



GEORGIA-PACIFIC CORPORATION/40TH ANNUAL REPORT 1988

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

GCHAT 13

0383

GCHAT 13

0392

TIMBER AND OTHER RESOURCES

Georgia-Pacific is a natural resources company. Its raw materials lie both on the surface of the land and below it. The surface materials, in the form of many species of trees, are a constantly renewable resource, growing in perpetuity. The sub-surface minerals exist in substantial quantities and our plans call for further utilization of these resources in the years ahead.

Georgia-Pacific owns or controls approximately 35 billion board feet of timber. In the United States the Corporation's great forests grow in Arkansas, California, Florida, Georgia, Kentucky, Louisiana, Maine, Mississippi, New York, North Carolina, Oregon, South Carolina, Tennessee, Virginia, Washington and West Virginia. In Alaska, the Corporation has cutting rights to 8 billion board feet of timber through Ketchikan Pulp Company, 50% owned by Georgia-Pacific. In Canada, Georgia-Pacific timber properties in British Columbia and New Brunswick. Our forests in Brazil support at least 5 billion board feet of timber on the Amazon River and, through a concession in the Republic of the Philippines, approximately another 2 billion board feet is located on the island of Mindanao.

During the year, Georgia-Pacific added nearly 600,000,000 board feet of timber of which 251,000,000 board feet supplements our Southern timberlands, more than 103,500,000 board feet was added to Crossett Division timber, better than 86,650,000 board feet was applied to the Northeastern Division resource and 150,000,000 board feet was put into the Western timber supply.

Georgia-Pacific owns the mineral rights on over 85% of its timberlands. Minerals include metallurgical coal, natural gas, gypsum and silica. The Corporation's coal reserves, estimated at 240 million recoverable tons, are mined by 25 lessees on Georgia-Pacific land in Virginia and West Virginia and 283 natural gas wells are tapped by 15 other lessees in West Virginia and Louisiana. Gypsum deposits, estimated at over 100 years' supply or 163 million tons, exist in New York State, Michigan, Kansas, Texas, Utah, and Nova Scotia. Humble Oil & Refining Company is presently test drilling for oil in Arkansas following extensive geophysical work on about 500,000 acres of Georgia-Pacific land in Arkansas and Louisiana. Under an agreement with Humble, Georgia-Pacific retains all

◀ View in Georgia-Pacific redwoods in northern California

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

GCHAT 13

0393



1. Cypress trees in Georgia-Pacific's Southern
 cypress swamp products.



2. Cypress trees from Georgia-Pacific's Southern cypress swamp
 are processed into products in the United States.



3. Georgia-Pacific's Southern cypress logs are cut into wood chips and chips for paper.

GCHAT 13

0394



Gas wells on Corporation property in West Virginia and Louisiana serve large cities in the East



Georgia-Pacific gypsum is mined or quarried in both the United States and Canada.

rights to one quarter of the land involved on a basis that will assure development opportunities as well as royalties, should the drilling be successful. The first test well will be drilled to 15,000 feet and will explore formations deeper than ever have been explored in the area.

As a part of its constantly expanding program of tree farming and forest conservation, the Corporation this year dedicated two large new tree farms in the West: a 94,000-acre redwood tree farm in north coastal California and a 45,000-acre Douglas fir tree farm in southwestern Oregon. The first redwood tree farm ever established was dedicated on Georgia-Pacific land back in 1950 and the new area is the largest single tree farm unit ever dedicated in the coast redwood country.

A new outlet was developed during the year for wood chips. A great bulk of wood chips (developed from what was formerly waste) goes into Georgia-Pacific manufactured products, but the Corporation has built a \$500,000 chip shipping facility in southwestern Oregon for transport of 180,000 units of wood chips a year to Japan.

