1963

PLAINTIFF'S EXHIBIT

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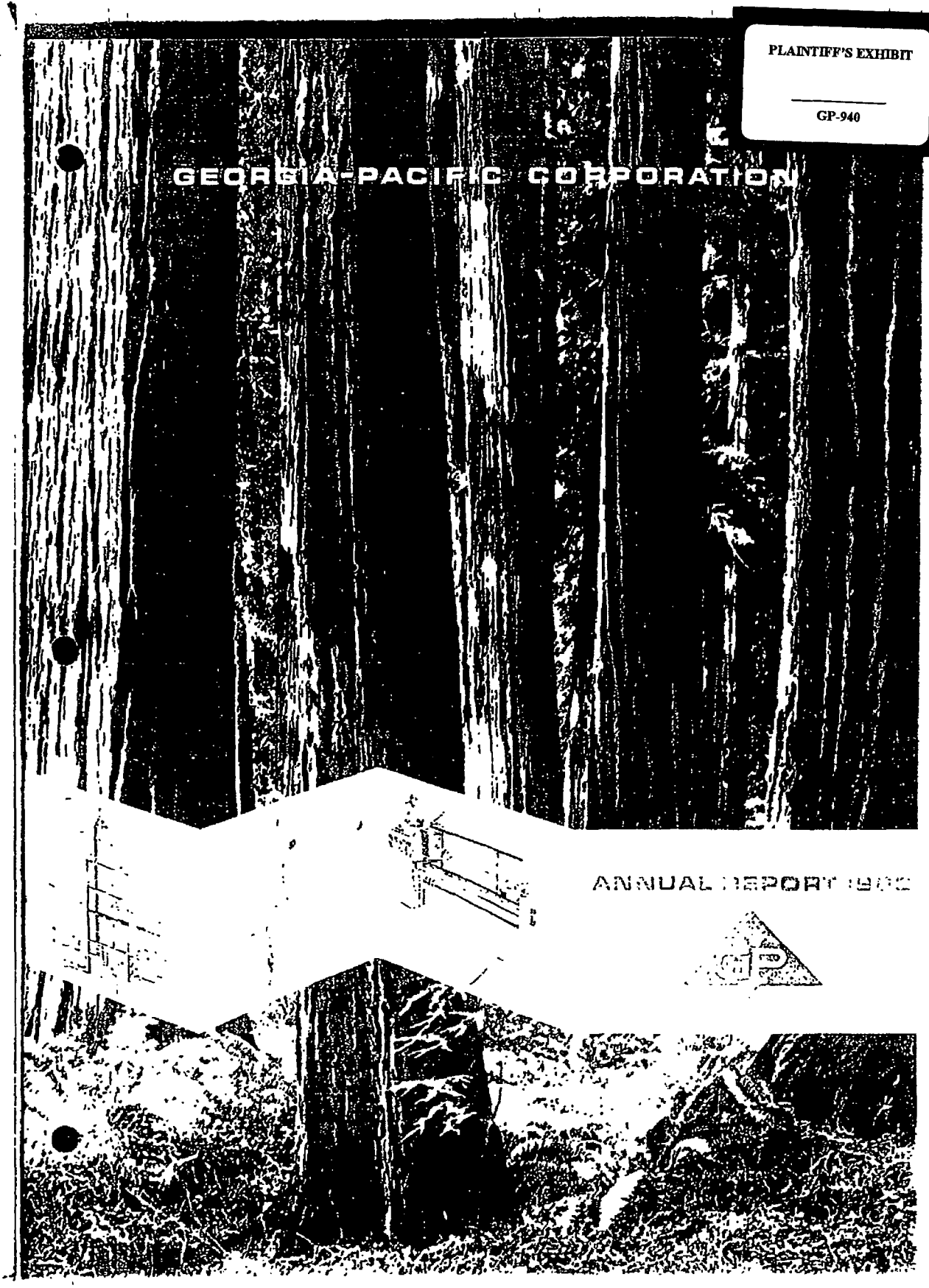

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37TH ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1963

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MAP:

Inside Back Cover: Major Georgia-Pacific Locations

GEORGIA-PACIFIC CORPORATION

GENERAL OFFICES AND WESTERN DIVISION HEADQUARTERS
Equitable Building, Portland 4, Oregon

