refundable income taxes	**—**	50	(50)
Prepaid expenses	**—**	—	(12)
Accounts payable and accrued liabilities	**(7)**	43	22
Current income taxes	**20**	5	(38)
	(72)	47	(146)
Cash provided by operations	**570**	480	409
Cash provided by (used for) extraordinary items and accounting change			
Litigation settlement, net of taxes	**—**	(56)	—
Items in litigation settlement not affecting cash	**—**	99	—
Payment of litigation settlement	**(94)**	—	—
Gain on exchange of bonds	**—**	27	—
Items in gain on exchange of bonds not affecting cash			
Market value of common stock reissued from treasury	**—**	35	—
Face value of industrial revenue bonds defeased	**—**	(62)	—
Cumulative effect of change in accounting for investment tax credits	**—**	130	—
Items in accounting change not affecting cash	**—**	(130)	—
Cash provided by (used for) extraordinary items and accounting change	**(94)**	43	—
Cash provided by (used for) financing activities			
Repayments of long-term debt	**(255)**	(430)	(47)
Additions to long-term debt	**152**	295	555
Net increase (decrease) in commercial paper and short-term notes	**(85)**	45	(125)
Stock issued for acquisitions	**—**	—	32
Cash provided by (used for) financing activities	**(188)**	(90)	415
Cash provided by (used for) investment activities			
Capital additions, net			
Property, plant and equipment	**(172)**	(170)	(522)
Timber and timberlands	**(59)**	(42)	(112)
Natural gas, oil, coal and minerals	**(27)**	(48)	(40)
Total capital additions, net	**(258)**	(260)	(674)
Other	**53**	(48)	(20)
Cash (used for) investment activities	**(205)**	(308)	(694)
Cash dividends declared	**(76)**	(119)	(132)
Increase (decrease) in cash	**7**	6	(2)
Balance at beginning of year	**36**	30	32
Balance at end of year	**$ 43**	$ 36	$ 30

The accompanying notes are an integral part of these financial statements.

SGP 0029923

Balance Sheets

(Millions, except shares)	December 31	
ASSETS	**1983**	1982
Current assets		
Cash	**$ 43**	$ 36
Receivables, less allowances of $16 and $15	**652**	572
Inventories	**733**	699
Prepaid expenses	**23**	23
	1,451	1,330
Natural resources		
Timber and timberlands	**753**	748
Natural gas, oil, coal and minerals	**161**	151
	914	899
Property, plant and equipment		
Land, buildings, machinery and equipment, at cost	**4,692**	4,642
Accumulated depreciation	**(2,143)**	(1,840)
	2,549	2,802
Other assets	**65**	119
	$4,979	$5,150
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Commercial paper and other short-term notes	**$ 110**	$ 195
Current portion of long-term debt	**31**	63
Accounts payable	**283**	292
Accrued compensation	**75**	62
Current income taxes	**25**	5
Other current liabilities	**156**	161
	680	778
Long-term debt, excluding current portion	**1,453**	1,618
Deferred income taxes	**605**	550
Employee stock purchase plan	**13**	6
Redeemable preferred stock		
Adjustable rate convertible preferred stock, without par value, authorized 10,000,000 shares (involuntary liquidating value $39.00 per share)	**215**	209
Common shareholders' equity		
Common stock, par value $.80; authorized 150,000,000 shares	**83**	83
Additional paid-in capital	**989**	989
Retained earnings	**1,001**	978
Less—Common stock held in treasury, at cost	**(57)**	(61)
Accumulated translation adjustments	**(3)**	—
	2,013	1,989
	$4,979	$5,150

The accompanying notes are an integral part of these financial statements

SGP 0029924

Statements of Common Shareholders' Equity

(Millions, except shares) Common Stock Shares					Additional			Accumulated
Issued	Treasury		Total	Common Stock	Paid-in Capital	Retained Earnings	Treasury Stock	Translation Adjustments
103,269,000	4,478,000	**Balance at December 31, 1980**	$1,900	$82	$1,028	$ 928	$(138)	$ —
		Net income	160	—	—	160	—	—
		Cash dividends declared						
		Common stock	(119)	—	—	(119)	—	—
		Preferred stock	(13)	—	—	(13)	—	—
8,000	(138,000)	Common stock issued	4	1	—	—	3	—
		Other	(6)	—	—	(6)	—	—
103,277,000	4,340,000	**Balance at December 31, 1981**	1,926	83	1,028	950	(135)	—
		Net income	153	—	—	153	—	—
		Cash dividends declared						
		Common stock	(104)	—	—	(104)	—	—
		Preferred stock	(15)	—	—	(15)	—	—
	(2,387,000)	Common stock issued	35	—	(39	—	74	—
12,000		Other	(6)	—	—	(6)	—	—
103,289,000	1,953,000	**Balance at December 31, 1982**	1,989	83	989	978	(61)	—
		Cumulative effect of change in accounting for foreign currency translation	(13)	—	—	—	—	(13)
		Net income	105	—	—	105	—	—
		Cash dividends declared						
		Common stock	(61)	—	—	(61)	—	—
		Preferred stock	(15)	—	—	(15)	—	—
	(124,000)	Common stock issued	4	—	—	—	4	—
		Translation adjustments	10	—	—	—	—	10
55,000		Other	(6)	—	—	(6)	—	—
103,344,000	1,829,000	**Balance at December 31, 1983**	$2,013	$83	$ 989	$1,001	$ (57)	$ (3)

The accompanying notes are an integral part of these financial statements.

SGP 0029925

Notes to Financial Statements

NOTE 1. Summary of Significant Accounting Policies

Principles of Consolidation.
The consolidated financial statements include the accounts of Georgia-Pacific Corporation and subsidiaries (corporation). The investment in GA-MET (Note 12) is accounted for by the equity method. All significant intercompany balances and transactions are eliminated in consolidation.

Income per Share of Common Stock.
Primary income per share of common stock has been computed based on the weighted average number of shares outstanding, assuming conversion of the convertible preferred stock and issuance of shares under stock option and stock purchase plans. The average number of shares used in the computation for primary income per share was 108,340,000 in 1983; 106,370,000 in 1982 and 105,400,000 in 1981. Fully diluted income per share of common stock, in addition, assumes conversion of the convertible subordinated debentures. The average number of shares used in the computation for fully diluted income per share was 111,980,000 in 1983; 110,220,000 in 1982 and 109,450,000 in 1981.