Georgia-Pacific continued to give the public recreational use of its timberlands for hunting, fishing, day recreation and camping. It is estimated that 190,000 Americans took advantage of this opportunity in 1966. With regard to a redwood park, the Corporation has continued to hold and offer several magnificent old groves in the redwood country for public acquisition. It has, however, resisted public acquisition of lands which are excellent tree farms but are not the park-type groves the public visualizes as a redwood park and which would result in a bad bargain for the nation's already burdened taxpayers. More than adequate acreage is already preserved in state and private redwood parks to meet the desires of future generations.

As an aid to aerial reforestation of Douglas fir timberlands in Washington, Oregon and northern California, the Corporation has secured and stored 20,000 pounds of top grade seed for future reseeding. We plant five trees for every one we harvest.

Timber, as a renewable resource, continues to gain in value. Each year we grow over a billion board feet of timber. This tremendous growth gives Georgia-Pacific unexcelled opportunity for future manufacturing expansion as world markets inevitably expand.

MANUFACTURING

Georgia-Pacific added 13 manufacturing facilities during 1966. Several plants were expanded and improved to take advantage of new methods or to install cost-saving operations. The resulting increased production in the various product areas is being used to meet expanding markets and new demands both at home and overseas. Manufacturing plants now total 119.

Paper, pulp and paper converting expansions were accomplished at five locations. The bleached kraft pulp mill at Woodland, Maine, went into operation in the fall of 1966 with an annual capacity of 175,000 tons of pulp primarily for domestic use. The Ketchikan Pulp Company mill at Ketchikan, Alaska, 50% owned by Georgia-Pacific, has increased its manufacturing capacity by better than 9,000 tons of dissolving pulp a year to a total capacity of 209,000 tons. This pulp is the basic material used in rayon and cellophane. The bleached kraft pulp mill at Eureka-Samoa, California, added final production machinery for pulping redwood chips and a water treatment plant in 1966. The Toledo, Oregon, kraft paper and containerboard mill put in new and faster chip unloading facilities, making it possible for one man to unload 10,000 tons of chips in the same time it used to take five men to unload 3,360 tons. In Tomahawk, Wisconsin, the Corporation added a bathroom tissue plant to help meet the demand for industrial tissues. The corrugated container plant in San Francisco was replaced with a modern facility and capacity almost doubled to 800,000,000 square feet annually. This operation makes many specialized containers for industrial, agricultural and consumer products. During 1966 paper and paper product capacity increased by 41,000 tons to a total for the Corporation of 1,642,000 tons. Corrugated container capacity has reached a grand total of 2,415,000,000 square feet a year for Georgia-Pacific.

Three new Southern pine plywood plants were added during the year. They are located at Chiefland, Florida; Savannah, Georgia, and Louisville, Mississippi, and have

◀ Georgia-Pacific paper and paper products plants supply a steadily rising demand.

