Reflecting the continued growth of the repair, remodeling and additions market, consumer-oriented home centers proliferated during the early 1980s and are expected to grow in importance during the 1990s. These retailers offer a full line of home improvement items to the do-it-yourselfer, including many building products from Georgia-Pacific.

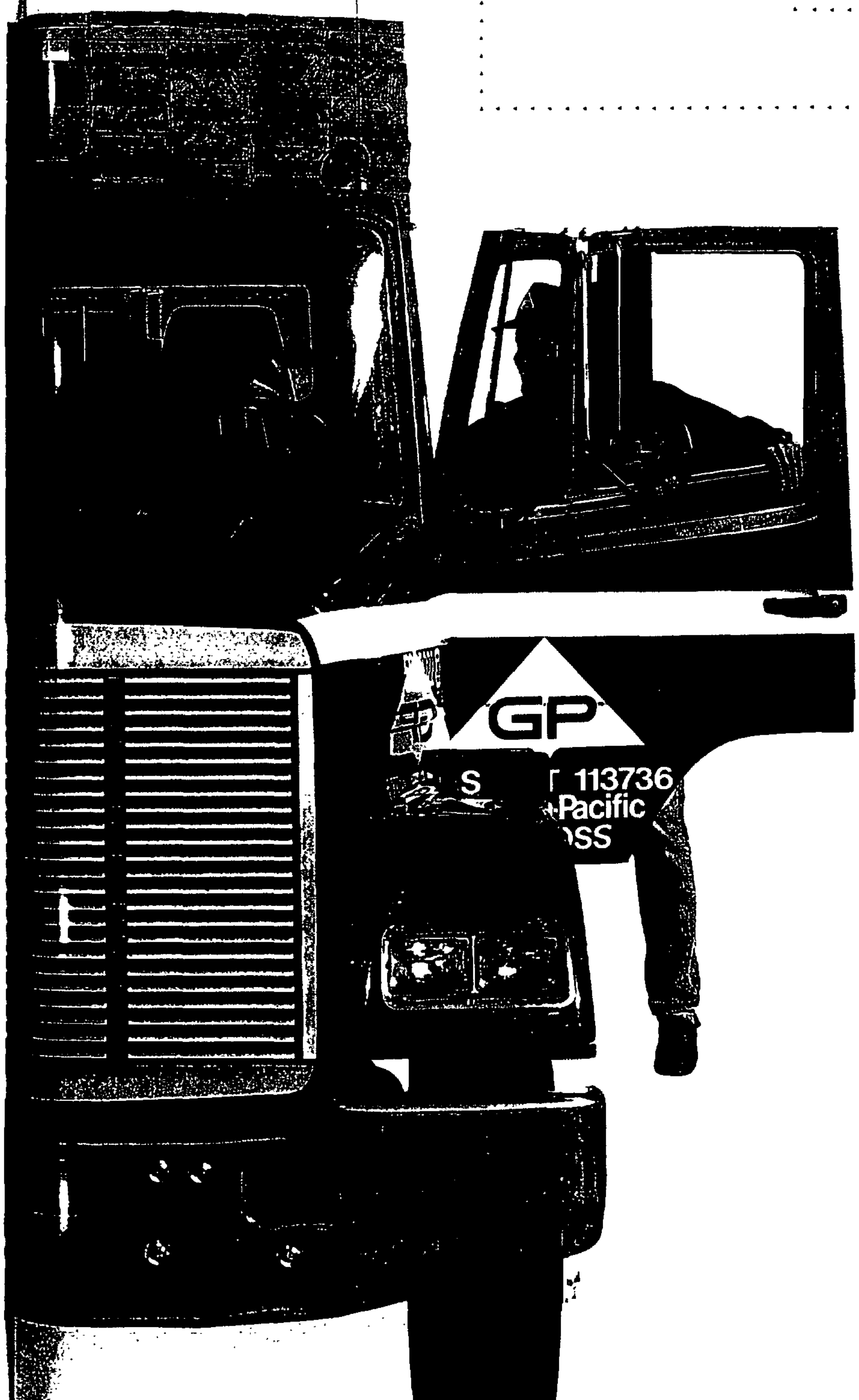
Georgia-Pacific's millwork and specialty distribution centers feature hardwood and softwood mouldings in hundreds of patterns, windows, doors, stairparts – and a high level of customer service. We also have branches that specialize in products for the manufactured housing market.

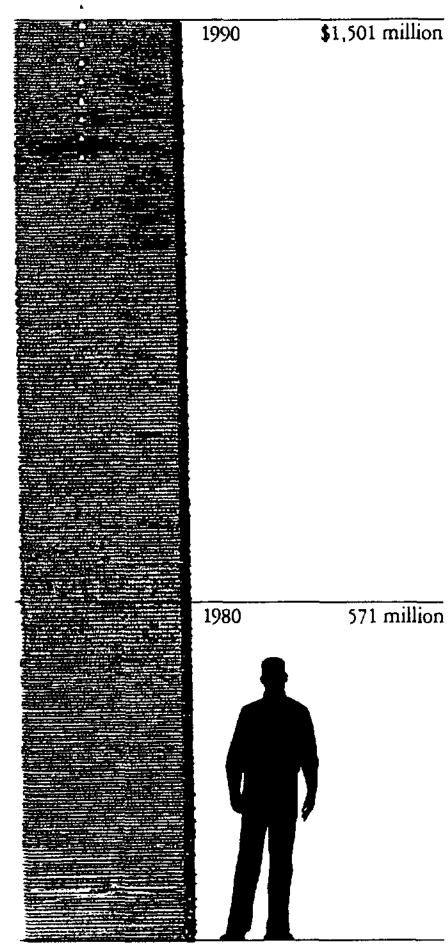
network of 143 building products distribution centers stocks a variety of items purchased from other manufacturers including insulation, doors and metal products.

Our sales to home centers have grown dramatically over the past ten years. In 1990, those retailers accounted for 35 percent of our Distribution Division's sales.

Each year, we sell about $2 billion of lumber products in a wide range of species, grades and sizes. Lumber decks are popular home improvement projects for do-it-yourselfers.

Our national advertising campaign encourages consumers to Ask for G-P.™ *Our name and logo are prominently featured on Georgia-Pacific products at building materials retailers.*





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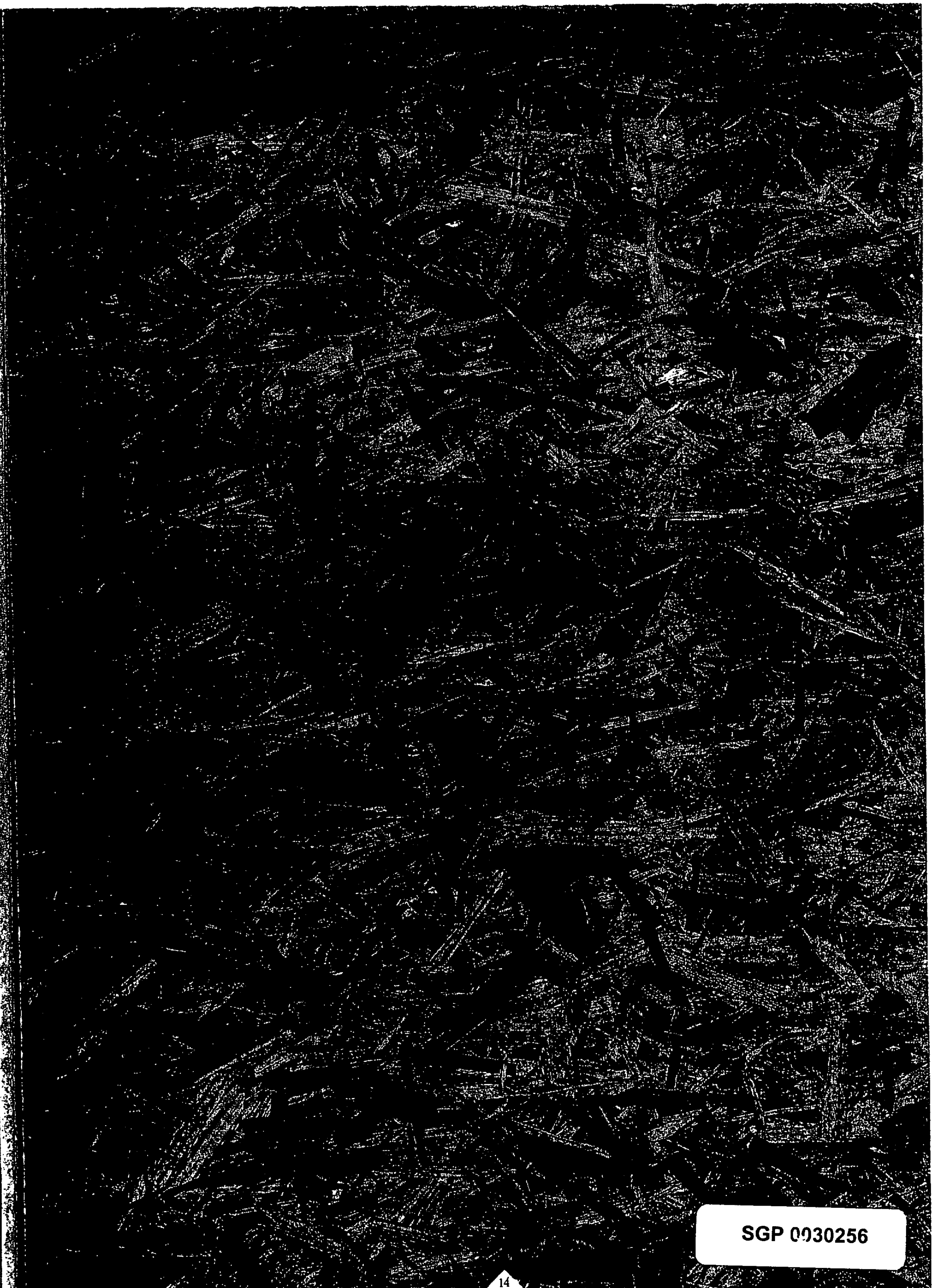

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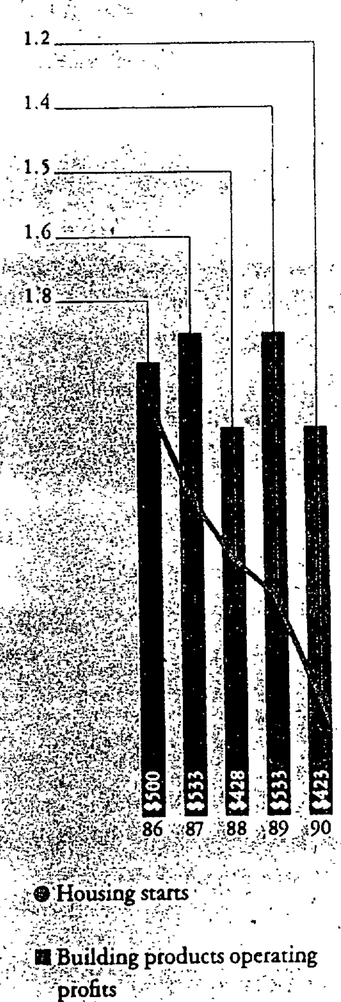
Profits from our building products business declined in 1990. A drop in housing starts and weakness in other sectors of the economy resulted in reduced demand and lower prices for many of our building products, particularly softwood plywood.

