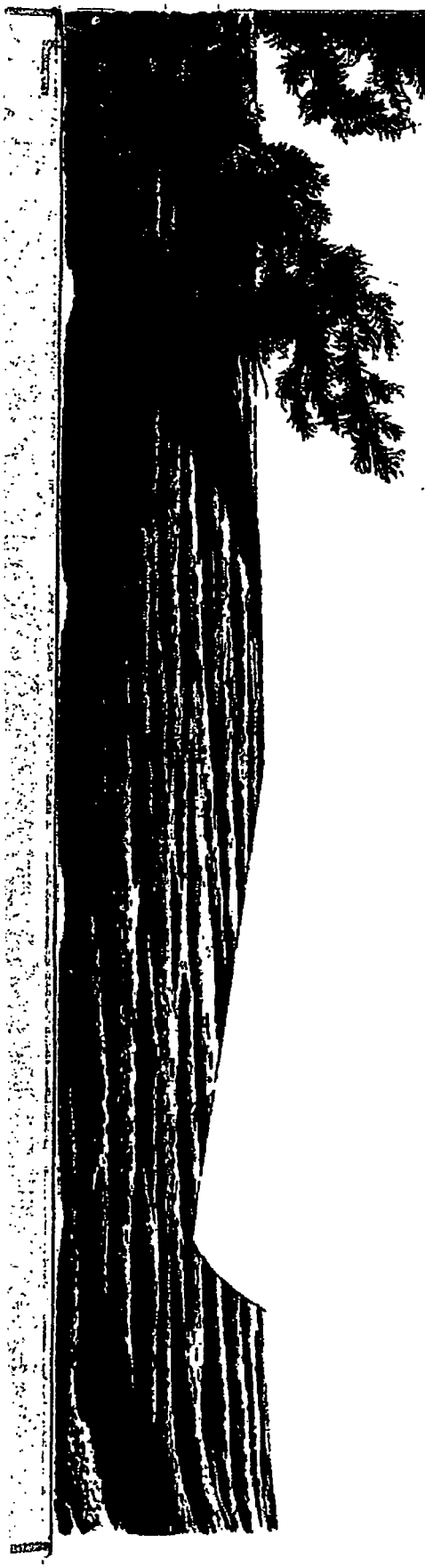
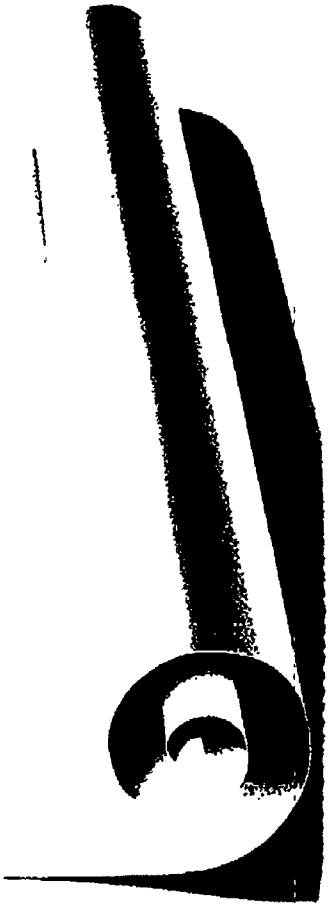


