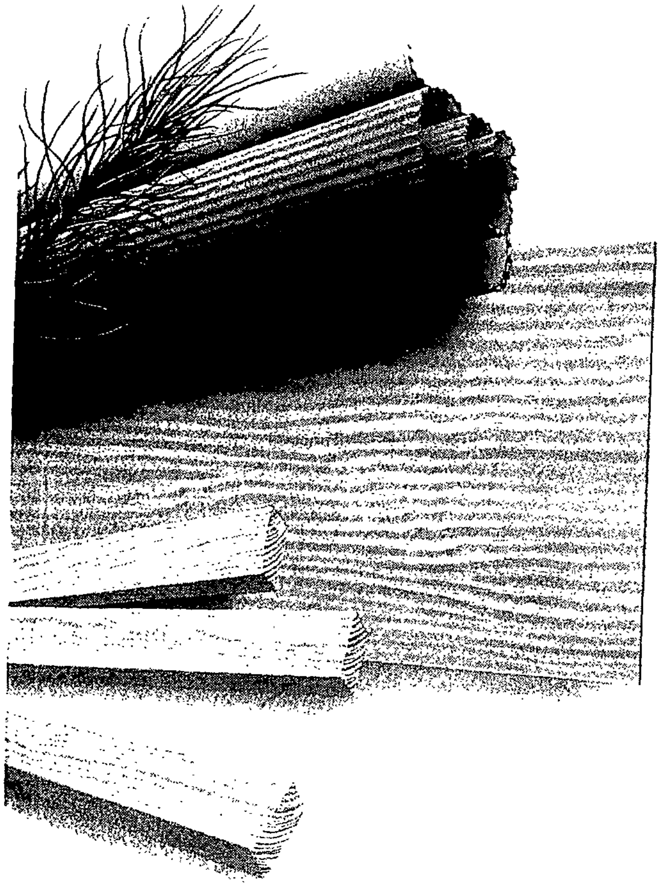
PLAINTIFF'S EXHIBIT

GP-1145



Georgia-Pacific Annual Report 1992

SGP 0001714

... Profile

... Georgia-Pacific was founded as a ... saler of hardwood lumber in Augusta, ... orgia. The company has grown through ... and acquisitions to become one ... world's leading manufacturers and ... of building products, pulp and ... Georgia-Pacific employs approximately ... people at more than 500 facilities. ... company also owns or controls more ... million acres of timberland in the ... States and Canada.

... Contents

SGP 0001715

Georgia-Pacific Corporation
133 Peachtree Street, N.E. (30303)
P.O. Box 105605
Atlanta, Georgia 30348-5605
Telephone (404) 521-4000

March 16, 1992

Dear Shareholder:

Enclosed is the Georgia-Pacific Corporation 1991 Annual Report to Shareholders, which includes, on pages 30-48, financial statements of the Corporation for the three years ended December 31, 1991 and the report of our auditors, Arthur Andersen & Co., dated February 14, 1992, on such financial statements. On or about February 28, 1992, after the Annual Report was printed, certain litigation was instituted against the American Paper Institute and 33 paper manufacturers, including a wholly-owned subsidiary of the Corporation.

The Corporation believes the allegations made in this lawsuit are without merit and intends to defend this action vigorously. In addition, although there can be no assurance in this regard, based on information presently available the Corporation believes that the outcome of this litigation will not have a material adverse effect on the consolidated financial condition of the Corporation. Accordingly, we have added an additional note to our 1991 financial statements expressing this belief, and Arthur Andersen & Co. have updated and reissued their opinion to include the additional disclosure.

The text of the additional note, and the unqualified opinion of Arthur Andersen & Co. issued in replacement of the opinion included in the Annual Report, are attached to this letter. I hope you will take a moment to review this information along with the Annual Report.

Sincerely,

T. Marshall Hahn, Jr.

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

GEORGIA-PACIFIC CORPORATION AND SUBSIDIARIES

NOTE 13 TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 1991, 1990 and 1989

NOTE 13. Subsequent Event

As described in Note 10 to the Financial Statements, the Corporation is involved in numerous lawsuits filed in Mississippi related to the alleged discharge of dioxin into the Leaf River from a pulp mill owned by a subsidiary of the Corporation. On or about February 28, 1992, a lawsuit was filed in state court in Texas against 33 pulp and paper companies, including a wholly-owned subsidiary of the Corporation, and the American Paper Institute. The suit purports to be a class action on behalf of all persons in the United States who live down river of a bleached kraft pulp mill. The suit seeks personal and property damages of $100 billion resulting from an alleged conspiracy by the defendants to suppress information about the allegedly harmful effects of dioxin on health, as well as from trespass, nuisance, infliction of emotional distress and strict liability. This suit has been brought by the same attorneys who have filed the Mississippi dioxin cases referred to in Note 10 and, by such attorneys' own admission, is part of their strategy to force the Corporation to settle the Mississippi dioxin cases. The Corporation and certain of its other subsidiaries own bleached kraft pulp mills. Based on the threats of such plaintiffs' attorneys, there is a reasonable probability that the Corporation and such subsidiaries will also be named as defendants. The Corporation believes that the allegations of this suit are without merit and intends to defend this action vigorously. Although there can be no assurance as to the ultimate result, based on the information presently available, the Corporation believes that it has meritorious defenses and that the outcome of this lawsuit will not have a material adverse effect on the consolidated financial condition of the Corporation.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the balance sheets of Georgia-Pacific Corporation (a Georgia corporation) and subsidiaries as of December 31, 1991 and 1990 and the related statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1991 (not presented herein). These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Georgia-Pacific Corporation and subsidiaries as of December 31, 1991 and 1990 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1991 in conformity with generally accepted accounting principles.

As explained in Notes 1 and 8 to the financial statements, effective January 1, 1991, the Corporation changed its methods of accounting for certain manufacturing supplies and for postretirement health care and life insurance benefits.

ARTHUR ANDERSEN & CO.

Atlanta, Georgia
February 14, 1992
(Except with respect to the matter
discussed in Note 13,
as to which the
date is March 12, 1992)

Significant Events

Operating profits in our building products segment reached record-high levels in 1992.

Weak demand and high capacity in the industry depressed pulp and paper segment profits.

We reduced capital expenditures and working capital and took steps to lower our costs.

Our free cash flow was used to reduce debt by $332 million and to make dividend payments.

(Dollar amounts, except per share, and shares are in millions)	1992	1991	Increase (Decrease)
Net sales	$11,847	$11,524	3%
Net loss*	(60)	(34)	76
Loss per share*	(.69)	(.40)	73
Cash provided by operations**	868	905	(4)
Cash dividends paid	140	140	—
Total assets at year end	10,890	10,622	3
Total debt at year end***	5,767	6,099	(5)
Total debt to capital at year end	56.6%	59.5%	
Cash dividends paid per share of common stock	$ 1.60	$ 1.60	—%
Shares of common stock outstanding at year end	88.1	87.4	1
Shareholders of record at year end	44,000	47,000	(6)

* Before extraordinary item and cumulative effect of accounting changes.
** Excludes the accounts receivable sale program and taxes on asset sales for 1991.
*** Includes the proceeds from the accounts receivable sale program under the assumption that at the end of the program the proceeds will be replaced by debt.

Considering our expectations when the year began, Georgia-Pacific's performance was disappointing in 1992. Although operating profits for our building products business were double 1991 levels, the increase was offset by a decline in pulp and paper profits. By focusing on cash flow, however, we reduced capital expenditures and working capital levels and identified additional opportunities to reduce operating costs. While your company reported a net loss for the year, we generated free cash flow of more than $500 million for debt reduction and for dividends.

FINANCIAL RESULTS Excluding the effects of asset sales in 1991, extraordinary items and accounting changes, Georgia-Pacific reported a loss of $60 million ($.69 a share) in 1992, compared with a loss of $106 million ($1.24 a share) in 1991. Sales in 1992 were $11.8 billion, compared with $11.5 billion in 1991.

The pulp and paper segment reported an operating loss of $8 million, compared with a profit of $362 million in 1991. Excess industry capacity and weak economies in the U.S. and abroad kept prices for key grades under pressure. Prices for communication papers were lower in 1992 than in 1991. A stronger dollar reduced the cost advantage of U.S. market pulp producers; and, after improving for much of the year, prices fell sharply in the fourth quarter. Our adoption of a new income tax accounting standard in 1992 increased depreciation expense for this segment by $65 million.

In contrast, our building products business reported record profits of $691 million in 1992, compared with $344 million in 1991. Environmental restrictions on logging forced more mill closures in the Pacific Northwest, resulting in very tight supplies and higher prices for plywood and lumber. Housing starts and home improvement activity also increased in 1992.

In 1992 our operating cash flow of $868 million, supplemented with $59 million in proceeds from asset sales, covered capital spending and dividends and enabled us to reduce debt by $332 million to $5.77 billion.

We believe that success in our industry depends on our ability to keep costs low. While our assets are among the world's best and we rank among the industry's lowest cost producers, we continuously strive to become even more efficient. In 1992, we announced a plan to focus our Wisconsin paper mills on premium, specialty and technical grades of communication papers.

We currently are reviewing production, marketing and administrative functions throughout our pulp and paper operations, and we have identified opportunities to reduce costs further.

Investments Capital expenditures in 1992 were $384 million. Most projects were undertaken to maintain our facilities, enhance safety or comply with environmental regulations. Working capital was also reduced during the year. We expect to continue tight control of the allocation of cash in 1993.

In May, we purchased a softwood lumber mill in Philomath, Oregon, to process logs from company-owned timberlands. Also last year, we announced plans to construct an oriented strand board plant in West Virginia, and we purchased an option on a Virginia site for another. A project to convert capacity from paper-grade market pulp to higher-value fluff pulp at our Brunswick, Georgia, mill is expected to be completed in May.

We continue to review our operations for fit and performance and will offer for sale those that are not strategic.

Environmental Issues In 1992, we adopted the environmental and forest stewardship principles established by the American Forest and Paper Association. These principles reflect the balance required to protect the environment, while enabling the industry to remain competitive globally and to meet the demand for wood and paper products. Some of the significant issues facing our industry are discussed in the Environmental Issues section of this report.

Executive Assignments At its January 27, 1993 meeting, your board of directors elected A.D. "Pete" Correll to succeed me as chief executive officer effective in May and become chairman following my retirement in December. The board also named James C. Van Meter vice chairman and chief financial officer and W.E. "Ed" Babin executive vice president-pulp and paper. The board selected Pete because of his excellent analytical abilities and his unsurpassed operating experience in the industry. Under his superb leadership, I am confident that our talented management team will continue to move this company toward even greater success.

T. Marshall Hahn, Jr.

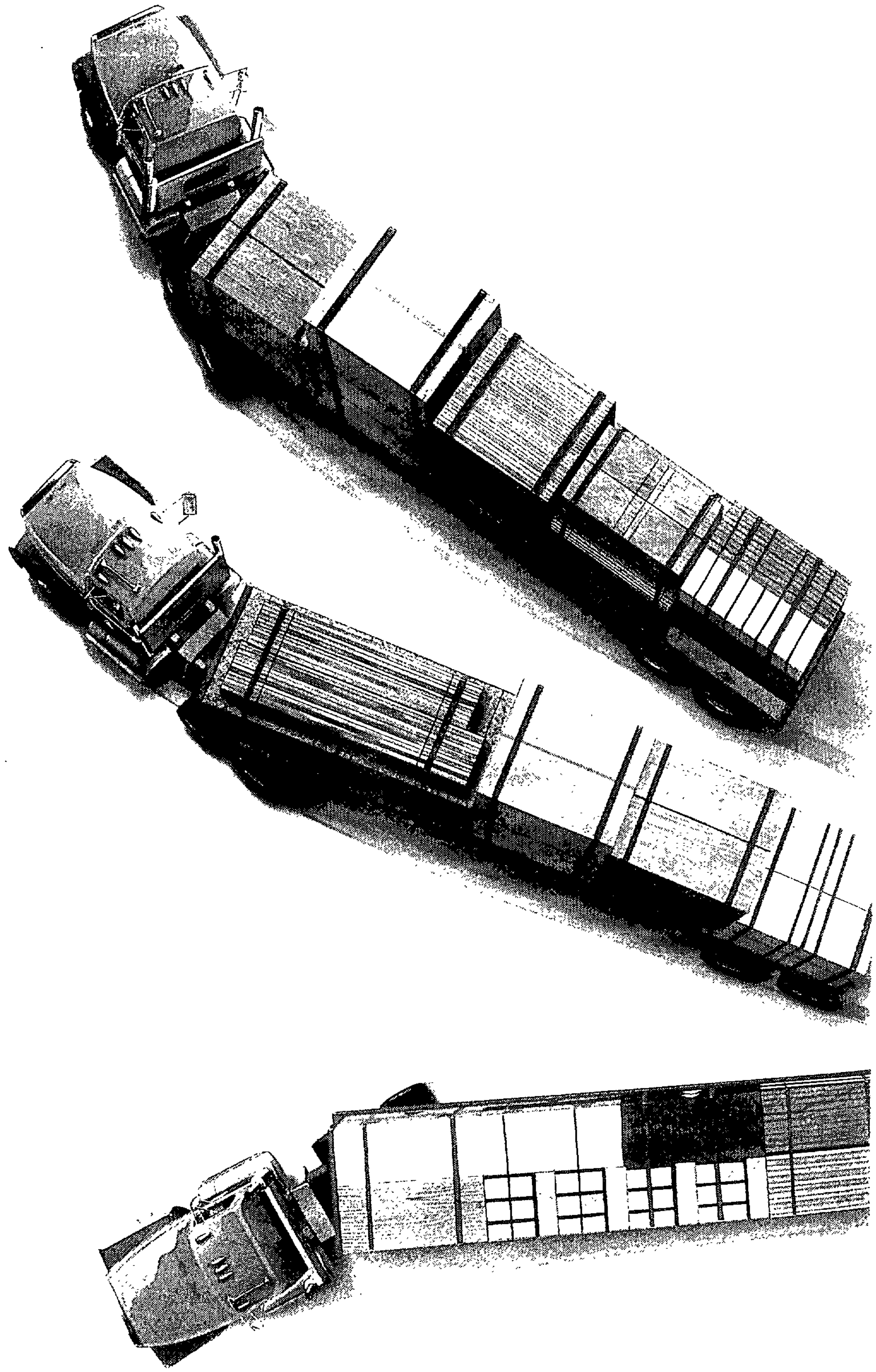
T. Marshall Hahn, Jr.
Chairman and Chief Executive Officer

February 11, 1993

SGP 0001722

A.D. Correll
President and
Chief Operating Officer

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



Building Products

Georgia-Pacific is the leading manufacturer and distributor of building products in the United States. The company produces plywood, oriented strand board and other wood panels, lumber, gypsum wallboard, chemicals and other products at 150 facilities in the United States and 2 in Mexico. The company also is the country's largest building products wholesaler, with distribution centers serving U.S. markets.

With 139 distribution centers and more than 1,100 trucks, we supply a broad line of building products to customers nationwide.

The company's building products business is affected by the level of housing starts; the level of home repairs, remodeling and additions; commercial building activity; the availability and cost of mortgage funds and changes in the industry's capacity.

Georgia-Pacific's building products profits reached record levels in 1992. Although the economy was sluggish, lower mortgage interest rates helped to support an increase in housing construction. Prices for structural panels and lumber rose to record-high levels as logging restrictions on government lands resulted in more mill closures in the West and a tightening supply/demand balance.

Distribution Georgia-Pacific is the leading wholesaler of building products in the United States, with 139 distribution centers located in 46 states. The centers serve traditional lumberyards, consumer-oriented home centers, makers of mobile homes and other manufacturers. Eleven of these are millwork and specialty centers that primarily sell wood mouldings, doors and windows.

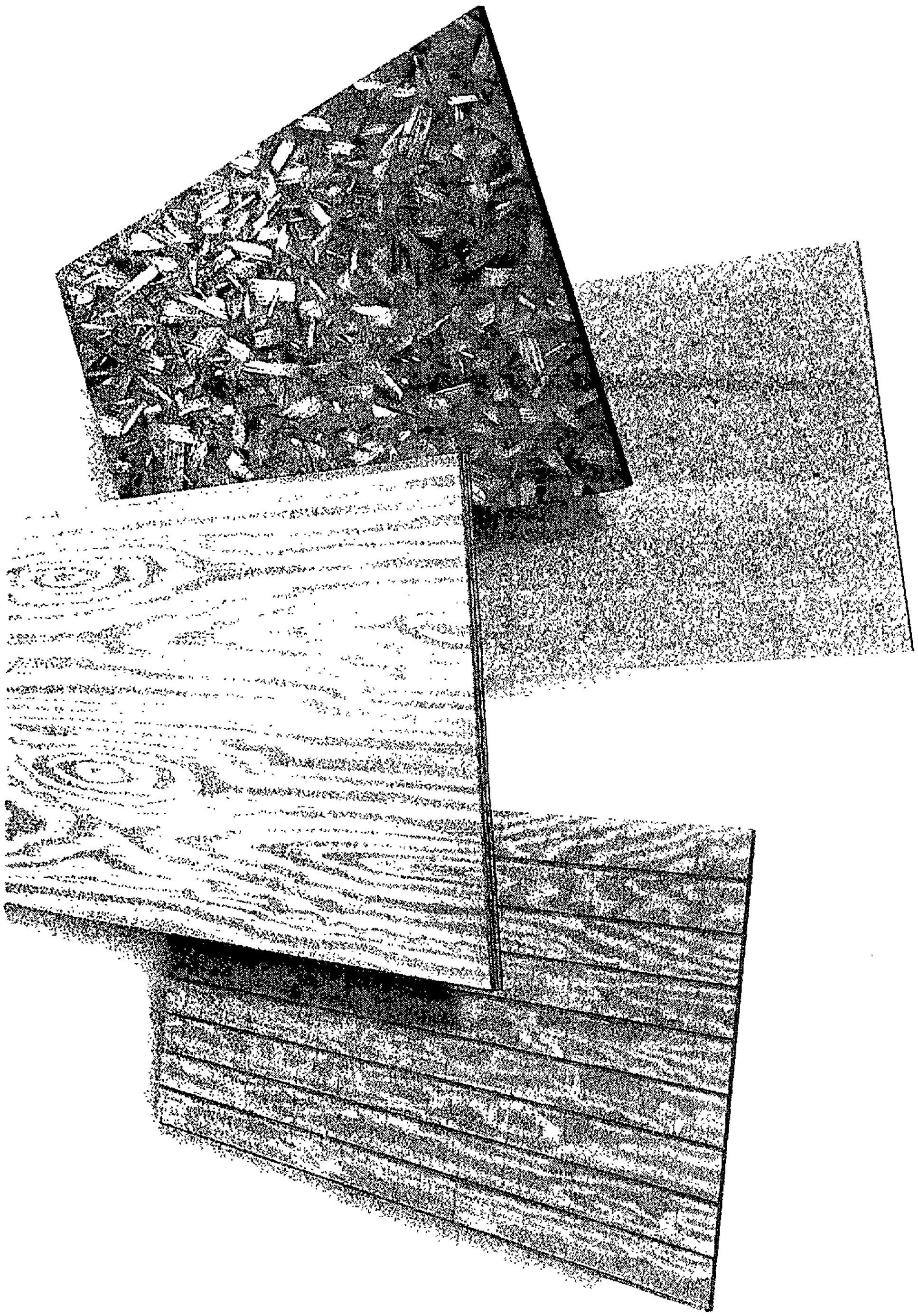
To supplement Georgia-Pacific's production and offer customers a broader line of building products, our distribution centers also purchase products from other manufacturers. In 1992, these purchases were approximately $2.1 billion, almost one-half of all materials sold at our centers. Purchased products include wood panels, lumber and roofing, as well as product lines that we do not manufacture, such as nails and other metal products, doors, insulation, vinyl siding and adhesives.