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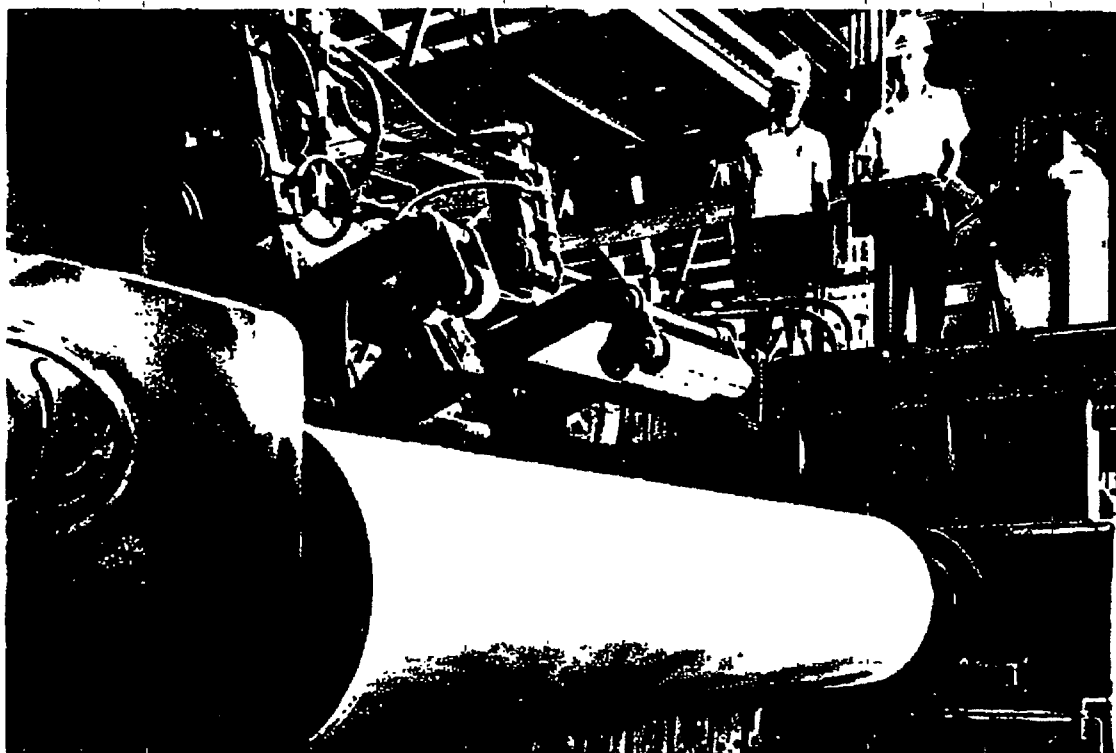
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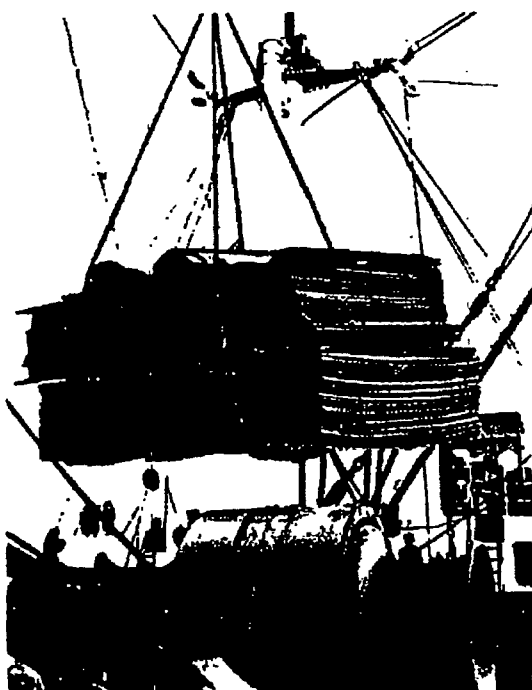
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 Georgia-Pacific v. Actum, et al.
 No. 92-2-21950-6 (Kings Co. Super. Ct.)

GCHAT 13

0395



Georgia-Pacific is the world's largest producer of softwood and hardwood plywood.



Exotic veneers for hardwood plywood panels are shipped to Georgia-Pacific from foreign ports.



Sophisticated equipment helps produce Georgia-Pacific's growing chemical output.



Georgia-Pacific lumber awaits shipment to nation's markets.



Coated foodboard for beverage cartons and frozen foods is made by Georgia-Pacific.

Manufacture (Continued)

an aggregate capacity of 236,000,000 square feet annually on a $\frac{3}{4}$ inch basis. These and the eighteen other Georgia-Pacific plywood plants have a total capacity of 1,765,000,000 square feet of softwood plywood a year on a $\frac{3}{4}$ inch basis and 425,000,000 square feet of hardwood plywood a year on a $\frac{3}{4}$ inch basis. Four plants make hardwood plywood paneling, the rest using either Douglas fir or Southern pine for softwood panels.

The Georgia-Pacific chemical division has had modest expansion in various areas as demands have risen. During 1966 the Corporation added two complete plants, one in Conway, North Carolina, and one in Lufkin, Texas, both of which produce urea and phenol formaldehyde resins. A charcoal plant, 50% owned by Georgia-Pacific, is under construction at Memphis, Tennessee. This will bring the number of Corporation chemical plants to ten, with an annual capacity of 292,502 tons of dry chemicals and 4,450,000 gallons of liquid chemicals.