GEORGIA–PACIFIC
CORPORATION



THIRTIETH ANNUAL REPORT • 1956

Fifteenth Annual Report

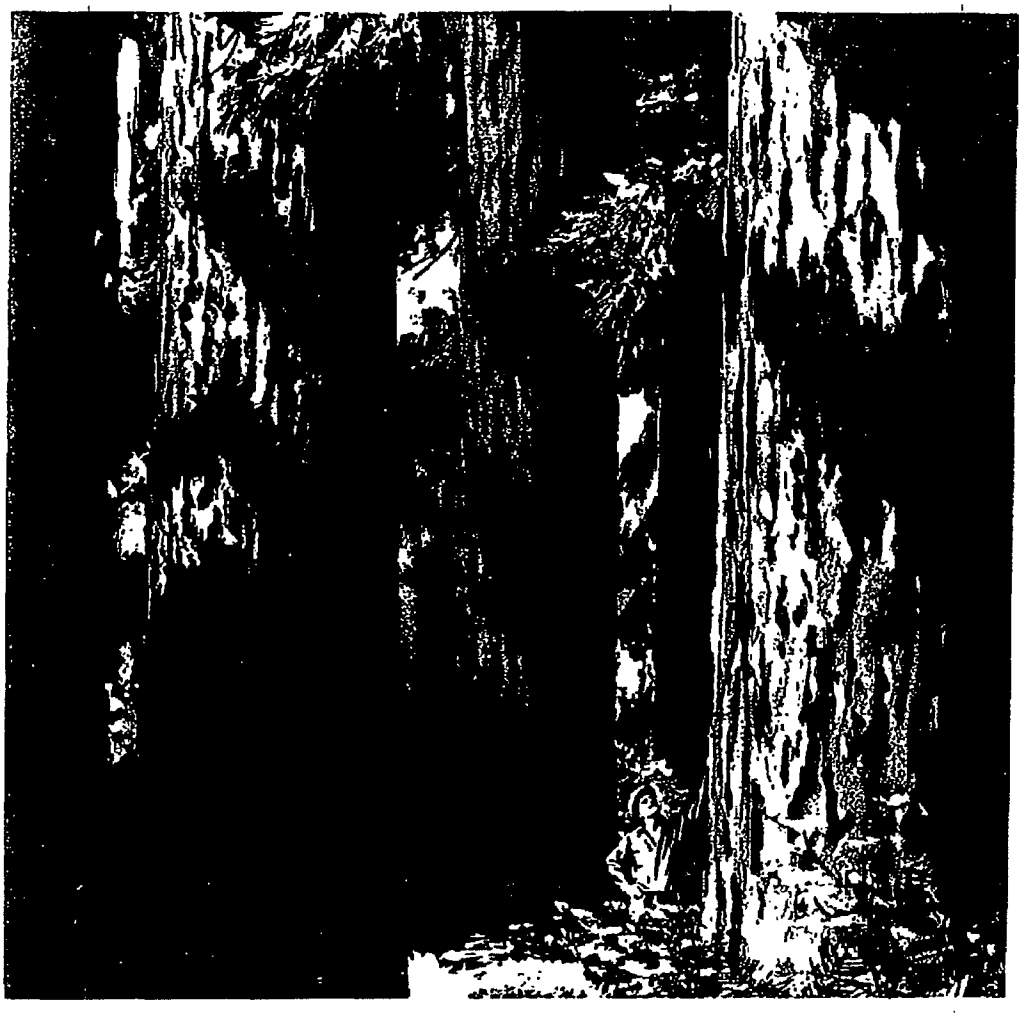
For the year ended December 31

C O R P O R A T I O N

PORTLAND

NEW YORK

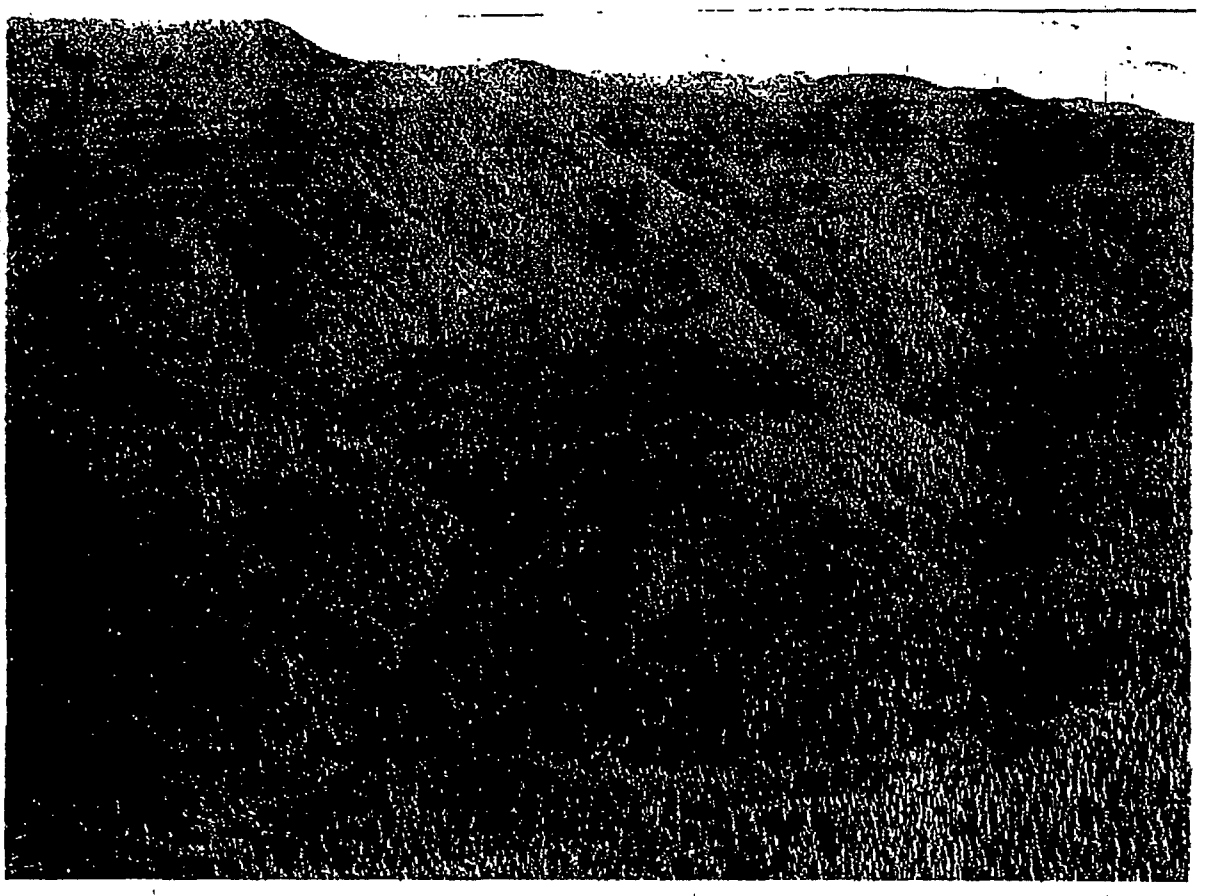
AUGUSTA



A fine stand of virgin Douglas Fir in Georgia-Pacific's timber reserves

The Corporation and its subsidiaries are the owners of one of the largest and most valuable stands of timber and timberlands in America, located chiefly in Oregon and California. Approximately two-thirds of this timber (in excess of 8 billion feet) is high-quality, old-growth Douglas Fir, the remainder (approximately 4 billion feet) consists principally of old-growth California Redwood.

The greatest part of this timber grows in the Coast Range, in Coos and Lincoln Counties, Oregon, and in Humboldt County, California. These areas are endowed with an abundance of rainfall which contributes greatly to the rapid growth of the timber. It is not uncommon in the Corporation's timber holdings to come upon second-growth trees less than 100 years of age that are in excess of 50 inches in diameter at the stump. Even during the summer months these forests are frequented by light rains and heavy coastal fog,



Aerial view of a small section in Georgia-Pacific's over 400,000 acres of timberlands

which not only aid materially in the fast growth of the timber but also minimize the fire hazard. These areas are also excellent for logging operations. They are seldom blanketed with heavy snowfall so that a minimum of time is lost in operations.

Over 60 percent of the logs harvested from the Corporation's Douglas Fir timber is suitable for rotary cutting and manufacturing into plywood. The balance of the logs will be sawn into lumber, with the by-products either going into the Georgia-Pacific hardboard plant or being used for pulp and paper. The Corporation's Redwood forests, acquired from the Hammond Lumber Company, comprise approximately 10 percent of all the Redwood timber remaining in the world. Redwood possesses the unique distinction of being the most durable of all commercial woods, and because of this rare quality only Redwood is suitable for many specialty uses. The volume of high-quality Redwood timber is very limited. It is carefully harvested on a planned program so as to assure Redwood products for its many uses for generations to come.

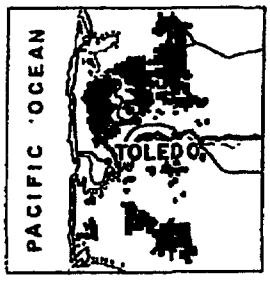
Closeup of virgin Douglas Fir in Georgia-Pacific timber stand

We are continuing to study the economic practicability of utilizing the 7½ billion feet of timber in the Tongass National Forest at Juneau, Alaska, on which we received a preliminary award in August 1955. In our annual report for that year we outlined the substance of this award and described this valuable timber stand and its potential for the manufacture of pulp and paper.

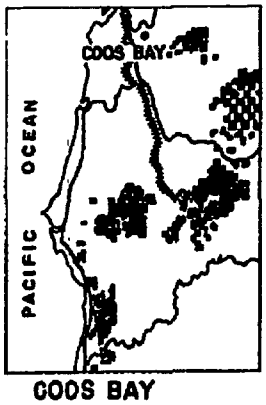
The basic objective of the management of the Corporation's timberlands is to secure sustained yield in order to assure perpetual operation. The purchase of the additional forests and forest lands in 1956 has substantially aided our efforts to attain this objective. We also endeavor to get the greatest utilization and productivity out of every acre of forest land under the Corporation's control. Research and studies of the Corporation's timberlands are constantly being made in order to attain a maximum annual growth per acre. When found necessary, new trees are planted or seed is sown to aid nature in a faster stocking for regeneration.