Inventory Valuation.
The last-in, first-out (LIFO) method of inventory valuation is utilized for the majority of inventories at manufacturing facilities and the corporation's manufactured inventories located at its building products distribution centers. The average cost method is used for all other inventories.

Inventories are valued at the lower of cost or market as follows:

	December 31	
(Millions)	**1983**	1982
LIFO	**$326**	$314
Average cost	**407**	385
	$733	$699

The corporation uses the dollar value pool method for computing LIFO inventories; therefore, it is not possible to present a breakdown of inventories between finished goods, raw materials and supplies. Inventory costs include cost of materials, labor and plant overhead.

If LIFO inventories were valued at the lower of average cost or market, the inventories would have been $122 million and $137 million higher than those reported at December 31, 1983 and 1982, respectively.

Property.
Property and equipment are recorded at cost. Lease obligations for which the corporation assumes substantially all the property rights and risk of ownership are capitalized. Replacements of major units of property are capitalized and the replaced properties retired. Maintenance, repairs and replacements of minor units of property are charged to expense as incurred.

Provisions for depreciation of buildings, machinery and equipment are computed on the straight-line or units-of-production method using composite rates based upon estimated service lives of the various units of property. The ranges of composite rates for the principal classes are: land improvements—5% to 7%; buildings—3% to 5% and machinery and equipment—5% to 20%.

No gain or loss is recognized on normal property dispositions; property cost is credited to the property accounts and charged to the accumulated depreciation accounts and any proceeds are credited to the accumulated depreciation accounts. When there are abnormal dispositions of property, the cost and related depreciation amounts are removed from the accounts and any gain or loss is reflected in income.

The corporation amortizes its timber costs over the total fiber that will be available during the estimated growth cycle. Timber carrying costs are expensed as incurred.

All costs of exploring for, and developing, domestic oil and gas reserves are capitalized using the full-cost method of accounting and charged to operations on the basis of units-of-production over the estimated future production from proven reserves.

The corporation capitalizes interest on borrowed funds during construction periods. Such interest is charged to the property, plant and equipment accounts and amortized over the approximate life of the related assets in order to properly match expenses with revenues resulting from the facilities. Interest capitalized and the impact on net income was:

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	Year ended December 31		
(Millions)	**1983**	1982	1981
Total interest costs	**$164**	$209	$198
Interest costs capitalized	**(7)**	(23)	(73)
Interest expense	**$157**	$186	$125
Increase (decrease) in net income after giving effect to amortization of capitalized interest and income taxes	**$ (9)**	$ —	$ 28

The corporation defers net operating costs on new construction projects during the start-up phase and amortizes the deferral over approximately seven years. The amounts deferred are included in the property, plant and equipment account. The amounts deferred for new project start-up costs were $1 million, $3 million and $23 million in 1983, 1982 and 1981, respectively.

Reclassifications.
Certain amounts have been reclassified in 1982 and 1981 to conform with the 1983 presentation.

NOTE 2. Unusual Items

The corporation has experienced certain events over the last two years that are considered to be unusual items. A summary of these items is as follows:

(Millions)	**1983**	1982
Settlement of gas dispute	**$ 38**	$ —
Sale of tax benefits	**—**	41
Sale of royalty interest	**—**	67
Relocation costs	**—**	(29)
Facility disposals and asset write-downs	**(156)**	(33)
	$(118)	$ 46

The corporation received a cash settlement of $38 million in 1983 from a natural gas contract dispute.

The corporation's management has made a series of decisions to eliminate, withdraw from or sell certain operations and redeploy company resources in areas having better prospects for future profitability. In 1983, a pre-tax charge of $156 million was recorded for asset disposals and write-downs to net realizable value. The major components of this amount are the loss on the sale of the Williams Furniture Division, estimated losses on the withdrawal from Indonesian operations, closure of a particleboard plant in Crossett, Arkansas, disposal of a plywood plant in Logansport, Louisiana, divestiture of certain paper operations in the United Kingdom and the write-off of various chemical operations.

In 1982, the corporation received $41 million from the sale of certain tax benefits as provided for under the Economic Recovery Tax Act of 1981. Also in 1982, the corporation sold, for approximately $67 million, its 24.75 percent royalty interest on certain portions of its acreage in the Port Hudson field, a producing gas/condensate field in East Baton Rouge Parish, Louisiana.

The corporation completed in 1982 the relocation of its corporate offices to Atlanta, Georgia and expensed associated relocation costs of $29 million. Additionally, the corporation expensed approximately $33 million in 1982 related primarily to write-downs of certain facilities to net realizable value.

NOTE 3. Income Taxes

The provision for income taxes is based on pretax financial accounting income which differs from taxable income. Differences generally arise because certain items, such as depreciation and capitalized interest, are reflected in different time periods for financial accounting and tax purposes.

Effective January 1, 1982, the corporation began recognizing investment tax credits (Note 6) as a reduction of income tax expense. Investment tax credits realized on the purchase of qualifying assets were previously recorded on the deferral method as an addition to accumulated depreciation and were being amortized to income as a reduction of depreciation expense over seven years. For tax purposes, the full credit earned was used to reduce current Federal income taxes payable. Investment tax credits amortized into income as a reduction of depreciation expense amounted to $26 million in 1981.

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The provision for income taxes consists of the following:

(Millions)	1983	1982	1981
Federal income taxes, net of investment tax credit			
Current (benefit)	$27	$ 8	$ (93)
Deferred	10	5	118
State income taxes (benefit)	8	2	(4)
Charge equivalent to investment tax credit	—	—	49
	$45	$15	$ 70

The difference between the ordinary Federal income tax rate and the corporation's effective income tax rate is summarized as follows:

	1983	1982	1981
Federal income tax rate	46%	46%	46%
Increase (decrease) as a result of			
Investment tax credit	(7)	(20)	—
Value of timber appreciation taxed at capital gains rate	(13)	—	(10)
State income taxes, net of Federal benefit	3	3	2
Investment credit amortization	—	—	(6)
Other	1	(7)	(2)
	30%	22%	30%

Components of the deferred tax provision are as follows:

(Millions)	1983	1982	1981
Excess of tax depreciation over financial depreciation	$ 57	$ 58	$ 64
Reinstatement (reversal) from recognition of investment tax credits in 1982	30	(50)	—
Capitalized interest, net	(8)	—	24
Deferred start-up costs, net	(13)	—	9
Exploration and development costs capitalized for financial purposes	5	12	9
Sale of tax benefits	(12)	9	—
Write down of certain assets	(49)	(21)	—
Other	—	(3)	12
	$ 10	$ 5	$118

Approximately $22 million of investment tax credits recognized for financial reporting purposes is available to reduce income taxes to be paid in future years.