Five lumber mills were added during 1966, one at Ahoskie, North Carolina, to produce Southern pine lumber, one at Iager, West Virginia, to produce Appalachian hardwood lumber, one each at Chicland, Florida, and Savannah, Georgia, to make Southern hardwood lumber and one at Crossett, Arkansas, using Southern pine. This brings the Southern lumber mills to a total of 15 which, with the production of 10 West Coast lumber mills, gives the Corporation a total capacity of 547,400,000 board feet of lumber a year.

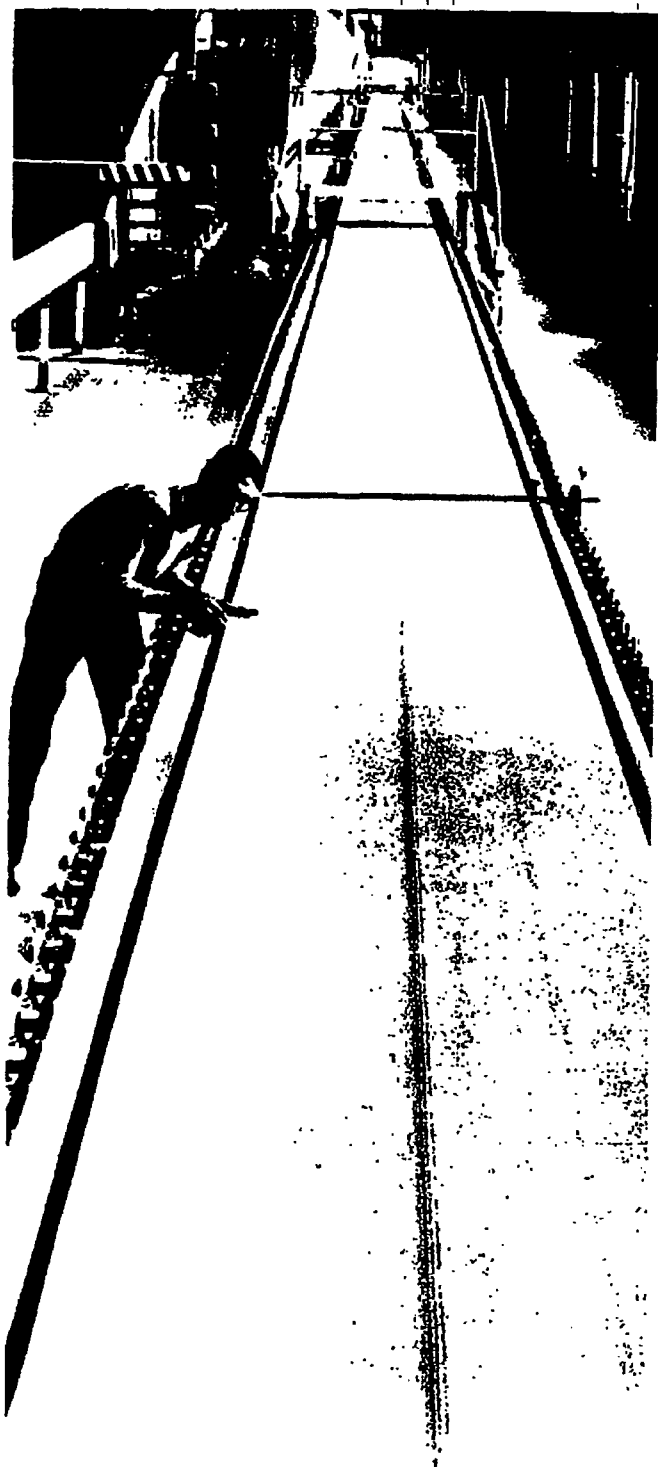
Manufacture of gypsum products continued during 1966 at the 13 existing plants. Because the Bestwall division was acquired only last year, changes in manufacture or plants have been limited to areas of cost reduction.

The Corporation intends to continue refinement of its manufacturing procedures when and where it is practical. Past investments in timber and new and improved manufacturing and marketing facilities have begun to pay off and should do so to a greater extent in the future.