Total starts of privately owned housing units fell to approximately 1.2 million in 1990, the lowest level since the housing cycle's last trough in 1982. Although the current slump in new home construction is largely attributable to a weak U.S. economy, demographic factors suggest that housing starts in the 1990s will fall considerably below the levels experienced in the 1970s and mid-1980s. The high levels of residential construction activity in the past two decades primarily resulted from household formations by the postwar baby boomers as they reached the age of 25 to 34 years.

While new home building continues to provide an important source of demand for Georgia-Pacific's building products, a large share of our business comes from alternative markets. These markets include remodeling, repair and additions (RR&A); industrial; and export markets. Several factors should support the continued growth of the RR&A sector in the 1990s, including the aging of the nation's housing stock and a shift in population to a higher age and income bracket. We are also increasing our penetration of industrial wood products markets, with sales of more than $500 million in 1990. Finally, our building products exports, which totaled approximately $110 million last year, should continue to be supported by economic growth in Europe and other markets outside the United States.

Environmental pressures continued to reduce the availability of public timber in the Pacific Northwest, which produces a large share of this country's lumber and plywood. The reduced availability and increased cost of timber, along with poor market conditions, have forced many lumber and plywood producers in that region to curtail production or close their mills. Most of Georgia-Pacific's wood products operations are located in the South, a region expected to provide an increasing share of this country's wood products needs in the 1990s.

Building Products Operating Profits/Housing Starts 1986 to 1990 (millions)



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Despite difficult industry conditions in 1990, our distribution capability and the lower-cost position of our Southern mills allowed us to operate most of our facilities near capacity. However, lower prices have reduced margins. Although RR&A, industrial and export markets should continue to provide significant support to our building products business during periods of low housing starts, we expect 1991 profits for this segment to be lower unless demand improves significantly.

Building Products Distribution Georgia-Pacific is the largest wholesaler of building products in the United States, with 143 distribution centers located in major metropolitan areas in 45 states. We provide a high level of service, quick delivery and a broad product mix to a wide range of customers, including traditional lumberyards, consumer-oriented home centers, makers of mobile homes and other manufacturers. G-P also furnishes its customers with informative product literature, promotional displays and product packaging, and custom-designed marketing programs. Our millwork and specialty centers feature wood mouldings, doors, windows and stair parts.

Home improvement centers have grown in size and number, reflecting the growth of the remodeling, repair and additions market.

The distribution centers provide outlets for our production, enabling us to run manufacturing facilities at high operating rates. To supplement our own production and offer our customers a broader line of building products, we also purchase products from other manufacturers. In 1990, these purchases amounted to approximately $1.9 billion. Purchased products include wood panels, lumber and roofing, and product lines that we do not manufacture, such as nails and other metal products, doors, insulation, vinyl siding and adhesives.

Consumer-oriented home improvement centers have grown in size and number in recent years, reflecting the growth of the remodeling, repair and additions market. These retailers offer a broad line of home improvement items, many of which are made and/or distributed by Georgia-Pacific. In 1990, our Distribution Division's sales to home centers were $1.5 billion. We also have increased our presence abroad, opening

SGP 0030258

our second European building products sales office at Breda, Holland, in September. This office markets the company's full line of building products to customers in the Benelux countries, France, Germany and Scandinavia. Our office at Epsom, England, continues to serve the United Kingdom.

Wood Panels G-P annually produces more than 6 billion square feet of structural wood panels at 24 facilities located primarily in the southern United States. The largest producer of softwood plywood in the U.S., we account for about 18 percent of domestic structural panel capacity. Oriented strand board, a nonveneered structural panel, increasingly serves many of the same uses as plywood, including roof decking, sidewall sheathing and floor underlayment. As a result, veneered products continue to move into specialty applications such as decorative siding, sanded plywood and concrete form. About 60 percent of our plywood production is devoted to specialty grades. Newer G-P specialties include PlyFrame® for furniture, G-P Truckliner™ for trailers and Flamebreak,™ a fire-retardant panel that combines plywood and gypsum.

Veneered products continue to move into specialty applications such as decorative siding, sanded plywood and concrete form.

Georgia-Pacific is also a major producer of manufactured board products, with 19 plants producing hardboard, particleboard, panelboard, softboard and fiberboard. Made from a variety of wood materials that include sawdust, shavings and chips, these products are used in industrial applications where controlled performance and precise physical properties are essential, as well as in some construction applications. End uses include furniture, manufactured housing, shelving, fixtures, toys, automotive parts and siding panels. Increasing demand for ready-to-assemble furniture has provided a significant market for the company's particleboard and hardboard products.

Demand and prices for plywood and other wood panels were lower in 1990 because of lower housing starts and a slowing economy. In September, the company closed its plant in Coquille, Oregon (G-P's only softwood plywood operation in the region), as a result of poor market conditions and a continued shortage of timber in the Pacific

Demand and prices for plywood and other wood panels were lower in 1990 because of lower housing starts and a slowing economy.

SGP 0030259

Our 18 softwood plywood plants are located in the southern United States, where supplies of timber are more abundant and cost less.

Northwest. A trend of production curtailments and plant closures in that region may continue because environmental restrictions have resulted in reduced timber availability and high log costs. The company's remaining 18 softwood plywood plants are located in the southern United States, where supplies of timber are more abundant and cost less than in the West. Increasingly, we supply many West Coast markets from our plants in the South.

Lumber Georgia-Pacific is one of the industry's largest producers of lumber, accounting for about 2.6 billion board feet of lumber annually, or approximately five percent of U.S. lumber production in 1990. Most of our 46 lumber mills are located in the southern U.S. The company produces and distributes a wide range of lumber products, including Southern pine, a variety of Appalachian and Southern hardwoods, cypress, pressure-treated Southern pine, redwood, cedar, spruce, ponderosa pine and Douglas fir. Other products include cut-to-size lumber and Wood I Beam™ (I-shaped beams made of lumber and plywood that are used in some construction applications).

Georgia-Pacific is one of the industry's largest producers of lumber, accounting for approximately five percent of U.S. production.

Another G-P product, pressure-treated lumber is Southern pine lumber protected by a vacuum pressure process that forces preservatives deep into the cells of the wood. The product is fast becoming the material of choice for do-it-yourselfers. Because the product is extremely durable and resists decay and insects, it is ideally suited for use in decks, porches and other exposed structures.

Lumber prices in 1990 were close to the 1989 average, although prices fell significantly from the peak levels reached in the 1989 fourth quarter. Despite the reduced demand resulting from lower housing starts, we increased shipments of decking, high-grade boards, kiln-dried hardwood lumber and exports.

Gypsum Products Georgia-Pacific is the third largest producer of gypsum products in the United States, with manufacturing facilities at 15 locations and an annual capacity of 3.1 billion square feet of gypsum board. The company has gypsum reserves of

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approximately 129 million recoverable tons, which are located at gypsum mines and quarries in seven states and Nova Scotia, Canada. At current production rates, our reserves represent approximately a 64-year supply. Gypsum products, primarily used in residential and commercial construction, include wallboard, fire door cores, plaster and joint compound.

The company's gypsum research and development center in Decatur, Georgia, plays a vital role in the continuing development of specialty gypsum products. One such product is Dens-Glass®, a fiberglass-faced gypsum wallboard that is more resistant to moisture than paper-faced product...

Our research and development center in Decatur, Georgia, plays a vital role in the developn e. t of specialty gypsum products.

Gypsum prices remained depressed in 1990, the result of declining residential and commercial construction and excess industry capacity. This business continues to benefit from G-P's distribution strength and our focus on cost control and higher-margin specialty products.

Chemicals Georgia-Pacific is a leading supplier of resins, adhesives and specialty chemicals to the forest products industry. We produce more than two billion pounds of thermosetting resins annually at 16 plants. G-P's Chemical Division is a primary supplier of chemicals to our own building products and pulp and paper facilities, and also provides them with a major source of technical support. In addition to meeting the company's internal requirements, more than half of our chemical production is sold to other paper and building products companies. The company also manufactures resins for industrial and agricultural uses.

We conduct most of our chemical research in laboratories at Decatur, Georgia, and Tacoma, Washington. The Chemical Division is developing new products to address changes in paper-making technology brought about by the increased use of recycled fiber. In addition, we are exploring the use of substitute raw materials to lessen our dependence on petrochemical feedstocks.

SGP 0030261

Our new $10-million formaldehyde facility at Beaver Creek, Michigan, features innovative environmental control systems.

A new formaldehyde manufacturing facility, located adjacent to our resin plant at Beaver Creek, Michigan, started operation in December 1990. The $10-million facility has an annual capacity of 145 million pounds of formaldehyde, which is a necessary ingredient in the manufacture of thermosetting resins. The facility features technologically innovative environmental control systems that eliminate more than 99.5 percent of air emissions and treat and recycle (rather than discharge) water from the manufacturing process.

Roofing Georgia-Pacific manufactures both fiberglass and wood fiber-based asphalt shingles in a wide range of weights, designs and colors at its five roofing plants. Because of an aging U.S. housing stock, an estimated 65 to 75 percent of the industry's asphalt shingles are sold for reroofing projects. Recognizing this, G-P has implemented a marketing program that targets roofing distributors whose primary customers are roofing contractors.

The roofing market remained very competitive in 1990, with overcapacity in the industry. Production costs increased in 1990 because the cost of asphalt-related raw materials has risen with the price of crude oil.