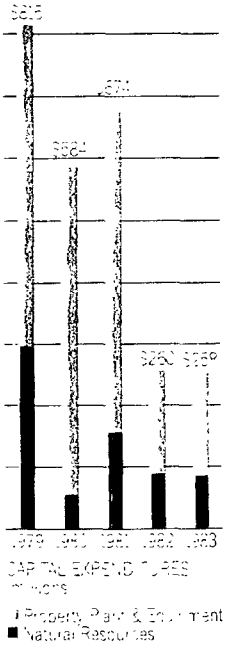
NOTE 4. Industry Segment Information

The corporation's primary operations are in the building products, pulp, paper and chemical businesses which are reported in three segments: (1) Building products, which includes the manufacture and distribution of plywood and specialties (particleboard, oriented strand board, etc.), lumber and gypsum products; (2) Pulp and paper, which includes the manufacture and distribution of containers and packaging, printing and specialty products (labels, office products, etc.), tissue and market pulp; (3) Chemicals, which includes various chemical products manufactured for internal use and external distribution.

In 1983, the corporation recorded a $150 million write-down of certain assets to net realizable value (Note 2). This amount has not been included in segment profits but is included in unusual items. If the write-down had been included in the segment detail, operating profits would have been reduced by the following amounts: Building products $77 million, Pulp and paper $58 million and Chemicals $21 million.

The 1982 operating profits of the segments have been restated to show the $33 million write-down of certain facilities to net realizable value as an unusual item. The 1982 operating profits of the segments have been increased by the following amounts: Building products $8 million, Pulp and paper $3 million, Chemicals $2 million, Other operations $8 million and General corporate $12 million.

In 1982, the corporation adopted the flow-through method of accounting for investment tax credits (Note 6). Depreciation expense in 1981 for each of the corporation's segments would have increased by the following amounts if the change had been applied retroactively: Building products $6 million, Pulp and paper $12 million and Chemicals $8 million.



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(Millions)	Sales to Unaffiliated Customers	Inter-segment Sales	Total Revenues	Operating Profits (Losses)	Depreciation and Depletion	Capital Expenditures	Assets
			Year ended December 31, 1983				
Building products	$3,980	$ 36	$4,016	$ 324	$159	$ 50	$1,383
Pulp and paper	1,[illegible]	50	1,[illegible]	[illegible]2	110	48	1,55[illegible]
Chemicals	683	105	[illegible]88	64	92	8[illegible]	1,023
Other operations	69	1	[illegible]0	4	4	4	4[illegible]
Total operations	6,469	192	6,661	464	365	189	4,010
Eliminations and adjustments							
Intersegment sales	—	(192)	(192)	—	—	—	—
Timber and timberlands	—	—	—	—	—	59	[illegible]54
Unusual items (Note 2)	—	—	—	(118)	—	—	—
General corporate	—	—	—	(39)	6	10	216
Interest expense	—	—	—	(157)	—	—	—
Income taxes	—	—	—	(45)	—	—	—
Consolidated totals	$6,469	$ —	$6,469	$ 105	$371	$258	$4,979
			Year ended December 31, 1982				
Building products	$3,049	$ 37	$3,086	$113	$136	$ 38	$1,478
Pulp and paper	1,658	41	1,699	49	108	65	1,580
Chemicals	628	94	[illegible]22	[illegible]7	77	81	1,025
Other operations	6[illegible]	2	69	1[illegible]	13	[illegible]	[illegible]3
Total operations	5,402	174	5,576	256	334	191	4,156
Eliminations and adjustments							
Intersegment sales	—	(174)	(174)	—	—	—	—
Timber and timberlands	—	—	—	—	—	42	748
Unusual items (Note 2)	—	—	—	46	—	—	—
General corporate	—	—	—	(49)	9	2[illegible]	246
Interest expense	—	—	—	(186)	—	—	—
Income taxes	—	—	—	(15)	—	—	—
Consolidated totals	$5,402	$ —	$5,402	$ 52	$343	$260	$5,150
			Year ended December 31, 1981				
Building products	$3,022	$ 48	$3,070	$116	$135	$126	$1,434
Pulp and paper	1,580	43	1,623	116	78	263	1,602
Chemicals	738	97	835	149	54	135	947
Other operations	74	2	76	15	5	12	97
Total operations	5,414	190	5,604	396	272	536	4,080
Eliminations and adjustments							
Intersegment sales	—	(190)	(190)	—	—	—	—
Timber and timberlands	—	—	—	—	—	112	752
General corporate	—	—	—	(41)	5	26	228
Interest expense	—	—	—	(125)	—	—	—
Income taxes	—	—	—	(70)	—	—	—
Consolidated totals	$5,414	$ —	$5,414	$160	$277	$674	$5,060

Operating profits (losses) in 1982 are before extraordinary items and accounting change.

Intersegment sales are recorded at estimated fair market values.

Logs and residual fibers are included at cost in the operating profits of the various manufacturing facilities.

Sales to foreign markets were less than 10% of total sales to unaffiliated customers in 1981 through 1983, and no single customer accounted for more than 10% of sales to unaffiliated customers.

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NOTE 5. Gain on Exchange of Bonds

In August 1982, the corporation exchanged 2,387,000 shares of common stock held in treasury for the extinguishment of all further obligations with respect to industrial revenue refunding bonds, Series 1977, issued by the City of Crossett, Arkansas. The bonds had a principal amount of $62 million. As a result of the transaction, the corporation realized a tax-free extraordinary gain of $27 million.

NOTE 6. Changes in Accounting Policy

As of January 1, 1983, the corporation adopted the requirements of Statement of Financial Accounting Standards No. 52. As a result, the financial statements of the corporation's foreign operations are translated into U.S. dollars at current exchange rates. Resulting translation adjustments are accumulated as a component of shareholders' equity and excluded from net income. Foreign currency transaction gains and losses which were not material in 1983, 1982 or 1981, are included in net income.

The corporation adopted, as of January 1, 1982, the flow-through method of accounting for investment tax credits. Under the flow-through method, investment tax credits are reflected in net income in the year the qualified investment is made. The corporation previously followed the deferral method.

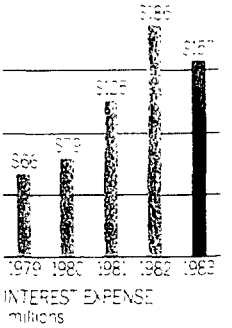
If the flow-through method had been in effect, 1981 net income would have been increased by $14 million (13¢ per share). Quarterly net income per share for 1981 would have increased as follows: first quarter 5¢, second quarter 3¢, third quarter 2¢, and 3¢ in the fourth quarter.