NEW YORK EXECUTIVE OFFICE
375 Park Avenue, New York 22, New York

CROSSETT DIVISION HEADQUARTERS
Crossett, Arkansas

NORTHEASTERN DIVISION HEADQUARTERS
777 Summer Street, Stamford, Connecticut

PUGET SOUND DIVISION HEADQUARTERS
300 Laurel Street, Bellingham, Washington

SOUTHERN DIVISION HEADQUARTERS
Southern Finance Building, Augusta, Georgia

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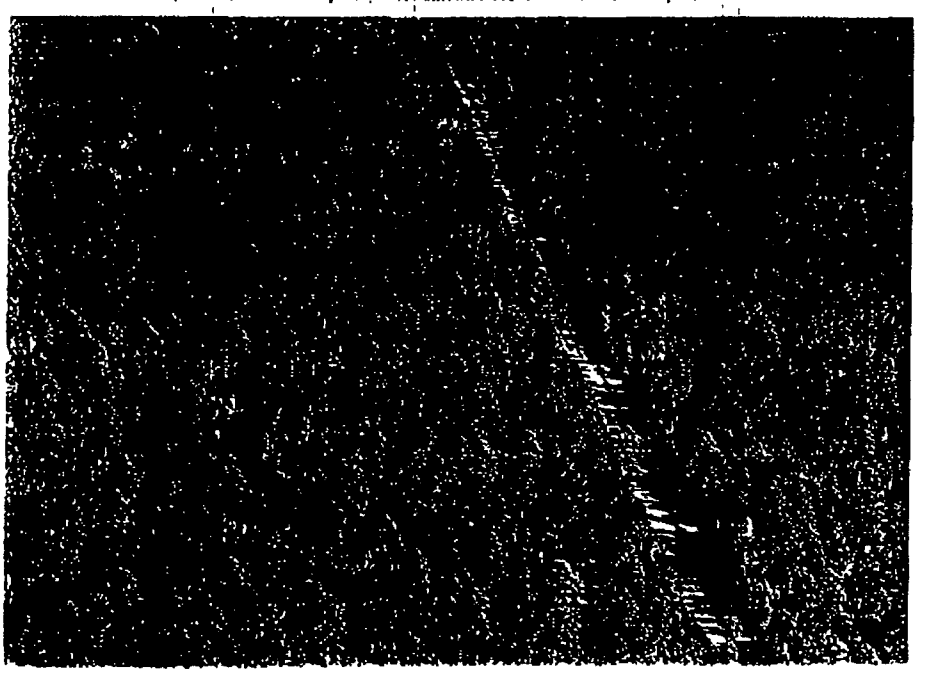
TIMBER

Ownership of timber and timberlands is one of Georgia-Pacific's great strengths. During 1963 the Corporation added 325,000 acres of new timberlands. The Corporation's outright ownership of timber now totals about 2.5 million acres, supporting approximately 20 billion board feet of timber in the United States and over 2 billion board feet in Canada. In addition to the lands owned in fee, the Corporation has cutting rights to about 2 billion board feet of timber in the Republic of the Philippines. Ketchikan Pulp Company, 50% owned by Georgia-Pacific, has cutting rights in Alaska's Tongass National Forest covering over 8 billion board feet of timber. Timber supply from the Corporation's own lands is supplemented by purchases of public and other timber when it appears advantageous to buy on the open market.

Timberlands are operated to provide a perpetual supply of raw material for all existing plants. More timber is being grown each year than is required for production. Modernization, new plants and integration have resulted in the operations returning more profit—but using less timber.

Lands are scientifically managed under a Corporate policy of "dynamic conservation." Its purpose is to grow the most timber possi-

Aerial view in Georgia-Pacific Southern pine forests surrounding Crossett and Fordyce, Arkansas.



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ble per acre perpetually and to harvest this fiber at the peak of its productivity. By doing this the Corporation can produce several crops on certain timberlands in the same time it took Nature to produce just one.