G-P's building products exports were $141 million in 1992 and are expected to grow in the coming years. We ship building products to 60 countries and have building products sales offices in Europe and Mexico. While our largest export markets are in the Caribbean and Europe, Mexico has been our fastest-growing market in the past two years.

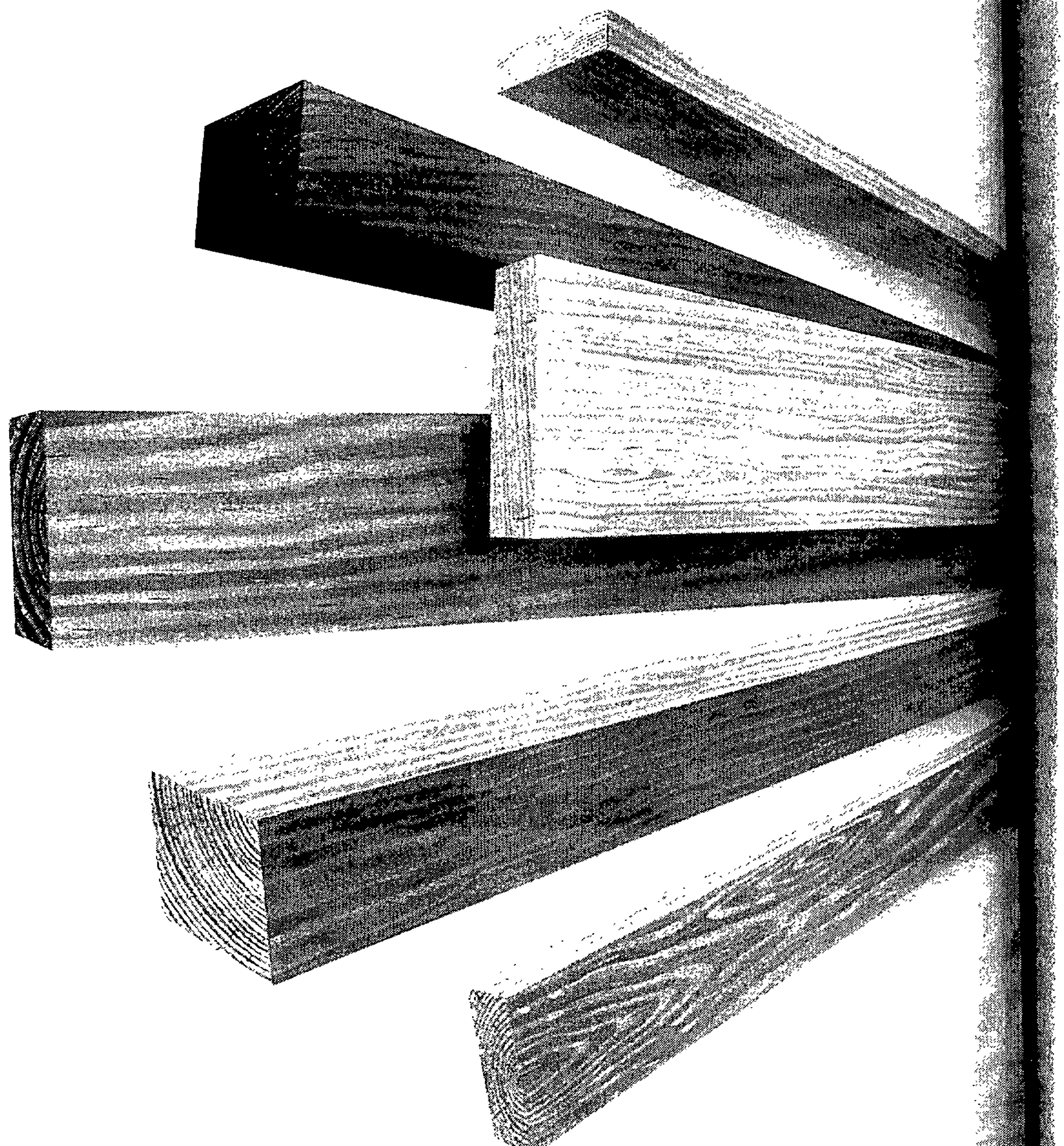
G-P is the largest producer of structural wood panels in the United States, with about 20 percent of domestic capacity.

WOOD PANELS Georgia-Pacific is the largest producer of structural wood panels in the United States, accounting for about 20 percent of domestic structural panel capacity. Our 24 plywood and oriented strand board plants, located primarily in the Southern U.S., can produce 6 billion square feet of panels per year. About 60 percent of our plywood production is devoted to specialty applications such as decorative siding, sanded plywood and concrete form.

Georgia-Pacific is also a major producer of manufactured board products for many industrial and construction applications. Hardboard, particleboard, panelboard, softboard and fiberboard are made from



10 LUMBER



logs, sawdust, shavings and chips at 19 mills. Applications include furniture, housing, shelving, fixtures, toys, automotive parts and siding panels.

Oriented strand board (OSB) is a nonveneered structural panel made from strands of wood that are arranged in layers with perpendicular orientation and bonded with resin. OSB serves many of the same uses as plywood, including roof decking, sidewall sheathing and floor underlayment. In 1992, Georgia-Pacific announced plans to construct its fifth OSB facility at Mt. Hope, West Virginia. The plant will have an annual capacity of 325 million square feet.

Our 43 mills produce about 2.6 billion board feet of lumber annually, approximately 5 percent of domestic production.

LUMBER Georgia-Pacific is the second-largest lumber producer in the U.S. The company produces about 2.6 billion board feet of lumber annually, approximately 5 percent of domestic lumber production. Most of our 43 lumber mills are located in the South. Our products include Southern pine, a variety of Appalachian and Southern hardwoods, cypress, redwood, cedar, spruce, Western pine, Douglas fir and pressure-treated Southern pine.

In 1992, Georgia-Pacific purchased a softwood lumber mill in Philomath, Oregon, to process Douglas fir and Western hemlock logs from company-owned timberlands.

GYPSUM PRODUCTS Georgia-Pacific is the third-largest producer of gypsum products in the United States. Our 10 gypsum board plants have an annual capacity of 3.1 billion square feet of gypsum board. G-P's gypsum products include wallboard, fire-door cores, plaster and joint compound and are primarily used in residential and commercial construction. The company owns gypsum reserves of approximately 125 million recoverable tons.

Chemicals Georgia-Pacific is one of the forest products industry's leading suppliers of resins, adhesives and paper chemicals. The company ships more than 2 billion pounds of thermosetting resins annually from its 16 plants to G-P mills and outside customers.

G-P also produces chemicals for use in other industries and agriculture. In 1992, the company enhanced its presence in the specialty resins market with the purchase of a phenolic resins coatings business, which includes highly specialized resins used in marine varnishes, metal cans and tanks, food containers and other products.

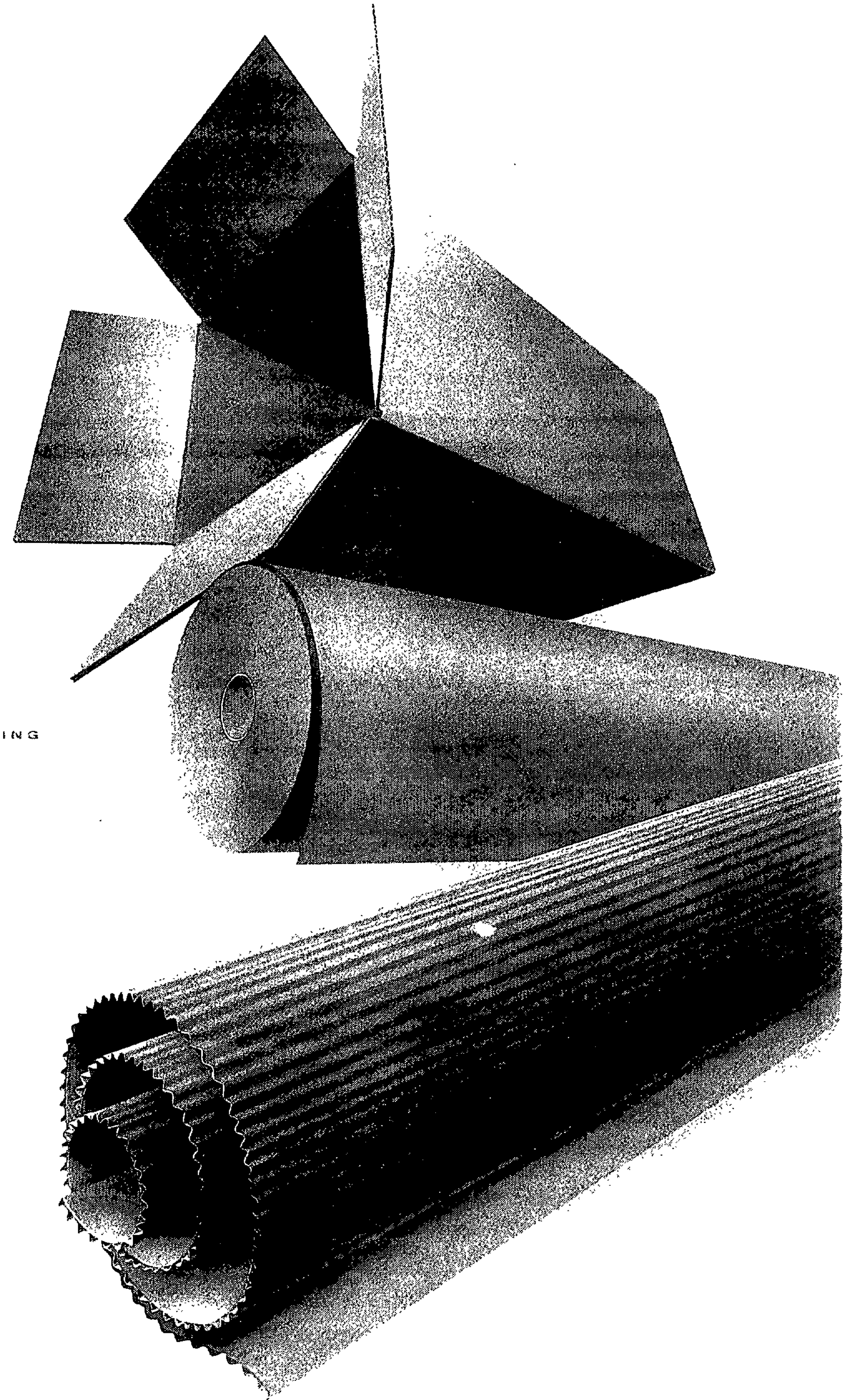
Most of our timberlands are located in the South, providing our mills with a significant part of their wood fiber requirements.

Timber and Timberlands Georgia-Pacific owns or controls more than 6 million acres of timber and timberlands in the U.S. and Canada. Located near our mills, approximately 70 percent of our timber is in the South, 20 percent in the East and 10 percent in the West.

The company's timber holdings include Southern pines and hardwoods; Douglas fir, hemlock and other species in the Pacific Northwest; redwood, Douglas fir, true firs and Western pines in Northern California; and numerous species of hardwoods and softwoods in Maine, New Brunswick, West Virginia and Wisconsin.

Fee-owned timberlands and other timber (controlled through long-term contracts) supply a substantial part of G-P's wood fiber requirements. The rest consists of logs purchased in the open market, plant byproducts such as chips and shavings and other recyclable materials.

SGP 0001731



SGP 0001732

Pulp and Paper

Georgia-Pacific Corporation produces containerboard and packaging, communication papers, market pulp, tissue and envelopes at 103 facilities in the United States and 1 in Canada. The company's pulp, paper and paperboard capacity of 8.6 million tons represents about 8 percent of the total annual capacity in the United States. G-P's Butler Paper subsidiary is one of the country's largest paper distributors.

Markets for Georgia-Pacific's pulp and paper products are affected primarily by changes in industry capacity as well as by the level of economic growth in the United States, currency exchange rates and foreign market conditions. In 1992, sluggish demand in the U.S. and export markets and excess capacity and inventories in the industry combined to keep prices and profits depressed in this segment.

Our four containerboard mills have a combined annual capacity of 3 million tons of linerboard and corrugating medium.

Containerboard and Packaging Georgia-Pacific produces containerboard, corrugated containers and packaging, bleached board and kraft paper. The company is the second-largest producer of containerboard in the United States. Our four containerboard mills have a combined annual capacity of 3 million tons of linerboard and corrugating medium, about 12 percent of U.S. capacity.

Approximately 50 percent of G-P's containerboard production is transferred to the company's 37 corrugated packaging plants and the balance is sold to independent converters. In addition to conventional corrugated containers, G-P's packaging plants manufacture double- and triple-wall containers and packaging, bulk bins, water-resistant packaging and high-finish and preprinted packaging for point-of-sale displays. Approximately 15 percent of its containerboard is exported, primarily to Central America, Western Europe and the Far East.

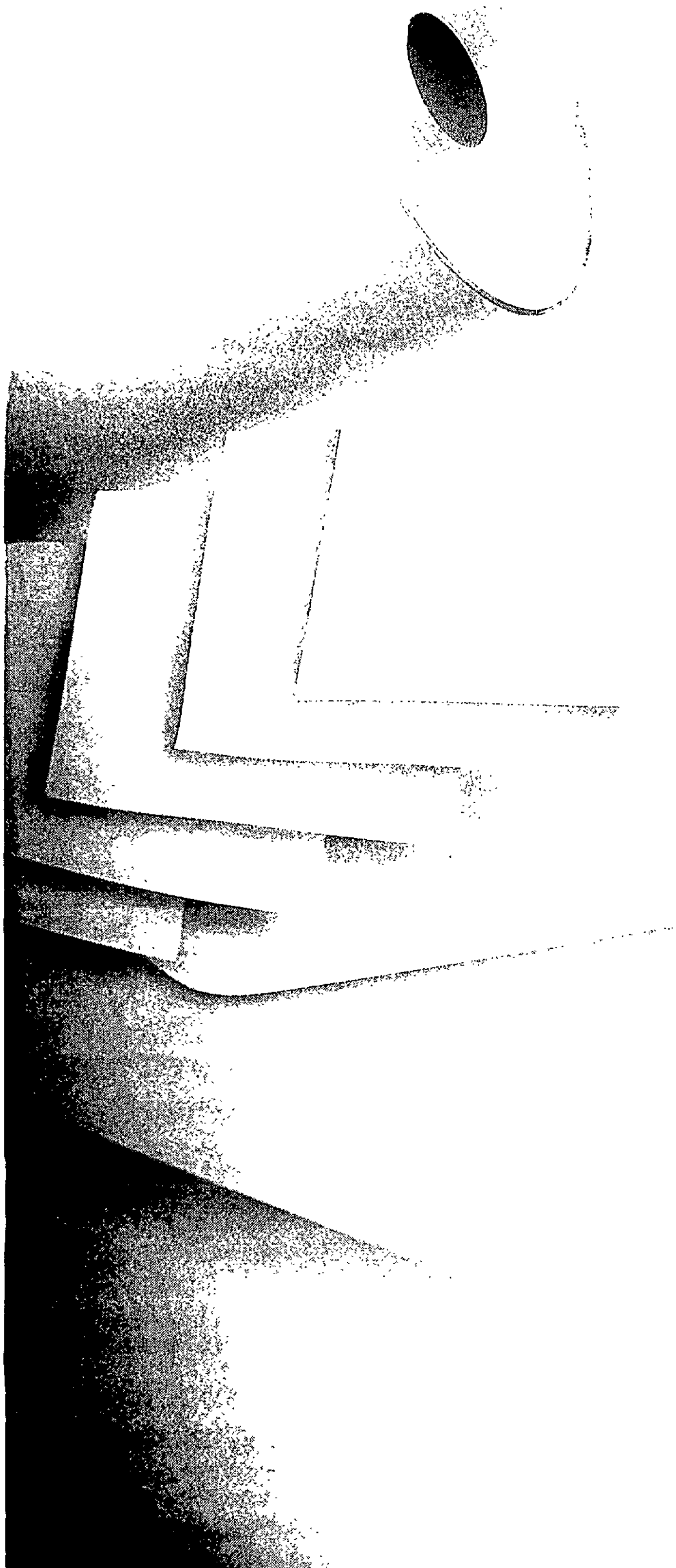
The company can annually produce 364,000 tons of bleached paperboard, for use in frozen food containers, food service items and other products. Approximately 350,000 tons of kraft paper are produced each year, primarily for use in grocery and multiwall bags.