NOTE 7. Indebtedness

Long-term debt consists of the following.

(Millions)	1983	1982
Banks		
8 ¼% term loans, payable in equal annual installments 1986 through 1988	$ 150	$ 150
10½% term loans, payable in equal semiannual installments through 1984	1	3
Other—average interest rate 12.4% payable in varying installments through 1991	17	63
Commercial paper	279	398
Notes		
7¼% due 1985	100	100
10.10% due 1990	150	150
Floating rate, currently 10.35% maturing at holders' option in 1984, due 1987	150	150
14⅝% due 1987	65	65
15% due 1990	38	—
15.37% due 1988	75	75
Insurance companies		
5½% term loans	—	30
6⅝% term loans, payable in annual installments through 1989	6	13
9⅝% term loan, payable in annual installments through 1997	8	8
10½% term loans, payable in semi-annual installments through 1996	4	5
10⅝% term loans, payable in semi-annual installments through 1996	38	39
Revenue bonds, average interest rate 6.5% with varying annual payments to 2004	116	120
Purchase contracts and other, average interest rate 7.2% with varying payments to 2016	84	94
5¼% convertible subordinated debentures	103	119
12¼% sinking fund debentures due 2013	100	—
Litigation settlement	—	99
	1,484	1,681
Less current portion	31	63
	$1,453	$1,618

The scheduled payments of long-term debt are $31 million in 1984, $145 million in 1985, $112 million in 1986, $223 million in 1987 and $260 million in 1988.



INTEREST EXPENSE
millions

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At December 31, 1983, the corporation had two Revolving Credit and Term Loan Agreements (a domestic agreement and a foreign agreement) totaling $650 million and separate arrangements with a number of banks providing for revolving lines of credit aggregating $280 million. In early 1984, these agreements were replaced with a revolving credit and term loan agreement, a foreign credit agreement and a regional bank agreement providing for future aggregate lines of credit of $700 million.

The revolving credit and term loan agreement is with 9 domestic money center banks and establishes a $390 million unsecured revolving line of credit until January 20, 1987, at which time the outstanding balance will be converted to a term loan repayable in eight equal semiannual installments beginning on June 30, 1987. Commitment fees during the revolving loan period will be ¼ of 1 percent of the daily average unused available credit. The interest rates associated with this agreement are based on either the prime rate, certificate of deposit rate or the offshore rate.

The foreign credit agreement with 10 foreign banks establishes an unsecured revolving line of credit totaling $210 million until January 27, 1986. Commitment fees during the revolving loan period will be ¼ of 1 percent of the daily average unused available credit. The agreement provides for borrowings to have an interest rate, at the corporation's option, based on the prime rate, the Federal fund rate or the Eurodollar interbank offered rate.

The regional bank agreement is with 5 banks and establishes a $100 million unsecured revolving line of credit until January 20, 1986. Commitment fees during the loan period will be ¼ of 1 percent on the daily average unused available credit. The interest rates associated with this agreement are based on either the prime rate or certificate of deposit rate.

The corporation will use these three new agreements to support commercial paper and master note borrowings. At December 31, 1983, the corporation had classified $279 million of commercial paper with an interest rate of 10.02% as long-term debt. It is the corporation's intention to refinance the commercial paper with long-term debt.

In 1983, the corporation registered up to $250 million of debt with the Securities and Exchange Commission under a shelf registration statement. Of this amount, $100 million of 12¼% sinking fund debentures were sold during 1983. The debentures are unsecured, unsubordinated obligations maturing in 2013. The debentures require the corporation to make sinking fund payments commencing in 1994 and are redeemable (subject to certain restrictions) at any time at the option of the corporation.

The $150 million floating rate notes are convertible by the holder, prior to April 1, 1987, into 8½% debentures due 2009. The notes are not redeemable prior to October 1, 1984. On and after such date, the notes are redeemable in whole or in part, at the option of the corporation. At any time prior to April 1, 1987, the corporation may convert the notes into fixed rate debentures due 2009 at a defined premium over the yield on 30-year Treasury securities, but not less than 8½%. The conversion by the corporation is subject to the election by the holder to have the notes mature on the specified conversion date. The interest rate on the notes is adjustable semiannually to a rate based upon the six-month treasury bill rate plus a specified premium.

In April 1982, the corporation, through a wholly-owned subsidiary, issued $65 million 14⅝% notes due April 15, 1987, with warrants (130 thousand) to purchase $130 million 15% notes due April 15, 1990. As of December 31, 1983, $38 million of the 15% notes have been issued. During 1983, the corporation repurchased 5 thousand warrants which results in 87 thousand warrants being outstanding at December 31, 1983. The warrants expire on April 15, 1984.

In May 1982, the corporation, through a wholly-owned subsidiary, received $75 million from a Swiss Franc loan with two European banks. The loan has an effective interest rate of 15.37% and is due December 1, 1988. The loan has been fully hedged for currency fluctuations.

The 5¼% convertible subordinated debentures mature in 1996. The debentures are convertible into common stock at $30.87 per share at December 31, 1983. Additionally, the Indenture provides for a sinking fund for the redemption on April 1, in each of the years 1984 through 1995, of not less than 5% nor more than 10% of debentures outstanding on April 1, 1981.

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At December 31, 1983, $140 million of long-term debt was secured by property and timber with a net book value of $190 million, including $85 million (original cost $205 million) relating to certain manufacturing and pollution control facilities which were financed with the proceeds from revenue bonds issued by governmental units and guaranteed by the corporation. The corporation leases such facilities from the governmental units and pays all cost incidental to ownership of the properties.

Certain loan agreements place a limitation on cash dividends that can be paid. The amount of retained earnings available for cash dividends under the most restrictive covenants of the loan agreements is approximately $426 million. In addition, certain agreements require the corporation to maintain a minimum of $250 million of consolidated working capital and impose limitations on additional borrowings.