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ENVIRONMENTAL RESPONSIBILITY

"Georgia-Pacific's future depends on a healthy environment. That's why we feel compelled to add to our usual comments on operating and financial results a discussion of G-P's environmental concern and actions. We are committed to improving the quality of air and water; to utilizing solid waste for products and energy to conserve our natural resources; and to managing and renewing our forests in ways that protect the environmental quality of our timberland resources and meet the demands of the marketplace. Because most of our employees live, work and enjoy recreation either in or near our forests, G-P's environmental commitment isn't new, nor is it taken lightly. We believe protecting the environment and *sustaining economic growth and vitality are* not *mutually exclusive. Each is, in fact, dependent on the other, and enhancing our natural resource assets will add value to our company's assets."*

Ronald P. Hogan

President and Chief Operating Officer

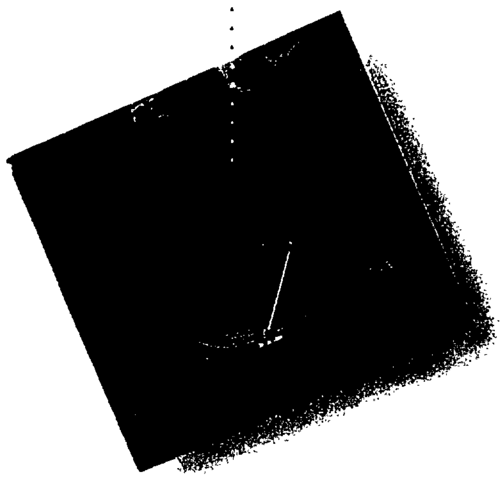
SGP 0030264

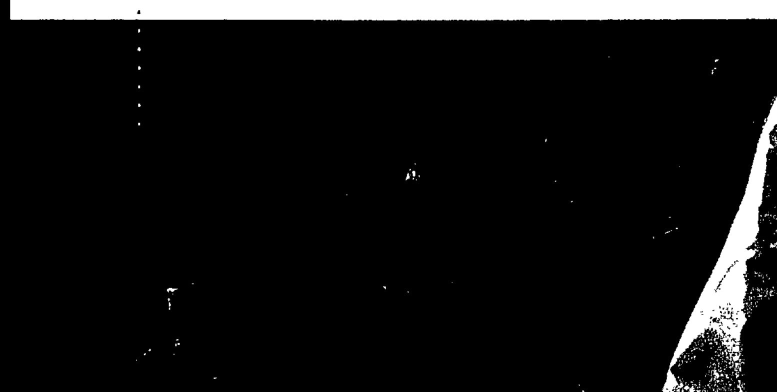
Young Douglas fir on a recently reforested slope near Coquille, Oregon, push skyward through ferns and wild rhododendron. A 15-year-old stand of fir is visible in the background.

One of the multiple uses of G-P timberland is outdoor recreation. Hunting, fishing, biking and boating are some of the more common recreational pursuits on our forest lands.

Forester James Gilbert is responsible for reforestation and forest management plans and operations on part of G-P's half-million-acre forest in the Crossett, Arkansas, area.

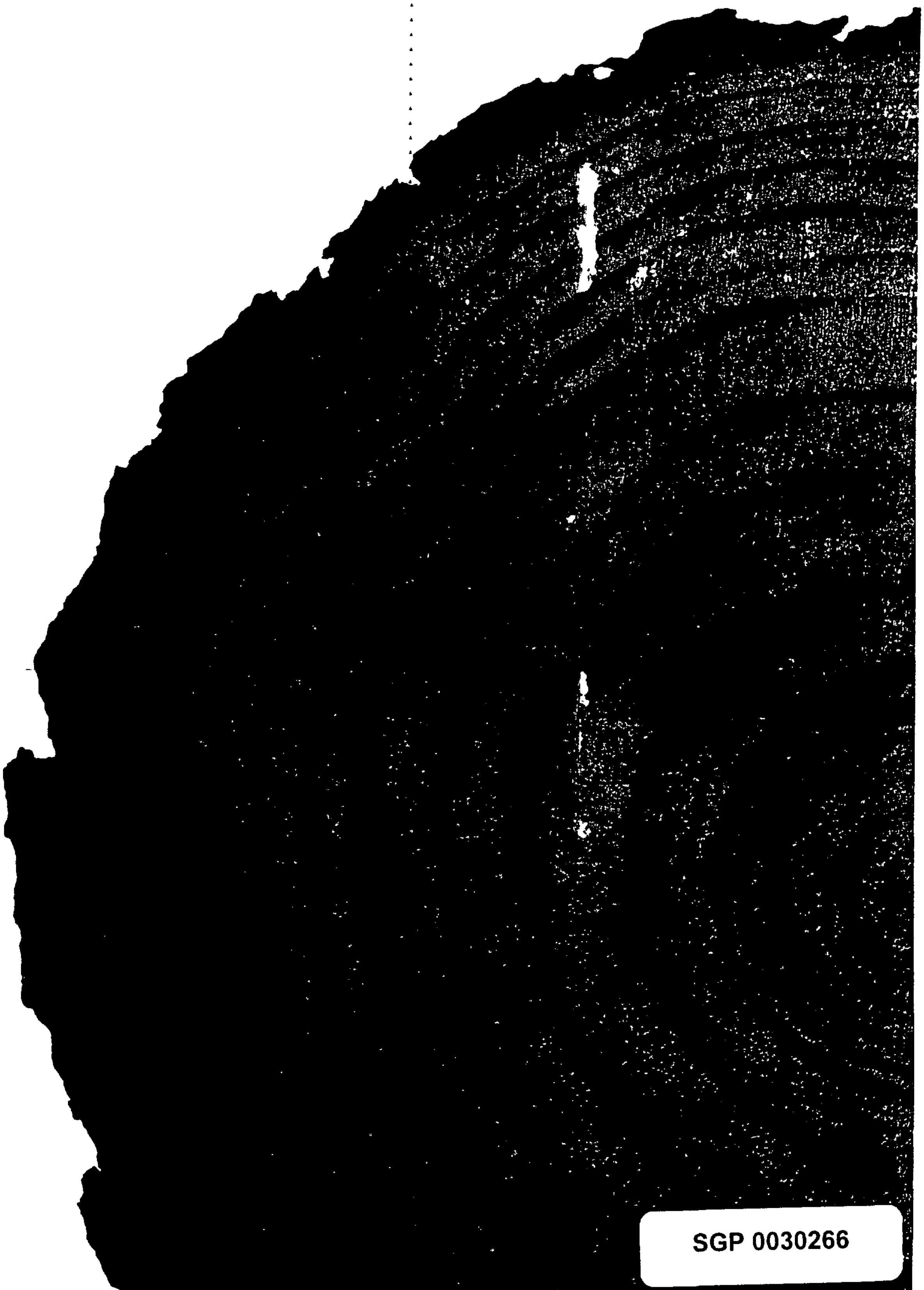
This southern Arkansas timberland, consisting primarily of loblolly pine and mixed hardwoods, ranks among the most productive timber-growing areas in the world.





The whitetail deer is one of many species that thrive in G-P–managed forests, where varying age classes and biodiversity provide an abundance of browse, cover and the "edge effect" important to wildlife. Edge is the transition area between mature or maturing timber and recently harvested timberland or agricultural land.

Silviculture, the care and development of forests for commercial use, can greatly improve the productivity of our timberland. The loblolly pine cross-se[illegible] are the same age — the [illegible] from a managed G-P forest. Modern silvics include preparing a recently clear-cut site for reforestation, planting genetically improved seedlings with optimum spacing

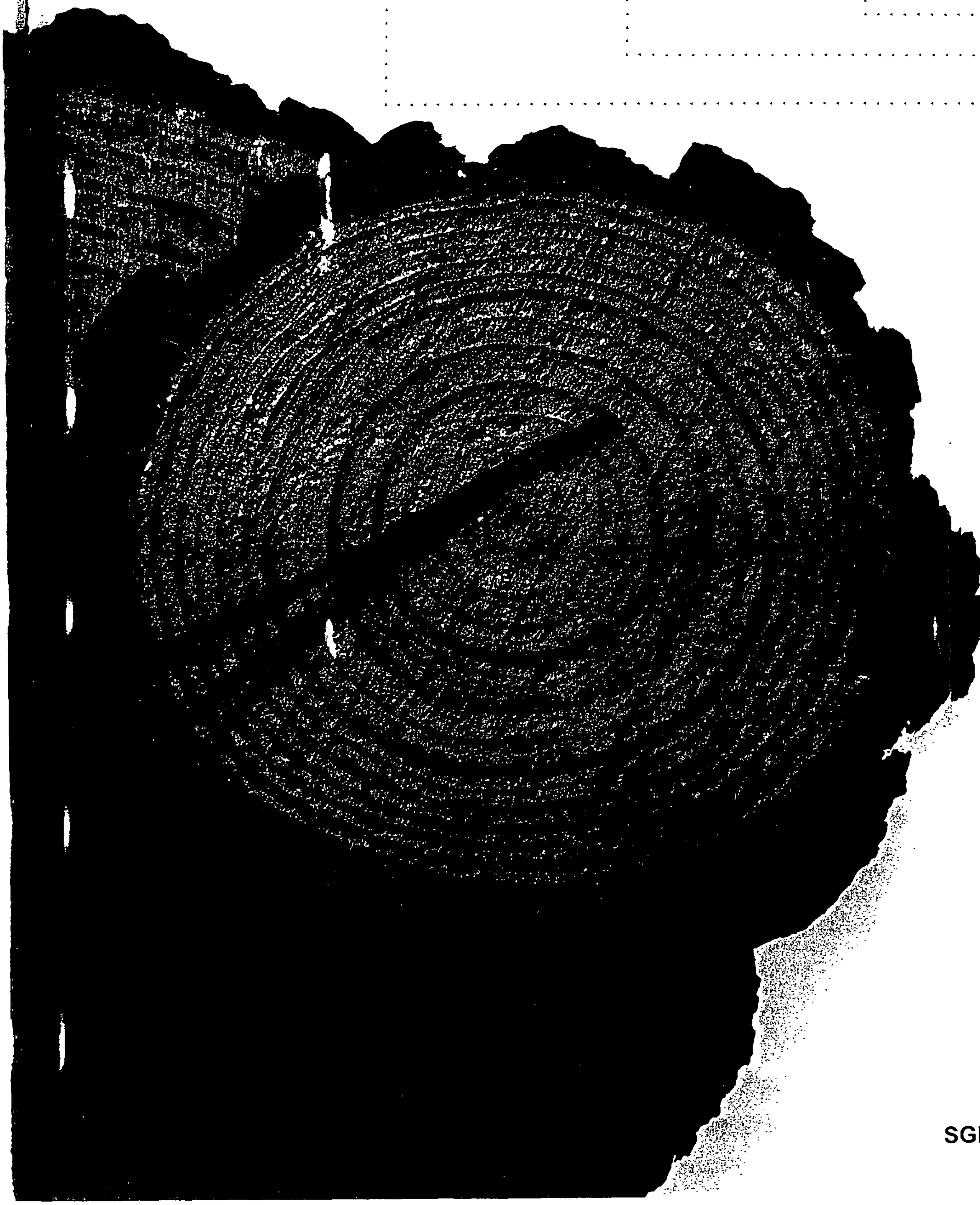


and later thinning of the timber stand. G-P generally manages forests on a "sawtimber rotation" — about 30 to 40 years in the South and 40 to 50 years along the Pacific Coast.

The hydroelectric system near G-P's Millinocket, Maine, paper mill uses Penobscot River water to generate electricity equivalent to a savings of 1.5 million barrels (63 million gallons) of oil annually.

Corrugated containers serve as collection bins for recyclable office wastepaper throughout the Atlanta headquarters and other company locations.

Wood waste such as bark and sawdust provides an important fuel source for G-P plants. Residual wood and other renewable energy sources account for 55 percent of our energy requirements.