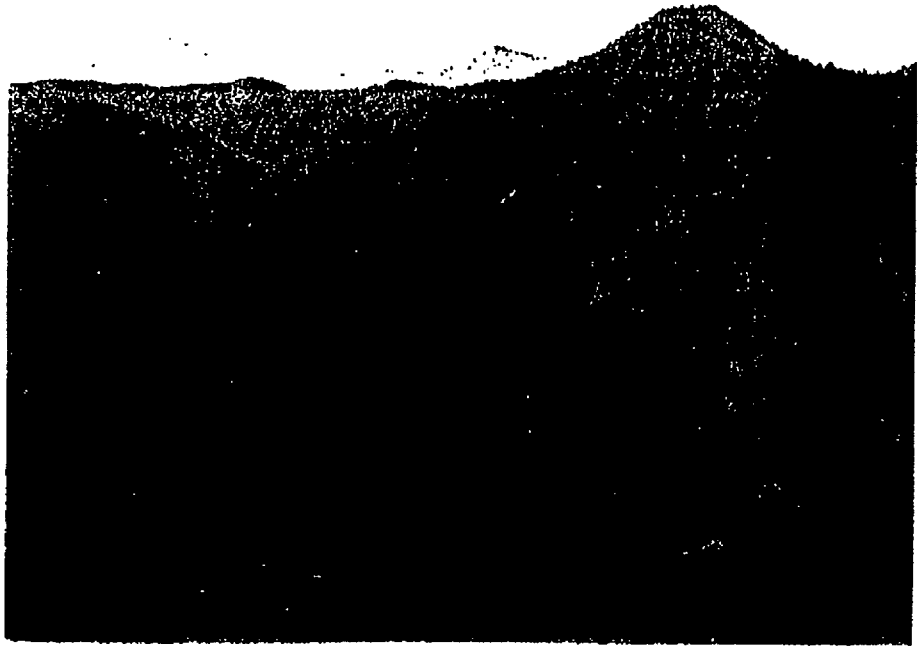
Douglas fir timberlands are "clear cut" in patches so all the trees on a setting are harvested at one time. The logged land is immediately prepared for seeding or handplanting with seedlings. All other kinds of timber are harvested "selectively" with only certain ripe trees being removed and the younger growth left to mature and to seed the land. A two-year supply of tree food is placed in the ground with each handplanted seedling, assuring fast, strong growth in the crucial early years. Studies in forest genetics are progressing to produce a superior strain of trees.

Natural resources other than timber exist in certain areas owned by Georgia-Pacific and the Corporation owns the underlying mineral rights on practically all its fee lands.

On its timberlands the Corporation has 209 operating natural gas wells. Georgia-Pacific leases the rights to explore, drill for, produce and market natural gas and oil to various companies on a royalty basis.

The Corporation also owns deposits of

Georgia-Pacific Douglas fir timber in Washington State.



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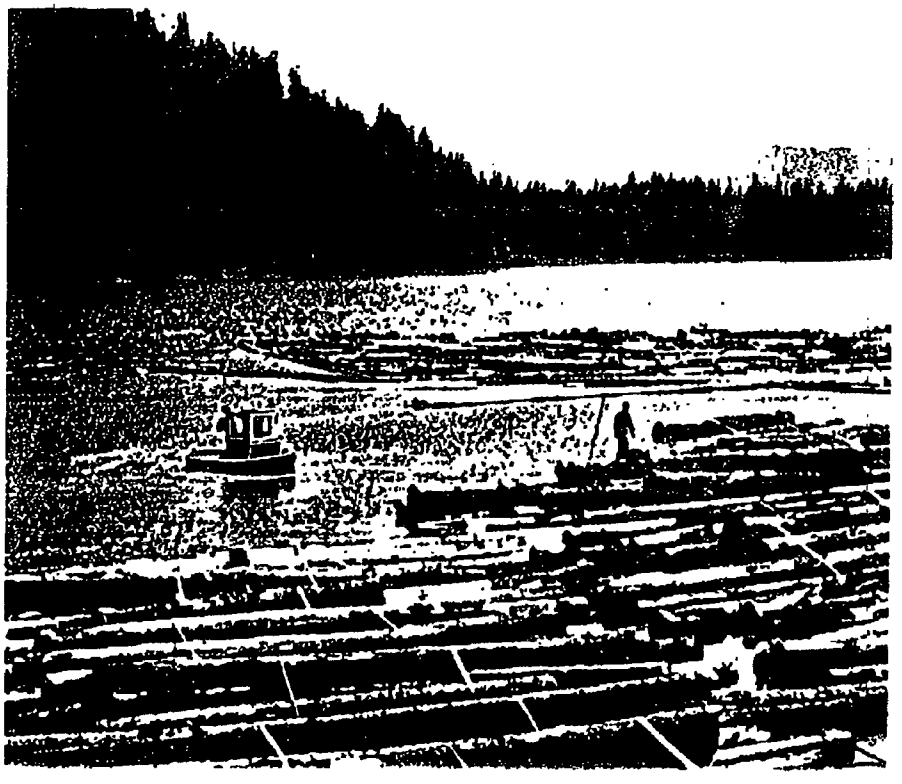
high grade metallurgical bituminous coal, estimated at about 250,000,000 recoverable tons. This coal is used mainly for steel production. Approximately 70% of the reserves are presently under lease to about 20 companies, who pay a set royalty which is adjusted upward as market prices rise.

Georgia-Pacific has made its timberlands available to the public for use by providing special recreation areas. Over 120,000 fishermen, hunters, hikers, campers and others used Corporation lands during the year.

Georgia-Pacific's timber and timberlands continue to increase in value.

Logs being processed for trip to Georgia-Pacific mass in Bonnie Co., Canada.