NOTE 8. Redeemable Preferred Stock

	Adjustable Rate Convertible Preferred Stock			
(Millions)	Series A	Series B	Series C	Total
Balance, December 31, 1980	$139	$30	$—	$169
Stock issued for acquisition	—	—	28	28
Amortization of the excess involuntary liquidating value over fair value at acquisition date	3	1	2	6
Balance, December 31, 1981	142	31	30	203
Amortization of the excess involuntary liquidating value over fair value at acquisition date	3	1	2	6
Balance, December 31, 1982	145	32	32	209
Shares cancelled	—	—	(1)	(1)
Amortization of the excess involuntary liquidating value over fair value at acquisition date	3	1	3	7
Balance, December 31, 1983	$148	$33	$34	$215

The number of shares of adjustable rate convertible preferred stock ("preferred stock") issued and outstanding were as follows:

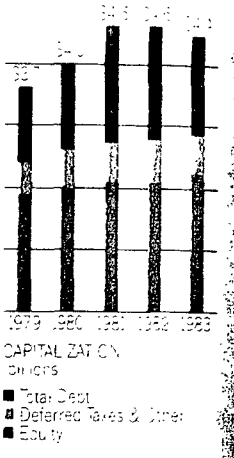
	December 31	
	1983	1982
Series A	**4,141,000**	4,141,000
Series B	**957,000**	957,000
Series C	**1,317,000**	1,343,000
Total	**6,415,000**	6,441,000

The preferred stock is recorded at fair market value on the date of issue. The excess of involuntary liquidating value over such fair market value is being amortized over a 10-year period by a charge to retained earnings and corresponding credit to preferred stock.

Each share of preferred stock is entitled to receive cumulative quarterly cash dividends at the annual rate of $2.24. Such dividend rate is subject to increase up to a maximum of $4.00 per share should the corporation fail to make the scheduled purchase offers described below unless the average of the last reported sales prices for the corporation's common stock during a prescribed period of time is at least 108% of the conversion price of the preferred stock during such period. Subject to adjustment for common stock dividends and splits, each share of preferred stock has a conversion price of $39.00, and has an involuntary liquidating value of $39.00, is convertible into one share of common stock and is entitled to one vote. In addition, whenever six quarterly dividends on Series A preferred stock are unpaid, the holders of such Series A stock are entitled to elect two directors of the corporation until all past dividends have been paid.

Subject to the price of the corporation's common stock and the appropriate action by the Board of Directors, the corporation is scheduled to make offers to purchase, at a price of $39.00 per share plus accumulated dividends, a specified number of shares annually beginning with 828,000 shares in 1984; 1,020,000 shares in 1985; 1,283,000 shares in 1986 and 1987 and 1,282,000 shares in 1988.

The preferred stock will be subject to redemption (Series A—1984 through 1988; Series B—1985 through 1989 and Series C—1986 through 1990) at



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$39.00 per share plus accumulated dividends provided that the average of the last reported sales prices for the corporation's common stock is at least 125% of the then conversion price of the preferred stock. Thereafter, the preferred stock may be redeemed, without limitation, at $39.00 per share plus accumulated dividends.

NOTE 9. Common Stock

At December 31, 1983, the following authorized shares of common stock of the corporation were reserved for issue:

Stock option plan	862,000
Employee stock purchase plan	934,000
Conversion of the 5¼% convertible subordinated debentures	3,343,000
Conversion of preferred stock	6,415,000
	11,554,000

At December 31, 1982, the total number of shares of common stock of the corporation covered by the 1974 Employee Stock Option Plan (74 Plan) was 862,000 shares. During 1983, options covering 789,000 shares were granted at prices ranging from $20.83 to $25.29 per share and options for 44,000 shares at a price of $20.83 per share were cancelled. No options were exercised. As of December 31, 1983, options for 117,000 shares are available for grant until October 15, 1985. During 1982, no options were granted or exercised and options for 250,000 shares at a price of $24.30 per share expired.

On October 31, 1982, the 1980 Employee Stock Purchase Plan expired and 7,000 shares were issued in accordance with the terms of the Plan.

As of December 31, 1983, 934,000 shares of common stock have been subscribed at $16.86 per share under the 1982 Employee Stock Purchase Plan (Plan). Subscribers have the option to receive their payments plus interest at the rate of 10% per annum in lieu of stock. During the subscription period which ended April 16, 1982, 7,283 employees subscribed and 5,376 employees are still in the Plan at December 31, 1983. The Plan expires on May 31, 1984.

The shares and prices relating to the Stock Option Plan, the Employee Stock Purchase Plan, the convertible subordinated debentures and the preferred stock are subject to adjustment for certain changes in the capital structure, including common stock splits and stock dividends.

NOTE 10. Litigation

As previously reported, in 1978 the corporation and two other defendants received an unfavorable jury verdict in a civil class action antitrust suit involving the sale and distribution of softwood plywood. On January 13, 1983, the corporation and the other two defendants executed a written settlement agreement pursuant to which plaintiffs would receive $165 million, $99 million of which was payable by the corporation. A nonrecurring charge, including legal fees, in the amount of $56 million, net of a related tax benefit of $48 million, was reflected as an extraordinary item in 1982. During 1983, the corporation paid its portion of the settlement.

The corporation is a defendant in a class action suit containing antitrust allegations involving the corporation's Southeast timber and lumber operations. Management believes that the results of this action will not have a material adverse effect upon the financial condition of the corporation.

Four actions are pending against Georgia-Pacific in Louisiana alleging damages from a February 1981 discharge of phenol into the Mississippi River from Georgia-Pacific's Plaquemine, Louisiana, chemical plant. Three of the suits are private class actions which allege in the aggregate $350 million in damages plus attorneys' fees and other relief and the fourth is a private action with no class allegation. Management believes that the maximum liability, if any, in these actions will not have a material adverse effect on the financial condition of the corporation.

During 1983, the corporation was involved in a number of proceedings with various governmental agencies relating to environmental matters. The corporation paid an aggregate of approximately $92 thousand in fines, entered into various agreements and consent degrees pertaining to procedures to be followed in the future in certain

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of these proceedings and is working with the agencies concerned to resolve pending proceedings. The corporation has been notified that it is a potentially responsible party in actions by the U.S. Environmental Protection Agency with respect to five hazardous waste disposal sites and has settled actions related to two of th·se sites at minimal cost. The corporation may be a potentially responsible party with respect to a sixth site. Management does not consider these proceedings material in the aggregate.

The corporation is part; to various other legal proceedings generally inci'ental to its business. Although the ultimate disp sition of these proceedings is not presently determinable, management does not believe that adverse determinations in any or all of such proceedings will have a material adverse effect upon the financial condition of the corporation.

NOTE 11. Pension and Bonus Plans

Most of the corporation's hourly employees participate in noncontributory pension plans. Contributions to some of these plans are based upon hourly rates set forth in various labor contracts. The corporation also has a noncontributory pension plan for all of its salaried employees, excluding officers, which provides an alternative to the stock bonus plan. The corporation accrues the actuarially determined ·ost of the salaried plan based upon years of service ind average compensation and takes into consideration the assets of the stock bonus and salaried employees pension plans.