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Old corrugated containers (OCC) serve as an important supplemental fiber source at several G-P containerboard mills. Today, about half of the nation's OCC is recycled.

Dioxin was discovered in paper mill effluent in 1987 using improved detection technology. While the trace quantities found were well below levels believed to be safe by most scientists.

G-P has reduced dioxin from our paper mills by 81%. The geometric mean effluent concentration at G-P mills is now 6 parts per quadrillion. A part per quadrillion is one second in 32 million years.

Environmental lab technicians at all G-P paper mills constantly monitor water and air quality to ensure compliance with discharge permits.

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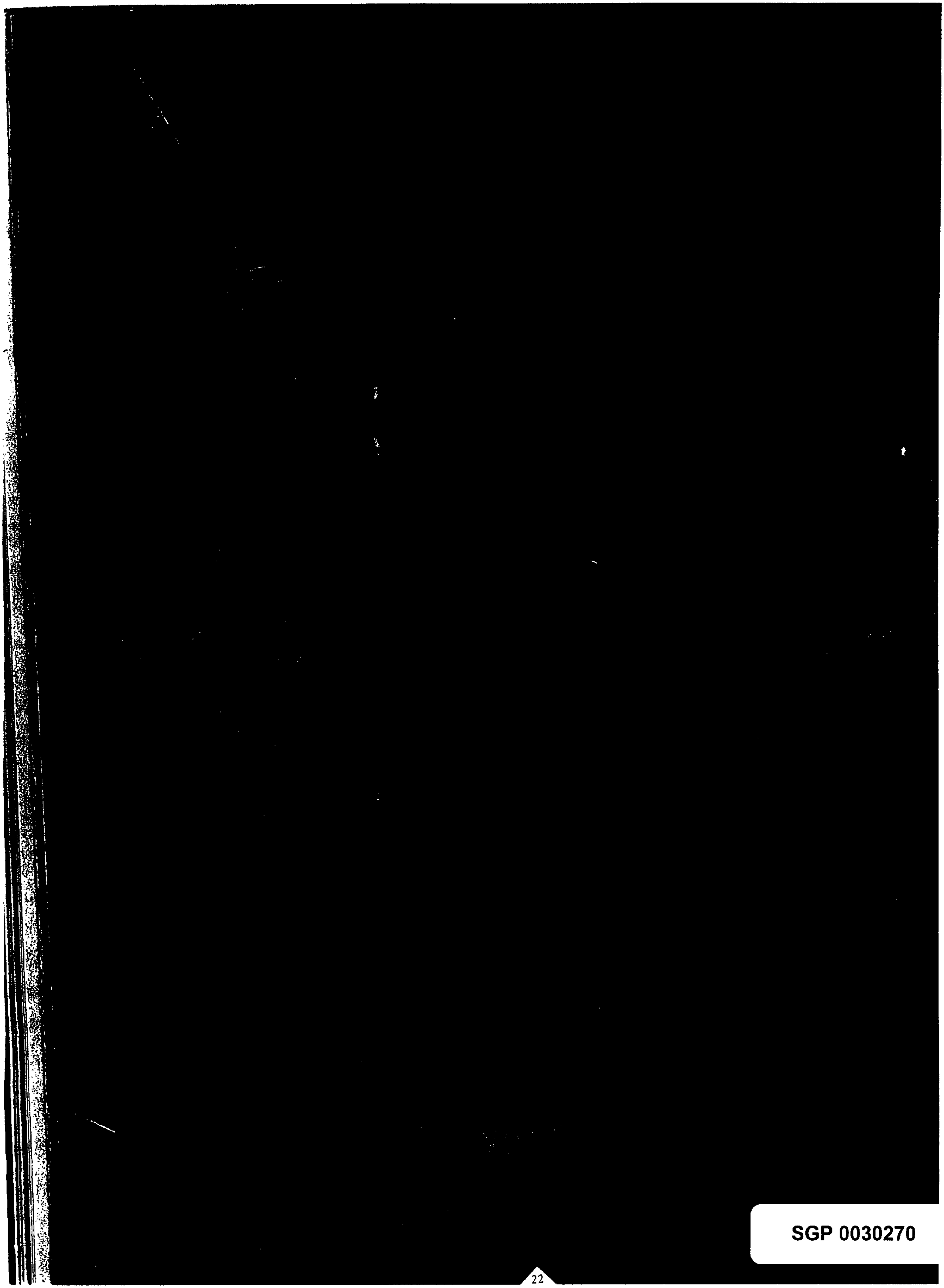

Gifford Pinchot, the father of American forestry, defined conservation as "the wise use of the Earth and its resources." To us, wise use means not only the conversion of natural resources into thousands of useful products, but also the protection of the environment during growth, removal and processing of those resources. In fact, environmental protection is a primary responsibility of all G-P employees, and the company's expectations are formally incorporated in our operating policy. An Environmental Policy Committee, directed by Georgia-Pacific's president and chief operating officer, reports regularly to our board of directors.

Georgia-Pacific has had a long-standing concern and commitment to environmental quality. Many of Georgia-Pacific's and the industry's efforts on behalf of environmental quality predate by many years the 1970 Clear Air Act and the 1972 Clean Water Act, which were among the first environmental laws that formalized the nation's environmental regulatory efforts.

Georgia-Pacific's early efforts on behalf of environmental quality predate the 1970 Clean Air Act and the 1972 Clean Water Act.

Forest Resources Georgia-Pacific owns and manages more than 8 million acres of timberland in North America. We take our stewardship responsibilities seriously. We manage our timberlands for a continuous supply of timber to our mills, while simultaneously maintaining air and water quality. Our timberlands also provide wildlife habitat and are used for millions of hours of recreation.

Georgia-Pacific's timberland is geographically diverse, requiring forest management practices best suited to the species, climates, soils and end uses of the timber. Our Northeastern forest, predominantly in Maine, covers nearly 3 million acres. The company's 3.9 million acres of Southern timberland, primarily Southern pine, are part of the nation's largest forested region, which stretches from Virginia to East Texas. G-P also owns and manages some of the world's finest hardwood in the Appalachian mountains and other regions of the country. In the West, our holdings include 315,000 acres of

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prime Douglas fir and hemlock on the Oregon coast; in California, 196,000 acres of coastal redwood and Douglas fir and 126,000 acres of ponderosa and sugar pine in the Sierra mountains.

All Georgia-Pacific forest management practices, including harvest decisions, are made with the understanding that new trees will be planted and/or naturally regenerated, and that we must consistently strive to upgrade the economic value while maintaining the environmental quality of the land.

Most of Georgia-Pacific's forests are managed for sawtimber. Representing higher value at harvest, these logs usually go to our sawmills or plywood plants. Our pulp and paper mills use residual chips from the wood products facilities. G-P uses as much of each tree as possible, with the bark and other waste providing biomass fuel for our boilers, and sawmill shavings, plywood trim and sawdust processed for making particleboard. Even plywood cores, the parts remaining after veneer has been peeled off the logs, are sawed into 2 x 4 studs or chipped for use at pulp mills.

We use a variety of forest management practices. Our foresters follow or exceed best management practices or state guidelines.

G-P uses a variety of forest management practices, and we require our foresters to follow or exceed best management practices or state guidelines. While in some areas this means selective harvesting, in other areas clearcutting or seed-tree harvests are used to accelerate reforestation. Because valuable softwood species such as loblolly pine and Douglas fir are intolerant to shade, clearcutting is a necessary part of site preparation for a healthy new stand of timber. This method not only facilitates reforestation, but also during the early stages of regeneration, the managed forest provides dramatically increased biodiversity, browse and cover for many species of wildlife.

Georgia-Pacific also uses carefully controlled burning, under the right conditions, as a valuable forest management tool. Controlled burning of logging debris or undergrowth helps reduce litter buildup, lowering the risk of wildfire and improving wildlife habitat. Our foresters use meteorological information to select ideal conditions for small burns in order to reduce smoke and the risk of wildfire.

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Nationwide, Georgia-Pacific plants approximately 50 million trees each year. We operate seed orchards, seedling nurseries and greenhouses in most of our forest regions, except where natural regeneration methods predominate. Even with demand for wood fiber increasing by more than 70 percent over the last 30 years, America still grows more timber than it harvests. However, evidence is mounting that shortages of softwood are coming. The conversion of Western commercial forests into wilderness or other limited-use status has caused increasing shortages.

Even with demand for wood fiber increasing over the last 30 years, America still grows more timber than it harvests.

Trees are at the heart of our business. We grow trees and protect the land as though our future depends on it—because it does.

Air and Water Quality One of Georgia-Pacific's highest priorities is protecting the health and safety of our employees, the communities where we operate and the consumers of our products. With 265 manufacturing facilities annually producing almost 9 million tons of pulp, paper and paperboard; nearly 12 billion square feet of panel products and about 2.6 billion board feet of lumber, plus many other products, we must remove enormous quantities of solids and particulate from our emissions into the air and our effluent into waterways. Modern wastewater treatment and emission control facilities are used at each of our plants to accomplish this task.

One of our highest priorities is the health and safety of our employees, our communities and the consumers of our products.

We believe it is essential that sound scientific analyses be used in making decisions regarding environmental issues, and we provide financial support to advance environmental research. We support the development of realistic health risk assessments, and we are prepared to stand behind sound science in matters concerning our products or manufacturing processes.

Georgia-Pacific provides funding for a number of universities and industry and public organizations, such as the National Council for Air and Stream Improvement, that use scientific research to develop advanced processes to reduce adverse environmental impact.

These commitments require substantial capital resources. During the past two

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Georgia-Pacific annually recycles more than 1 million tons of paper and packaging to produce containerboard and other products.

decades, the pulp and paper industry has spent $8 billion on environmental projects. Georgia-Pacific's capital expenditures for pollution control facilities and equipment were $164 million during the past five years, with additional ongoing expenses incurred to maintain environmental regulatory compliance. Our financial commitment to environmental improvement is significant. That is why we believe proper scientific methods rather than theory and emotion must drive environmental policy.

Solid Waste and Recycling Georgia-Pacific is committed to ongoing efforts to utilize manufacturing waste and byproducts efficiently, as well as to recycle post-consumer waste. We manufacture paper and building materials utilizing both wastepaper and manufacturing residuals. Over 60 percent of our energy needs are self-generated from wood waste and other renewable sources.

Thirty percent of all paper waste is already recovered and the U.S. paper industry's goal is to achieve 40 percent by 1995. Georgia-Pacific annually recycles more than 1 million tons of paper and packaging to produce products that include sanitary tissue, communication papers and containerboard. We use 100-percent recycled paperboard to sheathe our gypsum wallboard, and we also use recycled paper fiber in asphalt roofing. In addition, we make several grades of printing paper with secondary fiber, including the Proterra™ used in this annual report that contains 50-percent reprocessed wastepaper.