G-P is the nation's largest producer of uncoated free-sheet paper, with an annual capacity of 2.2 million tons.

In 1992, Georgia-Pacific opened the industry's most advanced facility for packaging design and testing. G-P's Technology and Development Center, near Atlanta, Georgia, employs the latest technology to design packaging that meets the needs of our customers. The center tests the performance of packaging by simulating a variety of climatic and shipping conditions.

COMMUNICATION PAPERS The company is the largest producer of uncoated free-sheet paper in the United States. G-P's eight uncoated free-sheet paper mills have a combined annual capacity of 2.2 million tons, approximately 16 percent of the U.S. industry total. Such papers are used in office reprographics and commercial printing, business forms, stationery, tablets, envelopes and checks.

Market conditions in this business have been poor since the spring of 1991. Industry capacity of uncoated free-sheet paper increased approximately 9 percent in the past two years, while demand has been weak. During



this period, prices for some grades have fallen more than $200 per ton.

In 1992, after a thorough study of the buying criteria and brand familiarities of merchants, printers and other end-users, Georgia-Pacific began consolidating its communication papers product lines. To improve brand recognition, business and printing paper products are now marketed as Georgia-Pacific Papers. The Nekoosa name is used by the company's Hopper Paper Division, which markets cover and text and specialty papers.

In addition to paper-grade market pulp, the company is one of the world's leading suppliers of fluff pulp and specialty pulps.

Market Pulp Georgia-Pacific's seven market pulp mills have an annual capacity of 1.9 million tons of market pulp, approximately 20 percent of U.S. capacity. The company is the world's second-largest market pulp producer. We produce Southern softwood, Southern hardwood and Northern hardwood pulps for use in the manufacture of many paper grades, and we are a major supplier of fluff pulp and other specialty pulps.

The increasing use of recycled fiber in the U.S. is expected to limit growth in domestic demand. Increased paper consumption in export markets, however, is expected to boost total market pulp demand. G-P exports approximately 65 percent of its market pulp, employing its direct sales force at pulp sales offices in France, Germany, Italy, Japan, Switzerland, Taiwan and the United Kingdom.

A conversion project underway at G-P's Brunswick, Georgia, pulp mill will expand the company's production of fluff pulp to approximately 550,000 tons per year by mid-1993. Fluff pulp is used primarily in disposable diapers and other sanitary items, products that are experiencing growing demand, particularly in developing countries.

TISSUE Georgia-Pacific is the fifth-largest producer of tissue in the United States, with approximately 9 percent of the industry's capacity. We annually manufacture over 500,000 tons of tissue at five mills. Consumer and commercial tissue products made at our six converting facilities include paper towels, napkins and bath tissue.

Most of G-P's consumer products are sold under our brand names Angel Soft,® Sparkle,® Coronet,® MD® and Delta® by major retailers of food and general merchandise. G-P also produces commercial tissue products for industrial, food-service, office, hotel, motel and hospital markets. Demand for tissue products tends to be relatively stable through economic cycles, although competition in the industry is intense.

The company markets a line of consumer and commercial tissue products, including paper towels, napkins and bath tissue.

PAPER DISTRIBUTION AND ENVELOPES Georgia-Pacific's Butler Paper Company operates 80 distribution centers in 31 states and ranks among the biggest paper distributors in the United States. Butler's customers include commercial printers, in-plant printers, copy centers and major corporations. Butler sells printing, writing and industrial papers obtained from many manufacturers, including our own mills.

The company's Mail-Well Envelope Division is one of the nation's largest envelope manufacturers, with 17 plants capable of producing 15 billion envelopes each year.

SGP 0001740

Georgia-Pacific's highest priority is to protect the health and safety of our employees and customers and the communities near our facilities. We are committed to responsible forest practices and conservation methods. We encourage research directed toward development of a scientific understanding of the environmental impact of our operations. We support regulations that benefit the environment, human health and safety based on sound science and prudent economic analysis.

Georgia-Pacific expects its managers to be aware of the environmental impact of their operations and to direct their operations to protect employees, customers, the local community and natural resources. Georgia-Pacific is committed to operate all of its facilities in compliance with applicable environmental laws, regulations and permits. Through an environmental audit program we monitor compliance with this policy.

In March 1993, Lee M. Thomas will join Georgia-Pacific as senior vice president–environmental and government affairs. Mr. Thomas, former administrator of the U.S. Environmental Protection Agency (EPA), will also be chairman of the company's Environmental Policy Committee. In this position, he will have direct access to Georgia-Pacific's board of directors and regularly will provide the board with environmental reports.

A discussion of some of the most significant issues facing Georgia-Pacific and the industry follows.

FOREST MANAGEMENT Georgia-Pacific manages more than 6 million acres of timberland in North America. Timber is the heart of our business. We have developed extensive forest management guidelines to protect wildlife, maintain water and soil quality and address aesthetic concerns as well as to ensure the sustainability of harvest yields. Many of the provisions of our "Forestry for the '90s" plans exceed current legal requirements and address the public's environmental concerns. Under these guidelines, which are specific for each region where the company operates, we participate in air and stream improvement projects, limit the size of clearcuts in certain areas and exceed state tree planting requirements. The plans also require employing wildlife biologists to help develop management programs that are compatible with preservation of wildlife. In addition, we provide ongoing training on environmental and wildlife issues for Georgia-Pacific foresters.

Among the more significant forest management issues facing Georgia-Pacific and the industry are conservation of wetlands and endangered species.

WETLANDS Wetlands support plant and animal species, help control flooding, improve water quality and offer recreational opportunities. Much of the wetlands in the United States are held by private landowners, ranging from forest products companies to individual woodlot owners. Most are under active forest management.

The Clean Water Act of 1972 legislated federal control of wetlands. Normal silvicultural activities, conducted in accordance with approved Best Management Practices (BMPs), were exempted from wetlands regulation by amendments to the Act. BMPs are guidelines that protect soil and water by governing site preparation, road construction, harvesting methods, drainage and protection of streams.

The definition of wetlands used by the U.S. Environmental Protection Agency is "those areas that are inundated or saturated by surface or ground water at a frequency and duration sufficient to support, and that under normal circumstances do support, a prevalence of vegetation typically adapted for life in saturated soil conditions. Wetlands generally include swamps, marshes, bogs and similar areas."

However, a much broader definition of wetlands was proposed by federal regulators in their Delineation Manual published in 1989. It included under the definition of "jurisdictional wetlands" dryer upland and transition areas not typically associated with wetlands, including great inland portions of the Atlantic and Gulf coastal states, and effectively doubled the acreage subject to federal regulation. Now some groups are seeking elimination of the silvicultural exemption, and a number of proposed revisions to the manual are being debated.

Georgia-Pacific and the forest products industry are concerned that an expanded definition of wetlands and/or elimination of, or changes to, the silvicultural exemption could impose costly and unnecessary restrictions on forest management activities and reduce private timberland value. Georgia-Pacific believes that modern forest management practices are compatible with an environmentally sound wetlands policy and that the silvicultural exemption should be maintained.

Endangered Species Many animals and plants with habitats native to timberlands are protected (or recommended for protection) as endangered species under the federal Endangered Species Act of 1973. The federal government has a mandate to set aside public lands to provide ample habitat for endangered species populations to recover and increase. In order to maintain the existing population on private lands, landowners must not harm or harass an endangered species or negatively affect their habitat.

Two protected species have had the most significant impact on forestry—the Northern spotted owl in the Pacific Northwest and the red-cockaded woodpecker in the South. Some 8.2 million acres have been set aside as critical habitat for the owl, and timber harvest levels have been drastically reduced. In the South, harvesting on federal lands is prohibited within three-quarters of a mile of a red-cockaded woodpecker colony.

Georgia-Pacific's plan to protect red-cockaded woodpeckers on G-P lands has been recognized by the U.S. Fish and Wildlife Service as the most progressive program for private land in the South. Under the plan, our foresters mark habitat areas of active colonies to control harvesting and prevent site disruption. We also are conducting several studies to determine the impact of our forest management practices on endangered species and the amount of habitat required for them.

We believe that proper forest management can protect both wetlands and endangered species and that severe restrictions on privately owned timberlands violate the rights of landowners.

Air and Water Quality Georgia-Pacific's operations are subject to very extensive government regulation pertaining to air emissions, wastewater discharges and solid waste disposal. Over the years, G-P has made significant capital and operating expenditures to comply with environmental regulations. While environmental compliance costs in future years will depend on regulatory and technological developments that cannot be predicted, we expect costs to increase as regulations become more stringent.

Dioxins and Chlorinated Organics

An issue facing the pulp and paper industry relates to questions about the environmental impact of dioxins and other chlorinated

SGP 0001743

organics, which are unintended byproducts of the pulp bleaching process. Dioxins are a family of chemical compounds. One form, 2,3,7,8-TCDD, has been alleged to be a possible human carcinogen after certain laboratory animals exposed to massive doses (far in excess of amounts associated with pulp and paper mills) developed cancers during tests in the 1970s.

The paper industry has moved swiftly to find ways to reduce its inadvertent generation of dioxins and other chlorinated organics. At 9 of our 10 bleached pulp mills, Georgia-Pacific has reduced the concentration of 2,3,7,8-TCDD in its effluent to levels so minute they are not quantifiable using EPA-approved procedures. Ongoing process changes at the tenth mill will accomplish a similar reduction. These reductions were achieved in large part by substituting chlorine dioxide for the molecular chlorine previously used in pulp bleaching processes. The process changes also reduced the levels of other chlorinated organics in the mills' wastewater.

Nevertheless, certain environmental groups have called for the complete elimination of chlorine and chlorine compounds in the pulp bleaching process. We believe that there would be no measurable environmental or public health benefits from a conversion to totally chlorine-free bleaching. The cost of alternative bleaching methods would be staggering — as much as $10 billion for the industry — and such important qualities of pulp and paper as strength, durability, absorbency and softness would be diminished. Georgia-Pacific is committed to producing high-quality, environmentally sound pulp and paper products at the lowest possible cost.

Solid Waste Management Georgia-Pacific is committed to making a significant reduction of America's solid waste by minimizing waste at its source, by utilizing manufacturing wastes efficiently and by recycling post-consumer waste.

In our plants and mills, we often use tree bark, sawdust, other wood wastes and spent pulping liquors for a constant, low-cost source of energy. Approximately 60 percent of the company's energy requirements are generated internally. Wood chips from our building products facilities are shipped to our pulp and paper mills for conversion to pulp and paper. Solid-wood byproducts also are used in the production of particleboard. Wastes that cannot be used internally are properly managed and disposed of in compliance with state and federal laws.

Georgia-Pacific supports the industry's goal to increase the recovery rate for wastepaper in the United States to 40 percent by 1995. We are one of the nation's top paper recyclers, processing more than a million tons of wastepaper each year. Most of this is in the form of old corrugated containers used at our containerboard mills to manufacture linerboard and corrugating medium. We also make 100-percent recycled paperboard to sheathe our gypsum wallboard, and we produce several lines of communication papers using post-consumer wastepaper.

Energy recovery offers a large market for recovered paper, especially the low-quality, mixed paper that cannot be economically converted to new paper products. In 1992, G-P introduced an innovative pilot program to recover paper and convert it into economical, clean-burning supplemental fuel pellets for industrial plant boilers. We believe the use of paper fuel pellets can help save landfill space, lessen reliance on non-renewable fossil fuels and improve air quality by reducing certain emissions associated with coal.

For additional information about these and other environmental issues affecting Georgia-Pacific and the paper and forest products industry, please write to:

Georgia-Pacific Corporation
Environmental Information
Attention: Corporate Communications
P.O. Box 105605
Atlanta, Georgia 30348

Financial Strategy

Georgia-Pacific's emphasis is on generating superior returns to our shareholders. The way we operate our business, allocate capital funds, compensate our employees and manage our capital structure are focused on that objective. We believe that under the appropriate capital structure, excess cash should be returned to our shareholders if it cannot be invested in projects at attractive returns.

The acquisition of Great Northern Nekoosa Corporation (GNN) in 1990 increased our debt substantially. Since then, we have made significant progress toward reducing debt and achieving a capital structure that will provide more financial flexibility.

Capital Structure On December 31, 1992, Georgia-Pacific's debt was $5.77 billion, including $800 million in proceeds from the accounts receivable sale program. In less than three years since the GNN acquisition, we have reduced our total debt by approximately $2 billion – despite the recession and difficult conditions in our industry. In November 1992, Standard and Poor's Corporation announced an upgrade of Georgia-Pacific's senior unsecured debt rating to BBB– from BB+ and the commercial paper rating to A–3 from B.

During 1992 the company continued to restructure its debt, issuing a total of $750 million in 30-year debentures. At year-end the weighted average interest rate on total debt, including the accounts receivable sale program, was 9.3%. Our participation as the fixed-rate payer in interest rate exchange agreements limits the impact of interest rate changes on our interest expense.

We try to balance the amount of debt and equity in a way that will benefit our shareholders, keep our cost of capital low and provide the flexibility we need to finance attractive internal projects or acquisitions. We think that an appropriate level of debt for our mix of businesses and operations is probably in the range of $5.0 to $5.5 billion.

A more detailed discussion of our financing activities in 1992 is included in Management's Discussion and Analysis.

Cash Flow Georgia-Pacific's strong cash flow supports our continued ability to fund necessary capital investments, to pay dividends and interest and to make debt repayments on schedule. We believe that the key to improving the value of our shareholders' investment

SGP 0001746

is to maximize free cash returns from our operations. We define free cash flow as cash from operations plus proceeds from asset sales less capital expenditures.

In 1992, our free cash flow was $535 million, including cash from operations of $868 million and proceeds from asset sales of $59 million, less capital expenditures and other investments of $392 million. Cash from operations exceeded net income by $992 million, primarily because of noncash depreciation, depletion and goodwill amortization charges. Free cash flow was used to pay dividends of $140 million and to reduce debt.

Although the level of free cash flow generated by the company depends on business conditions, we also have been able to increase free cash by careful allocation of cash for capital expenditures and working capital and by selling nonstrategic or underperforming assets.

Capital Investments/Divestitures In a capital-intensive business, our ability to add value depends to a large extent on the allocation of funds to projects with attractive returns. We also routinely evaluate the performance and strategic fit of existing operations—and consider the divestiture of those that are nonstrategic or not expected to deliver adequate returns.

We evaluate capital projects and acquisitions by the rate of return of free cash flow expected to be generated over the life of the investment. Our hurdle rate of return takes into account risk factors that can affect the project's return.

In 1992, capital spending was $384 million. Most of our recent capital projects have primarily been defensive in nature, such as those undertaken to maintain our facilities, to comply with environmental regulations or to ensure the safety of our employees.

Incentive Compensation Plans We have implemented compensation programs that align our managers' economic interests with those of our shareholders. These programs include a short-term incentive plan based on annual performance and a long-term plan that is linked to the company's share price. Cash bonuses under our Management Incentive Plan for 1992 and 1993 are based on free cash flow, with a minimum target established at the beginning of the year.

Under our 1990 Long-Term Incentive Plan, awards of G-P common stock depend upon achieving specified increases in share price and upon the plan participant's continued employment for a specific time. During 1992, 538,000 shares of restricted G-P common stock were awarded after the initial share price targets of $60 or more were achieved. Most of the future awards are based on achieving share price targets of $70, $80, $90 and $100 before the plan expires in March 1995.

DIVIDENDS AND SHARE REPURCHASES Managing and reinvesting in our core businesses to add value for the shareholder is our primary responsibility. To the extent that we cannot identify satisfactory investment opportunities, however, we are committed to returning cash to our shareholders through dividends or share repurchases.

Our policy is to pay dividends at a rate of approximately one-third of sustainable earnings. We consider sustainable earnings to be the average earnings expected over a cycle. Recognizing the cyclical nature of our business, we do not intend to adjust dividends based on short-term swings in earnings.

Our board of directors authorized a share repurchase program that began in 1987 as a means of distributing cash to our shareholders and of maintaining our ratio of debt to capital within a target range. During 1987, 1988 and 1989, we repurchased 26.2 million shares of common stock at a total cost of $1.1 billion. In 1989, we suspended our share repurchase program, anticipating the higher leverage that resulted from the GNN acquisition. We anticipate that share repurchases will again be an option for the use of excess cash after we reduce debt to an appropriate level.

SGP 0001748

1992 COMPARED WITH 1991

Georgia-Pacific's consolidated net sales of $11.8 billion in 1992 were 2.8 percent higher than 1991 net sales of $11.5 billion. The Corporation's net loss in 1992 was $124 million ($1.43 per share), which includes a $55 million (64 cents per share) after-tax charge for an accounting change and a $9 million (10 cents per share) after-tax loss on the early extinguishment of debt. The Corporation's net loss in 1991 was $142 million ($1.65 per share), including $72 million (84 cents per share) of after-tax gains on asset sales, a $45 million (52 cents per share) net after-tax loss on early extinguishment of debt and a $63 million (73 cents per share) net after-tax charge for accounting changes.

The Corporation adopted Financial Accounting Standard Number 109, "Accounting for Income Taxes," (FAS 109) effective January 1, 1992. In addition to the one-time, after-tax charge of $55 million for the cumulative effect of the adoption of FAS 109, the pretax loss for 1992 includes an additional charge for depreciation and depletion of $69 million, which was offset by a reduction in income tax expense of approximately $83 million, as a result of the accounting change. The $55 million charge resulted primarily from providing deferred income taxes for differences between the remaining net book values and the tax bases of net assets acquired in purchase transactions other than the acquisition of Great Northern Nekoosa Corporation (GNN), partially offset by a reduction in previously provided deferred taxes to reflect the lower current statutory income tax rate. Also as a part of the adoption of FAS 109, the Corporation recorded adjustments to various balance sheet accounts which resulted from adjusting to pretax amounts the carrying values of certain assets and liabilities related to the Corporation's acquisition of GNN in March 1990. These adjustments are detailed in Note 5 of the Notes to Financial Statements. The adjusted carrying values resulted in additional depreciation and depletion expense of $4 million for the building products segment and additional depreciation of $65 million for the pulp and paper segment for 1992.