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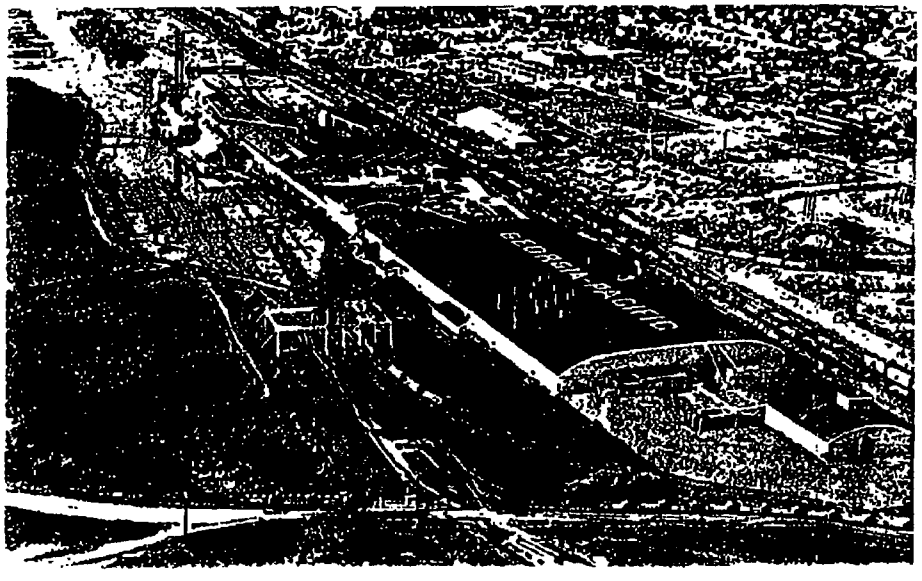
MANUFACTURING

The year 1963 was very significant for Georgia-Pacific in the development of more efficient manufacturing facilities in the fields of pulp, paper, chemicals and plywood.

New areas of pulp and paper manufacture included high grade sulphite pulp, a complete line of fine printing and commercial papers and a wide range of household tissue products. The addition of tissue manufacture on the West Coast makes Georgia-Pacific one of the few companies with national production and distribution of a full line of household tissues. Chemical products were expanded to include ethyl alcohol and a wide variety of chemicals used in agriculture, petroleum exploration, adhesives, cement dispersion and production of vanillin.

To supplement existing pulp and paper facilities, Georgia-Pacific completed construction of an 85-ton-a-day household tissue mill at Crossett, Arkansas, and has virtually completed the expansion of the kraft paper and containerboard mill at Toledo, Oregon from 600 tons to 900 tons a day capacity. Construction is underway on two 500-ton-a-day bleached kraft pulp mills, one at Samoa (Eureka), California, and the other at Woodland, Maine. These latter mills represent two innovations—the first use of redwood "waste" fiber for pulp at Samoa and

Three Georgia-Pacific plywood plants at Springfield, Oregon produce Fiber-Ply and Douglas fir panels.



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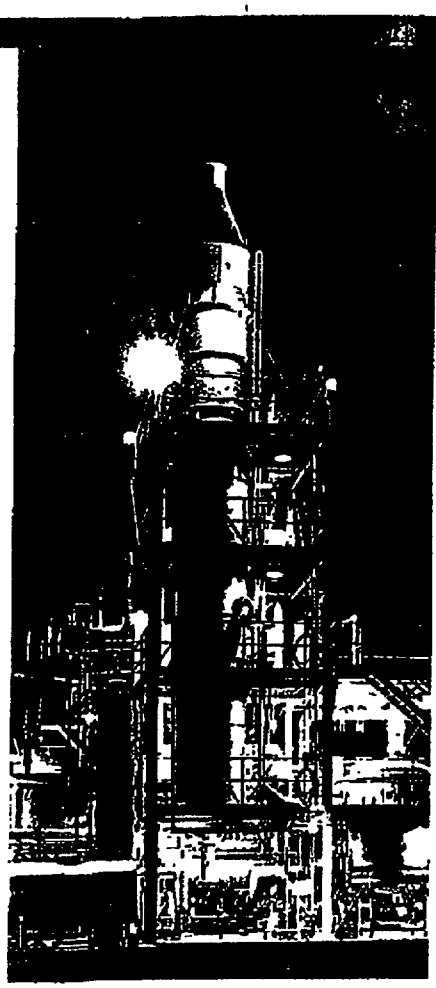
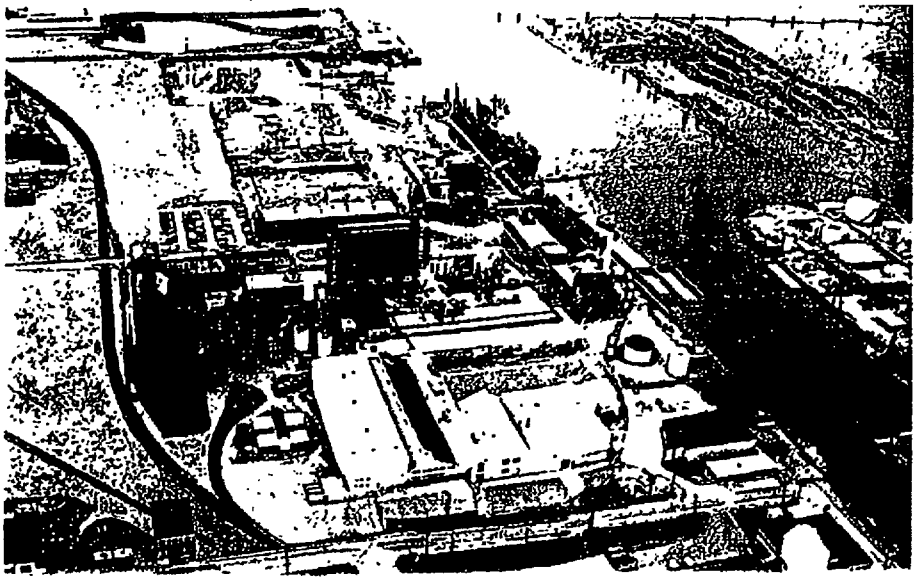