The Corporation's policy is to supplement its own timber by the purchase of logs and timber from other operators and timber from the United States Forest Service.

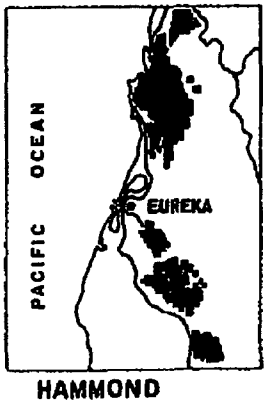
MAJOR WEST COAST
TIMBER OWNERSHIP AND PLANTS



TOLEDO



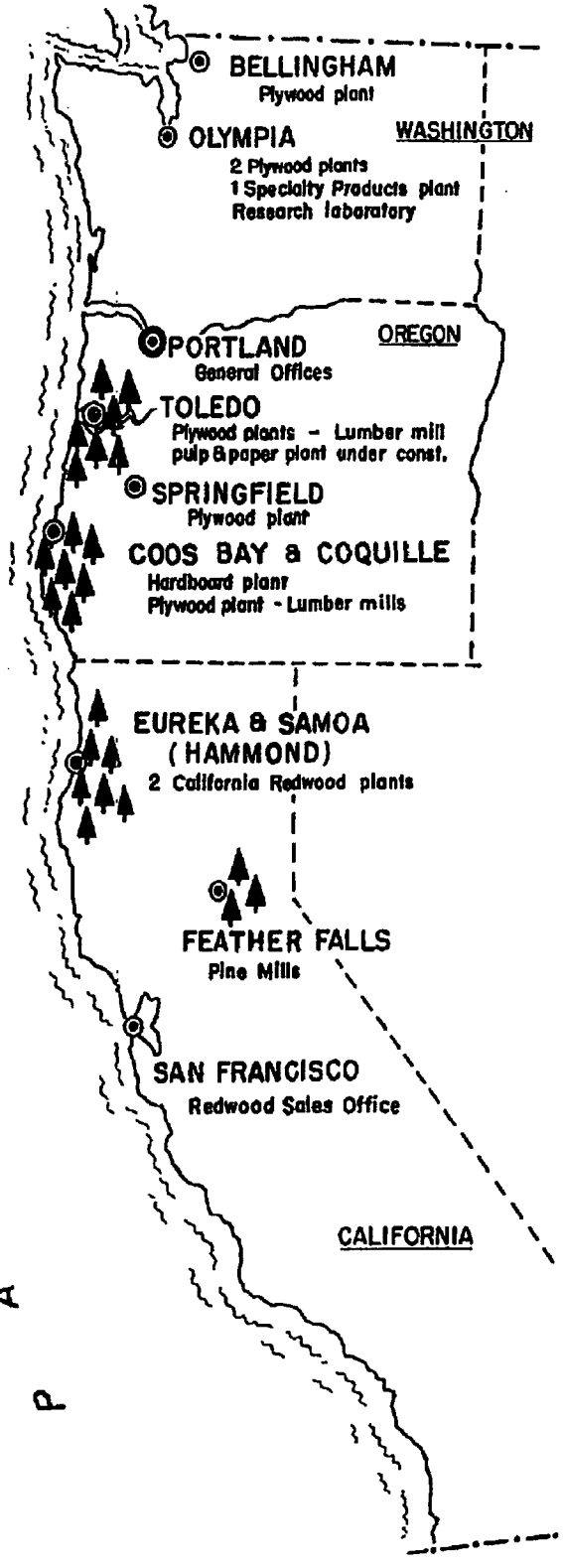
COOS BAY



HAMMOND

FEATHER RIVER

TIMBER HOLDINGS



The Olympia, Washington, plants are shown at left. Center and right are Coos Bay lumber, hardboard and plywood plants

Production

All previous production records were broken during 1956. Throughout the year we continued our policy of modernizing plant facilities to provide increased production at lower cost.

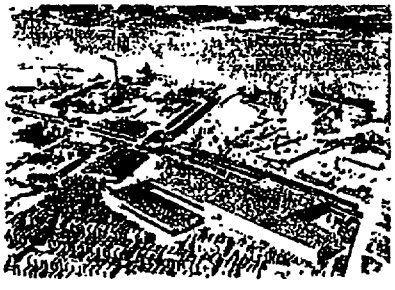
A new plywood manufacturing unit was completed at Toledo, Oregon, which increased our plywood capacity by approximately 30 million square feet per year. A veneer mill was acquired at McKeever, New York, to supply Birch veneers to our plywood plants.

Major steps have been taken to integrate the newly-acquired Coos Bay and Hammond properties with our other production units and to increase production and operating efficiency. A new barker is being installed at Coos Bay which will nearly double the production of wood fiber chips, and studies are being made to convert our Redwood waste into chips at the Hammond mills. Wood fiber chip production from waste has been nearly doubled at Toledo.

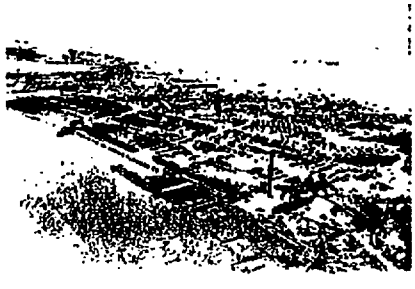
The utilization of logs from our new timber acquisitions has resulted in greater efficiency and lower costs at all of our Western plants. Currently we have under construction an addition to our Savannah, Georgia, hardwood plywood and specialty plant, which will about double our productive capacity of pre-finished wall paneling and specialties at that location. This should come into production during the second quarter of 1957.

During the year there were no work stoppages at any of our plants.