The Corporation adopted Financial Accounting Standard Number 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," effective January 1, 1991. This resulted in a one-time, after-tax charge of $119 million in 1991.

Also effective January 1, 1991, the Corporation changed its accounting policy to include in inventory certain supplies that were previously expensed. The cumulative effect of this change for years prior to 1991 was to increase income by $56 million after taxes in 1991.

In November 1992, the Financial Accounting Standards Board issued Financial Accounting Standard Number 112, "Employers' Accounting for Postemployment Benefits," which requires recognition of benefits provided by an employer to former or inactive employees after employment but before retirement. Companies are required to adopt the new standard no later than for fiscal years beginning after December 15, 1993. The Corporation has not determined the period in which the new standard will be adopted or the impact of adoption.

SELECTED INDUSTRY SEGMENT DATA

	Year ended December 31		
(Millions)	1992	1991	1990
Net sales			
Building products	$ 6,112	$ 5,405	$ 5,923
Pulp and paper	5,711	6,089	6,702
Other operations	24	30	40
Total net sales	$11,847	$11,524	$12,665
Operating profits			
Building products	$ 691	$ 344	$ 423
Pulp and paper	(8)	362	979
Other operations	9	17	17
Other income	–	344	48
Total operating profits	692	1,067	1,467
General corporate	(166)	(165)	(94)
Interest expense	(565)	(584)	(606)
Cost of accounts receivable sale program	(35)	(59)	(48)
(Provision) benefit for income taxes	14	(293)	(354)
Income (loss) before extraordinary item and accounting changes	(60)	(34)	365
Extraordinary item, net of taxes	(9)	(45)	–
Cumulative effect of accounting changes, net of taxes	(55)	(63)	–
Net income (loss)	$ (124)	$ (142)	$ 365

SGP 0001749

The building products segment reported sales of $6.1 billion in 1992, 13.1 percent higher than $5.4 billion in 1991. Operating profits in 1992 of $691 million were significantly higher than $344 million in 1991. The return on sales was 11.3% and 6.4% in 1992 and 1991, respectively. The increase in operating profits is primarily the result of average prices for 1992 being higher for most of the Corporation's building products compared with 1991. Supply constraints caused by environmental restrictions on logging in the West resulted in higher prices during most of 1992. More recently, the wet weather in the South has further reduced log inventories throughout the industry, thus tightening an already restricted supply. Although significant changes in demand are not expected in the near future, supply constraints are expected to continue to favorably impact prices for most of the Corporation's building products in 1993.

Sales in the pulp and paper segment declined 6.2 percent to $5.7 billion in 1992 compared with $6.1 billion in 1991. Pulp and paper reported an operating loss in 1992 of $8 million compared with operating profits of $362 million in 1991. In 1992, continuing excess industry capacity and weak market conditions have resulted in lower prices for most of the Corporation's pulp and paper grades. Bleached board, kraft paper and communication papers average prices were lower in 1992 compared with 1991, and average market pulp, containerboard and packaging prices in 1992 were approximately the same compared with 1991. Prices for most of these pulp and paper products, however, finished the year lower than average prices for all of 1992. Pulp and paper's 1992 operating results were also impacted by additional depreciation expense of $65 million due to the adoption of FAS 109 and, in the fourth quarter, a $28 million charge for the write-down of certain facilities to net realizable value.

The Corporation does not expect demand to increase enough to absorb the excess capacity in the pulp and paper industry in 1993. Additionally, movements in exchange rates could result in price reductions for certain of the Corporation's products. As a result, prices for most of the Corporation's pulp and paper products are not expected to improve significantly in the near future.

The Corporation will continue its reengineering of operating and administrative processes to achieve greater efficiencies and reduce costs. Additionally, the Corporation will continue to review its business units to identify those that are not strategic to its principal operations. Efforts to reduce working capital employed in the business were successful in the second half of 1992 and will continue throughout 1993.

The Corporation reported a $74 million pretax loss for 1992 before the extraordinary item and the cumulative effect of the accounting change. The 1992 tax benefit of $14 million resulted in an effective tax rate of 18.9 percent. The pretax loss on which tax expense was computed, excluding the cumulative effect of accounting changes, was approximately $51 million. This amount differs from the 1992 reported pretax loss by $37 million primarily because of nondeductible goodwill amortization expense associated with past business acquisitions.

Excluding asset sales, the extraordinary item and the cumulative effect of accounting changes, the Corporation reported a pretax loss of $85 million for 1991. The 1991 tax provision of $293 million resulted in an effective tax rate of 113.1 percent. Income on which the 1991 tax provision was computed, excluding asset sales, the extraordinary item and the cumulative effect of accounting changes, was approximately $57 million. This amount differs from the 1991 reported pretax loss by $142 million primarily because of nondeductible depreciation, depletion and goodwill amortization expenses associated with the revaluation of assets in past business acquisitions. The lower effective tax rate in 1992 is primarily a result of the adoption of FAS 109.

During 1991, the Corporation sold assets for combined cash proceeds of approximately $1.2 billion and recognized a pretax gain of $344 million ($72 million after taxes) which is included in other income in the accompanying statements of income. The Corporation had no major divestitures in 1992.

The Corporation's interest expense and cost of accounts receivable sale program were a combined $600 million in 1992, compared with $643 million in 1991. Interest expense includes $4 million in 1992 and $35 million in 1991 of noncash amortization. Lower expense in 1992 compared with 1991 is primarily the result of a reduction in debt of $332 million.

Liquidity and Capital Resources

Operating Activities In 1992, cash provided by operations was $868 million compared with $580 million in 1991. Excluding the reduction of the accounts receivable sale program by $50 million in 1991, and tax payments on asset sales of approximately $275 million in 1991, cash provided by operations decreased $37 million in 1992 compared with 1991.

During 1992, the Corporation reached a settlement with the Internal Revenue Service (IRS) to resolve all pending income tax issues related to Georgia-Pacific Corporation for the years 1984 through 1988. As a result of this settlement, $155 million in additional taxes and interest will be paid in 1993. For further discussion, refer to Note 9 of the Notes to Financial Statements.

Investment Activities Capital expenditures in 1992 were $384 million, including $217 million in the pulp and paper segment, $111 million in the building products segment, $37 million for timber and timberlands and $19 million of other expenditures. Capital expenditures of approximately $500 million are currently projected for 1993. This includes approximately $280 million for projects started prior to 1993.

During 1992, capital expenditures for pollution control facilities and equipment were approximately $72 million. The Corporation's 1993 capital expenditure budget includes approximately $134 million for pollution control facilities and equipment. Certain other capital projects which are being undertaken for the primary reasons of achieving financial returns or improving safety will also include expenditures for pollution control facilities and equipment. The Corporation is expected to be required to increase its environmental capital expenditures over the next several years in order to conform its operations to increasingly stringent standards for compliance with air, water and solid and hazardous waste regulations. The amount of the increase will be affected by expenditures which may be required in order to reduce discharges of dioxin and other chlorinated organics under the Clean Water Act and to comply with the Clean Air Act of 1990.

In order to reduce its discharges of dioxins, the Corporation's operating strategy has been, and continues to be, to increase the use of chlorine dioxide and decrease the amounts of elemental chlorine used in its pulp and paper bleaching processes. The U.S. Environmental Protection Agency (EPA) is currently reassessing federal standards for dioxin and other chlorinated organics. Although new federal standards are not expected to be proposed until 1993, management believes that the Corporation's mills are likely to be in substantial compliance with the new proposed standards as a result of amounts already spent for chlorine dioxide substitution.

Significant capital expenditures could be required over a several-year period in order to comply with air pollutant emission standards established by the Clean Air Act of 1990. The amount of the increase cannot be reasonably estimated at this time because the EPA has not developed specific guidelines for the pulp and paper industry. Final standards are expected to be issued in 1995, with compliance required in 1998.

In October 1992, the Corporation announced that it has reached an agreement in principle with Borregaard Industries Limited, for the purchase by Borregaard of the Corporation's lignosulfonate and alcohol processing operations at Bellingham, Washington for approximately $41 million. The transaction is subject to various conditions, including negotiation of a definitive agreement, receipt of antitrust and other necessary government approvals and authorization by both companies' boards of directors. Delays have been experienced in the antitrust approval process and the Corporation does not expect that the transaction will be completed as originally contemplated.

In November 1992, the Corporation announced its intent to sell its roofing manufacturing business. The Corporation intends to continue as a distributor of roofing products.

During 1991, the Corporation recognized a combined pretax gain of $344 million ($72 million after taxes) on asset sales. For a discussion of the individual transactions, see Note 4 of the Notes to Financial Statements.

Financing Activities During 1992, the Corporation reduced total debt by $332 million to approximately $5.8 billion. This includes a net reduction in commercial paper and other short-term notes of approximately $519 million offset by a $187 million increase in long-term debt. Significant financing transactions during 1992 were as follows:

- Issuance of $250 million of 9⅝% Debentures Due March 15, 2022,
- Issuance of $250 million of 9½% Debentures Due May 15, 2022,
- Issuance of $250 million of 9⅛% Debentures Due July 1, 2022,
- Redemption in full of $125 million aggregate principal amount of 11.30% Discount Term Debentures Due 2015,
- Redemption in full of $50 million aggregate principal amount of 9¾% Notes due 1995,
- Repurchase of approximately $32 million of 10.5% Debentures Due 2018, and
- Refunding of $73 million of 11.25% industrial revenue bonds.

On December 31, 1991, the Corporation refinanced its existing revolving credit facility by entering into a new agreement with Bank of America National Trust and Savings Association and 24 other domestic and international banks which provides a three-year unsecured revolving credit facility of $1.5 billion. The revolving credit facility is being used as support for commercial paper and other short-term borrowings, including bid borrowings made under the agreement. As of December 31, 1992, $809 million was available in excess of all short-term borrowings outstanding under or supported by the facility.

The revolving credit agreement contains certain restrictive covenants which were amended effective October 15, 1992, as described in Note 8 of the Notes to Financial Statements. The Corporation was in compliance with these covenants at December 31, 1992.

At December 31, 1992, the Corporation's weighted average interest rate on total debt, including the $800 million accounts receivable sale program, was 9.3%. At December 31, 1992, the Corporation had outstanding interest rate exchange agreements which effectively converted $1.9 billion of floating rate obligations with a weighted average interest rate of approximately 3.6% to fixed rate obligations with an average effective interest rate of approximately 9.0%. As of December 31, 1992, the Corporation's total floating rate debt, including the accounts receivable sale program, exceeded related interest rate exchange agreements by approximately $205 million.

Georgia-Pacific's ratio of total debt to capital, assuming the proceeds from the accounts receivable sale program will be replaced by debt at the end of the program, was 56.6% at December 31, 1992, compared with 59.5% at December 31, 1991. The 1992 ratio decreased primarily as a result of the adoption of FAS 109 which significantly increased deferred income taxes.

Cash flow from operations, together with the Corporation's available financing sources, is expected to be sufficient to make planned capital investments, dividend payments and scheduled debt repayments.

The Corporation has disclosed the fair value of its short- and long-term debt and its interest rate exchange agreements in accordance with Financial Accounting Standard Number 107, "Disclosures about Fair Value of Financial Instruments," in Note 8 of the Notes to Financial Statements. The fair value of these liabilities is greater than the carrying value due to the current low interest rate environment.

Other In January 1993, the Corporation's board of directors announced the election of A.D. "Pete" Correll as Chief Executive Officer effective May 4, 1993. Mr. Correll, currently President and Chief Operating Officer, will become Chairman and Chief Executive Officer following the retirement of T. Marshall Hahn, Jr. on December 2, 1993. Mr. Hahn will continue as a director following his retirement.

Due to inflation, the current values of property, plant and equipment and timber and timberlands are higher than the historical costs reported in the financial statements. Accordingly, depreciation and depletion expense would be higher if the costs of such assets were adjusted to a current cost basis. The adverse effects resulting from such an adjustment to income would be offset to some extent by a gain due to the fact that the Corporation's net excess of monetary liabilities over monetary assets would be repaid in less costly dollars than the dollars (with higher purchasing power) originally received for the obligations to be repaid.

For a discussion of commitments and contingencies, see Note 12 of the Notes to Financial Statements.

1991 Compared with 1990

Georgia-Pacific's consolidated net sales of $11.5 billion in 1991 were 9 percent lower than in 1990. The Corporation's net loss in 1991 was $142 million ($1.65 per share), including $72 million (84 cents per share) of after-tax gains on asset sales, a $45 million (52 cents per share) net after-tax loss on early extinguishment of debt and a $63 million (73 cents per share) net after-tax charge for accounting changes. Net income in 1990 was $365 million ($4.28 per share), including $30 million (35 cents per share) of after-tax gains on asset sales. The 1990 results reflect the acquisition of GNN beginning on March 9, 1990.

The Corporation adopted Financial Accounting Standard Number 106, "Employers' Accounting for Post-retirement Benefits Other Than Pensions," effective January 1, 1991. This resulted in a one-time, after-tax charge of $119 million. An additional pretax accrual of $23 million ($14 million after taxes) was made against operations in 1991.

Also effective January 1, 1991, the Corporation changed its accounting policy to include in inventory certain supplies that were previously expensed. The cumulative effect of this change for years prior to 1991 was to increase income by $56 million after taxes in 1991. This change had no effect on 1991 operations.

The building products segment reported sales of $5.4 billion in 1991, 8.7 percent lower than $5.9 billion in 1990. Operating profits in 1991 of $344 million were 18.7 percent lower than $423 million in 1990. The return on sales was 6.4% and 7.1% in 1991 and 1990, respectively. Operating profits were lower in 1991 due to weak demand for building products. Although housing starts in 1991 dropped to their lowest level since 1946, average prices for plywood and lumber remained near 1990 average price levels primarily due to tight log supplies caused by environmental restrictions on logging in the West.

Sales in the pulp and paper segment declined 9.1 percent to $6.1 billion in 1991, compared with $6.7 billion in 1990, primarily as a result of the containerboard and packaging assets sold in January 1991 and lower prices. Operating profits in 1991 of $362 million were 63 percent lower than $979 million in 1990. The return on sales fell to 5.9% in 1991, from 14.6% in 1990. The economic recession and increased industry capacity resulted in lower prices for grades that make up most of the Corporation's production and a sharp decline in pulp and paper operating profits. Prices for market pulp, communication papers and containerboard declined during most of 1991 and were significantly lower than 1990 levels, although containerboard and communication papers prices improved in the latter part of the year.

Other income in 1991 reflects a $344 million pretax gain on asset sales. Excluding asset sales, the extraordinary item and the cumulative effect of accounting changes, the Corporation reported a pretax loss of $85 million and an income tax provision of $21 million in 1991. The income on which the tax provision was computed, excluding asset sales, extraordinary item and the cumulative effect of accounting changes, was approximately $57 million. This amount differs from the 1991 reported pretax loss by $142 million primarily because of nondeductible depreciation, depletion and goodwill amortization expenses associated with the revaluation of assets in past business acquisitions.

Other income in 1990 reflects a $48 million pretax gain on asset sales. Excluding asset sales, the Corporation reported pretax income of $671 million and income tax expense of $336 million in 1990. Income on which tax expense was computed, excluding asset sales, was approximately $884 million. This amount differs from 1990 reported pretax income by $213 million primarily because of nondeductible depreciation, depletion and goodwill amortization expenses associated with the revaluation of assets in past business acquisitions.

General corporate expense was $165 million in 1991, compared with $94 million in 1990. The increase was primarily attributable to compensation programs tied to the Corporation's common stock price.

The Corporation's interest expense and cost of accounts receivable sale program were a combined $643 million in 1991, compared with $654 million in 1990. Interest expense includes $35 million in 1991 and $31 million in 1990 of noncash amortization.

(Millions, except per share amounts)	Year ended December 31 1992	1991	1990
Net sales	$11,847	$11,524	$12,665
Costs and expenses			
Cost of sales	9,432	9,199	9,738
Selling, general and administrative	1,135	1,102	951
Depreciation and depletion	789	724	699
Interest	565	584	606
Other income	—	(344)	(48)
Total costs and expenses	11,921	11,265	11,946
Income (loss) before income taxes, extraordinary item and accounting changes	(74)	259	719
Provision (benefit) for income taxes	(14)	293	354
Income (loss) before extraordinary item and accounting changes	(60)	(34)	365
Extraordinary item — loss from early retirement of debt, net of taxes	(9)	(45)	—
Cumulative effect of accounting changes, net of taxes	(55)	(63)	—
Net income (loss)	$ (124)	$ (142)	$ 365
Per share:			
Income (loss) before extraordinary item and accounting changes	$ (.69)	$ (.40)	$ 4.28
Extraordinary item, net of taxes	(.10)	(.52)	—
Cumulative effect of accounting changes, net of taxes	(.64)	(.73)	—
Net income (loss)	$ (1.43)	$ (1.65)	$ 4.28
Average number of shares outstanding	86.4	85.8	85.3

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

SGP 0001754

(Millions)	Year ended December 31 1992	1991	1990
Cash provided by (used for) operations			
Net income (loss)	$(124)	$ (142)	$ 365
Adjustments to reconcile net income (loss) to cash provided by operations:			
Depreciation	747	673	622
Depletion	42	51	77
Deferred tax provision (benefit)	(133)	(25)	48
Amortization of goodwill	59	60	50
Cumulative effect of accounting changes, net of taxes	55	63	—
Stock compensation programs	42	67	4
Gain on sales of assets	(33)	(38)	(16)
Amortization of debt issue costs, discounts and premiums	6	35	31
Other income	—	(344)	(48)
Extraordinary item, net of taxes	—	45	—
(Increase) decrease in receivables	(87)	92	929
(Increase) decrease in inventories	61	(43)	34
Change in other working capital	206	43	(12)
Change in other assets and other long-term liabilities	27	43	(11)
Cash provided by operations	868	580	2,073
Cash provided by (used for) investment activities			
Capital expenditures			
Property, plant and equipment	(347)	(490)	(833)
Timber and timberlands	(37)	(38)	(33)
Total capital expenditures	(384)	(528)	(866)
Acquisition of Great Northern Nekoosa Corporation	—	(7)	(3,565)
Proceeds from sales of assets	59	1,251	204
Other	(8)	30	(2)
Cash provided by (used for) investment activities	(333)	746	(4,229)
Cash provided by (used for) financing activities			
Repayments of long-term debt	(566)	(2,055)	(5,543)
Additions to long-term debt	754	610	7,111
Fees paid to issue debt	(7)	(4)	(114)
Increase (decrease) in bank overdrafts	(50)	27	(29)
Increase (decrease) in commercial paper and other short-term notes	(519)	226	905
Cash dividends paid	(140)	(140)	(139)
Cash provided by (used for) financing activities	(528)	(1,336)	2,191
Increase (decrease) in cash	7	(10)	35
Balance at beginning of year	48	58	23
Balance at end of year	$ 55	$ 48	$ 58

The accompanying notes are an integral part of these financial statements.
Refer to Note 5 for supplemental cash flow information.