Total pension costs accrued for pension plans administered solely or jointly by the corporation were $15 million in 1983, $16 million in 1982 and $15 million in 1981, including amortization of prior service costs over periods ranging from ten to thirty years.

An assumed weighted average annual rate of investment return of 6.7% was used in determining the actuarial present values of vested and nonvested accumulated benefits for the corporation's defined benefit plans. A comparison of these accumulated benefits as estimated by consulting actuaries and the plan assets for the corporation's plans administered solely or jointly is as follows:

	December 31	
(Millions)	**1983**	1982
Actuarial present value of accumulated plan benefits		
Vested	**$219**	$191
Nonvested	**27**	31
	$246	$222
Assets available for plan benefits	**$267**	$219

The corporation also made contributions to several collectively bargained, multi-employer pension plans in accordance with the provisions of negotiated labor contracts generally based on the number of hours worked. Information from the plans' administrators is not presently available to permit the corporation to determine its share of unfunded vested benefits.

Georgia-Pacific and certain subsidiaries have a noncontributory stock bonus plan for qualified salaried employees including officers. At December 31, 1983 there were 11,700 qualified and participating salaried employees in the plan. Salaried employees receive an allocation each year up to a maximum of 10% of their salary contingent on the availability of the corporation's profits, as defined in the plan. The costs incurred for this plan were $5 million in 1983, $3 million in 1982 and $9 million in 1981.

NOTE 12. Other Assets

In 1980, the corporation formed a joint venture (GA-MET) with Metropolitan Life Insurance Company. Each partner has a 50% interest in the venture. GA-MET owns and operates the corporation's office headquarters building in Atlanta, Georgia, and an office building complex in Portland, Oregon. The corporation leases from GA-MET, at market rates, office space in the Atlanta and Portland buildings. GA-MET has a construction loan agreement with five participating banks for the construction of the Atlanta building. At December 31, 1983 the construction loan outstanding is $110 million. The loan matures in January 1988 and is secured by the venture's properties. The corporation accounts for this investment using the equity method. The corporation's investment in GA-MET of $16 million in 1983 and $25 million in 1982 is included in "Other assets" on the balance sheets.

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NOTE 13. Unaudited Selected Quarterly Financial Data

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
(Millions, except per share amounts)	1983	1982	1983	1982	1983	1982	1983	1982
Net sales	$1,419	$1,199	$1,699	$1,415	$1,709	$1,422	$1,642	$1,366
Gross profit (loss)	16	—	84	17	63	(1)	105	5
Income (loss) before extraordinary items and accounting change	30	25	56	71	3	(1)	16	(43)
Net income (loss)	30	155	56	71	3	26	16	(99)
Per share income (loss) before extraordinary items and accounting change:								
Primary	.27	.23	.52	68	.03	01)	.15	(.42)
Fully diluted	.27	.23	.51	.66	.03	—	.15	(.39)
Dividends declared per share	.15	.30	.15	.30	.15	.30	.15	.15
Price range of common stock:								
High	28.00	20.63	31.88	17.63	27.75	20.25	26.75	27.25
Low	23.50	15.38	24.25	13.25	22.38	13.63	22.88	17.75

Income (loss) before extraordinary items and accounting change includes the following unusual income (loss) items:

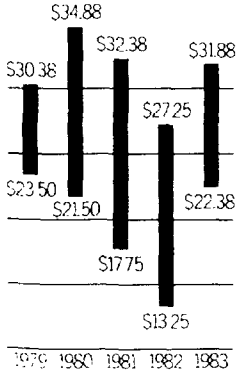
	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
(Millions)	1983	1982	1983	1982	1983	1982	1983	1982
Settlement of gas dispute	$27	$—	$1	$—	$ 10	$—	$ —	$ —
Sale of tax benefits	—	33	—	8	—	—	—	—
Sale of royalty interest	—	—	—	67	—	—	—	—
Relocation costs	—	—	—	—	—	—	—	(29)
Asset write-downs	—	—	—	—	(68)	—	(88)	(33)
	$27	$33	$1	$75	$(58)	$—	$(88)	$(62)

See Note 2 for more details.

Net income for the first quarter of 1982 includes a credit of $130 million associated with the change to the flow-through method of accounting for investment tax credits. See Note 6 for more details.

Net income for the third quarter of 1982 includes a credit of $27 million for the gain on exchange of bonds. Refer to Note 5 for more information.

Net income for the fourth quarter of 1982 includes a charge of $56 million, net of taxes, for the plywood litigation settlement. See Note 10 for further details.



COMMON STOCK
PRICE RANGE

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NOTE 14. Unaudited Supplementary Information on the Effects of Inflation

The supplementary information in this footnote sets forth selected financial data relating to the effects of constant dollar (effects of general inflation) and current cost (changes in specific prices) data in accordance with the Financial Accounting Standards Board Statement No. 33. Although management believes that the estimates have been developed in a reasonable manner in compliance with the requirements of the FASB, it should be recognized that they may be of only limited value because of the numerous assumptions and subjective judgments inherent in the estimation process. Therefore, the information presented herein should not be viewed as a precise indicator of the effects of inflation.

Constant dollar data were determined by adjusting historical cost financial information for changes that have occurred in the general purchasing power of the dollar as measured by the Consumer Price Index for all Urban Consumers. Inventories, natural resources and property, plant and equipment have been restated from historical cost dollars into average 1983 constant dollars.

Current cost estimates for property, plant and equipment and natural gas and oil properties were developed using historical costs appropriately indexed for increased costs of construction and exploration. A similar adjustment was made to historical depreciation and depletion amounts. Timber and timberlands have been included in current cost data as adjusted to reflect the effect of general inflation with no further adjustment to reflect current cost estimates.

The current cost of inventories at manufacturing plants was determined by reference to average production costs experienced during the year. Current cost of inventories at building products distribution centers was based upon a review of recent purchases for a representative sample at selected branches.

The table below attempts to measure the effects of price changes of specific assets on the results of operations for 1983, however, in accordance with the FASB the provision for income taxes has not been adjusted for increases in costs under the constant dollar and current cost computations because such increases are not deductible for income tax purposes.