G-P has initiated an office wastepaper collection system, and now employees at our headquarters in Atlanta and other locations participate in the recycling effort.

While recycling is important, we must not forget the ultimate objective – the wise and efficient use of resources.

While recycling is important, we must not forget the ultimate objective – the wise and efficient use of resources. To solve the problem of shrinking capacity of solid waste landfills, the volume of garbage must be reduced. To achieve this reduction, recycling is an important step, and recycling can take many forms – incineration to energy, composting, and separation to other products. Recycling legislation must give careful consideration of the economics involved. For example, mandating percentages of recycled

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fiber content of office paper can shorten the effective life of the fiber, limit the uses of that wastestream and limit more efficient uses of waste fibers.

An alternative example is Georgia-Pacific's use of office paper waste to make asphalt roofing shingles. Many years after application, when the shingles are removed from a roof, they can be used to make asphalt paving. Thus, the effective life of the original wood fiber can be extended for decades.

We believe environmental protection is achieved only when environmental benefits are measurable and the economy continues to grow.

Environment, Economy and Quality of Life Georgia-Pacific believes that a number of factors contribute to our quality of life — a healthy environment, a safe workplace and the opportunity to maintain or improve our standard of living. We also believe the goal of environmental protection is achieved only when environmental benefits are clearly measurable and the economy continues to grow. One need only look at the poor quality of air and water in Eastern Europe, or the forest practices in some developing countries, to realize that a healthy environment ***and*** a healthy economy are inextricably intertwined. To the extent these factors remain in balance, our quality of life will continue to improve. Sacrificing the integrity of our economic base to the ever-increasing pursuit of a risk-free environment, however, will damage our economy and reduce our ability to fund environment-enhancing technologies and initiatives.

For more detailed information on Georgia-Pacific's environmental activities write to: Georgia-Pacific Corporation, Environmental Information, P.O. Box 105605, Atlanta, Georgia 30348, Attention: Corporate Communications.

SGP 0030275

Financial Table of Contents

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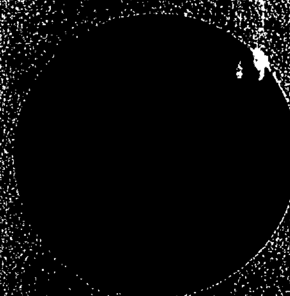
Financial Strategy

Improving the returns to our shareholders is our primary objective at Georgia-Pacific. That objective is supported by the way we operate our business, compensate our managers and allocate capital. That was the objective of the Great Northern Nekoosa (GNN) acquisition. We recognized an extraordinary opportunity to strengthen our pulp and paper business and substantially improve our long-term cash flow. Taking advantage of that opportunity required a significant increase in leverage, which limits our financial flexibility in the near term. In less than one year, however, we are well ahead of schedule in reducing our acquisition debt.

Debt. Georgia-Pacific's debt increased significantly in 1990 because of the acquisition of GNN. In March, the acquisition added debt of $5.4 billion and raised our ratio of total debt to capital to 65 percent, well above the target range of 40 to 45 percent we established in 1988. Although our current high leverage reduces our financial flexibility, we are confident of our continued ability to fund necessary capital investments, and make dividend and interest payments and scheduled debt repayments. The average interest rate on our debt is less than 10%. Even though much of our debt carries floating-rate terms, we have limited our exposure to interest rate increases by entering into interest rate exchange agreements.

We are committed to substantial debt reduction in the early 1990s. Cash that is not needed for capital expenditures and dividend payments will be used for debt reduction. After we complete several large capital projects in 1991, we expect to reduce capital spending and apply excess operating cash flow to reduce debt. We also may generate cash through the sale of nonstrategic assets. In less than one year following the acquisition, we have completed sales of facilities and timberlands for total proceeds of $1 billion.

Total Debt-to-Capital Ratio
December 31, 1990
(Millions)



Total debt and proceeds from sales of receivables 63.6%	$7,512
Deferred income taxes 7.8%	928
Other long-term liabilities 3.4%	404
Shareholders' equity 25.2%	2,975
Total capital 100%	$11,819

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Cash Flow We believe it is more important to focus on the cash flow generated by our businesses than on net income. In 1990, Georgia-Pacific's cash flow from operations—excluding $850 million provided by the sale of accounts receivable—declined only 10 percent, to $1.2 billion from a record $1.4 billion in 1989, despite higher interest payments and lower prices for many products. The decline in cash flow contrasts with a 45 percent decrease in net income. Net income was reduced by substantial noncash charges, including amortization of goodwill and increased depreciation and depletion resulting from the revaluation of assets acquired with Great Northern Nekoosa.

In the past five years, Georgia-Pacific and Great Northern Nekoosa generated a combined cash flow from operations of $6.5 billion.

In the past five years, Georgia-Pacific and Great Northern Nekoosa generated a combined cash flow from operations of $6.5 billion, including a record $1.9 billion in 1989 alone. This internally generated cash flow provided most of the financing for substantial growth through capital expenditures and acquisitions over the same period. We believe that, with progress in debt reduction and the achievement of cost savings synergies, our business will be capable of generating average annual cash flows from operations of more than $1.5 billion over the course of the next economic cycle.

Incentive Compensation Plans To reinforce Georgia-Pacific's commitment to increasing shareholder value, we have implemented compensation programs that align our managers' economic interests with those of our shareholders. We believe the value of our shareholders' investment in Georgia-Pacific can only be increased by generating returns that exceed our cost of capital. Our Management Incentive Plan is based on this concept. Compensation under this plan depends upon improvements in economic value added, which take into account the amount of after-tax cash flow, our cost of capital and the amount of capital invested in the business.

Another incentive compensation plan *directly* ties management's interests to our shareholders' interests. Under the 1990 Long-Term Incentive Plan, approximately

SGP 0030278

2.7 million shares of G-P common stock were allocated to 471 officers and key employees as of December 31, 1990. The number of allocated shares that will be earned under this plan depends upon the achievement of specified increases in share price and upon the plan participant's continued employment for a specific time. For example, awards of shares allocated in 1990 are contingent upon $10 increases over an initial share price of $50. When the mean of the daily high/low market price of G-P common shares averages $60 over twenty consecutive trading days, 20 percent of a participant's allocation will be awarded. Subsequent awards are based on share price targets of $70, $80, $90 and, for the full allocation to be earned, $100, being achieved before the plan expires in March 1995. Generally, shares are not vested and cannot be sold by the employee until five years after they are awarded.

We have adopted an incentive compensation plan that directly ties management's interests to our shareholders' interests.

The 1990 Long-Term Incentive Plan superseded a similar plan that had been adopted in 1988, under which participants earned 80 percent of the initial allocation in less than two years. Although economic conditions and equity prices declined in 1990, we believe the stock price targets under the 1990 Long-Term Incentive Plan present achievable goals for our management and give them a powerful incentive to increase shareholder value by improving efficiencies, generating cash and reducing debt.

Capital Investments/Divestitures Our business is capital-intensive. Our ability to add value depends to a large extent on our ability to allocate funds to projects that generate returns in excess of our cost of capital. We routinely evaluate the performance of existing operations, and consider the divestiture of those that are not expected to deliver adequate returns.

Georgia-Pacific has invested $7.1 billion in capital assets in the past five years, primarily in the pulp and paper segment.

In the past five years, Georgia-Pacific has invested $7.1 billion in capital assets, including $6.0 billion for property, plant and equipment and $1.1 billion for timber

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and timberlands. These expenditures include acquisitions of approximately $4.1 billion, including $2.9 billion for capital assets acquired with Great Northern Nekoosa in 1990. Most of our capital investments have been made in the pulp and paper segment.

G-P evaluates internal expansion projects and acquisitions by the rate of return of free cash flow expected to be generated over the life of the investment. We define free cash flow as operating profits after taxes paid, plus noncash charges such as depreciation and depletion, minus any new investment in fixed assets or working capital. Our hurdle rate of return takes into account our cost of capital, the relative risk of the investment and other variables that can affect the investment's return. We perform post-completion audits on major projects to measure achieved returns against targeted returns.

Other capital projects are defensive in nature, such as those undertaken to maintain our facilities or comply with environmental regulations. We estimate our requirements for such spending to be approximately $300 to $400 million annually.

We expect capital spending to be reduced. New capital expenditure authorizations in 1991 are expected to be less than $400 million.

We expect capital spending to be reduced over the next few years as we direct cash toward debt reduction. Following capital spending of $866 million (excluding acquisitions) in 1990, capital expenditures are expected to decline to approximately $700 million in 1991, including $560 million for projects begun in prior years. The generally excellent condition of our facilities will enable us to reduce capital spending after the completion of those projects. New capital expenditure authorizations for projects to begin in 1991 are expected to be less than $400 million.

Given the large number of competitors in our industry and the relatively modest growth in demand projected for most of our products, we believe that large-scale, "greenfield" investment opportunities are limited. For that reason, we expect that our cash flows may often exceed the amounts that can be invested at attractive returns and that we will be in a position to resume our share repurchase program.

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Following the acquisition of Great Northern Nekoosa, we sold a portion of our domestic containerboard and packaging business, our G-P Inveresk subsidiary in the United Kingdom, our interests in a containerboard mill and packaging plants in France, several tracts of timberland and other assets. We will continue to review all of our operations for performance and strategic fit and may identify other facilities and timberlands that should be sold.

We continue to review operations for performance and strategic fit and may identify facilities and timberlands that should be sold.

Dividends and Share Repurchases In the past five years, we have distributed approximately $1.7 billion to our shareholders through a combination of dividends and stock repurchases.

Our policy is to pay dividends at a rate of approximately one-third of sustainable earnings, recognizing the cyclical nature of our business. Following four consecutive years with fourth-quarter dividend increases, we left our quarterly dividend unchanged in 1990.

We view the dividend payout in conjunction with our share repurchase program. Our board of directors authorized a share repurchase program that began in 1987 as a means of distributing excess cash to our shareholders and maintaining our ratio of debt to capital within a target range, currently set at 40 to 45 percent. In 1989, for example, cash provided by operations exceeded our capital expenditures and dividend payments by $729 million. Of this free cash flow, $468 million was used to repurchase 9.7 million shares of common stock. This brought total share repurchases since 1987 to 26.2 million at a cost of $1.1 billion.

In the past five years, G-P distributed approximately $1.7 billion to shareholders through share repurchases and dividends.

In October 1989 we suspended our share repurchase program, anticipating the higher leverage that resulted from the Great Northern Nekoosa acquisition. Our board's authorization to repurchase shares remains in effect, however, and we expect to resume our share repurchase program after we reduce debt to an appropriate level.

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1990 Compared with 1989

Georgia-Pacific's consolidated net sales of $12.7 billion in 1990 were 24.5 percent higher than in 1989. Net income fell by 44.8 percent to $365 million in 1990, compared with $661 million in 1989. The Corporation's 1990 results include the results of Great Northern Nekoosa Corporation (GNN) beginning on March 9, 1990.