SGP 0001755

(Millions, except shares and per share amounts)	December 31 1992	1991
Assets		
Current assets		
Cash	$ 55	$ 48
Receivables, net	331	228
Inventories	1,192	1,228
Other current assets	29	58
Total current assets	1,607	1,562
Timber and timberlands, net	1,402	1,377
Property, plant and equipment, net	5,831	5,567
Goodwill	1,891	1,949
Other assets	159	167
Total assets	$10,890	$10,622
Liabilities and shareholders' equity		
Current liabilities		
Bank overdrafts, net	$ 121	$ 171
Commercial paper and other short-term notes	691	1,210
Current portion of long-term debt	257	346
Taxes payable	193	3
Accounts payable	563	488
Other current liabilities	627	504
Total current liabilities	2,452	2,722
Long-term debt, excluding current portion	4,019	3,743
Other long-term liabilities	709	626
Deferred income taxes	1,202	795
Commitments and contingencies		
Shareholders' equity		
Common stock, par value $.80; authorized 150,000,000 shares; 88,111,000 and 87,421,000 shares issued	70	70
Additional paid-in capital	1,094	1,045
Retained earnings	1,393	1,657
Long-term incentive plan deferred compensation	(39)	(28)
Other	(10)	(8)
Total shareholders' equity	2,508	2,736
Total liabilities and shareholders' equity	$10,890	$10,622

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

SGP 0001756

(Millions, except shares)

Common stock shares issued		Total	Common stock	Additional paid-in capital	Retained earnings	Long-term incentive plan deferred compensation	Other
86,664,000	Balance at December 31, 1989	$2,717	$69	$1,009	$1,713	$(56)	$(18)
	Net income	365	—	—	365	—	—
	Cash dividends declared–$1.60 per common share	(139)	—	—	(139)	—	—
	Common stock issued:						
12,000	Stock option plan	—	—	—	—	—	—
45,000	Employee stock purchase plan	1	—	1	—	—	—
(17,000)	Long-term incentive plan	10	—	(16)	—	26	—
	Other	21	—	1	—	—	20
86,704,000	Balance at December 31, 1990	2,975	69	995	1,939	(30)	2
	Net loss	(142)	—	—	(142)	—	—
	Cash dividends declared–$1.60 per common share	(140)	—	—	(140)	—	—
	Common stock issued:						
145,000	Stock option plan	8	—	8	—	—	—
580,000	Employee stock purchase plans	20	1	19	—	—	—
(8,000)	Long-term incentive plan	25	—	23	—	2	—
	Other	(10)	—	—	—	—	(10)
87,421,000	Balance at December 31, 1991	2,736	70	1,045	1,657	(28)	(8)
	Net loss	(124)	—	—	(124)	—	—
	Cash dividends declared–$1.60 per common share	(140)	—	—	(140)	—	—
	Common stock issued:						
186,000	Stock option plan	12	—	12	—	—	—
112,000	Employee stock purchase plan	4	—	4	—	—	—
392,000	Long-term incentive plan	22	—	33	—	(11)	—
	Other	(2)	—	—	—	—	(2)
88,111,000	**Balance at December 31, 1992**	**$2,508**	**$70**	**$1,094**	**$1,393**	**$(39)**	**$(10)**

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

SGP 0001757

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION The consolidated financial statements include the accounts of Georgia-Pacific Corporation and subsidiaries (the Corporation). All significant intercompany balances and transactions are eliminated in consolidation.

REVENUE RECOGNITION The Corporation recognizes revenue when title to the goods sold passes to the buyer, which is generally at the time of shipment.

INCOME (LOSS) PER SHARE Income (loss) per share is computed based on net income (loss) and the weighted average number of common shares outstanding (net of restricted stock). The effects of assuming issuance of common shares under long-term incentive, stock option and stock purchase plans were either insignificant or antidilutive. The number of shares used in the income (loss) per share computations were 86,402,000 in 1992, 85,837,000 in 1991 and 85,322,000 in 1990.

INVENTORY VALUATION Inventories are valued at the lower of average cost or market and include the cost of materials, labor and manufacturing overhead. The last-in, first-out (LIFO) dollar value pool method is used to value approximately 49% and 54%, respectively, of inventories at December 31, 1992 and 1991.

Effective January 1, 1991, the Corporation changed its accounting policy at certain manufacturing facilities to include in inventory certain supplies that were previously expensed. The Corporation believes this method is preferable because it provides a better matching of costs and related revenues and is more consistent with the Corporation's tax reporting method. The cumulative effect of this change for years prior to 1991 was to increase net income by $56 million in 1991 after related income tax expense of $35 million. This change had no effect on 1991 operating results after recording the cumulative effect for years prior to 1991. The pro forma effect of the change on years prior to 1991 was not determinable.

PROPERTY, PLANT AND EQUIPMENT Property, plant and equipment are recorded at cost. Lease obligations for which the Corporation assumes substantially all the property rights and risks of ownership are capitalized. Replacements of major units of property are capitalized and the replaced properties are retired. Replacements of minor components of property and repair and maintenance costs are charged to expense as incurred.

Depreciation is computed by the straight-line method over the estimated useful lives of the related assets. Useful lives are 20 years for land improvements, 20 to 33 years for buildings and 3 to 20 years for machinery and equipment. Upon retirement or disposition of assets, cost and accumulated depreciation are removed from the related accounts and any gain or loss is included in income.

Effective January 1, 1991, the Corporation changed its depreciation method from the composite rate method to providing depreciation expense on an item basis. The Corporation believes this method is preferable because it provides a better matching of costs and related revenues. The effect of this change on the accompanying financial statements was not material.

The Corporation capitalizes interest on projects when construction takes considerable time and entails major expenditures. 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 costs with revenues resulting from the facilities. Interest capitalized, expensed and paid was as follows:

	Year ended December 31		
(Millions)	**1992**	1991	1990
Total interest costs	**$567**	$598	$645
Interest capitalized	**(2)**	(14)	(39)
Interest expense	**$565**	$584	$606
Interest paid	**$544**	$585	$528

TIMBER AND TIMBERLANDS The Corporation depletes its investment in timber based on the total fiber that will be available during the estimated growth cycle. Timber carrying costs are expensed as incurred.

LANDFILLS AND LAGOONS The Corporation accrues for landfill closure costs over the periods that benefit from the use of the landfill and accrues for lagoon clean-out costs over the useful period between clean-outs.

RECLASSIFICATIONS Certain 1991 and 1990 amounts have been reclassified to conform with the 1992 presentation.

NOTE 2. INDUSTRY SEGMENT INFORMATION

Manufactured product lines in the building products segment consist primarily of wood panels (plywood, hardboard, particleboard and oriented strand board), lumber, gypsum products, chemicals and roofing.

Manufactured product lines in the pulp and paper segment consist primarily of containerboard and packaging (linerboard, medium, bleached board, kraft paper and corrugated packaging), communication papers, market pulp, tissue and envelopes.

Timber and timberlands are managed to supply raw materials to both the pulp and paper and building products segments. Profits from sales of logs and chips to the pulp and paper segment and to outside customers in the ordinary course of business are included in the operating profits of the building products segment.

During the years 1990 through 1992, sales to foreign markets represented less than 10% of total sales to unaffiliated customers. No single customer accounted for more than 10% of total sales to unaffiliated customers in any year during that period.

	Year ended December 31					
(Millions)	1992		1991		1990	
Net sales						
Building products	$ 6,112	52%	$ 5,405	47%	$ 5,923	47%
Pulp and paper	5,711	48	6,089	53	6,702	53
Other operations	24	—	30	—	40	—
Total net sales	$11,847	100%	$11,524	100%	$12,665	100%
Net income (loss)						
Building products	$ 691	100%	$ 344	32%	$ 423	29%
Pulp and paper	(8)	(1)	362	34	979	67
Other operations	9	1	17	2	17	1
Other income*	—	—	344	32	48	3
Total operating profits	692	100%	1,067	100%	1,467	100%
General corporate	(166)		(165)		(94)	
Interest expense	(565)		(584)		(606)	
Cost of accounts receivable sale program	(35)		(59)		(48)	
(Provision) benefit for income taxes	14		(293)		(354)	
Income (loss) before extraordinary item and accounting changes	(60)		(34)		365	
Extraordinary item — loss from early retirement of debt, net of taxes	(9)		(45)		—	
Cumulative effect of accounting changes, net of taxes	(55)		(63)		—	
Net income (loss)	$ (124)		$ (142)		$ 365	

*Other income represents the results of various asset divestitures as described in Note 4. If these amounts had been included in segment operating profits, pulp and paper operating profits would have been $546 million in 1991 and $939 million in 1990 and building products operating profits would have been $504 million in 1991 and $511 million in 1990.

SGP 0001759

(Millions)	Year ended December 31 1992		1991		1990	
Depreciation, depletion and goodwill amortization						
Building products	**$ 206**	**24%**	$ 232	30%	$ 241	32%
Pulp and paper	**626**	**74**	537	68	496	66
Other and general corporate	**16**	**2**	15	2	12	2
Total depreciation, depletion and goodwill amortization	**$ 848**	**100%**	$ 784	100%	$ 749	100%
Capital expenditures**						
Building products	**$ 111**	**29%**	$ 43	8%	$ 102	3%
Pulp and paper	**217**	**56**	436	83	3,210	85
Timber and timberlands	**37**	**10**	38	7	469	12
Other and general corporate	**19**	**5**	11	2	8	—
Total capital expenditures	**$ 384**	**100%**	$ 528	100%	$ 3,789	100%
Assets						
Building products	**$ 1,634**	**15%**	$ 1,681	16%	$ 1,762	15%
Pulp and paper	**7,414**	**68**	7,208	68	8,181	68
Timber and timberlands	**1,402**	**13**	1,377	13	1,630	14
Other and general corporate	**440**	**4**	356	3	487	3
Total assets	**$10,890**	**100%**	$10,622	100%	$12,060	100%

** The capital expenditure amounts reported above represent additions, at cost, to property, plant and equipment and timber and timberlands.

Note 3. Acquisition

In March 1990, the Corporation acquired a controlling stock interest in Great Northern Nekoosa Corporation (GNN), a producer of pulp, communication papers, newsprint and containerboard; a converter of corrugated boxes and envelopes; and a distributor of communication and other papers. At the acquisition date, GNN also owned three wood products operations, hydro-electric plants and 3,436,000 acres of fee timberland and controlled 233,000 acres of leased timberland.

The amount required to purchase the stock and pay related fees and expenses was approximately $3.7 billion. The results of GNN's operations have been included in the accompanying statements of income and cash flows beginning on March 9, 1990.

The acquisition was recorded using the purchase method. The purchase price exceeded the fair value of net assets acquired by approximately $2.0 billion. This amount is included in goodwill and is being amortized over 40 years.

Note 4. Asset Divestitures

The Corporation had no major divestitures in 1992.

The following divestitures were completed in 1991 and 1990. The pretax gains and losses associated with these sales are included in other income in the accompanying statements of income.

- In December 1991, the Corporation completed the sale of an 80 percent ownership interest in two groundwood paper mills, the hydro-electric assets that power those mills, a sawmill and approximately 2.1 million acres of fee timberland for approximately $303 million in cash. A pretax gain of $52 million ($15 million after taxes) was recognized on this transaction. In July 1992, the Corporation received $22 million less working capital settlements of approximately $12 million related to the remaining 20 percent ownership interest.
- In June 1991, the Corporation sold 49,000 acres of fee timberland in Washington for $48 million in cash. A pretax gain of $46 million ($29 million after taxes) was recognized on this transaction.

SGP 0001760

• In January 1991, the Corporation sold two domestic containerboard mills, 19 corrugated packaging plants and approximately 540,000 acres of fee timberland (and lease rights to 98,000 acres of timberland) for $725 million in cash and, in a separate transaction, sold its interests in a foreign containerboard mill, two corrugated packaging plants and two sheet plants for $102 million in cash. A combined pretax gain of $246 million ($28 million after taxes) was recognized on these transactions.

• In December 1990, the Corporation sold 119,000 acres of fee timberland in Washington, Arkansas and Mississippi in two separate transactions for $108 million in cash. A pretax gain of $88 million ($55 million after taxes) was recognized on these transactions.

• In October 1990, the Corporation sold its interests in four printing and specialty papers manufacturing facilities located in the United Kingdom for $61 million in cash. A pretax loss of $40 million ($25 million after taxes) was recognized on this transaction.

Note 5. Supplemental Cash Flow Information

The noncash effect of the adoption of Financial Accounting Standard Number 109 (Note 9) as of January 1, 1992 was as follows:

(Millions)	
Increase (decrease) in:	
Receivables	$ 3
Inventories	25
Timber and timberlands	39
Property, plant and equipment, net	676
Other assets	(6)
(Increase) decrease in:	
Taxes payable	(177)
Other current liabilities	(9)
Long-term debt, excluding current portion	3
Other long-term liabilities	(112)
Deferred income taxes	(442)
	$ –

Note 6. Supplemental Balance Sheet Information

Supplemental information on certain balance sheet items is as follows:

	December 31	
(Millions)	1992	1991
Receivables		
Trade	$ 270	$ 172
Other	96	92
	366	264
Less estimated allowances	35	36
	$ 331	$ 228
Inventories		
Raw materials	$ 318	$ 329
Finished goods	784	779
Supplies	282	284
LIFO reserve	(192)	(164)
	$ 1,192	$ 1,228
Property, plant and equipment		
Land and improvements	$ 247	$ 214
Buildings	1,101	986
Machinery and equipment	9,420	8,521
Construction in progress	64	54
	10,832	9,775
Accumulated depreciation	(5,001)	(4,208)
	$ 5,831	$ 5,567
Other current liabilities		
Accrued compensation	$ 179	$ 153
Accrued interest	132	112
Other	316	239
	$ 627	$ 504

Note 7. Receivables

The Corporation has a large, diversified customer base.

The Corporation had sold fractional ownership interests in a defined pool of trade accounts receivable for $800 million as of December 31, 1992 and 1991 and $850 million as of December 31, 1990. The net cash proceeds are reported as operating cash flow in the accompanying statements of cash flows. The sold accounts receivable are reflected as a reduction of receivables in the accompanying balance sheets. Under the agreement, which expires in June 1994, the maximum amount of the purchasers' investment is currently $800 million and is subject to change based on the level of eligible receivables and restrictions on concentrations of receivables. The full amount of the allowance for doubtful accounts has been retained because the Corporation has retained substantially the same risk of credit loss as if the receivables had not been sold. A portion of the cost of the accounts receivable sale program is based on the purchasers' level of investment and borrowing costs. Additionally, the Corporation pays fees based on its senior debt ratings. The total cost of the program, which was $35 million, $59 million and $48 million for 1992, 1991 and 1990, respectively, is included in selling, general and administrative expense in the accompanying statements of income.

Note 8. Indebtedness

The Corporation's indebtedness included the following:

	December 31	
(Millions)	1992	1991
Debentures, 9.7% average rate, payable through 2022	**$2,579**	$1,986
Notes, 8.2% average rate, payable through 2000	**1,238**	1,521
Commercial paper and other short-term notes, 4.1% average rate	**691**	1,210
Revenue bonds, 4.5% average rate, payable through 2026	**371**	278
Other loans, 7.8% average rate, payable through 2008	**121**	326
	5,000	5,321
Less:		
Commercial paper and other short-term notes	**691**	1,210
Current portion of long-term debt	**257**	346
Unamortized discount	**33**	22
Long-term debt	**$4,019**	$3,743

The scheduled maturities of long-term debt for the next five years are as follows: $257 million in 1993, $82 million in 1994, $57 million in 1995, $50 million in 1996 and $313 million in 1997.

Notes and Debentures During 1992, the Corporation issued $250 million of 9⅝% Debentures Due March 15, 2022, $250 million of 9½% Debentures Due May 15, 2022 and $250 million of 9⅛% Debentures Due July 1, 2022.

During the fourth quarter of 1992, the Corporation redeemed in full $125 million aggregate principal amount of its 11.30% Discount Term Debentures Due 2015 and $50 million aggregate principal amount of its 9¾% Notes due 1995 in accordance with their early redemption provisions. In addition, approximately $32 million of the Corporation's 10.5% Debentures Due 2018 were repurchased in October 1992. The Corporation has reflected an extraordinary loss of $14 million ($9 million after taxes) related primarily to premiums paid on early retirement of debt.