Night view of a Georgia-Pacific chemical plant at Coos Bay, Oregon

the first use of hardwood for pulp in the Woodland area. Output of the Samoa mill will go to domestic and export markets while that of the Woodland mill will be used by paper mills of the Corporation's Northeastern Division. An 85-ton-a-day paper toweling mill at Bellingham, Washington, with attendant pulp facilities, and a paper bag plant at Crossett will be started this year.

The Corporation developed the nation's first Southern pine plywood plant at Fordyce, Arkansas. The new plant, now in operation, will have an annual capacity of 90 million square feet and is integrated with the Crossett, Arkansas operations.

Aerial view of Bellingham, Washington pulp, tissue and chemical plants.



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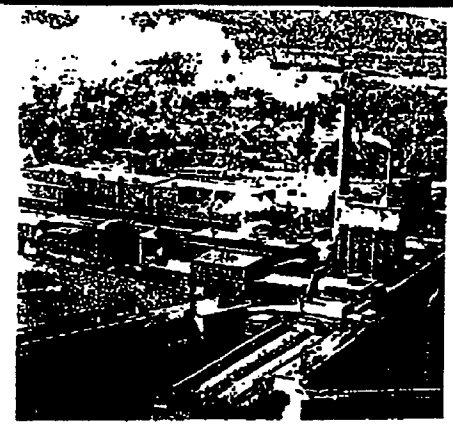
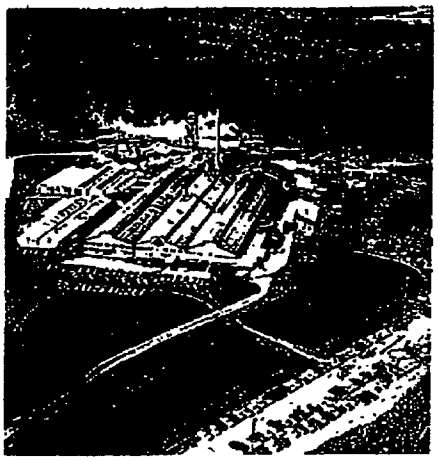


Georgia-Pacific newsprint plant at Woodland, Maine. Dotted line shows part of location for new 500-ton-a-day kraft pulp mill under construction.