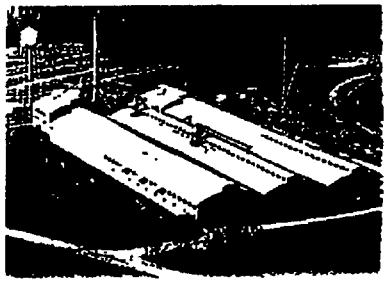
Eureka, California

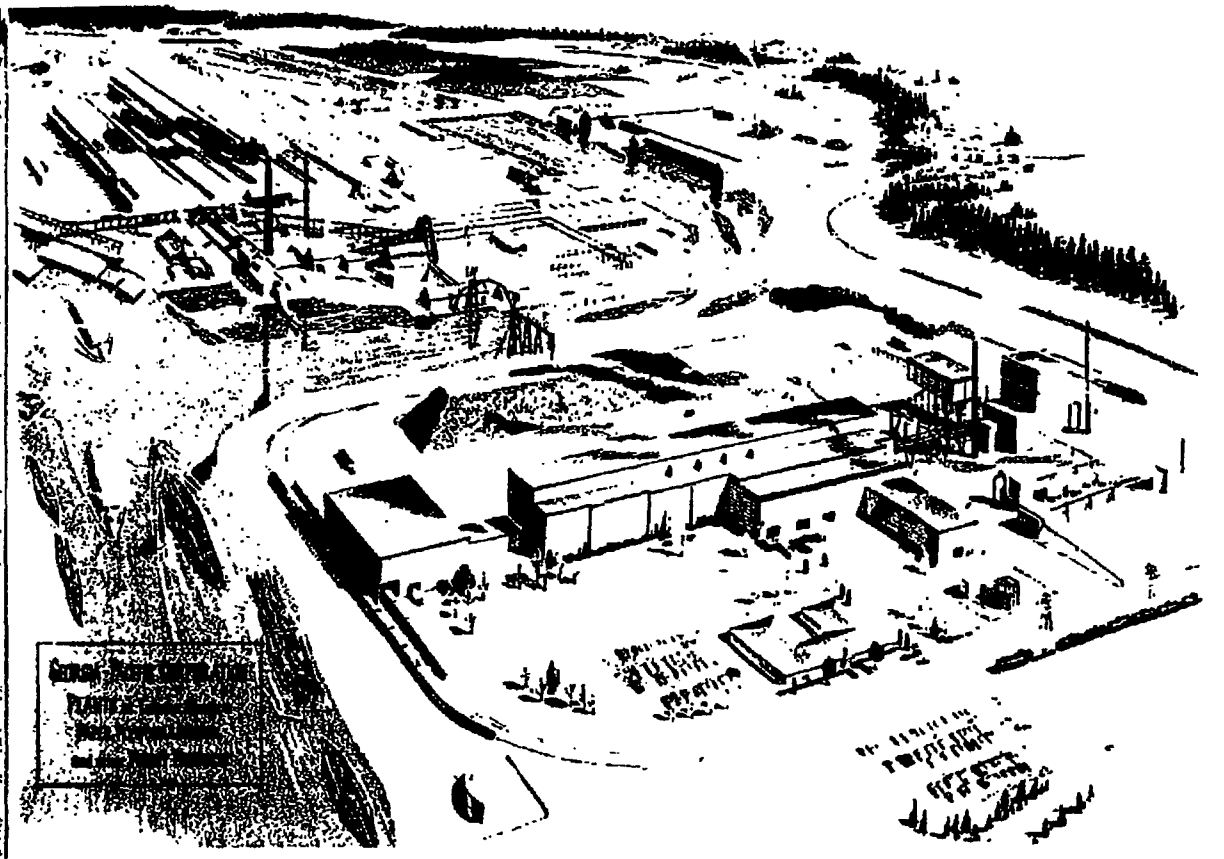


Samoa, California



Savannah, Georgia





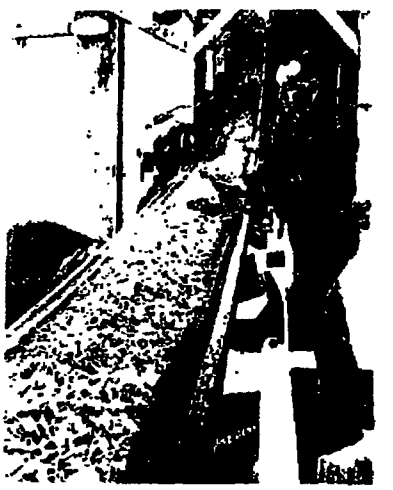
Toledo, Oregon, pulp, paper, plywood and lumber mills as will appear upon completion of the paper mill in foreground

This is a composite picture of the entire Toledo plant as it will look after completion of the new pulp and paper mill unit this year. The plywood and lumber mills in the background are the source of the large pile of chips just behind the long paper machine room.

Toledo, of course, is not the first pulp mill to use mill waste as its raw material supply. Many of the pulp mills on the Pacific Coast purchase chips from local saw and plywood mills, including those operated by Georgia-Pacific at Toledo, Coos Bay, Springfield and Feather River.

But the Toledo location gives the new pulp and paper unit a unique economic advantage in the elimination of transportation charges on the major portion of its chip requirements and in the ability to use many existing facilities of the plywood and lumber mills. Toledo's chips will be blown through a pneumatic pipeline directly to the pulp mill storage pile. For most pulp mills, the delivered cost of chips is more than double the cost at the point of origin.

Construction is on schedule and the pulp and paper mill is expected to start up about the end of 1957. Its initial daily capacity will be 250 tons of kraft (sulphate) pulp, paper and containerboard. Annual sales are expected to exceed $12,000,000 and add substantially to Company profits.



Wood fiber chips for paper from waste

Highlights of 1956

- Sales of $121,305,307 represented an increase of $29,339,303 over the previous year.
- Net profits of $7,428,767, after taxes, represented an increase of $1,226,020 over 1955.
- Acquisition of approximately 8 billion feet of timber brought our total ownership to over 12 billion feet.
- Production at Company plants broke all previous records.
- Two plywood plants, one hardboard plant, a Fir lumber operation, and two California Redwood lumber and specialty plants were added to productive capacity.
- Construction began on a new 250-ton daily capacity kraft paper and paperboard plant at Toledo, Oregon.
- A veneer plant at McKeever, New York, was acquired to supply Birch veneers to our plywood mills.
- Ten new distribution warehouses were established, bringing the nation-wide total to 40.
- Net working capital increased to $42,142,538, cash to $21,399,075, total assets to $205,474,607 and the current ratio to 3.18 to 1.

Outlook

Georgia-Pacific Corporation goes into 1957 better fortified and in a better competitive position than ever before.

The Corporation has greater productive capacity, a wider range of products and a better world-wide system of sales and marketing outlets than previously.