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

GCHAT 13

0398



Georgia-Pacific is a major producer of gypsum board and other gypsum products.



A/C

Tremendous household and industrial tissue markets are supplied by Georgia-Pacific.

GEORGIA-PACIFIC PRODUCTS

PAPER • Kraft paper: bleached, unbleached, converting, grocer bag, multiwall sack, laminating, gumming, absorbent, envelope, variety bag, wrapping, crepeing kraft, extensible paper and pink and white butcher grades. Printing paper: newsprint; offset, vellums, bristol cover, Carrara text and cover and textured fine printing papers; bond, tablet, business form, bulking book grades for offset and letterpress, specialty grades for reproduction papers used in mimeograph, duplicator, adding machine and reply card; safety papers for checks and other forms requiring protection against copying and counterfeiting. **PAPERBOARD** • Boxboards, containerboards and coated and uncoated bleached foodboard including carton stock, bleached, semi-bleached, coated and uncoated cup and plate stock; tag and file folder stock, and milk carton stock. **CONVERTED PAPER PRODUCTS** • Grocer bags, multiwall bags; corrugated containers including waxed and impregnated containers; cartons for milk, frozen foods, liquids and semi-liquids; bathroom and facial tissues, napkins and towels, waxed paper and industrial tissues and towels. **PULP** • Sulfate and sulfite pulps in varying bleached and unbleached grades. **CHEMICALS** • Formaldehyde, urea formaldehyde resin, pheno formaldehyde resin, resorcinol resin, tall oil, ethyl alcohol, charcoal, turpentine, emulsifier and bit lubricants, chlorine, caustic soda, sulfuric acid, sodium chlorate and numerous lignin by-products. **PLYWOOD** • Hardwood plywood, factory finished and unfinished panels include rosewood, birch, cherry, walnut, elm, oak, pecan, maple, hickory, ash, Philippine mahogany, African mahogany, laurel, teak, butternut, Amazon maple, virola, benak and gum. Primary softwood plywood species include Douglas fir and Southern pine. Panel treatments include high density overlaid, medium density overlaid, Fiber-Ply, acrylic overlaid, polymer alloy overlaid, rough-sawn vertical siding, reverse board and batten siding, 2-4-1, T & G, shiplapped plywood, Texture 1-11, fire retardant panels, plain and brushed vertical siding, "V" and channel grooved panels, scarfed panels, standard marine and marine overlaid panels, non-slip overlaid plywood, giant 5' x 16' overlaid panels and Stabilite for pattern making. **GYPSON WALLBOARD** • Gypsum wallboard, insulating gypsum wallboard, gypsum sound deadening board, exterior gypsum form board, gypsum sheathing and T & G sheathing, Firestop gypsum wallboard, Firestop gypsum backer, tile backer board, vinyl-clad gypsum paneling and predecorated gypsum wallboard. **GYPSON PLASTER** • Gauging plaster, unfibred, fibred and extra-fibred. **GYPSON ACCESSORY PRODUCTS** • Laminating compound, bedding compound, wallboard joint compound, topping compound, adhesive and tape. **GYPSON ROOF DECKS** • Incombustible roof decking. **GYPSON LATH** • Plain lath, perforated lath, long-length lath, insulating lath and high absorption gypsum base. **LUMBER** • Western species include Douglas fir, California redwood, sugar pine, Ponderosa pine, white fir, larch, hemlock, incense cedar and spruce. Appalachian and Southern species include poplar, basswood, birch, cherry, walnut, white oak, red oak, hard maple, soft maple, beech, butternut, ash, hickory, buckeye, sap gum, chestnut, sycamore, cottonwood, hackberry, pecan, magnolia, cypress, tupelo, willow, yellow pine and hemlock. Foreign species include luan, virola. **HARDBOARD** • Standard, utility, tempered and treated panels which are perforated, grooved, wood grained and vinyl overlaid. **FLAKEBOARD** • Standard, vinyl and polymer alloy overlaid. **PARTICLEBOARD** • Standard, furniture core and flooring underlayment. **OTHER** • Wire-bound boxes and round baskets.