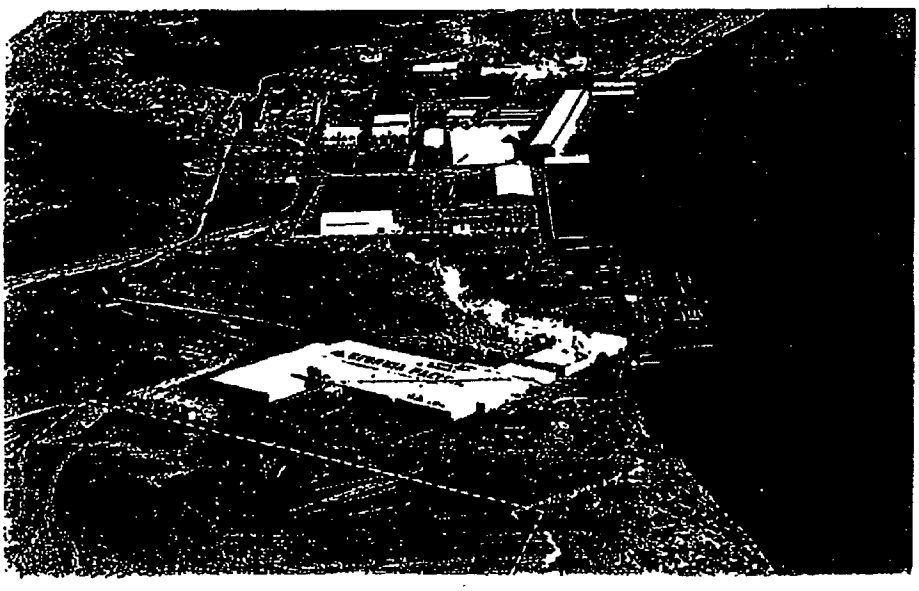


Finest prefinished hardwood plywoods are produced at Savannah, Georgia.

At year end, construction was well along on a new, automated redwood lumber mill at Samoa, California. Completed during the year was construction of a formaldehyde plant and a hardboard tempering plant at Coos Bay, Oregon; expansion of the corrugated container plant at Modesto, California; construction of a Philippine mahogany veneer mill at Lianga Bay, Republic of the Philippines and a new, all-electric lumber mill near New Richmond, West Virginia.

The current plant census, including those already under construction, is eighty-one plants. Seventy-eight of these are in the United States; two are in Canada and one in the Republic of the Philippines.

Samoa-Eureka, California plant area with new 500-ton-a-day kraft pulp mill site (dotted line) in foreground; plywood plant, new redwood sawmill, center (dotted line), and original redwood sawmill in background.



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RESEARCH AND DEVELOPMENT

Georgia-Pacific research scientists have found ways to convert wood and wood fiber into new and better products.

Development of chemicals from wood waste and pulp mill liquors has been one of Georgia-Pacific's main objectives in its research program. The Corporation's joint project with a major chemical company on the cooperative development of food products and an accompanying group of by-product chemicals from waste sawdust and bark is now at the pilot plant stage. Definite conclusions about commercialization of the process have not been made yet. The project continues to show promise and final answers should be forthcoming in the near future.

Chemical products in commercial production are lignosulfonate, formaldehyde, resins, alcohol, soil additives, charcoal, tall oil, turpentine and acetic acid. Continuing pilot plant operations and development are expected to lead to further profitable products.

In 1963 most of Georgia-Pacific's research activities were decentralized and more closely aligned with key manufacturing facilities. Decentralized research on paper and paper products, laminates, chemicals and wood by-products is bringing more practical results in a shorter time. Resulting products can be brought to market much sooner.

Intriguing new products will continue to flow from Georgia-Pacific's research effort.

Researchers work in Oregon pilot plant, determining most profitable means of extracting valuable chemicals from waste wood fiber.



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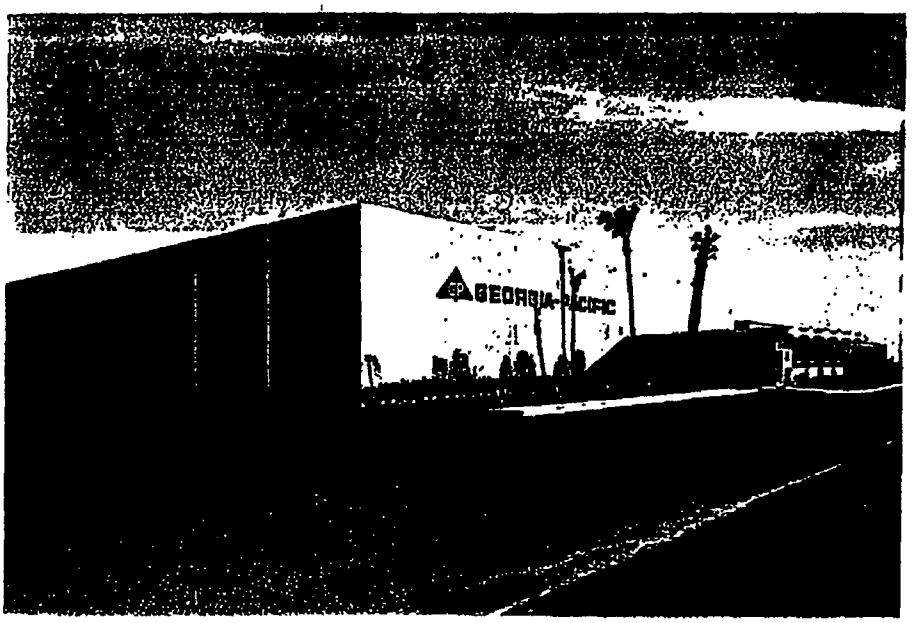
MARKETING / DISTRIBUTION / PRODUCTS

Distributing and marketing Georgia-Pacific's long list of forest products requires an aggressive and varied program in order to meet the challenge of strong competition. A nationwide distribution system of 51 Corporation-owned sales offices and 82 distribution centers is responsible for marketing the tremendous annual output of paper and paper products, building materials and chemicals. Located in major market areas and at mill sites, these sales centers serve approximately 30,000 dealer and industrial accounts using the various products. During 1963 nine distribution centers for building materials were replaced with new, efficiency-oriented structures. Aggregate floor space of such Corporation-owned centers now totals over 2,100,000 square feet.