	Year ended December 31, 1983		
(Millions)	As Reported	Constant Dollars	Current Dollars
Net sales	$6,469	$6,469	$6,469
Cost of sales	5,274	5,301	5,277
Depreciation and depletion	371	546	528
Other costs and expenses	674	709	704
Provision for income taxes	45	45	45
	6,364	6,601	6,554
Net income (loss)	$ 105	$ (132)	$ (85)
Gain from decline in purchasing power of net amounts owed		$ 79	$ 79
Effects of increase in general price level on inventories, property, plant and equipment and natural resources held during the year			$ 222
Increase in current cost*			116
Excess of increase in general price level over increase in current cost			$ 106

*At December 31, 1983 current cost of inventories was $865 million, property, plant and equipment, net of accumulated depreciation, was $3,526 million and natural resources, net of depletion, was $1,460 million.

The 1983 net income as reported was adversely affected by $237 million to adjust historical costs by the change in the CPI during the periods in which the assets were held. Net income as reported for 1983 adjusted for current costs increased $47 million from that reported under the constant dollar method. During the same 1983 period the corporation's monetary liabilities exceeded its monetary assets. Accordingly, an important hedge against inflation is provided as this net monetary liability position will be paid in dollars which have a lower purchasing power than the dollars originally received in return for the obligations. This favorable gain from decline in purchasing power of net amounts owed of $79 million would reduce adverse effects of the inflation adjustments to income.

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It should also be pointed out that the adjustments required by the FASB represent an attempt to estimate what it would cost in terms of today's dollars to build currently existing facilities. Thus, the calculations do not reflect the economic benefit of new technology which would be realized by replacing the corporation's existing plants with new facilities. Such replacement of the corporation's plants would result in increased productivity and certain other cost savings. The cost savings would be realized primarily in the form of reduced manpower requirements, lower maintenance costs and reduced costs for energy. Such savings would also reduce the adverse effects of inflation.

Five-Year Comparison of Selected Supplementary Financial Data Adjusted for Effects of Changing Prices

	Year ended December 31				
(Millions, except per share amounts)	1983	1982	1981	1980	1979
Net sales—constant dollars	**$6,469**	$5,564	$5,955	$6,069	$7,134
Income (loss)[1]					
As reported	**$ 105**	$ 52	$ 160	$ 243	$ 326
Constant dollars	**(132)**	(152)	(31)	62	265
Current dollars	**(85)**	(115)	11	113	282
Income (loss) per share—primary[1]					
As reported	**$ .97**	$ .48	$ 1.51	$ 2.33	$ 3.11
Constant dollars	**(1.21)**	(1.43)	(.29)	.59	2.52
Current dollars	**(.78)**	(1.09)	.10	1.08	2.67
Income (loss) per share—fully diluted[1]					
As reported	**$ .96**	$ .50	$ 1.49	$ 2.27	$ 3.02
Constant dollars	**(1.15)**	(1.36)	(.24)	.59	2.46
Current dollars	**(.73)**	(1.02)	.13	1.07	2.62
Net assets at end of year					
As reported	**$2,228**	$2,198	$2,129	$2,069	$1,951
Constant dollars	**4,013**	4,159	4,136	4,162	4,002
Current dollars	**3,775**	3,960	4,013	4,090	4,113
Excess of increase in general price level of inventory, property, plant and equipment and natural resources over increase in current cost	**$ 106**	$ 227	$ 46	$ 248	$ 82
Gain from decline in purchasing power of net amounts owed	**$ 79**	$ 89	$ 180	$ 242	$ 238
Cash dividends declared per common share	**$ .60**	$ 1.08	$ 1.31	$ 1.44	$ 1.55
Market price per common share	**$24.75**	$27.04	$21.29	$28.81	$34.20
Average consumer price index	**298.4**	289.1	272.4	246.8	217.4

[1]Before extraordinary items and accounting change in 1982.

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Ten Year Selected Financial Data

(Millions, except per share amounts)	Year ended December 31									
	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974
Operations										
Net sales	**$6,469**	$5,402	$5,414	$5,016	$5,207	$4,403	$3,675	$3,038	$2,359	$2,432
Costs and expenses										
Cost of sales	**5,274**	4,475	4,455	4,018	4,100	3,410	2,820	2,332	1,799	1,847
Selling, general and administrative	**399**	377	327	301	279	233	196	163	147	137
Depreciation and depletion	**371**	343	277	267	228	194	175	151	134	124
Interest	**157**	186	125	79	66	38	33	38	50	62
Total	**6,201**	5,381	5,184	4,665	4,673	3,875	3,224	2,684	2,130	2,170
Income from operations	**268**	21	230	351	534	528	451	354	229	262
Unusual items	**(118)**	46	—	—	—	—	—	—	—	—
Provision for income taxes	**45**	15	70	108	208	227	190	140	82	99
Income[1]	**$ 105**	$ 52	$ 160	$ 243	$ 326	$ 301	$ 261	$ 214	$ 147	$ 163
Net assets, end of year										
Current assets	**$1,451**	$1,330	$1,323	$1,195	$1,123	$ 944	$ 825	$ 753	$ 682	$ 628
Less current liabilities	**680**	778	894	787	676	474	389	342	261	295
Working capital	**771**	552	429	408	447	470	436	411	421	333
Natural resources, net	**914**	899	872	774	764	505	421	361	347	342
Property, net	**2,549**	2,802	2,781	2,500	2,193	1,865	1,662	1,449	1,328	1,220
Other assets	**65**	119	84	43	38	30	21	21	47	40
Total	**4,299**	4,372	4,166	3,725	3,442	2,870	2,540	2,242	2,143	1,935
Less:										
Long-term debt	**1,453**	1,618	1,487	1,227	1,109	827	732	643	907	872
Redeemable preferred stock	**215**	209	203	169	165	—	—	—	—	—
Other	**618**	556	550	429	382	324	285	251	211	167
Total	**2,286**	2,383	2,240	1,825	1,656	1,151	1,017	894	1,118	1,039
Total net assets	**$2,013**	$1,989	$1,926	$1,900	$1,786	$1,719	$1,523	$1,348	$1,025	$ 896
Other statistical data										
Capital expenditures	**$258**	$ 260	$ 674	$ 584	$ 815	$ 481	$ 448	$ 286	$ 247	$ 306
Per common share										
Income—primary[1]	**.97**	.48	1.51	2.33	3.11	2.92	2.53	2.11	1.52	1.70
Income—fully diluted[1]	**.96**	.50	1.49	2.27	3.02	2.83	2.46	2.04	1.46	1.64
Dividends paid	**.60**	1.05	1.20	1.20	1.125	1.025	.85	.90	.80	.80
Market price range										
High	**31.88**	27.25	32.38	34.88	30.38	32.50	37.00	37.37	29.56	26.94
Low	**22.38**	13.25	17.75	21.50	23.50	23.50	25.25	26.39	15.55	13.36
Shares of common stock and common stock equivalents	**108**	106	105	104	105	103	103	101	96	96
Number of common stock shareholders (thousands)	**80**	88	89	90	91	97	97	95	95	94
Number of employees (thousands)	**39**	44	44	44	44	40	37	34	34	34
Ratios										
Return on sales	**1.6%**	1.0%	3.0%	4.8%	6.3%	6.8%	7.1%	7.0%	6.2%	6.7%
Return on common equity	**5.2%**	2.6%	8.3%	12.8%	18.3%	17.5%	17.1%	15.9%	14.3%	18.2%
Total debt/capital	**36%**	41%	42%	38%	36%	31%	30%	36%	45%	49%
Cash dividends/earnings	**72%**	229%	83%	53%	37%	35%	34%	32%	31%	27%