The estimated fair value of the Corporation's notes and debentures at December 31, 1992 was $4,046 million compared with a carrying amount of $3,817 million. The fair value was estimated primarily by obtaining quotes from brokers for these or similar issues. For notes and debentures for which there are no quoted market prices, the fair value was estimated by calculating the present value of anticipated cash flows. The discount rates used were estimated borrowing rates for similar debt instruments with like maturities.

Unsecured Term Loan and Revolving Credit Facility In connection with the acquisition of GNN, the Corporation had entered into a credit agreement dated June 26, 1990, which provided a $2.5 billion seven-year unsecured term loan and a $1.5 billion three-year unsecured revolving credit facility. During the 1991 fourth quarter, the Corporation prepaid the outstanding portion of the term loan.

On December 31, 1991, the Corporation refinanced its existing revolving credit facility by entering into a new agreement with Bank of America National Trust and Savings Association and 24 other domestic and international banks which provides a three-year unsecured revolving credit facility of $1.5 billion. The revolving credit facility is being used as support for commercial paper and other short-term borrowings, including bid borrowings made under the credit agreement. As of December 31, 1992, $809 million was available in excess of all short-term borrowings outstanding under or supported by the facility.

Borrowings under the credit agreement bear interest, at the election of the Corporation, at either (A) the higher of the reference rate and the Federal Funds Rate plus ½% or (B) LIBOR plus ⅝% or (C) fixed or floating rates set by competitive bids. Fees associated with this revolving credit facility include a commitment fee of ⅛% per annum on the unused portion of the commitments and a facility fee of ⅛% per annum on the aggregate commitments of the lenders.

The revolving credit agreement contains certain restrictive covenants which were amended effective October 15, 1992. As amended, the covenants include a maximum leverage ratio (funded indebtedness to operating cash flow) of 4.5 to 1.0 for measurement periods ending on or before June 30, 1993 and 4.0 to 1.0 for measurement periods ending on or after September 30, 1993, and a minimum interest coverage ratio (operating cash flow to interest paid) of 2.0 to 1.0 for measurement periods ending on or before June 30, 1993, 2.5 to 1.0 for measurement periods ending September 30, 1993 through June 30, 1994, and 3.0 to 1.0 for measurement periods ending on or after September 30, 1994. As of December 31, 1992, the leverage ratio was 4.2 to 1.0 and the interest coverage ratio was 2.4 to 1.0.

The prepayment of the term loan and the refinancing of the revolving credit facility in 1991 resulted in the accelerated write-off of approximately $72 million ($45 million after taxes) of capitalized debt issue costs associated with the original borrowings. This loss on early extinguishment of debt is reflected as an extraordinary item in the accompanying statements of income.

Commercial Paper and Other Short-Term Notes These borrowings are classified as current liabilities although all or a portion of them may be refinanced on a long-term basis in 1993. The carrying amounts approximate fair value because of the short maturity of these instruments.

Revenue Bonds and Other Loans During 1992, the Corporation refunded $73 million of 11.25% industrial revenue bonds.

The estimated fair value of the Corporation's revenue bonds and other loans at December 31, 1992 was $367 million and $121 million, respectively. The fair value was estimated by calculating the present value of anticipated cash flows. The discount rates used were estimated borrowing rates for similar debt instruments with like maturities.

Other At December 31, 1992, the amount of long-term debt secured by property, plant and equipment and timber and timberlands was not material.

At December 31, 1992, the Corporation had outstanding interest rate exchange agreements which effectively converted $1.9 billion of floating rate obligations with a weighted average interest rate of 3.6% to fixed rate obligations with an average effective interest rate of approximately 9.0%. Under the agreements, which have a remaining average maturity of approximately 3.2 years, the Corporation makes payments to counterparties at fixed interest rates and in turn receives payments at variable rates. The differential to be paid or received is accrued as interest rates change and is recognized over the lives of the agreements. The Corporation is exposed to credit risk in the event of nonperformance by the counterparties, but does not anticipate such nonperformance. As of December 31, 1992, the Corporation's total floating rate debt, including the accounts receivable sale program, exceeded related interest rate exchange agreements by approximately $205 million.

The estimated fair value of interest rate exchange agreements for the Corporation at December 31, 1992 was $153 million. The fair value was estimated by obtaining quotes from brokers and represents the estimated amount the Corporation might have paid to terminate the agreements at December 31, 1992. The Corporation had accrued interest of $37 million at December 31, 1992 related to these agreements.

The $121 million carrying amount of bank overdrafts approximates fair value.

Note 9. Income Taxes

Effective January 1, 1992, the Corporation adopted the provisions of Financial Accounting Standard Number 109, "Accounting for Income Taxes" (FAS 109). FAS 109 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the differences between the financial and tax bases using enacted tax rates in effect for the year in which the differences are expected to reverse. Prior years' financial statements have not been restated to reflect the provisions of FAS 109.

The cumulative effect of the change in the method of accounting for income taxes attributable to years prior to 1992, was to increase the net loss by $55 million. The $55 million charge resulted primarily from providing deferred income taxes for differences between the remaining net book values and the tax bases of net assets acquired in purchase transactions other than the acquisition of GNN, offset by a reduction in previously provided deferred taxes to reflect the lower current statutory income tax rate. Additionally, the Corporation recorded adjustments to various balance sheet accounts which resulted from adjusting to pretax amounts the carrying values of certain assets and liabilities related to the Corporation's acquisition of GNN in March 1990. These adjustments are detailed in the supplemental information on noncash transactions included in Note 5. The adjusted carrying values resulted in additional depreciation and depletion expense of $69 million in 1992.

The provision (benefit) for income taxes consisted of the following:

(Millions)	Year ended December 31 1992	1991	1990
Federal income taxes:			
Current	**$ 105**	$277	$255
Deferred	**(117)**	(21)	44
State income taxes:			
Current	**14**	41	51
Deferred	**(16)**	(4)	4
Provision (benefit) for income taxes	**$ (14)**	$293	$354
Income taxes paid, net of refunds	**$ 68**	$273	$297

Income taxes paid includes payments associated with asset sales of approximately $275 million in 1991 and $25 million in 1990.

The difference between the statutory federal income tax rate on income (loss) before income taxes, extraordinary item and accounting changes and the Corporation's effective income tax rate is summarized as follows:

	Year ended December 31 1992	1991	1990
Statutory federal income tax rate	**(34.0)%**	34.0%	34.0%
State income tax, net of federal benefit	**(4.0)**	4.0	4.0
Permanent differences resulting from purchase accounting:			
Goodwill amortization	**30.2**	8.7	2.7
Other	—	19.6	8.3
Permanent differences on assets sold	—	52.2	—
Foreign sales corporation	**(7.9)**	(2.0)	(.9)
Interest on tax audits	—	(5.4)	—
Life insurance, net	**(1.8)**	(.5)	(.1)
Other	**(1.4)**	2.5	1.2
Effective income tax rate	**(18.9)%**	113.1%	49.2%

During 1992, the Corporation reached a settlement with the Internal Revenue Service (IRS) to resolve all pending income tax issues related to Georgia-Pacific Corporation for the years 1984 through 1988. As a result of this settlement, $155 million in additional taxes and interest will be paid in 1993. This amount, net of the tax benefit related to the deductibility of the interest, is included for 1992 in Taxes Payable in the accompanying balance sheet. The Corporation had adequately reserved for this settlement in prior years. In addition, the IRS has examined GNN's federal income tax returns for the years 1980 through 1984 and is currently examining the years 1985 through 1988. The IRS has proposed certain adjustments, several of which are being contested by the Corporation. In the opinion of management, adjustments resulting from these examinations will not have a material adverse effect on the Corporation's financial condition.

For 1992, the Corporation recorded alternative minimum tax of $36 million which may be utilized to offset future tax liabilities to the extent that the Corporation's regular tax liability exceeds the alternative minimum tax liability.

The components of the net deferred tax liability as of December 31, 1992 were as follows:

(Millions)	
Deferred tax asset:	
Compensation related accruals	$ 271
Accruals and reserves	78
Other	93
	442
Valuation allowance	–
	442
Deferred tax liability:	
Property, plant and equipment	(1,416)
Timber and timberlands	(162)
Other	(66)
	(1,644)
Deferred tax liability, net	$(1,202)

During 1991 and 1990, deferred income taxes were provided for significant timing differences between revenue and expenses for tax and financial statement purposes. Following is a summary of the significant components of the deferred tax provision (benefit):

	Year ended December 31	
(Millions)	1991	1990
Tax over (under) financial depreciation and depletion	$ (5)	$ 95
Liability accruals and write-down of certain assets	41	(22)
Compensation expense	(52)	(25)
Financing costs	(1)	–
Other	(8)	–
Deferred tax provision (benefit)	$(25)	$ 48

Note 10. Retirement Plans

Defined Benefit Pension Plans Most of the Corporation's employees participate in noncontributory defined benefit pension plans. These include plans which are administered solely by the Corporation and union-administered multiemployer plans. The Corporation's funding policy for solely administered plans is based on actuarial calculations and the applicable requirements of federal law. Contributions to multiemployer plans are generally based on negotiated labor contracts.

For periods prior to 1991, certain employees also participated in noncontributory defined benefit pension plans which were administered jointly by the Corporation and labor unions. Contributions to these plans were generally based on negotiated labor contracts.

Benefits under the majority of plans for hourly employees (including multiemployer plans) are primarily related to years of service. The Corporation has separate plans for salaried employees and officers under which benefits are primarily related to compensation and years of service. The officers' plan is not funded and is non-qualified for Federal income tax purposes.

Plan assets consist principally of common stocks, bonds, mortgage securities, interests in limited partnerships, cash equivalents and real estate. At December 31, 1992 and 1991, respectively, $46 million and $25 million of noncurrent prepaid pension cost was included in other assets. The accrued pension cost of $34 million and $32 million at December 31, 1992 and 1991, respectively, was included in other long-term liabilities.

The following table sets forth the funded status of the solely and jointly administered plans and the amounts recognized in the accompanying balance sheets.

(Millions)	Year ended December 31, 1992 — Plans having assets in excess of accumulated benefits	Year ended December 31, 1992 — Plans having accumulated benefits in excess of assets	Year ended December 31, 1991 — Plans having assets in excess of accumulated benefits	Year ended December 31, 1991 — Plans having accumulated benefits in excess of assets
Accumulated benefit obligation at November 30				
Vested portion	$ 918	$244	$ 866	$197
Nonvested portion	28	12	26	8
	946	256	892	205
Effect of projected future compensation levels	10	11	15	10
Projected benefit obligation at November 30	956	267	907	215
Plan assets at fair value at November 30	1,119	201	1,032	167
Plan assets in excess of (less than) projected benefit obligation	163	(66)	125	(48)
Contributions made in December	4	—	—	—
Unrecognized net (gain) loss	(68)	33	(42)	31
Unrecognized prior service cost	(24)	22	(21)	8
Unrecognized net asset from initial application of FAS 87	(29)	(15)	(37)	(16)
Adjustment required to recognize minimum liability	—	(8)	—	(7)
Prepaid (accrued) pension cost at December 31	$ 46	$ (34)	$ 25	$ (32)

Net periodic pension cost for solely and jointly administered pension plans included the following:

(Millions)	Year ended December 31 1992	1991	1990
Service cost of benefits earned	$ 75	$ 73	$ 67
Interest cost on projected benefit obligation	96	93	82
Actual (gain) loss on plan assets	(157)	(206)	51
Net amortization (deferral)	11	70	(183)
Contributions to multiemployer pension plans	4	4	2
Net periodic pension cost	$ 29	$ 34	$ 19

The following assumptions were used:

	1992	1991	1990
Discount rate used to determine the projected benefit obligation	8.0%	8.5%	9.0%
Rate of increase in future compensation levels used to determine the projected benefit obligation	6.0	6.0	6.0
Expected long-term rate of return on plan assets used to determine net periodic pension cost	11.5	11.5	11.0

The increase in the expected long-term rate of return on plan assets in 1991 reduced 1991 expense by approximately $6 million.

During 1991, the Corporation recognized an aggregate pretax settlement and curtailment gain of $10 million resulting from pension obligations assumed by the purchaser in certain asset divestitures (Note 4).

Defined Contribution Plans The Corporation sponsors several defined contribution plans to provide eligible employees with additional income upon retirement. The Corporation's contributions to the plans are based on employee contributions and compensation. The Corporation's contributions totaled $43 million in 1992 and 1991 and $34 million in 1990.

Retiree Health Care and Life Insurance Benefits The Corporation provides certain health care and life insurance benefits to eligible retired employees. Salaried participants generally become eligible for retiree health care benefits after reaching age 55 with 10 years of service or after reaching age 65. Benefits, eligibility and cost-sharing provisions for hourly employees vary by location and/or bargaining unit. Generally, the medical plans pay a stated percentage of most medical expenses reduced for any deductible and payments made by government programs and other group coverage. The plans are unfunded.

The cost of providing most of these benefits has been shared with retirees. The Corporation began transferring its share of the cost of post-age 65 health care benefits to future salaried retirees in 1991. The Corporation will continue to reduce the percentage of the cost of post-age 65 benefits that it will pay on behalf of salaried employees who retire in each of the years 1992 through 1999. The Corporation will continue to share the pre-age 65 cost with future salaried retirees, but will no longer pay any of the post-age 65 cost for salaried employees who retire after 1999.

The Corporation adopted Financial Accounting Standard No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," as of January 1, 1991. This statement requires the accrual of the cost of providing postretirement benefits, including medical and life insurance coverage, during the active service period of the employee. The Corporation elected to immediately recognize the accumulated liability, measured as of January 1, 1991. This resulted in a one-time, after-tax charge of $119 million (after reduction for income taxes of $73 million) which does not include amounts accrued in prior years for business acquisitions. The effect of this change on 1991 operating results, after recording the cumulative effect for years prior to 1991, was to recognize additional pretax expense of $23 million. The pro forma effect of the change on years prior to 1991 was not determinable. Prior to 1991; the Corporation recognized expense in the year the benefits were provided. Postretirement health care and life insurance costs charged to expense in 1990 were not material.

The following table sets forth the funded status of the plans, reconciled to the accrued postretirement benefit cost recognized in the Corporation's balance sheet at December 31, 1992 and 1991:

	Year ended December 31	
(Millions)	1992	1991
Accumulated postretirement benefit obligation:		
Retirees	$242	$221
Fully eligible active plan participants	44	41
Other active participants	131	100
	417	362
Unrecognized net loss	(58)	(20)
Accrued postretirement benefit cost	$359	$342

Net periodic postretirement benefit cost for 1992 and 1991 included the following components:

	Year ended December 31	
(Millions)	1992	1991
Service cost of benefits earned	$ 6	$ 8
Interest cost on accumulated postretirement benefit obligation	27	30
Net periodic postretirement benefit cost	$33	$38

For measuring the expected postretirement benefit obligation, a 14 percent and 15 percent annual rate of increase in the per capita claims cost was assumed for 1992 and 1991, respectively. The rate was assumed to decrease 1 percent per year to 7 percent in 1999 and remain at that level thereafter. The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 8.5 percent at January 1, 1991, 8.0 percent at December 31, 1991 and 7.5 percent at December 31, 1992.

If the health care cost trend rate were increased 1 percent, the accumulated postretirement benefit obligation as of December 31, 1992 and 1991 would have increased by 13 percent. The effect of this change on the aggregate of service and interest cost for 1992 and 1991 would be an increase of 14 percent and 15 percent, respectively.

During 1991, the Corporation recognized a pretax settlement gain of $43 million resulting from postretirement benefit obligations assumed by the purchaser in certain asset divestitures (Note 4).

Other In November 1992, the Financial Accounting Standards Board issued Financial Accounting Standard Number 112, "Employers' Accounting for Postemployment Benefits," which requires recognition of benefits provided by an employer to former or inactive employees after employment but before retirement. Companies are required to adopt the new standard no later than for fiscal years beginning after December 15, 1993. The Corporation has not determined the period in which the new standard will be adopted or the impact of the adoption.

SGP 0001767

Note 11. Common and Preferred Stock
The Corporation's authorized capital stock consists of 10 million shares of no par value Preferred Stock and 25 million shares of no par value Junior Preferred Stock, of which no shares were issued at December 31, 1992, and 150 million shares of Common Stock, par value $.80 per share.

At December 31, 1992, the following authorized shares of the Corporation's common stock were reserved for issue:

	1992
1991 Employee Stock Purchase Plan	1,596,000
1990 Long-Term Incentive Plan	3,462,000
1984 Employee Stock Option Plan	1,225,000
Common stock reserved	6,283,000

Employee Stock Purchase Plans
At December 31, 1992, the 1991 Employee Stock Purchase Plan (Purchase Plan) had reserved for issue 1,596,000 shares of common stock at a subscription price of $35.12. Subscribers have the option to receive a refund of their payments plus interest at the rate of 7% per annum in lieu of stock. Additional shares can no longer be subscribed under the Purchase Plan, which expires on May 31, 1993. Approximately 9,000 subscribers remained in the Purchase Plan at December 31, 1992.

Under the Purchase Plan, the Corporation issued 112,000 shares and 21,000 shares of common stock in 1992 and 1991, respectively. Under the 1989 Employee Stock Purchase Plan (which expired on April 30, 1991), the Corporation issued 559,000 shares of common stock in 1991 and 45,000 shares in 1990.

Long-Term Incentive Plans The 1990 Long-Term Incentive Plan (Incentive Plan) initially reserved 4,000,000 shares for issue with 2,310,000 shares allocated but not awarded to plan participants at December 31, 1992. Specified portions of the shares allocated under this plan are awarded as restricted stock, at no cost to the employee, based on increases in the average market value of the Corporation's common stock. At the time awarded shares become vested, the Corporation will pay each participant a cash bonus in the amount of the estimated income tax liability to be incurred by the participant as a result of the award. Long-term incentive plan deferred compensation is amortized over the vesting (restriction) period, generally five years, with adjustments made quarterly for market price fluctuations.

The Incentive Plan replaced the 1988 Long-Term Incentive Plan (1988 Incentive Plan). As of December 31, 1992, 1,105,000 shares had been awarded to the plan participants under the 1988 Incentive Plan. These awarded shares will vest based on the provisions in the 1988 Incentive Plan.