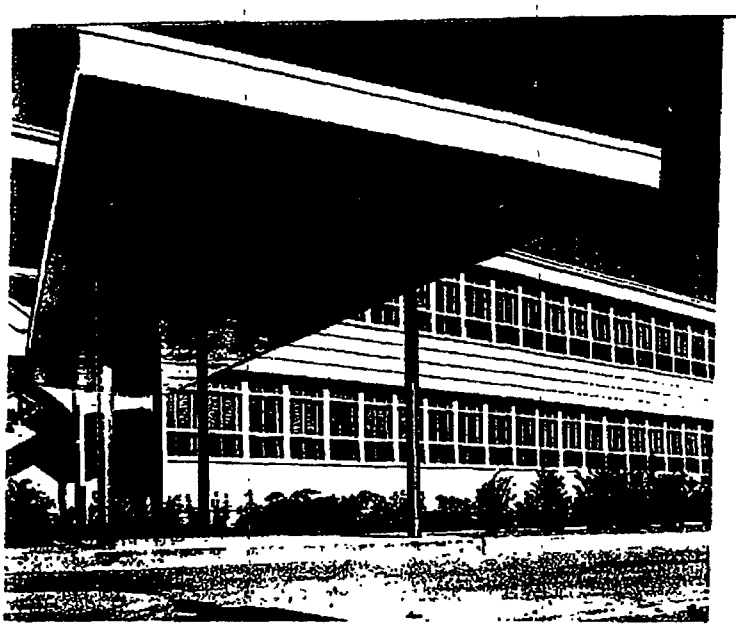
Both the short and long-term timber harvesting programs should generate cash and profits at a rate not before realized. The increased number of products made from timber and the per capita demand growth are impressive. Of these products the most vigorous growth has been demonstrated by plywood and plywood products—and paper and paper products. These two industries are both among the fastest growing in America. Georgia-Pacific ranks first in the production of plywood. Its pulp and paper mill, under construction, will utilize its wood waste in the manufacture of kraft paper and paperboard. Consumer demand for both plywood and kraft is expected to double over the next twenty years.

It is estimated that the United States' population will increase to 175,000,000 by 1960. Schools and colleges are bulging; new family formations will almost double the current rate, starting two or three years hence. The long-term demand for products from timber—for plywood and paper—will be strong.

The current economic picture is fairly bright, but one disturbing factor is the decline in housing starts during the past year, largely attributable to the tightness of mortgage money. The housing industry is large and has a far reaching effect. Meanwhile, commercial construction, the new highway program, industrial business and the "Do-It-Yourself" market are helping to offset the decline in housing starts. The present lag in housing starts will be more than made up when mortgage money becomes more easily available.

The outlook for increased earnings for Georgia-Pacific in 1957 is good; the longer-term outlook is excellent.

In order to provide a convenient statistical reference, this center fold section contains a summary of consolidated financial condition, a ten-year comparative record, operations, ratios and several graphical representations relative to the Company and its operations.

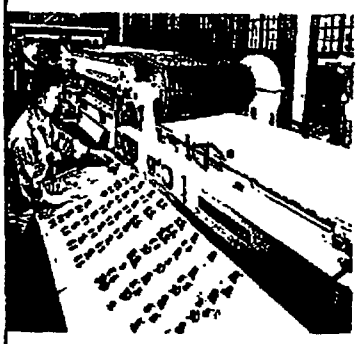


The Olympia, Washington, Sales and Research Center

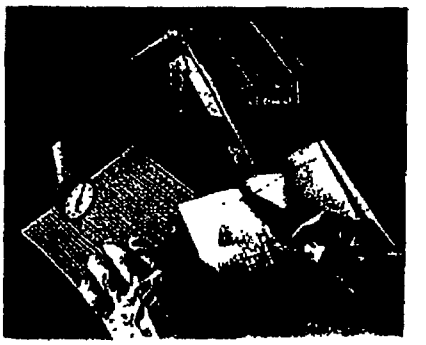
It is always gratifying to report a pay-off from research expenditures. Sales of our new type Striated paneling (U. S. Patent Number 2782468) have been so encouraging that we have installed equipment at Savannah to produce a Striated Hardwood panel. Greatly improved finishing techniques, on a low-cost basis, permitted the addition of Cherry, Ash and Walnut to our line of pre-finished Hardwood plywood panels with our unique clip system (Patent applied for). All of these new specialties have received excellent market acceptance.

One of the more important research developments of the past year has been in the field of plastic surfacing. This surface enhances the appearance, durability and value of plywood for such uses as home and industrial siding, highway signs, boat construction and other uses where a waterproof panel with superior paint surface is required. "GPX Yellow" was developed and put on the market as a low-cost (medium density) plastic-faced grade in 1956.

Meanwhile, several new product lines were added as the result of our research activities. More important among these were G-P Hardboard, a variety of Redwood specialties, and pulp and paper. The acquisition of the Coos Bay and Hammond properties made possible further integration of uniform quality control standards—literally from tree to warehouse—and this is a basic responsibility of our laboratories. In addition, they are seeking to increase the return from our timber reserves by adding new and upgrading existing products—more of which should emerge from the pilot plant stage and go into commercial production in 1957.



Electronic control of hardboard manufacture



Quality controls insure quality products

Georgia-Pacific displays attract customers at trade shows and dealer conventions

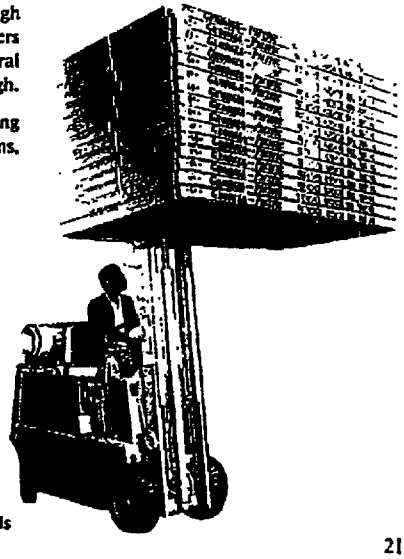
Increased distribution, intensified advertising and promotion, and important additions to our product lines in 1956 were major factors in producing the highest volume of sales in the Corporation's history.

In 1956, ten additional warehouses were opened in major trading areas. We now have 40 warehouses across the nation and representatives in most major foreign markets. In the markets where independent jobbers distribute Georgia-Pacific products, efforts were concentrated on increasing sales volume of the entire line.