Selected Industry Segment Data

	Year ended December 31		
(Millions)	1990	1989	1988
Net sales			
Pulp and paper	$ 6,702	$ 4,042	$3,436
Building products	5,923	6,088	6,029
Other operations	40	41	44
Total net sales	$12,665	$10,171	$9,509
Operating profits			
Pulp and paper	$ 979	$ 917	$ 616
Building products	423	533	428
Other operations	17	15	10
Other income	48	—	—
Total operating profits	1,467	1,465	1,054
General corporate	(94)	(118)	(79)
Interest expense	(606)	(260)	(197)
Cost of accounts receivable sale program	(48)	—	—
Provision for income taxes	(354)	(426)	(311)
Net income	$ 365	$ 661	$ 467

Lower net income resulted from deteriorating economic conditions which affected both the pulp and paper and building products segments, particularly in the fourth quarter of 1990, and from higher interest expense following the acquisition of GNN. Business conditions weakened further in the first quarter of 1991. Earnings per share declined 42.3 percent to $4.28 in 1990, compared with $7.42 in 1989, because of lower net income, although this was offset to some extent by a 3.8 million reduction in the average number of shares outstanding due to stock repurchases during 1989.

Sales in the pulp and paper segment were $6.7 billion in 1990, 65.8 percent higher than in 1989. Operating profits in 1990 of $979 million were 6.8 percent higher than $917 million in 1989. Returns on sales fell to 14.6% in 1990, compared with 22.7% in 1989. Increased industry capacity, an economic rec ssion and lack of consumer confidence resulted in a busir ss downturn affecting prices and demand for pulp and paper products, particularly market pulp and containerboard. Difficult industry and economic conditions are expected to continue in 1991, with further price declines and lower profits expected for the pulp and paper segment.

The building products segment reported sales of $5.9 billion in 1990, a 2.7 percent decrease from 1989. Operating profits of $423 million in 1990 were 20.6 percent lower than $533 million in 1989. Re urns on sales were 7.1% and 8.8% in 1990 and 1989, respectively. The housing downturn adversely affected demand and prices for building products, particularly in the last half of 1990, as prices for plywood and other wood panels fell sharply. Prices were also lower in 1990 because supplies were not affected by the strikes against competitors and frequent rains which had positively affected wood products prices in 1989. Prices are expected to remain at low levels in 1991, with lower profits expected for the building products segment.

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General corporate expense was $94 million in 1990, compared with $118 million in 1989. The decrease was attributable to reduced expense for compensation programs tied to the Corporation's common stock price and financial performance.

The Corporation's interest expense was $606 million in 1990, compared with $260 million in 1989. Interest expense in 1990 was higher as a result of the additional debt associated with the acquisition of GNN. The Corporation's cash flow to interest ratio was 2.7 and 5.9 in 1990 and 1989, respectively.

The provision for income taxes was $354 million in 1990 based on a 49.2 percent effective tax rate on income before income taxes compared with a 39.2 percent rate in 1989. The higher rate in 1990 was attributable to depreciation, depletion and goodwill amortization related to the GNN acquisition which reduced income before income taxes but are not deductible expenses for tax purposes.

Liquidity and Capital Resources

Operating Activities In 1990, cash provided by operations was $2.07 billion, including $850 million net proceeds from the sale of accounts receivable, compared with $1.36 billion in 1989. Excluding the sale of accounts receivable, cash provided by operations declined $135 million compared with 1989.

Investing Activities Excluding acquisitions, capital expenditures in 1990 were $866 million, including $723 million in the pulp and paper segment, $102 million in the building products segment, $33 million for timber and timberlands and $8 million for other expenditures. Capital expenditures of approximately $700 million are projected for 1991. This includes approximately $560 million for projects started prior to 1991.

A $580 million expansion project is underway at the Ashdown, Arkansas, paper facility which will add a paper machine with an annual capacity of 325,000 tons of communication papers. The Ashdown project is expected to be completed in the second quarter of 1991. An $83 million recovery boiler project was completed at the Brunswick, Georgia, pulp facility in the third quarter of 1990. Recovery boiler projects are also underway at the Nekoosa, Wisconsin, and Cedar Springs, Georgia, paper facilities. The Nekoosa project will cost approximately $69 million and is expected to be completed in the first quarter of 1991. The Cedar Springs project will cost approximately $64 million and is expected to be completed in the second quarter of 1991.

In March 1990, the Corporation acquired a controlling stock interest in GNN through a tender offer which began on October 31, 1989. In June 1990, GNN became a wholly

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owned subsidiary of the Corporation. The total amount required to purchase stock and pay related fees and expenses was approximately $3.7 billion.

GNN was a producer of pulp, communication papers, newsprint and containerboard, a converter of corrugated boxes and envelopes, and a distributor of communication and other papers. In addition, GNN owned three wood products operations, hydroelectric plants and 3,436,000 acres of fee timberland and controlled 233,000 acres of leased timberland.

In October 1990, the Corporation sold the stock of its G-P Inveresk Corporation subsidiary (G-P Inveresk) to the management team of that subsidiary for $61 million cash. G-P Inveresk manufactured printing and specialty papers at four locations in the United Kingdom. A fourth quarter pretax loss of $40 million was recognized on this sale, which is included in other income in the accompanying statement of income. In November 1990, $60 million of acquisition debt was repaid with the after-tax proceeds from this transaction.

In December 1990, the Corporation sold 119,000 acres of fee timberland to institutional investors in two separate transactions for $108 million cash. A fourth quarter pretax gain of $88 million was recognized on these sales, which is included in other income in the accompanying statement of income. In January 1991, $75 million of acquisition debt was repaid with the after-tax proceeds from these transactions.

In January 1991, the Corporation restructured its containerboard and packaging business. A linerboard mill at Valdosta, Georgia; a corrugating medium mill at Tomahawk, Wisconsin; 19 corrugated packaging plants and approximately 540,000 acres of fee timberland were sold (and lease rights to 98,000 acres of timberland were assigned) to Packaging Corporation of America, a subsidiary of Tenneco Inc., and General Electric Capital Corporation for approximately $740 million cash, subject to certain adjustments. In a separate transaction, the Corporation's interests in a linerboard and corrugating medium mill, two corrugated packaging plants and two sheet plants located in France were sold to International Paper Company for approximately $105 million cash, subject to certain adjustments. In February 1991, $600 million of acquisition debt was repaid with the after-tax proceeds from these transactions.

Financing Activities In March 1990, the Corporation borrowed $3.69 billion under a $4.5 billion agreement (the Tender Facility) with a banking syndicate headed by Bank of America National Trust and Savings Association (Bank of America). The Tender Facility was used

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to fund the purchase of GNN common stock, pay related fees and expenses, refinance debt and meet working capital needs.

On June 7, 1990, the Corporation sold fractional ownership interests in a defined pool of trade accounts receivable for $1 billion. The net cash proceeds were used to pay down a portion of the Tender Facility. Under a three-year agreement, the purchasers have agreed to use the collections of receivables to purchase new receivables. The purchasers' level of investment, which had been reduced to $850 million as of December 31, 1990, is subject to change based on the level of eligible receivables and restrictions on concentrations of receivables. The sold accounts receivable are reflected as a reduction of receivables in the accompanying balance sheet. The Corporation pays fees, which were $48 million in 1990, based on its senior debt ratings and the purchasers' level of investment and borrowing costs.

On June 13, 1990, the Corporation issued $300 million of 10% Credit Sensitive Notes due June 15, 1997 and $300 million of 10.10% Credit Sensitive Debentures due June 15, 2002. The net cash proceeds were used to pay down a portion of the Tender Facility.

On June 26, 1990, the Corporation borrowed $2.5 billion under a $4 billion agreement (the "Merger Facility") with Bank of America and 24 other domestic and international banks. The initial borrowing included $2.5 billion as an unsecured term loan, with $1.5 billion available as an unsecured revolving credit facility. The proceeds were used to refinance the Tender Facility and certain other debt and to pay transaction costs.

On October 1, 1990, the Corporation issued $200 million of 9¼% Notes due October 1, 1993. On November 13, 1990, the Corporation borrowed $100 million under a two-year credit agreement with a bank. Borrowings under the agreement bear interest at LIBOR plus ⅝%, with the initial borrowing set at 8.625% for one year. The net proceeds from these borrowings were used to pay down a portion of the Merger Facility term loan.

At December 31, 1990, $1.785 billion was outstanding under the Merger Facility term loan. The revolving credit facility had $355 million of outstanding borrowings and was being used to support an additional $629 million of commercial paper and other short-term borrowings, leaving $516 million available under that facility. During the period the Merger Facility was outstanding in 1990, the weighted average interest rate was 9.71% for the term loan and 8.57% for the revolving credit facility. In the 1991 first quarter, $675 million of payments were made on the term loan using the after-tax proceeds from timberland

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sold in December 1990 and containerboard and packaging assets sold in January 1991. The remaining term loan balance is repayable over seven years, with scheduled maturities of $201.8 million in each of the years 1992 through 1996 and $101.0 million in 1997.

At December 31, 1990, the Corporation's weighted average interest rate on total debt, excluding bank overdrafts, was 9.80%. The Corporation's exposure to floating rate debt was less than $600 million due to its participation as the fixed-rate payor in approximately $2.75 billion of interest rate exchange agreements. In addition, the Corporation was exposed to interest rate movement through its accounts receivable sale program, under which the Corporation paid fees at a weighted average rate of 8.45% on the purchasers' $850 million investment as of December 31, 1990.

Georgia-Pacific's ratio of total debt to capital, assuming the $850 million proceeds from the accounts receivable sale program will be replaced by debt at the end of the program, was 63.6% at December 31, 1990, compared with 40.1% at December 31, 1989.

At December 31, 1990, the Corporation had registered for sale up to $200 million of debt securities under shelf registration statements filed with the Securities and Exchange Commission. The Corporation's Board of Directors has approved the registration of an additional $300 million of debt securities.

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.

Other 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 10 of the Notes to Financial Statements.

1989 Compared with 1988

Georgia-Pacific's consolidated net sales of $10.2 billion in 1989 were 7.0 percent higher than in 1988. Net income rose by 41.5 percent to $661 million in 1989, compared with $467 million in 1988. Both the pulp and paper and

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building products segments reported higher sales and operating profits in 1989. Earnings per share increased 55.9 percent to $7.42 in 1989, compared with $4.76 in 1988, because of the increase in net income and a 9.0 million reduction in the average number of outstanding shares due to stock repurchases.