The Corporation recognized Incentive Plan compensation expense of $51 million in 1992, $43 million in 1991 and $14 million in 1990. Additional information relating to the Incentive Plan is as follows:

	Year ended December 31		
	1992	1991	1990
Shares allocated but not awarded at January 1	2,708,000	2,733,000	536,000
Shares allocated	400,000	122,000	2,841,000
Previously allocated shares cancelled	(407,000)	(155,000)	(661,000)
Shares awarded	(538,000)	—	—
Previously awarded shares cancelled	147,000	8,000	17,000
Shares allocated but not awarded at December 31	2,310,000	2,708,000	2,733,000
Shares available for allocation at December 31	1,152,000	1,292,000	1,267,000
Total shares reserved	3,462,000	4,000,000	4,000,000

Employee Stock Option Plan The 1984 Employee Stock Option Plan (Option Plan) provides for the granting of stock options to certain officers and key employees. Holders of stock options may be granted cash bonuses, payable upon exercise of an option, of an amount not to exceed the amount by which the market value of the common stock, as defined, exceeds the option price. In addition, holders may surrender all or part of the related stock option in exchange for common stock with a fair market value equal to the amount by which the market value of the shares covered by the option exceeds the aggregate option exercise price.

SGP 0001768

Compensation resulting from stock options and cash bonuses is initially measured at the grant date based on the market value of the common stock, with adjustments made quarterly for market price fluctuations. The Corporation recognized Option Plan compensation expense (income) of $15 million in 1992, $31 million in 1991 and $(7) million in 1990.

Additional information relating to the Option Plan is as follows:

	Year ended December 31		
	1992	1991	1990
Options outstanding at January 1	1,029,000	1,191,000	832,000
Options granted	446,000	461,000	422,000
Options exercised/ surrendered	(464,000)	(570,000)	(34,000)
Options cancelled	(30,000)	(53,000)	(29,000)
Options outstanding at December 31	981,000	1,029,000	1,191,000
Options available for grant at December 31	244,000	659,000	1,067,000
Total reserved shares	1,225,000	1,688,000	2,258,000
Options exercisable at December 31	557,000	599,000	791,000
Option prices per share:			
Granted	$66	$39–$54	$44
Exercised/ surrendered	$34–$46	$26–$46	$21–$46
Cancelled	$34–$66	$34–$46	$26–$46

Shareholder Rights Plan The Corporation has a Shareholder Rights Plan pursuant to which preferred stock purchase rights are issued at the rate of one Right for each share of common stock. The Rights expire on July 31, 1999, unless redeemed earlier. Each Right entitles the holder to buy, at an exercise price of $175, one one-hundredth of a newly issued share of Series A Junior Preferred Stock of which 5 million shares were reserved for issue at December 31, 1992. Due to the nature of its dividend, liquidation and voting rights, the economic value of one one-hundredth of a share of Junior Preferred Stock that may be acquired upon the exercise of each Right should approximate the economic value of one share of common stock. The Rights are exercisable only if a person or group acquires 15% or more of the Corporation's common stock or announces a tender offer for 30% or more of the common stock.

If a person becomes the beneficial owner of 15% or more of the Corporation's outstanding common stock, or if a holder of 15% or more of the Corporation's stock engages in certain self-dealing transactions or a merger transaction in which the Corporation is the surviving Corporation and its common stock remains outstanding, then each Right not owned by such party will entitle its holder to purchase, at the then-current exercise price, shares of the Corporation's Series A Junior Preferred Stock with a market value of twice the exercise price.

In addition, if after any person acquires 15% or more of the Corporation's outstanding common stock, the Corporation is involved in a merger or other business combination transaction with another person after which its common stock does not remain outstanding, or the Corporation sells 50% or more of its assets or earning power, each Right will entitle its holder to purchase, at the then-current exercise price, shares of the other party's common stock with a market value of twice the exercise price.

Note 12. Commitments and Contingencies

The Corporation is a party to various legal proceedings incidental to its business and is subject to a variety of environmental and pollution control laws and regulations in all jurisdictions in which it operates. As is the case with other companies in similar industries, the Corporation faces exposure from actual or potential claims and legal proceedings involving environmental matters. The Corporation is self-insured for general liability claims up to $5 million per occurrence.

The Corporation is involved in environmental remediation activities at numerous sites where it has been named a potentially responsible party under the Comprehensive Environmental Response, Compensation and Liability Act or similar state "superfund" laws and at certain of its own plants. The ultimate costs to the Corporation for the remediation of these sites cannot be predicted with certainty due to the often unknown magnitude of the pollution or of the necessary cleanup, the varying costs of alternative cleanup methods, the evolving nature of cleanup technologies and government regulations, and the inability to precisely determine the Corporation's share of multi-party cleanups or the extent to which contribution will be available from other parties. The Corporation has established reserves for environmental remediation costs for these sites in amounts which it believes are probable and reasonably estimable. Based on currently available information and analysis, the Corporation believes that it is reasonably possible that costs associated with these sites may exceed current reserves by amounts that may prove insignificant or that could range, in the aggregate, up to approximately $100 million. This estimate of the range of reasonably possible additional costs is less certain than the estimates upon which reserves are based, and in order to establish the upper limit of such range, assumptions least favorable to the Corporation among the range of reasonably possible outcomes were used. In estimating both its current reserves for environmental remediation and the possible range of additional costs, the Corporation has not assumed that it will bear the entire cost of remediation of every site to the exclusion of other known potentially responsible parties who may be jointly and severally liable. The ability of other potentially responsible parties to participate has been taken into account, based generally on the parties' financial condition and probable contribution on a per site basis. No amounts have been recorded for potential recoveries from insurance carriers.

In the fourth quarter of 1992, the Corporation filed suit in the State of Washington against numerous insurance carriers for coverage under comprehensive general liability insurance policies issued by those carriers. The Corporation is seeking a declaratory judgment to the effect that past and future environmental remediation and other related costs with respect to certain of the sites are within the policy provisions.

Approximately 211 suits involving approximately 8,815 plaintiffs are currently pending in State Court in Mississippi which primarily allege nuisance, trespass and infliction of emotional distress caused by the discharge of dioxin into the Leaf River from a pulp mill owned by a subsidiary of the Corporation. Two of these cases have been tried. A total of $241,000 in compensatory damages and $4 million in punitive damages were awarded to three plaintiffs in these cases with respect to certain claims, and the jury found in favor of the Corporation with respect to a fourth plaintiff. The Corporation has appealed both judgments.

Although there can be no assurances as to the ultimate outcome, the Corporation, based on the opinions of counsel, believes that substantial grounds exist for reversal of the two judgments and that it has meritorious defenses to the remaining claims (the vast majority of which are principally for emotional distress as a result of consuming fish from the rivers).

On July 15, 1992, the plaintiffs in one of the pending suits had moved to certify a class action. On October 20, 1992, the court issued an order certifying a class action on behalf of between 8,000 and 13,000 plaintiffs owning property and businesses on the Leaf, Pascagoula and Escatawpa Rivers as well as persons who have eaten fish from, swam in or made recreational use of the rivers. The order granted an immediate right to appeal the class certification to the Mississippi Supreme Court and specifically encouraged such appeals. The Corporation has appealed. Although there can be no assurance as to the outcome of the appeal or whether the Mississippi Supreme Court will entertain such an appeal immediately, the Corporation believes that because, among other issues, there is no provision in the Mississippi rules of procedure for a class action, substantial grounds exist for the reversal of the court's order.

On January 23, 1992, the mill's primary insurance carrier took the position that these claims are not within its coverage. Suit has been filed against the mill's insurance carriers seeking a declaratory judgment to the effect that such claims are within the policy provisions.

Although the ultimate outcome of these legal proceedings cannot be determined with certainty, management believes that any liability resulting from the pending matters, after considering existing reserves, will not have a material adverse effect on the consolidated financial condition of the Corporation.

Note 13. Related Party Transaction

The Corporation is a 50% partner in a joint venture (GA-MET) with Metropolitan Life Insurance Company (Metropolitan). GA-MET owns and operates the Corporation's office headquarters complex in Atlanta, Georgia. The Corporation accounts for its investment in GA-MET under the equity method.

At December 31, 1992, GA-MET had an outstanding mortgage loan payable to Metropolitan in the amount of $162 million. The note bears interest at 9½%, requires monthly payments of principal and interest through 2011 and is secured by the land and building of the Atlanta headquarters complex. In the event of foreclosure, each partner has severally guaranteed payment of one-half of any shortfall of collateral value to the outstanding secured indebtedness. Based on the present market conditions and building occupancy, the likelihood of any obligation to the Corporation with respect to this guarantee is considered remote.

Note 14. Unaudited Selected Quarterly Financial Data

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
(Millions, except per share amounts)	**1992**[1]	1991[2]	**1992**[1]	1991[2]	**1992**[1]	1991[2]	**1992**	1991
Net sales	**$2,830**	$2,778	**$3,046**	$2,981	**$3,061**	$2,973	**$2,910**	$2,792
Gross profit (net sales minus cost of sales)	**626**	547	**610**	636	**634**	602	**545**	540
Income (loss) before extraordinary item and accounting changes[3]	**(3)**	(10)	**4**	29	**(174)**	(31)	**113**	(22)
Income (loss) per share before extraordinary item and accounting changes	**(.03)**	(.12)	**.04**	.34	**(2.01)**	(.36)	**1.31**	(.26)
Net income (loss)[3]	**(58)**	(73)	**4**	29	**(174)**	(31)	**104**	(67)
Net income (loss) per share	**(.67)**	(.85)	**.04**	.34	**(2.01)**	(.36)	**1.21**	(.78)
Dividends declared per common share	**.40**	.40	**.40**	.40	**.40**	.40	**.40**	.40
Price range of common stock								
High	**72.00**	48.50	**71.75**	57.75	**62.63**	58.75	**62.50**	60.25
Low	**53.50**	36.25	**57.75**	41.00	**50.13**	51.63	**48.25**	46.25

[1] As restated to reflect the change in accounting for income taxes (Note 9).
[2] As restated to reflect the changes in accounting for inventory (Note 1) and postretirement medical and life insurance benefits (Note 10).
[3] Includes after-tax gains (losses) on asset divestitures of $43 million in the 1991 first quarter, $29 million in the 1991 second quarter, $(12) million in the 1991 third quarter and $12 million in the 1991 fourth quarter (Note 4).

SGP 0001771

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

We have audited the accompanying balance sheets of Georgia-Pacific Corporation (a Georgia corporation) and subsidiaries as of December 31, 1992 and 1991 and the related statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1992. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Georgia-Pacific Corporation and subsidiaries as of December 31, 1992 and 1991 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1992 in conformity with generally accepted accounting principles.

As explained in Note 9 to the financial statements, effective January 1, 1992, the Corporation changed its method of accounting for income taxes. Also as explained in Notes 1 and 10 to the financial statements, effective January 1, 1991, the Corporation changed its methods of accounting for certain manufacturing supplies and for postretirement health care and life insurance benefits.

Arthur Andersen & Co.

Atlanta, Georgia
February 11, 1993

Management of Georgia-Pacific Corporation is responsible for the preparation, integrity and fair presentation of the consolidated financial statements and the estimates and judgments upon which certain amounts in the financial statements are based. Management is also responsible for preparing the other financial information included in this annual report. In our opinion, the financial statements on the preceeding pages have been prepared in conformity with generally accepted accounting principles, and the other financial information in this annual report is consistent with the financial statements.

Management is also responsible for establishing and maintaining a system of internal control over financial reporting, which encompasses policies, procedures and controls directly related to, and designed to provide reasonable assurance as to, the reliability of the published financial statements. 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. The Corporation's independent public accountants also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements. Management has considered any significant recommendations regarding the internal control system which have been brought to its attention by the internal audit staff or independent public accountants and has taken the steps it deems appropriate to maintain a cost-effective internal control system. The Audit Committee of the Board of Directors, consisting of five independent directors, provides oversight to the financial reporting process. The Corporation's internal auditors and independent public accountants meet regularly with the Audit Committee to discuss financial reporting and internal control issues and have full and free access to the Audit Committee.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation. Furthermore, the effectiveness of an internal control system can vary over time due to changes in conditions.

Management believes that as of December 31, 1992, the internal control system over financial reporting is adequate and effective in all material respects.

James E. Terrell

James E. Terrell
Vice President and Controller

James C. Van Meter
Vice Chairman and Chief Financial Officer

T. Marshall Hahn, Jr.

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

February 11, 1993

Cash Dividends to Earnings

Cash dividends declared (common and preferred) divided by net income (loss).

Earnings to Interest

Income (loss) from continuing operations before income taxes, extraordinary items and accounting changes plus interest expense divided by total interest cost (interest expense plus capitalized interest). In the 1992, 1991 and 1990 calculations, respectively, the $35 million, $59 million and $48 million cost of the accounts receivable sale program was included in interest expense.

Cash Flow to Interest

Cash provided by continuing operations plus interest expense divided by total interest cost (interest expense plus capitalized interest). In the 1991 and 1990 calculations, respectively, cash provided by continuing operations excludes $(50) million and $850 million from the accounts receivable sale program. In the 1992, 1991 and 1990 calculations, respectively, the $35 million, $59 million and $48 million cost of the accounts receivable sale program was included in interest expense.

Effective Income Tax Rate

Provision (benefit) for income taxes divided by income (loss) from continuing operations before income taxes, extraordinary items and accounting changes.

(Dollar amounts, except per share, and shares are in millions)
Operations
Net sales
Costs and expenses
Cost of sales
Selling, general and administrative
Depreciation and depletion
Interest
Other (income) expense
Total costs and expenses
Income (loss) from continuing operations before unusual items, income taxes, extraordinary items and accounting changes
Unusual items
Provision (benefit) for income taxes
Income (loss) from continuing operations before extraordinary items and accounting changes
Income (loss) from discontinued operations, net of taxes
Extraordinary items and accounting changes, net of taxes
Net income (loss)
Cash provided by continuing operations**
Other statistical data
Per common share
Income (loss) from continuing operations before extraordinary items and accounting changes
Income (loss) from discontinued operations
Extraordinary items and accounting changes
Net income (loss)
Dividends declared
Average shares of common stock outstanding
Shares of common stock outstanding at year end
Cash dividends to earnings
Earnings to interest
Cash flow to interest
Effective income tax rate

* The results of Great Northern Nekoosa Corporation and its subsidiaries have been included beginning on March 9, 1990.
** Excludes the accounts receivable sale program.

Year ended December 31

1992	1991	1990*	1989	1988	1987	1986	1985	1984	1983	1982
$11,847	$11,524	$12,665	$10,171	$9,509	$8,603	$7,223	$6,716	$6,682	$6,040	$5,003
9,432	9,199	9,738	7,621	7,452	6,777	5,783	5,553	5,441	4,978	4,206
1,135	1,102	951	689	632	583	511	431	426	374	359
789	724	699	514	450	387	339	310	282	289	275
565	584	606	260	197	124	138	132	156	157	186
—	(344)	(48)	—	—	—	—	—	—	135	30
11,921	11,265	11,946	9,084	8,731	7,871	6,771	6,426	6,305	5,933	5,056
(74)	259	719	1,087	778	732	452	290	377	107	(53)
—	—	—	—	—	66	33	19	19	—	79
(14)	293	354	426	311	340	189	102	143	32	6
(60)	(34)	365	661	467	458	296	207	253	75	20
—	—	—	—	—	—	—	(30)	(134)	30	32
(64)	(108)	—	—	—	—	—	10	—	—	101
$ (124)	$ (142)	$ 365	$ 661	$ 467	$ 458	$ 296	$ 187	$ 119	$ 105	$ 153
$ 868	$ 630	$ 1,223	$ 1,358	$ 865	$ 781	$ 575	$ 771	$ 509	$ 460	$ 367
$ (.69)	$ (.40)	$ 4.28	$ 7.42	$ 4.76	$ 4.23	$ 2.70	$ 1.84	$ 2.28	$ .53	$ (.01)
—	—	—	—	—	—	—	(.29)	(1.31)	.30	.32
(.74)	(1.25)	—	—	—	—	—	.10	—	—	1.01
$ (1.43)	$ (1.65)	$ 4.28	$ 7.42	$ 4.76	$ 4.23	$ 2.70	$ 1.65	$ .97	$ .83	$ 1.32
$ 1.60	$ 1.60	$ 1.60	$ 1.45	$ 1.25	$ 1.05	$ .85	$ .80	$ .70	$ .60	$ 1.05
86.4	85.8	85.3	89.1	98.1	107.5	104.1	103.0	102.2	101.5	99.9
88.1	87.4	86.7	86.7	94.8	104.7	107.3	103.2	102.5	101.5	101.3
100%+	100%+	38.1%	19.7%	26.3%	25.1%	32.8%	49.7%	71.4%	72.4%	77.8%
0.9	1.4	2.0	5.0	4.4	6.9	4.2	2.7	3.3	1.6	1.0
2.4	1.9	2.7	5.9	4.8	6.8	4.9	5.6	4.0	3.8	2.7
18.9%	113.1%	49.2%	39.2%	40.0%	42.6%	39.0%	33.0%	36.1%	29.9%	23.1%

BOOK VALUE PER COMMON SHARE

Shareholders' equity minus the unamortized discount on redeemable preferred stock, divided by shares of common stock outstanding as of the end of the year.

TOTAL DEBT TO CAPITAL

Total debt divided by the sum of total debt, deferred income taxes, other long-term liabilities, redeemable preferred stock and shareholders' equity as of the end of the year. Total debt includes commercial paper and short-term notes, current portion of long-term debt, long-term debt and accounts receivable sold.

CURRENT RATIO

Current assets divided by current liabilities as of the end of the year.