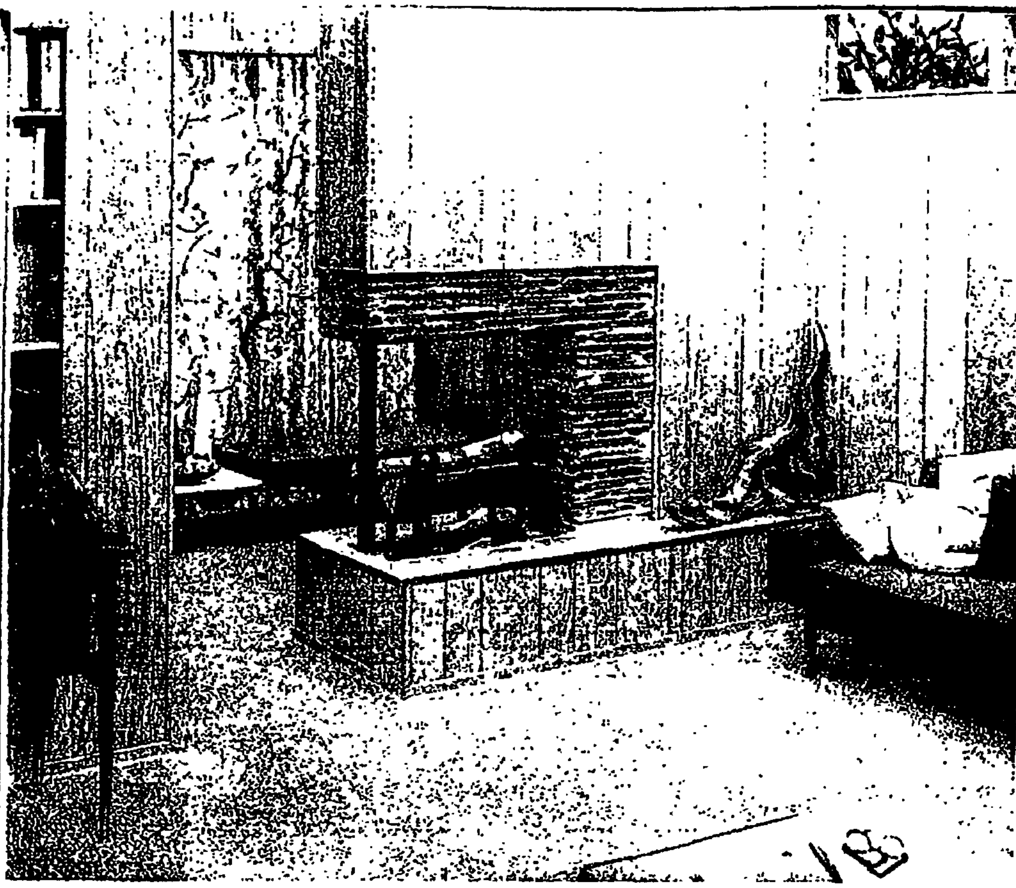
The manufacturing and construction industries, both domestic and foreign, are the major consumers of the Corporation's products. These products are used in railroad cars, trucks and trailers, appliances, radio, television, and furniture; in marine construction, and in housing, schools, churches, market centers and on farms. "Do-It-Yourself" continued to be a big market.

Retail building supply dealers provide our largest single outlet. Through 10,000 dealers we effect widespread and efficient distribution. To help retail dealers market our products we have developed an outstanding sales training course. Several thousand dealer salesmen have completed this course and enrollment for 1957 is high.

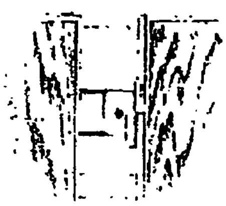
A concerted drive at the consumer level was sparked by intensive advertising in many consumer and trade publications, direct mail, product literature, films, and the use of displays.



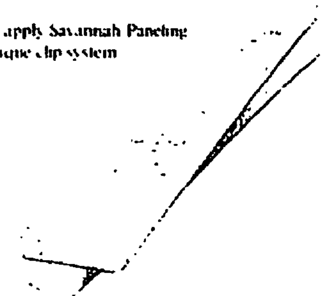
Attractive packaging protects fine G-P Plywoods



Prefinished Savannah Oak Paneling



Easy to apply Savannah Paneling with unique clip system

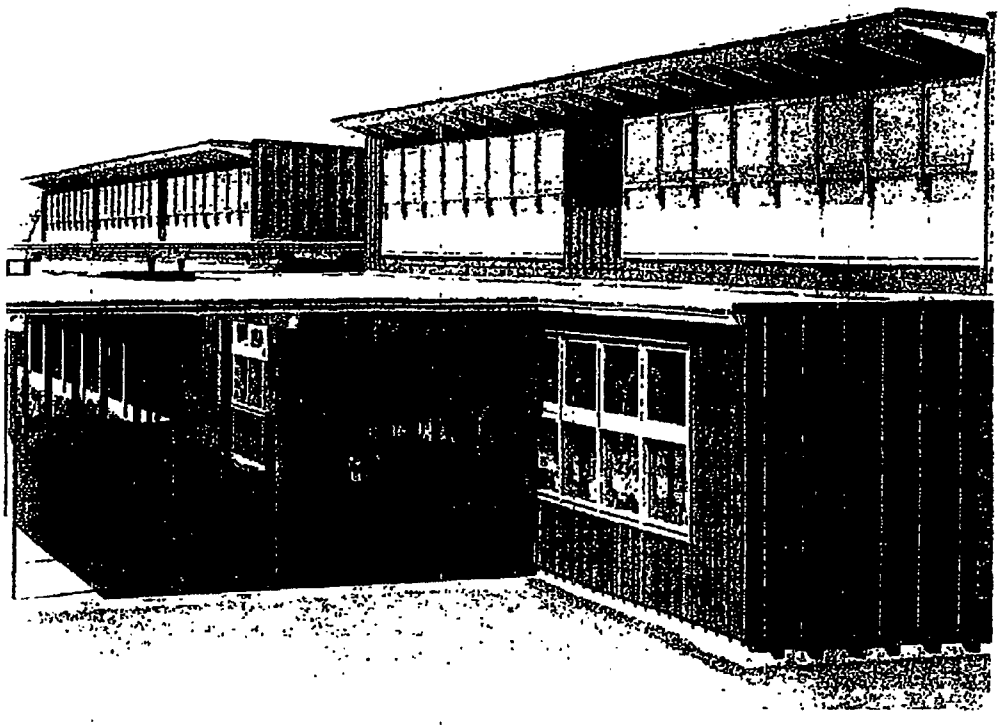


G-P Douglas Fir Plywood. Georgia-Pacific, with the country's largest productive capacity of plywood, produces all types and grades, interior and exterior, by the most up-to-date precision manufacturing methods.

G-P Hardwood Plywood. A wide variety of both fancy and utility grades, in standard and special sizes.

G-P Ripplewood. The low-cost textured decorative wall paneling, available in standard panels and squares, for staining or attractive two-coat finishing. Also available in standard size V-Grooved panels.

GPX Plastic-Faced Plywood. [illegible] provides extra strength and long life [illegible] It has wide acceptance [illegible] GPX General Use, GPX Concrete Form, GPX [illegible] GPX [illegible] for a superior painting surface. [illegible]

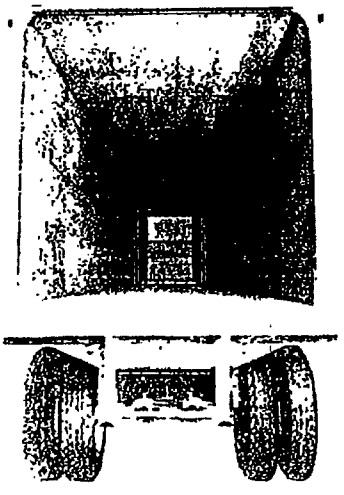


California Redwood is ideal for modern school construction. It has warm beauty, needs no maintenance and is rot free

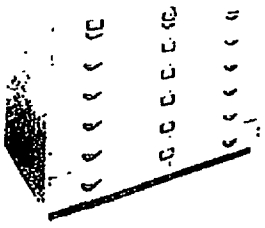
G-P Hardboard. A panelboard made of wood fiber. It is a stable material well known in the trade for its machinability, resistance to damage, light color and smooth surface on both sides. Widely used for furniture, TV and other cabinets, in office equipment, for displays, and for many construction purposes.