Sales in the pulp and paper segment were $4.0 billion in 1989, 17.6 percent higher than in 1988. Operating profits in 1989 of $917 million were 48.9 percent higher than $616 million in 1988. Returns on sales improved to 22.7% in 1989, compared with 17.9% in 1988. Improved results in 1989 were primarily attributable to higher volume resulting from the acquisition of the Brunswick, Georgia, pulp mill and the start-up of a new paper machine at Port Hudson, Louisiana (both in the middle of the 1988 third quarter). Higher prices in major product lines during much of 1989, particularly market pulp and communication papers, contributed significantly to this segment's increased profits. In the latter part of 1989, however, prices for communication papers and linerboard weakened. Tissue operations had better results in 1989 as a result of internal improvements and strong demand.

The building products segment reported sales of $6.1 billion in 1989, a 1.0 percent increase from 1988. Operating profits of $533 million in 1989 were 24.5 percent higher than $428 million in 1988. Returns on sales were 8.8% and 7.1% in 1989 and 1988, respectively. Improved operating profits were primarily the result of higher prices for structural panels during most of 1989. Tight timber supplies in the Pacific Northwest, resulting from environmental restrictions, had a positive effect on plywood pricing. Supplies and prices were also affected by strikes against competitors and frequent rains, which hampered logging activities. By the end of 1989, however, plywood prices had fallen substantially from the peak levels reached at the beginning of the 1989 fourth quarter.

General corporate expense was $118 million in 1989, compared with $79 million in 1988. The increase was primarily attributable to a $31 million increase in expense for compensation programs tied to the Corporation's common stock price and financial performance.

The Corporation's interest expense was $260 million in 1989, compared with $197 million in 1988. Interest expense in 1989 was higher primarily due to a higher level of average debt in 1989. As a result of the Corporation's decision to maintain a higher ratio of total debt to capital, the level of debt was increased during 1988 and remained near that increased level during most of 1989. The Corporation's cash flow to interest ratio was 5.9 in 1989, compared with 4.8 in 1988.

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(Millions, except per share amounts)	Year ended December 31 1990	1989	1988
Net sales	$12,665	$10,171	$9,509
Costs and expenses			
Cost of sales	9,738	7,621	7,452
Selling, general and administrative	951	689	632
Depreciation and depletion	699	514	450
Interest	606	260	197
Other income	(48)	—	—
Total costs and expenses	11,946	9,084	8,731
Income before income taxes	719	1,087	778
Provision for income taxes	354	426	311
Net income	$ 365	$ 661	$ 467
Earnings per share	$ 4.28	$ 7.42	$ 4.76
Average number of shares outstanding	85.3	89.1	98.1

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

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(Millions)	Year ended December 31 1990	1989	1988
Cash provided by (used for) operations			
Net income	$ 365	$ 661	$ 467
Items in net income not affecting cash			
Depreciation	622	445	392
Depletion	77	69	58
Gain on sales of assets	(64)	(27)	(17)
Amortization of goodwill	50	10	9
Deferred income taxes	48	53	44
Common stock compensation	4	32	6
Other	20	72	15
	1,122	1,315	974
Cash provided by (used for) working capital			
Receivables	929	15	(102)
Inventories	34	16	(38)
Other current assets	(6)	(7)	20
Accounts payable and accrued liabilities	(6)	19	11
	951	43	(109)
Cash provided by operations	2,073	1,358	865
Cash provided by (used for) investment activities			
Capital expenditures			
Property, plant and equipment	(833)	(447)	(697)
Timber and timberlands	(33)	(46)	(14)
Total capital expenditures	(866)	(493)	(711)
Acquisition of Great Northern Nekoosa Corporation	(3,565)	(23)	—
Other acquisitions	(8)	(6)	(468)
Proceeds from sales of assets	204	66	74
Other	6	(44)	10
Cash (used for) investment activities	(4,229)	(500)	(1,095)
Cash provided by (used for) financing activities			
Additions to long-term debt	7,111	133	1,534
Repayments of long-term debt	(5,543)	(305)	(884)
Fees paid to issue debt	(114)	(20)	(10)
Net increase (decrease) in bank overdrafts	(29)	(38)	37
Net increase (decrease) in commercial paper and other short-term notes	905	(69)	63
Common stock repurchased	—	(468)	(395)
Cash dividends paid	(139)	(130)	(123)
Cash provided by (used for) financing activities	2,191	(897)	222
Increase (decrease) in cash	35	(39)	(8)
Balance at beginning of year	23	62	70
Balance at end of year	$ 58	$ 23	$ 62

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

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Balance Sheets

(Millions, except shares and per share amounts)	December 31 1990	1989
Assets		
Current assets		
Cash	$ 58	$ 23
Receivables, less allowances of $39 and $30	409	890
Inventories		
Raw materials	379	299
Finished goods	760	644
Supplies	238	102
LIFO reserve	(168)	(169)
Total inventories	1,209	876
Other current assets	90	40
Total current assets	1,766	1,829
Timber and timberlands, net	1,630	1,246
Property, plant and equipment		
Land and improvements	195	151
Buildings	871	688
Machinery and equipment	8,489	6,016
Construction in progress	493	140
Total property, plant and equipment, at cost	10,048	6,995
Accumulated depreciation	(3,707)	(3,304)
Property, plant and equipment, net	6,341	3,691
Goodwill	2,042	91
Other assets	281	199
Total assets	$12,060	$ 7,056

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	December 31 1990	December 31 1989
Liabilities and shareholders' equity		
Current liabilities		
Bank overdrafts, net	$ 136	$ 100
Commercial paper and other short-term notes	984	79
Current portion of long-term debt	324	31
Accounts payable	550	394
Accrued compensation	160	111
Accrued interest	140	58
Other current liabilities	241	151
Total current liabiliti	2,535	924
Long-term debt, excl ling current portion	5,218	2,336
Deferred income taxes	928	841
Other long-term liabilities	404	238
Shareholders' equity		
Common stock, par value $.80; authorized 150,000,000 shares; 86,704,000 and 86,664,000 shares issued	69	69
Additional paid-in capital	995	1,009
Retained earnings	1,939	1,713
Long-term incentive plan deferred compensation	(30)	(56)
Other	2	(18)
Total shareholders' equity	2,975	2,717
Total liabilities and shareholders' equity	$12,060	$7,056

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

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(Millions, except shares) Common stock shares: Issued	Common stock shares: Treasury		Total	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Long-term incentive plan deferred compensation	Other
		Balance at							
111,187,000	6,448,000	*December 31, 1987*	$2,680	$ 89	$1,215	$1,645	$(263)	$ —	$ (6)
		Net income	467	—	—	467	—	—	—
		Cash dividends declared	(123)	—	—	(123)	—	—	—
		Common stock issued:							
	(53,000)	Stock option plan	3	—	1	—	2	—	—
4,000		Employee stock purchase plan	—	—	—	—	—	—	—
344,000		Long-term incentive plan	2	—	13	—	—	(11)	—
	10,312,000	Common stock repurchased	(395)	—	—	—	(395)	—	—
(16,568,000)	(16,568,000)	Treasury stock retired	—	(13)	(183)	(456)	652	—	—
		Other	1	—	—	—	—	—	1
		Balance at							
94,967,000	139,000	*December 31, 1988*	2,635	76	1,046	1,533	(4)	(11)	(5)
		Net income	661	—	—	661	—	—	—
		Cash dividends declared	(130)	—	—	(130)	—	—	—
		Common stock issued:							
201,000	(139,000)	Stock option plan	17	—	13	—	4	—	—
125,000		Employee stock purchase plans	5	—	5	—	—	—	—
1,045,000		Long-term incentive plan	10	1	54	—	—	(45)	—
(9,674,000)		Common stock repurchased	(468)	(8)	(109)	(351)	—	—	—
		Other	(13)	—	—	—	—	—	(13)
		Balance at							
86,664,000	—	*December 31, 1989*	2,717	69	1,009	1,713	—	(56)	(18)
		Net income	365	—	—	365	—	—	—
		Cash dividends declared	(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
		Balance at							
86,704,000	—	*December 31, 1990*	$2,975	$ 69	$ 995	$1,939	$ —	$(30)	$ 2

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

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Note 1. *Summary of Significant Accounting Policies*

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

Earnings Per Share Earnings per share are computed based on net income and the weighted average number of common shares outstanding (net of restricted stock and treasury shares). The effects of assuming issuance of common shares under long-term incentive, stock option and stock purchase plans were insignificant. The number of shares used in the earnings per share computations were 85,322,000 in 1990, 89,106,000 in 1989 and 98,127,000 in 1988.

Inventory Valuation Inventories are valued at the lower of average cost or market. The last-in, first-out (LIFO) dollar value pool method is used to value the majority of inventories. Inventories valued using the LIFO method represented approximately 61% and 51%, respectively, of inventories at December 31, 1990 and 1989.

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 units of property and repairs and maintenance costs are charged to expense as incurred.

The majority of property, plant and equipment is depreciated using composite rates based upon estimated service lives. The ranges of composite rates for the principal classes are: land improvements—5% to 7%; buildings—3% to 5%; and machinery and equipment—5% to 20%. The remainder of property, plant and equipment is depreciated over the estimated useful life of the related asset using the straight-line method.

Under the composite method of depreciation, no gain or loss is recognized on normal property dispositions because the property cost is credited to the property accounts and charged to the accumulated depreciation accounts and any proceeds are credited to the accumulated depreciation accounts. However, when there are abnormal dispositions of property, the cost and related depreciation amounts are removed from the accounts and any gain or loss is reflected in income.

The Corporation 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 expenses with revenues resulting from the facilities. Interest capitalized, expensed and paid was as follows:

	Year ended December 31		
(Millions)	**1990**	1989	1988
Total interest costs	**$645**	$272	$222
Interest capitalized	**(39)**	(12)	(25)
Interest expense	**$606**	$260	$197
Interest paid	**$528**	$259	$164

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.

Reclassifications Certain 1989 and 1988 amounts have been reclassified to conform with the 1990 presentation.

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Note 2. Industry Segment Information

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, groundwood papers and envelopes.