GCHAT 13

0399

GCHAT 13

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PRODUCT DEVELOPMENT AND MARKETING

To make the best use of its natural resources and to provide the best products available on the market is the constant objective of Georgia-Pacific's research, development and marketing programs. The value of this Corporate attitude was most evident in 1966 when some portions of the business faced unusual tests of marketing stamina. Research in forest genetics and product development in the areas of paper, pulp, plywood, chemicals, other wood products and minerals help to assure Georgia-Pacific a position of industry leadership.

In the area of building materials the Corporation takes an aggressive position in major markets, mainly through a system of 95 company-owned, modern distribution centers located throughout the nation. These have a total floor space of approximately 3,000,000 square feet. Additionally, sales are maintained and expanded through 53 sales offices in the United States dealing in paper, chemical and specialized wood products and through overseas contacts in 54 foreign nations. Marketing results overseas are improving each year and even greater progress is expected in the period ahead.

During 1966 Georgia-Pacific introduced a number of new building products and expanded existing lines. New products included polymer alloy overlaid flakeboard panels in wood grains and colors; crescent sawn redwood siding, paneling and fencing; wide-panel Ponderosa pine; lightweight Firestop gypsum panels; gypsum sound-deadening board and a new superior gypsum molding plaster, used mostly in industrial casting. Improved products included new faces for architectural hardwood plywood panels, new patterns and colors for gypsum Etemawall panels and an exterior overlaid particleboard for siding. New paper products included Sealskin polyethylene foodboard for frozen food cartons and other uses and a new top quality Carrara fine paper for special graphics. In Ahoskie, North

◀ New architectural designs utilize the products of Georgia-Pacific research.

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

GCHAT 13

0401



Research laboratories are closely tied to Georgia-Pacific plant and timber operations.



YELLOW PINE
Liriodendron tulipifera



The Corporation's forest genetics program helps assure bigger and better timber crops.



This Corporation-owned distribution center is one of 95 throughout the nation.



Georgia-Pacific gypsum products, used in advanced design, contribute to national progress.

GCHAT 13

0402



Georgia-Pacific loads pulp aboard giant ship bound for foreign ports.



Custom packaging produces new sales for Georgia-Pacific consumers.

Carolina. Georgia-Pacific now makes pine bark mulch for gardening, thereby using one more part of the tree.

Work in the development of new, faster growing trees was continued on Corporation timberlands in the far West and at the Crossett, Arkansas, location as well. The Southern Division, headquartered at Augusta, Georgia, will be working out its own seed orchard program this coming year. In Oregon, Douglas fir seedlings developed through a seed orchard of superior, mature scions grafted onto young trees are being put to their next stage in tests which have already shown them twice as vigorous as ordinary fir seedlings. A 30-acre progeny testing site has been prepared and cross-pollination effects of these "super trees" will be explored. At Crossett, genetics experiments in conjunction with the United States Forest Service in a 15-year-old experimental forest are producing better strains of Southern pine. A 10-acre scion bank and a 20-acre seed orchard are operating in this connection. In 1967 the Southern Division will cooperate with North Carolina State University in a hardwood research program dealing with forest management and silviculture methods. A number of demonstration plots will be on Georgia-Pacific land. Other experimentation is being carried on in a 3,000-acre experimental forest in West Virginia in connection with the state university.

To support its marketing efforts as well as its corporate citizenship, Georgia-Pacific has engaged in strong public relations, advertising and sales promotion efforts to win new sales and friends for the Corporation. Thus it enjoys, with the help of a fine sales force, a better than expected share of markets in nearly every product area.

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GCHAT 13

0413



During 1966 Georgia-Pacific announced it will build a 29-level home office building in Portland, Oregon. The architect's rendering appears above. Planned to rise 356 feet and to contain approximately 550,000 square feet of space, the structure will be Oregon's tallest commercial tower. Completion is scheduled for December 1969.