G-P Savannah Paneling. An exclusive prefinished wall paneling of random width plywood planks produced from Southern Hardwoods, available in Honey-tone or Blond Oak Ash, Cherry, Walnut and Birch. This product is designed for application with a patent-applied-for clip system. Also available is a variety of prefinished moldings, all matching for a complete wall paneling installation.

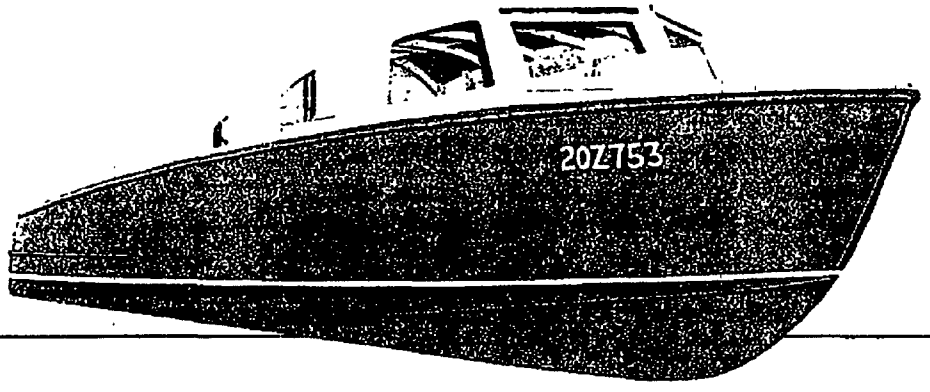
G-P Prefinished Hardwood Paneling. Made in four [illegible] widths for quick installation, these beautiful factory-finished Southern Hardwood wall panelings are available in V-Grooved Blond Cativo, Red Gum, Birch, Honey-tone Oak, Blond Oak, Cherry and Walnut.



Douglas Fir Plywood for truck [illegible]



GPX Plastic-faced Plywood is widely used for marine applications and for mar-free cabinets



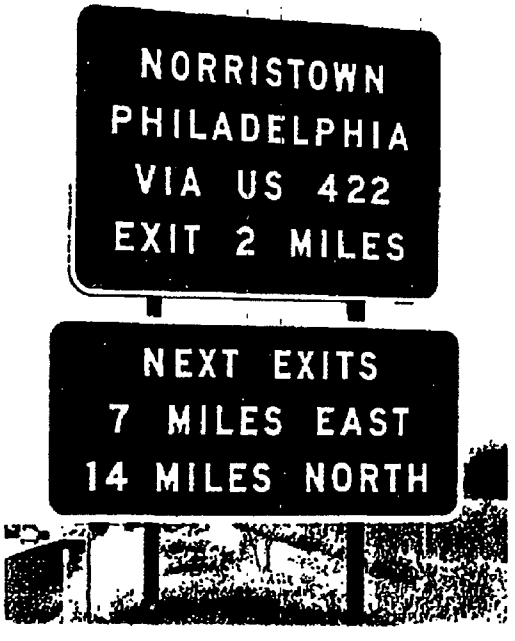
G-P Striated Plywood (U. S. Patent No. 2782468). A new improved decorative panel in the popular Striated pattern. Available in standard panels and squares in Douglas Fir and in Hardwoods. Especially popular with homemakers and builders because of its beautiful texture effects.

Lifetime Sheathing. A popular sheathing-grade plywood manufactured for construction and container use. Primarily designed to meet government specifications for overseas shipments.

G-P Hardwood Plywood on Fir Core. A wide variety of fine Hardwood face veneers processed with Fir cores to provide attractive, moderately priced, decorative plywood panels.

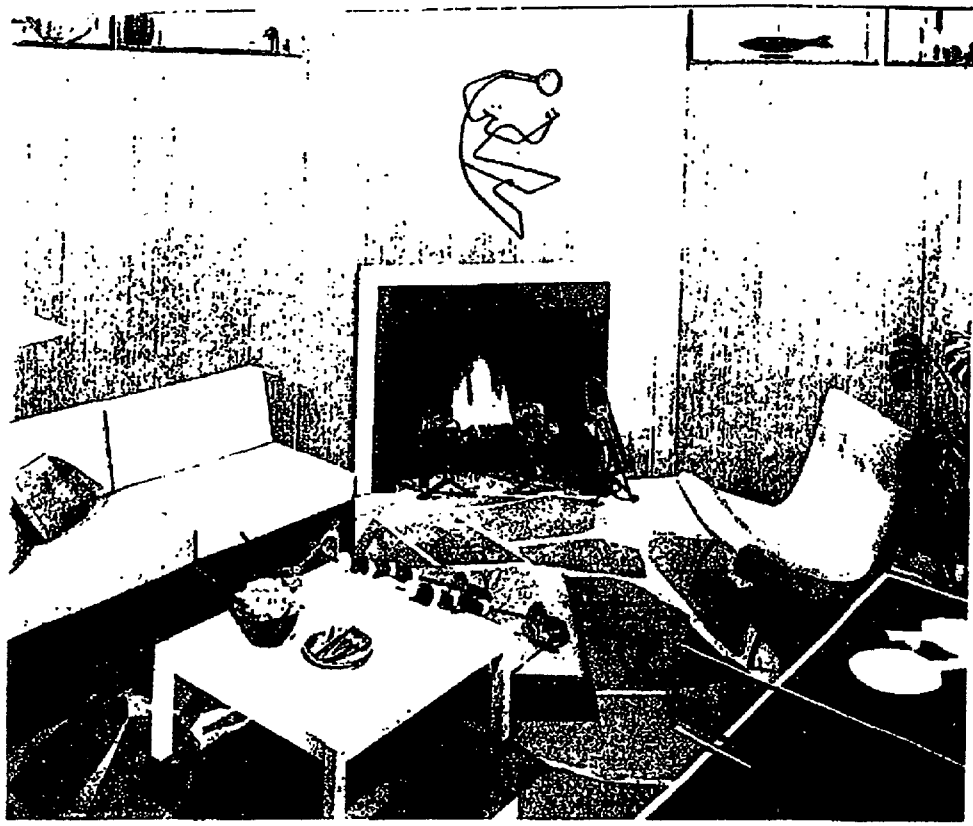
G-P Giant Scarfed Panels. G-P Scarfed Panels of Fir plywood can be produced in any required length – have been made in sizes up to 10 feet wide by 70 feet in length. Widely used in boat and shipbuilding and for outdoor signboards.