(Dollar amounts, except per share, are in millions)
Financial position, end of year
Current assets
Timber and timberlands, net
Property, plant and equipment, net
Net assets of discontinued operations
Goodwill
Other assets
Total assets
Current liabilities
Long-term debt
Other long-term liabilities
Deferred income taxes
Redeemable preferred stock
Shareholders' equity
Working capital
Other statistical data
Capital expenditures (including acquisitions)*
Capital expenditures (excluding acquisitions)*
Per common share
Market price: High
Low
Year-end
Book value
Total debt to capital
Current ratio

* Represents additions, at cost, to property, plant and equipment and timber and timberlands.

** The financial position of Great Northern Nekoosa Corporation and its subsidiaries has been included beginning March 9, 1990.

	Year ended December 31										
	1992	1991	1990**	1989	1988	1987	1986	1985	1984	1983	1982
	$ 1,607	$ 1,562	$ 1,766	$1,829	$1,892	$1,729	$1,420	$1,291	$1,406	$1,268	$1,176
	1,402	1,377	1,630	1,246	1,289	915	844	804	840	753	748
	5,831	5,567	6,341	3,691	3,723	3,048	2,691	2,606	2,270	1,989	2,214
	—	—	—	—	—	—	—	11	158	653	651
	1,891	1,949	2,042	91	101	92	—	—	—	—	—
	159	167	281	199	110	86	159	154	111	69	130
	10,890	10,622	12,060	7,056	7,115	5,870	5,114	4,866	4,785	4,732	4,919
	2,452	2,722	2,535	924	1,013	996	837	631	640	612	716
	4,019	3,743	5,218	2,336	2,514	1,298	893	1,257	1,383	1,453	1,618
	709	626	404	238	165	152	124	69	34	26	22
	1,202	795	928	841	788	744	695	606	503	413	365
	—	—	—	—	—	—	113	156	190	215	209
	$ 2,508	$ 2,736	$ 2,975	$2,717	$2,635	$2,680	$2,452	$2,147	$2,035	$2,013	$1,989
	$ (845)	$ (1,160)	$ (769)	$ 905	$ 879	$ 733	$ 583	$ 660	$ 766	$ 656	$ 460
	$ 384	$ 528	$ 3,789	$ 499	$1,552	$ 825	$ 482	$ 642	$ 710	$ 188	$ 207
	384	528	866	493	711	550	444	624	403	184	203
	72.00	60.25	52.13	62.00	42.88	52.75	41.25	27.38	25.75	31.88	27.25
	48.25	36.25	25.38	36.63	30.75	22.75	24.75	20.50	18.00	22.38	13.25
	62.38	53.63	37.25	48.50	36.88	34.50	37.00	26.50	25.00	24.75	26.25
	28.47	31.30	34.31	31.35	27.79	25.59	22.70	20.59	19.58	19.48	19.22
	56.6 %	59.5 %	63.1%	39.2%	42.9%	30.0%	25.0%	32.0%	35.7%	37.4%	42.1%
	.7	.6	.7	2.0	1.9	1.7	1.7	2.0	2.2	2.1	1.6

SGP 0001777

Sales and Operating Profits by Industry Segment

(Millions)	1992		1991		1990***		1989	
Net sales								
Building products								
Wood panels	**$ 2,543**	**22%**	$ 2,097	18%	$ 2,296	18%	$ 2,488	24%
Lumber	**2,055**	**17**	1,819	16	1,966	16	2,109	21
Chemicals	**240**	**2**	223	2	247	2	253	3
Gypsum products	**216**	**2**	222	2	270	2	299	3
Roofing	**185**	**2**	183	2	192	2	194	2
Other	**873**	**7**	861	7	952	7	745	7
	6,112	**52**	5,405	47	5,923	47	6,088	60
Pulp and paper								
Containerboard and packaging	**2,001**	**17**	2,008	17	2,440	19	1,578	15
Communication papers	**1,070**	**9**	1,134	10	1,360	11	983	10
Tissue	**682**	**6**	664	6	719	6	679	7
Market pulp	**681**	**6**	645	6	779	6	728	7
Paper distribution and envelopes	**1,208**	**10**	1,218	10	1,027	8	—	—
Other	**69**	**—**	420	4	377	3	74	1
	5,711	**48**	6,089	53	6,702	53	4,042	40
Other operations	**24**	**—**	30	—	40	—	41	—
Continuing operations	**$11,847**	**100%**	$11,524	100%	$12,665	100%	$10,171	100%
Operating results*								
Building products	**$ 691**	**100%**	$ 344	32%	$ 423	29%	$ 533	36%
Pulp and paper	**(8)**	**(1)**	362	34	979	67	917	63
Other operations	**9**	**1**	17	2	17	1	15	1
Other income (expense)**	**—**	**—**	344	32	48	3	—	—
Continuing operations	**$ 692**	**100%**	$ 1,067	100%	$ 1,467	100%	$ 1,465	100%

*Operating profits are before income taxes, interest, cost of accounts receivable sale program, general corporate expenses, unusual items, extraordinary items and accounting changes.

**Other income (expense) includes $344 million of pretax gains in 1991 and a net $48 million pretax gain in 1990 resulting from asset divestitures and pretax restructuring charges of $135 million and $18 million, respectively, in 1983 and 1982. If these amounts had been included in segment operating profits, pulp and paper operating profits would have been $546 million in 1991, $939 million in 1990, $13 million in 1983 and $41 million in 1982; building products operating profits would have been $504 million in 1991, $511 million in 1990, $277 million in 1983 and $128 million in 1982; and other operations operating profits would have been $13 million in 1983 and $25 million in 1982.

***Sales and operating profits of Great Northern Nekoosa Corporation and its subsidiaries have been included beginning on March 9, 1990.

SGP 0001778

Year ended December 31

1988		1987		1986		1985		1984		1983		1982	
$2,442	26%	$2,355	28%	$1,864	26%	$1,666	25%	$1,637	25%	$1,560	26%	$1,217	24%
2,134	22	2,002	23	1,676	23	1,434	21	1,461	22	1,424	24	1,003	20
241	2	189	2	155	2	173	3	186	3	162	3	136	3
305	3	361	4	375	5	377	6	360	5	269	4	183	4
189	2	194	2	230	3	260	4	268	4	222	4	197	4
718	8	654	8	553	8	560	8	540	8	506	8	450	9
6,029	63	5,755	67	4,853	67	4,470	67	4,452	67	4,143	69	3,186	64
1,433	15	1,246	15	1,029	15	1,037	15	909	13	647	11	605	12
796	8	621	7	461	6	356	5	445	7	450	7	437	9
590	6	539	6	502	7	514	8	507	8	449	7	429	8
533	6	314	4	221	3	157	2	225	3	191	3	187	4
—	—	—	—	—	—	—	—	—	—	—	—	—	—
84	1	90	1	68	1	70	1	25	—	31	1	29	1
3,436	36	2,810	33	2,281	32	2,134	31	2,111	31	1,768	29	1,687	34
44	1	38	—	89	1	112	2	119	2	129	2	130	2
$9,509	100%	$8,603	100%	$7,223	100%	$6,716	100%	$6,682	100%	$6,040	100%	$5,003	100%
$ 428	41%	$ 533	58%	$ 500	73%	$ 391	86%	$ 379	63%	$ 354	117%	$ 136	70%
616	58	383	41	146	22	29	6	202	34	71	23	44	23
10	1	10	1	35	5	35	8	20	3	13	4	32	16
—	—	—	—	—	—	—	—	—	—	(135)	(44)	(18)	(9)
$1,054	100%	$ 926	100%	$ 681	100%	$ 455	100%	$ 601	100%	$ 303	100%	$ 194	100%

	As of December 31, 1992	
	Number of Facilities	Annual Capacity
Pulp and paper		
Paper (t.tons)		
Containerboard and packaging		
Linerboard and medium	4	2,941
Other paperboard	5	629
Kraft paper	2	342
Communication papers	8	2,223
Tissue	5	573
Groundwood papers	—	—
Market pulp (t.tons)	7	1,891
Total paper and market pulp	31	8,599
Converting		
Corrugated packaging (m.sq.ft.)	37	27,660
Tissue (t.tons)	6	578
Envelopes (billion envelopes)	17	15
Other	13	
Total paper, market pulp and converting	104	
Distribution centers	80	
Building products		
Wood panels		
Softwood plywood (3/8") (m.sq.ft.)	18	5,019
Hardwood plywood (sm) (m.sq.ft.)	2	495
Hardboard (1/8") (m.sq.ft.)	8	1,395
Particleboard (3/4") (m.sq.ft.)	8	1,148
Oriented strand board (3/8") (m.sq.ft.)	4	952
Panelboard (1/8") (m.sq.ft.)	1	379
Softboard (1/2") (m.sq.ft.)	1	250
Fiberboard (3/4") (m.sq.ft.)	1	100
Lumber (m.bd.ft.)	43	2,739
Moulding (m.bd.ft.)	3	31
Gypsum board (m.sq.ft.)	10	3,062
Roofing—shingles (t.squares)	5	9,484
Formaldehyde (m.lbs.)	13	1,888
Thermosetting resins (m.lbs.)	16	2,962
Other	19	
Total building products	152	
Distribution centers	139	
Other operations	4	
Resources (as of December 31)		
North American timberlands (t.acres)		
Owned in fee		
Controlled		

* The production of Great Northern Nekoosa facilities has been included beginning on March 9, 1990.

** Excludes 540,000 fee acres and 98,000 controlled acres of timberland sold in January 1991.

SGP 0001780

Production

1992	1991	1990*	1989	1988	1987	1986	1985	1984	1983	1982
2,889	2,936	3,139	1,419	1,297	1,318	1,146	976	740	452	410
526	522	544	555	458	393	368	368	374	377	321
377	358	354	350	356	348	394	452	529	541	500
2,002	1,994	1,780	1,161	970	868	731	552	574	518	475
576	556	553	519	511	490	496	476	486	487	456
—	603	531	—	—	—	—	—	—	—	—
1,829	1,793	1,667	1,194	870	718	611	587	629	601	576
8,199	8,762	8,568	5,198	4,462	4,135	3,746	3,411	3,332	2,976	2,738
25,411	24,010	31,356	16,640	16,577	15,750	14,572	13,703	11,880	8,427	7,680
521	491	497	467	462	446	437	432	422	422	393
13	13	12	—	—	—	—	—	—	—	—
5,133	4,968	5,395	5,341	5,545	5,050	4,706	4,414	4,443	4,430	3,831
458	424	437	420	456	357	335	311	343	442	444
1,330	1,202	1,203	1,203	1,198	1,159	349	368	361	346	220
977	932	984	1,062	1,004	695	425	410	381	400	303
1,011	851	969	873	793	652	525	173	96	51	—
365	332	344	318	330	295	248	290	311	299	301
234	237	252	242	238	231	241	239	243	241	226
92	79	88	74	62	59	75	76	69	77	63
2,568	2,570	2,674	2,426	2,324	1,956	1,784	1,684	1,650	1,603	1,406
23	22	36	29	30	30	8	—	—	—	—
2,112	1,955	2,309	2,403	2,406	2,620	2,473	2,495	2,412	2,242	1,681
7,447	7,775	7,674	8,106	7,155	6,976	7,361	7,789	7,539	5,973	5,363
1,614	1,540	1,547	1,454	1,394	1,309	1,233	1,188	1,169	1,081	966
2,571	2,377	2,470	2,372	2,362	2,136	1,805	1,650	1,527	1,451	1,146
5,722	5,969	8,203**	5,430	5,480	4,910	4,700	4,760	4,920	4,630	4,630
927	922	1,047**	670	1,010	670	530	480	480	530	510

sm = surface measure basis
t = thousands
m = millions

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

A.D. Correll
President and Chief Operating Officer*

James C. Van Meter
Vice Chairman and Chief Financial Officer

W.E. Babin
Executive Vice President–Pulp and Paper

Davis K. Mortensen
Executive Vice President–Building Products

Diane Durgin
Senior Vice President–Law

Donald L. Glass
Senior Vice President–Building Products
Manufacturing and Sales

George A. MacConnell
Senior Vice President–Distribution and
Millwork

John F. McGovern
Senior Vice President–Finance and Treasurer

David W. Reynolds
Senior Vice President–Human Resources
and Administration

Lee M. Thomas
Senior Vice President–Environmental and
Government Affairs

Carroll T. Tolar
Senior Vice President–Environmental Affairs

James E. Bostic, Jr.
Group Vice President–Communication Papers

Gerard R. Brandt
Group Vice President–Butler Paper and Mail-Well

Willie L. Duke
Group Vice President–Softwood Lumber

Duncan B. Facey
Group Vice President–Distribution Division

Clint M. Kennedy
Group Vice President–Pulp and Bleached Board

Maurice W. Kring
Group Vice President–Packaged Products

John F. Rasor
Group Vice President–Forest Resources

J. Wayne Amy
Vice President–Metal Products

Joseph J. Armetta
Vice President–Distribution Division Midwest Region

David S. Dimling
Vice President–Sales and Marketing
Communication Papers

David R. Fleiner
Vice President–Structural Panels

William C. Howard
Vice President–Manufacturing Southern Pulp and Paper

Clifford T. Howlett, Jr.
Vice President–Government Affairs

Stephen K. Jackson
Vice President–Distribution Division Northeast Region

Jerry L. Kincaid
Vice President–Manufacturing Communication Papers

William A. Mamrack
Vice President–Taxes

John E. Masaschi
Vice President–Industrial Wood Products Division

Robert J. Millikan
Vice President–Containerboard

Dewey L. Mobley
Vice President–Western Wood Products
Manufacturing Division

William B. Nagle, Jr.
Vice President–Lumber Distribution

Kelly E. Powell, Jr.
Vice President–Distribution Division Western Region

William D. Rose
Vice President–Specialty Manufacturing and Sales

Robert A. Starling
Vice President–Distribution Division Southern Region

* Becomes Chief Executive Officer effective May 4, 1993 and Chairman effective December 2, 1993.

SGP 0001782

Richard B. Spitznass
Vice President–Compensation and Benefits

James R. Taylor
Vice President–Chemical Division

Raymond H. Taylor
Vice President–Engineering

James E. Terrell
Vice President and Controller

Douglas A. Thom
Vice President–Packaging

Michael A. Vidan
Vice President–Gypsum and Roofing Division

Carl Wilson
Vice President–Information Resources

Kenneth F. Khoury
Secretary

GEORGIA-PACIFIC CORPORATION DIRECTORS

T. Marshall Hahn, Jr.[1]
Chairman and Chief Executive Officer

A.D. Correll
President and Chief Operating Officer*

James C. Van Meter
Vice Chairman and Chief Financial Officer

Robert Carswell[1,3,4]
Partner, Shearman & Sterling; Attorneys;
New York, New York

Jewel Plummer Cobb[4,5]
President Emerita of California State University, Fullerton and Trustee Professor of California State University; Los Angeles, California

Donald V. Fites[2,3]
Chairman and Chief Executive Officer,
Caterpillar, Inc.;
Peoria, Illinois

Harvey C. Fruehauf, Jr.[1,4]
President, HCF Enterprises, Inc.; Private Investment Management Company; St. Clair Shores, Michigan

Clifton C. Garvin, Jr.[2,3]
Chairman and Chief Executive Officer (retired), Exxon Corporation; New York, New York

Richard V. Giordano[1,2,3]
Chairman and Chief Executive (retired), The BOC Group plc; Windlesham, England

David R. Goode[4,5]
Chairman, President and Chief Executive Officer, Norfolk Southern Corporation; Norfolk, Virginia

Francis Jungers[1,2]
Business Consultant; Portland, Oregon

F. James McDonald[3,5]
President and Chief Operating Officer (retired), General Motors Corporation; Detroit, Michigan

Robert E. McNair[2,5]
Chairman of the Board and Senior Shareholder, McNair Law Firm, P.A.; Columbia, South Carolina

Norma Pace[4,5]
Chairman, Board of Governors of U.S. Postal Service and President, Economic Consulting and Planning, Inc.; New York, New York

James B. Williams[1,4,5]
Chairman and Chief Executive Officer, SunTrust Banks, Inc.; Atlanta, Georgia

[1]Executive Committee [2]Audit Committee
[3]Stock Option Plan and Management Compensation Committee
[4]Finance Committee [5]Nominating Committee

Corporate Headquarters

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

Stock Exchanges and Symbols

Georgia-Pacific Corporation Common Stock is listed on the New York Stock Exchange ("NYSE") and on the Tokyo Stock Exchange. The Corporation's NYSE symbol is "GP"; however, the stock is quoted as "GaPac" in stock table listings in newspapers. G-P options are traded on the Philadelphia Stock Exchange.

Transfer Agent and Registrar

First Chicago Trust Company of New York
Post Office Box 3981
Church Street Station
New York, New York 10008-3981

Shareholder Information

For shareholder information, contact the Transfer Agent and Registrar, First Chicago Trust Company of New York, at Post Office Box 3981, Church Street Station, New York, New York 10008-3981, or telephone (212) 791-6422.

Registered G-P shareholders are eligible to participate in the G-P Dividend Reinvestment Plan. For information on the Plan, contact the Plan agent, First Chicago Trust Company of New York, Post Office Box 3506, Church Street Station, New York, New York 10008-3506.

Financial Information

A copy of the Georgia-Pacific 1992 Annual Report to the Securities and Exchange Commission on Form 10-K will be supplied without charge. Annual Statistical Updates are also available. Requests for financial information should be directed to: Investor Relations, Georgia-Pacific Corporation, P.O. Box 105605, Atlanta, Georgia 30348, or telephone (404) 521-5555.

Georgia-Pacific is an equal opportunity employer.

Printed on Georgia-Pacific papers:
Cover — Hopper® Carrara® White Kiana,™ Smooth,
100 lb. cover.
Text — Hopper® Cardigan® Ramie and Sisal, 80 lb. text.

Design: Samata Associates
Illustrations: John Youssi
Portrait Photography: Marc Norberg
Typography: Fine Print Typography, Inc.
Lithography: George Rice & Sons
Lithography in the United States of America

Georgia-Pacific

133 Peachtree Street, N.E.
Atlanta, Georgia 30303

SGP 0001786