Export and import activities are important in the Corporation's sales picture with export gaining increasing emphasis. Representatives for Georgia-Pacific are located in 40 free-world nations. The growing use of paper in overseas markets is causing a sharp increase of pulp and paper exports by Georgia-Pacific.

Substantial investments in advertising and sales promotion have been made during 1963 and are planned for 1964 and the future. These investments are designed to increase sales of high profit products and to launch

This new center at Jacksonville, Florida, is typical of Georgia-Pacific's 82 distribution centers.



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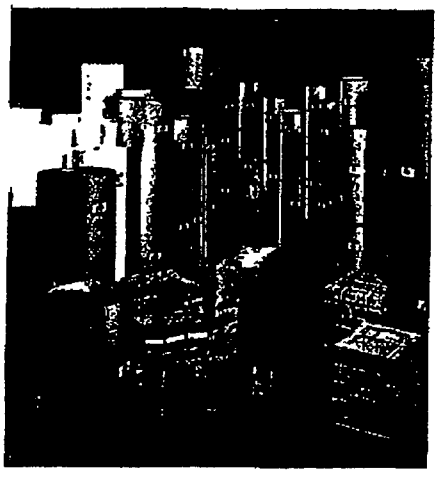
Packaged Georgia-Pacific building products are attractively protected, have greater sales appeal and simplify inventory.

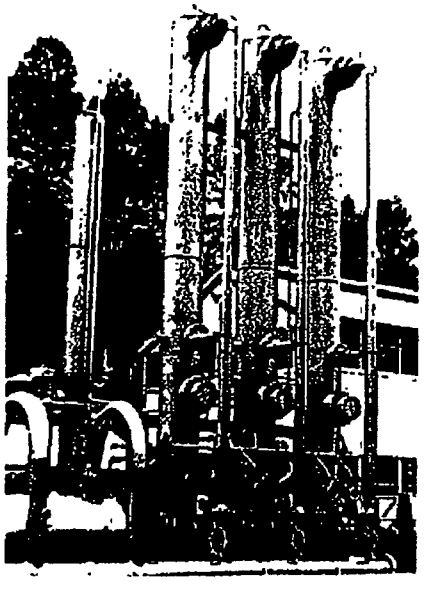
new products which have been developed to upgrade our profits.

Advertising and merchandising emphasis during the year have been directed mainly at plywood of all kinds, including factory finished hardwoods, Fiber-Ply, overlaid panels; paper and paper products, including kraft paper and containerboard, grocer bags and sacks, corrugated containers, fine printing and offset papers, bleached foodboard, newsprint and household tissues. Also subject to some hard-hitting campaigns were hardboard, flakeboard and particleboard, redwood lumber and specialties, Southern lumber products, charcoal and chemicals.

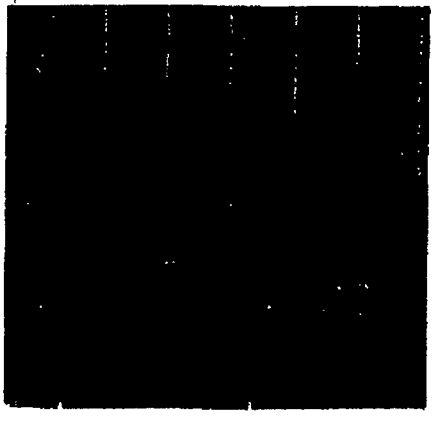
Georgia-Pacific paper and paper products are sold nationally and throughout the free world.



Two hundred and nine active wells tap natural gas resources under Georgia-Pacific timberlands. Coal deposits of 256 million tons underlie some of these lands and are worked under lease arrangements.



Exclusive Georgia-Pacific inland paneling sets a dramatic mood.