GPX Plastic-faced Plywood for superior highway signs

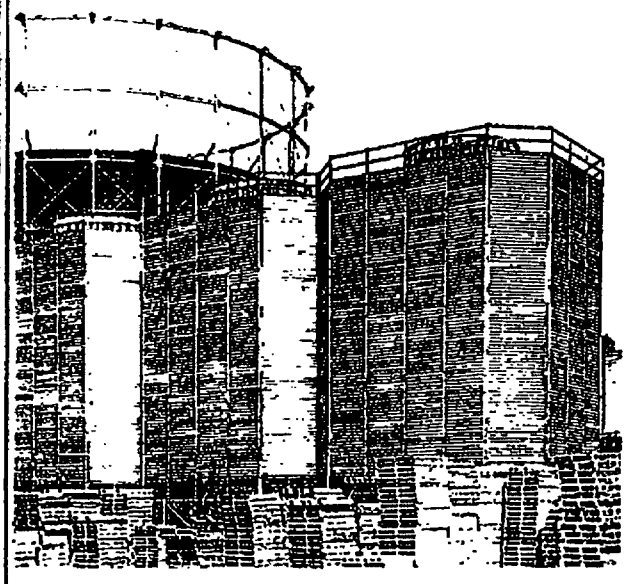


GCHAT 06

0 2 7 8 0



Georgia-Pacific Striated Paneling



California Redwood is the only wood suitable for many industrial uses featuring stability and permanence

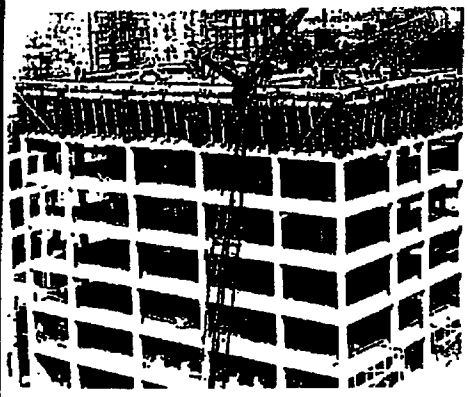
Fiber Chips for Pulp, Paper and Newsprint. To [illegible] maximum [illegible] utilization, fiber chips, a by-product of G-P timber operations, are marketed for manufacture into pulp, paper and newsprint.

California Redwood Siding and Specialties. Redwood, one of the most durable of woods, is manufactured at G-P mills in northern California into siding and other specialty products. It resists weathering, termites, insects and decay and is rated superior to all woods in dimensional stability, [illegible] and paint retention.

Lumber and Timbers of all Types. G-P mills manufacture Western and Southern lumber [illegible] industrial items [illegible]. A few of the woods produced at these mills are Douglas Fir, West Coast Hemlock, Sitka Spruce, Coulter & Sugar Pine, Redwood, Ponderosa Pine, Southern and Appalachian Hardwoods, Shortleaf and Longleaf Yellow Pine and Cypress.

Douglas Fir Plywood is a low cost, easily worked, construction material for farm uses

Georgia-Pacific Scarfed Plywood Panels can be made in any desired length



GPX Plastic-faced Concrete Form Plywood for smooth finishes on modern commercial structures

One of the thousands of uses of plywood

GEORGIA-PACIFIC CORPORATION

AND SUBSIDIARIES

General Offices and Western Division Headquarters
Equitable Building, Portland, Oregon

Executive Office
60 East 42nd Street, New York, New York

Southern Division Headquarters
Southern Finance Building, Augusta, Georgia

SALES OFFICES AND DISTRIBUTION WAREHOUSES

Akron, Ohio, 1069 Dublin Street
Atlanta, Ga., 141 Carnegie Way, N.W.
Augusta, Ga., 753 Broad Street
Baltimore, Maryland, 2315 Severn Street
Billings, Mont., Bernard St., Northern Pacific Industrial Sites
Boston, Mass., 141 Bacon Street, Waltham, Mass.
Charlotte, N.C., 106 Foster Street
Chicago, Illinois, 1801 and 1811 West Bryn Mawr
Cleveland, Ohio, 4832 Ridge Road
Columbia, S.C., 1099 Berea Road
Detroit, Michigan, 126 E. Hudson Street, Royal Oak
East Peoria, Illinois, 206 Camp St.
Easton, Md., Terminal Warehouse, Kemp Lane
Fort Worth, Texas, 1114 Texas & Pacific Building
665 East Vickery Blvd.
Fresno, California, 3140 California Ave.
Greenville, South Carolina, Keith Drive
Hatfield, Pa., Half Valley Road
Houston, Texas, 4715 Calhoun Road
Jackson, Miss., 1001 Terry Road
Lancaster, Pa., West Roseville Road
Long Branch, N.J., 174 Branchport Avenue
Los Angeles, Calif., 3201 South Maple Avenue
14416 Victory Boulevard, Van Nuys
Meriden, Conn., 14 Cherry Street
Milwaukee, Wisc., 8229 W. Greenfield Ave., West Allis
New Castle, Pa., Cherry Street Extension
New Hyde Park, N.Y., Second Avenue and 4th Street
New Orleans, La., 501 City Park Avenue
New York, N.Y., 933 Courtlandt Avenue
Olympia, Washington, 600 North Capitol Way
Port Dock
Pasco, Wash., Pasco Air Base
Philadelphia, Pa., 63rd St. & Eastwick Ave.
Pittsburgh, Pa., 33rd St. and Liberty Ave.
Port Newark, N.J., 102 Marsh Street
Portland, Ore., Equitable Building, 421 S.W. 6th Ave.
330 S.E. Division Place
Providence, Rhode Island, Harborside Industrial Park
Salinas, Calif., Sanborn Road at Industrial Avenue
San Antonio, Texas, 331 South Flores Street
San Francisco, Calif., 417 Montgomery Street
San Jose, Calif., 345 Sunol Street
Seattle, Wash., 410 Terry Avenue North
Spokane, Wash., 3420 North Regal Street
Tacoma, Wash., 824 East 25th Street
Toledo, Ohio, 824 Laskey Road
Vineland, N.J., Mill & Pine Streets

Bellingham, Washington
Coos Bay, Oregon (3 plants)
Eureka, California
Feather Falls, California
Olympia, Washington (3 plants)
Samoa, California
Springfield, Oregon
Toledo, Oregon (3 plants)
Cleveland, South Carolina
Dumas, Arkansas
Fairfax, South Carolina
Jackson, Mississippi
McKeever, New York
Savannah, Georgia
Steelwood, Alabama

Associated Mills on the Pacific Coast and throughout the South.

Printed in U.S.A.