[1]Before extraordinary items and accounting change in 1982

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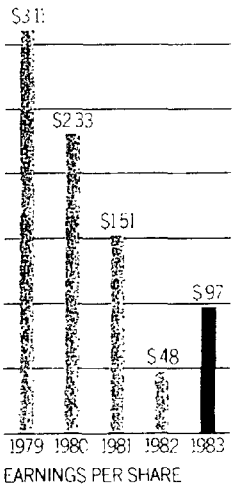
Operating Statistics

	As of December 31, 1983		Production				
	No. of Facilities	Rated Annual Capacity	**1983**	1982	1981	1980	1979
Building Products							
Softwood plywood (⅜")(m.sq.ft.)	19	3,920	**4,430**	3,831	3,653	3,084	3,755
Specialty plywood (sm)(m.sq.ft.)	2	385	**442**	444	405	392	381
Particleboard (¾")(m.sq.ft.)	4	375	**400**	303	423	415	470
Softboard (½")(m.sq.ft.)	1	250	**241**	226	212	232	239
Hardboard (⅛")(m.sq.ft.)	2	415	**346**	220	360	445	434
Panelboard (⅛")(m.sq.ft.)	2	460	**299**	301	443	439	372
Lumber (m.bd.ft.)	37	1,696	**1,603**	1,406	1,418	1,318	1,445
Gypsum board (m.sq.ft.)	9	2,510	**2,242**	1,681	1,835	1,835	2,210
Roofing—shingles and roll (t.squares)	6	8,230	**5,973**	5,363	3,704	2,028	—
Pulp and Paper							
Pulp (t.tons)	31[1]	3,101	**2,976**	2,648	2,725	2,668	2,704
Paper (t.tons)		2,447	**2,375**	2,162	2,112	2,017	2,099
Corrugated packaging (m.sq.ft.)	17	9,875	**8,427**	7,680	6,291	5,742	5,926
Tissue products (t.tons)	6	478	**422**	393	368	360	280
Chemicals							
Formaldehyde (m.lbs.)	10	1,095	**1,081**	966	1,039	981	1,064
Thermosetting resin (m.lbs.)	14	1,948	**1,451**	1,146	1,156	1,008	1,188
Polyvinyl chloride (m.lbs.)	1	700	**470**	461	408	390	411
Lignin products (t.tons)	2	221	**189**	168	214	190	196
Chlorine (t.tons)	2[2]	542	**377**	390	401	405	370
Caustic soda (t.tons)		600	**413**	359	442	448	403
Phenol (m.lbs.)	2[3]	510	**329**	276	265	237	248
Acetone (m.lbs.)		317	**204**	169	160	146	155
Cumene (m.lbs.)	1	750	**584**	456	637	645	752
Methanol (m.gals.)	1	126	**109**	122	123	132	123
Ammonia (t.tons)	1	200	**156**	164	171	180	123
Vinyl chloride monomer (m.lbs.)	1	1,000	**555**	387	474	47	—
Miscellaneous facilities							
Building products	18						
Pulp and paper	12						
Chemicals	24						
Other manufacturing operations	6						
Distribution centers	145						
Resources (as of December 31)							
N. American timberlands (t.acres)							
Owned in fee			**4,632**	4,630	4,615	4,500	4,500
Controlled			**532**	506	515	600	700
Net proved reserves							
Natural gas (b.cu.ft.)			**87.9**	82.0	109.1	121.5	122.6
Oil/condensate (m.bls.)			**6.1**	5.3	7.3	6.4	6.1

[1]Total for pulp/paper
[2]Total chlorine/caustic soda
[3]Total phenol/acetone

t = thousands
m = millions
b = billions



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Atlanta, Georgia

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[1]Executive Committee
[2]Audit Committee
[3]Stock Option Plan and
Management Compensation
Committee
[4]Finance Committee
[5]Elected Chairman effective
February 1, 1984
[6]Nominating Committee
[7]Elected effective February 1,
1984

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Chief Executive Officer

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Executive Vice President
Building Products

Robert A. Schumacher
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Pulp and Paper

James C. Van Meter
Executive Vice President and
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Conrad Schweitzer
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J. Kermit Birchfield, Jr.
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Vice President
Gypsum Division

Michael B. Wilson
Vice President
Consumer Paper Product Sales

Diane Durgin
Secretary and
Deputy General Counsel

Wayne I. Tamblyn
Treasurer

[1]As of March 1, 1984

Corporate Headquarters
Georgia-Pacific Center
133 Peachtree Street, N.E.
Atlanta, Georgia 30303

Stock Exchange and Symbols
Georgia-Pacific Corporation
Common Stock (GP) and
Preferred Stock (GP Pr A),
(GP Pr B) and (GP Pr C) are
listed on The New York Stock
Exchange.

Transfer Agent and Registrar
Bank of America N.T. & S.A.
Corporate Agency Service
Center
P.O. Box 37002
San Francisco, California 94137

Shareholder Information
Registered G-P shareholders are eligible to participate in the G-P Dividend and Cash Investment Plan. For information on the plan, or for shareholder information, write to:

Corporate Secretary
Georgia-Pacific Corporation
P.O. Box 105605
Atlanta, Georgia 30348

Financial Information
A copy of the Georgia-Pacific 1983 Annual Report to the Securities and Exchange Commission on Form 10-K will be supplied without charge at any time after March 31, 1984. Annual Statistical Updates are also available. Requests for financial information should be directed to:

Director–Financial
Communications
Georgia-Pacific Corporation
P.O. Box 105605
Atlanta, Georgia 30348

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