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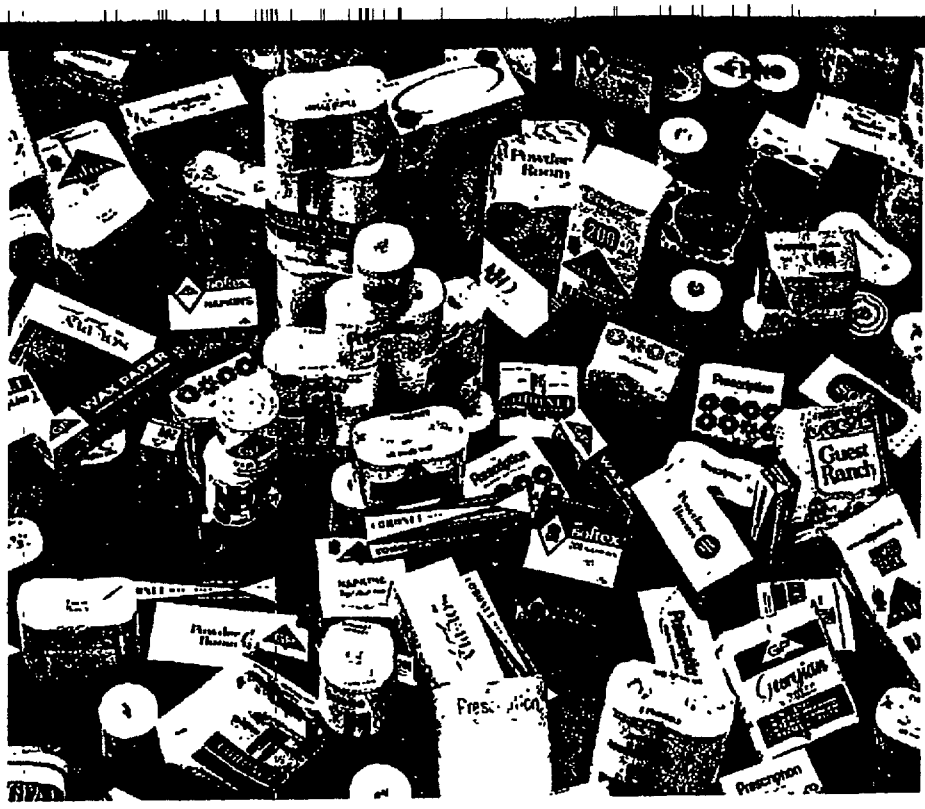
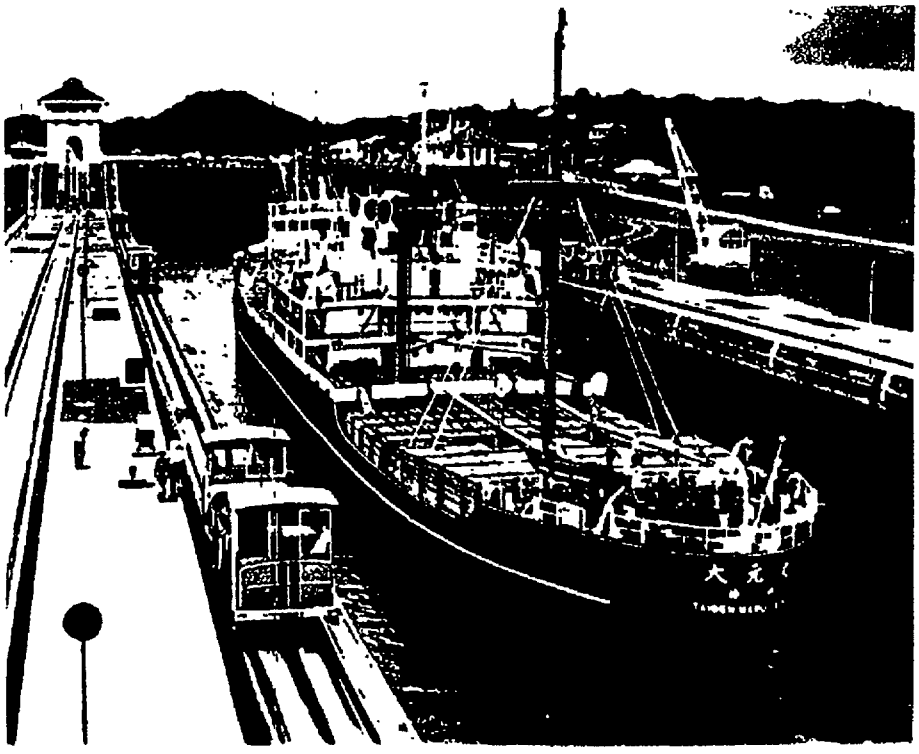


These household tissue products are produced by Georgia-Pacific and marketed from coast to coast.

Georgia-Pacific forest products are shipped abroad to forty free-world nations. Here lumber (on deck) and plywood and bleached pulp are en route to foreign destinations.



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MAJOR LOCATIONS