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

Timber and timberlands are managed to supply raw materials to both the pulp and paper and building products segments. Profits from sales of timber and timberlands 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 1988 through 1990, 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)	**1990**		1989		1988	
Net sales						
Pulp and paper	**$ 6,702**	**53%**	$ 4,042	40%	$3,436	36%
Building products	**5,923**	**47**	6,088	60	6,029	63
Other operations	**40**	**—**	41	—	44	1
Total net sales	**$12,665**	**100%**	$10,171	100%	$9,509	100%
Net income						
Pulp and paper	**$ 979**	**67%**	$ 917	63%	$ 616	58%
Building products	**423**	**29**	533	36	428	41
Other operations	**17**	**1**	15	1	10	1
Other income*	**48**	**3**	—	—	—	—
Total operating profits	**1,467**	**100%**	1,465	100%	1,054	100%
General corporate	**(94)**		(118)		(79)	
Interest expense	**(606)**		(260)		(197)	
Cost of accounts receivable sale program	**(48)**		—		—	
Provision for income taxes	**(354)**		(426)		(311)	
Net income	**$ 365**		$ 661		$ 467	
Depreciation, depletion and goodwill amortization						
Pulp and paper	**$ 496**	**66%**	$ 274	52%	$ 227	49%
Building products	**241**	**32**	240	46	223	49
Other and general corporate	**12**	**2**	10	2	9	2
Total depreciation, depletion and goodwill amortization	**$ 749**	**100%**	$ 524	100%	$ 459	100%
*Capital expenditures***						
Pulp and paper	**$ 3,210**	**85%**	$ 310	62%	$ 890	57%
Building products	**102**	**3**	135	27	216	14
Timber and timberlands	**469**	**12**	46	9	437	28
Other and general corporate	**8**	**—**	8	2	9	1
Total capital expenditures	**$ 3,789**	**100%**	$ 499	100%	$1,552	100%
Assets						
Pulp and paper	**$ 8,181**	**68%**	$ 3,358	47%	$3,394	48%
Building products	**1,762**	**15**	2,176	31	2,226	31
Timber and timberlands	**1,630**	**14**	1,246	18	1,289	18
Other and general corporate	**487**	**3**	276	4	206	3
Total assets	**$12,060**	**100%**	$ 7,056	100%	$7,115	100%

**Other income in 1990 includes an $88 million pretax gain on timberland sold and a $40 million pretax loss on the sale of a printing and specialty paper subsidiary. If these amounts had been included in segment operating profits, pulp and paper operating profits would have been $939 million and building products operating profits would have been $511 million in 1990.*

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

SGP 0030294

Note 3. *Acquisitions*

Great Northern Nekoosa Corporation In March 1990, the Corporation acquired a controlling stock interest in Great Northern Nekoosa Corporation (GNN). GNN was a producer of pulp, communication papers, newsprint and containerboard, a converter of corrugated boxes and envelopes, and a distributor of communication and other papers. In addition, GNN owned three wood products operations, hydroelectric 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 following unaudited pro forma information shows the results of the Corporation's operations, as though the acquisition of GNN had been completed on January 1, 1989.

	Year ended December 31	
(Millions, except per share amounts)	**1990**	1989
Net sales	**$13,359**	$13,944
Net income	**331**	627
Earnings per share	**3.88**	7.04

The acquisition was recorded using the purchase method. The preliminary values assigned to GNN's assets and liabilities are shown in the following table. 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.

(Millions)	March 8, 1990
Cash	$ 96
Receivables	484
Inventories	388
Other current assets	44
Timber and timberlands	436
Property, plant and equipment	2,480
Goodwill	2,001
Other assets	64
Total assets	5,993
Bank overdrafts	65
Current portion of long-term debt	81
Accounts payable and accrued liabilities	400
Long-term debt	1,516
Deferred income taxes	39
Other long-term liabilities	193
Total liabilities	2,294
Net assets acquired	$3,699

Brunswick Pulp & Paper Company In August 1988, the Corporation acquired all of the outstanding capital stock of Brunswick Pulp & Paper Company (Brunswick) and related timber assets. The acquired assets included a softwood pulp and paperboard mill, three pine sawmills and related timber assets.

The Corporation paid $245 million in cash and delivered $300 million principal amount of 10-year notes to the sellers. The acquisition was recorded using the purchase method. The purchase price exceeded the fair value of net assets acquired by $18 million. This amount is included in goodwill and is being amortized over 10 years. The results of Brunswick's operations have been included in the accompanying statements of income and cash flows beginning on August 24, 1988. Had the acquisition been completed as of January 1, 1988, the Corporation's net sales and income for 1988 would not have been materially affected.

SGP 0030295

Note 4. Asset Divestitures

After the acquisition of GNN, the Corporation announced plans to sell certain assets identified as not strategic to its principal operations.

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

- In October 1990, the Corporation sold the stock of its G-P Inveresk Corporation subsidiary for $61 million cash. G-P Inveresk Corporation manufactured printing and specialty papers at four locations in the United Kingdom. A pretax loss of $40 million was recognized on this sale.
- In December 1990, the Corporation sold 119,000 acres of fee timberland in two separate transactions for $108 million cash. A pretax gain of $88 million was recognized on these sales.

In January 1991, the Corporation restructured its containerboard and packaging business by completing the following divestitures:

- A linerboard mill at Valdosta, Georgia; a corrugating medium mill at Tomahawk, Wisconsin; 19 corrugated packaging plants and approximately 540,000 acres of fee timberland were sold (and lease rights to 98,000 acres of timberland were assigned) for approximately $740 million cash, subject to certain adjustments.
- The Corporation's interests in a linerboard and corrugating medium mill, two corrugated packaging plants and two sheet plants located in France were sold for approximately $105 million cash, subject to certain adjustments.

Note 5. Receivables

The Corporation has a large, diversified customer base.

As of December 31, 1990, the Corporation had sold fractional ownership interests in a defined pool of trade accounts receivable for $850 million. The net cash proceeds are reported as operating cash flow in the accompanying statement of cash flows. The sold accounts receivable are reflected as a reduction of receivables in the accompanying balance sheet. Under a three-year agreement, the purchasers have agreed to use the collections of receivables to purchase new receivables up to $1 billion. The purchasers' level of investment is subject to change based on the level of eligible receivables and restrictions on concentrations of receivables. Receivables of a certain age and uncollectible receivables are not eligible to be included in the pool. 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. The Corporation pays fees based on its senior debt ratings and the purchasers' level of investment and borrowing costs. The fees, which were $48 million for 1990, are included in selling, general and administrative expense in the accompanying statement of income.

Note 6. Income Taxes

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

The provision for income taxes and income taxes paid were as follows:

	Year ended December 31		
(Millions)	**1990**	1989	1988
Federal income taxes			
Current	**$255**	$316	$222
Deferred	**48**	53	44
State income taxes	**51**	57	45
Provision for income taxes	**$354**	$426	$311
Income taxes paid	**$297**	$347	$295

SGP 0030296

The difference between the statutory federal income tax rate and the Corporation's effective income tax rate is summarized as follows:

	Year ended December 31		
	1990	1989	1988
Statutory federal income tax rate	34.0%	34.0%	34.0%
State income tax, net of federal benefit	4.0	4.0	4.6
Depreciation, depletion and goodwill amortization on stock acquisitions, not deductible for income tax purposes	11.0	1.0	.5
Other	.2	.2	.9
Effective income tax rate	49.2%	39.2%	40.0%

The following summarizes the components of the deferred tax provision:

	Year ended December 31		
(Millions)	1990	1989	1988
Excess of tax depreciation over financial depreciation	$ 95	$ 74	$49
Liability accruals and write-down of certain assets	(22)	(18)	–
Compensation expense	(25)	(1)	(2)
Other	–	(2)	(3)
Deferred tax provision	$ 48	$ 53	$44

In December 1987, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 96, "Accounting for Income Taxes," which, among other provisions, will change the method of accounting for deferred income taxes. Companies are now required to adopt the new standard no later than for fiscal years beginning after December 15, 1991. The FASB is considering further amendments to Statement No. 96, including a possible deferral of the required date of adoption.

It is anticipated that the Corporation will adopt the new standard in the required period of adoption and that prior periods will not be restated. The amount to be recorded will be dependent upon cumulative net timing differences and statutory tax rates existing at that time, as well as any further amendments to Statement No. 96.

Note 7. Indebtedness

The Corporation's indebtedness included the following:

	December 31	
(Millions)	1990	1989
Unsecured term loan, 9.73% average rate, payable through 1997	$1,785	$ –
Notes, 9.64% average rate, payable through 2000	1,676	801
Debentures, 10.07% average rate, payable through 2018	1,486	1,189
Commercial paper and other short-term notes, 8.80% average rate	984	302
Revenue bonds, 7.73% average rate, payable through 2025	345	129
Other loans, 9.04% average rate, payable through 2037	269	43
	6,545	2,464
Less:		
Current portion of commercial paper and other short-term notes	984	79
Current portion of long-term debt	324	31
Unamortized discount	19	18
Long-term debt	$5,218	$2,336

As of December 31, 1990, $324 million of long-term debt was scheduled to mature in 1991, including $235 million under the unsecured term loan. Following the sales of certain timberland in December 1990 and containerboard and packaging assets in January 1991 (Note 4), $675 million of payments were made on the term loan in 1991. The remaining scheduled maturities of long-term debt for the next five years are as follows: $89 million in 1991, $547 million in 1992, $454 million in 1993, $363 million in 1994 and $289 million in 1995.

Unsecured Term Loan and Revolving Credit Facility

On June 26, 1990, the Corporation entered into a credit agreement with 25 banks which provided a $2.5 billion unsecured term loan and a $1.5 billion unsecured revolving credit facility. The term loan bears 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 1%. The term loan is payable in installments through 1997.

SGP 0030297

The revolving credit facility bears interest, at the election of the Corporation, at either (a) the higher of the reference rate and the Federal Funds Rate plus ½%, (b) LIBOR plus ¾%, or (c) fixed or floating rates set by competitive bids. There are certain availability, facility and other fees associated with the revolving credit facility. At December 31, 1990, the revolving credit facility had $355 million of outstanding borrowings and was being used to support an additional $629 million of commercial paper and other short-term borrowings, leaving $516 million available under that facility.

The interest rates payable under the credit agreement are subject to adjustment based on the Corporation's funded debt ratio and debt ratings.

The credit agreement contains certain restrictive covenants. These include a minimum fixed charge coverage ratio, which is calculated on a rolling four quarter basis beginning on April 1, 1990, of 1.00 through March 31, 1991, 1.20 through June 30, 1991, 1.45 through June 30, 1992 and increasing thereafter; a maximum leverage ratio of .74 from December 31, 1990 through September 29, 1991, .72 from September 30, 1991 through September 29, 1992 and decreasing thereafter; an overall limit on indebtedness of $8.3 billion and restrictions on the creation of liens on assets.

Commercial Paper and Other Short-term Notes As of December 31, 1990, $984 million of commercial paper and other short-term notes were outstanding. These borrowings were all classified as current liabilities even though all or a portion of them might be refinanced on a long-term basis in 1991. A recent technical interpretation of generally accepted accounting principles does not permit the classification of these borrowings as long-term liabilities due to certain provisions of the Corporation's revolving credit facility.

Other At December 31, 1990, $117 million of long-term debt was secured by property and timber with a net book value of $117 million.

At December 31, 1990, the Corporation had registered for sale up to $200 million of debt securities under shelf registration statements filed with the Securities and Exchange Commission.

At December 31, 1990, the Corporation had outstanding interest rate exchange agreements which effectively converted $2.7 billion of floating rate debt with a weighted average interest rate of 9.22% to fixed rate debt with an average effective interest rate of approximately 9.93%. Under the agreements, which have a remaining average maturity of approximately 3.9 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.

Note 8. *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, plans which are administered jointly by the Corporation and labor unions, and union-administe..ed multiemployer plans. The Corporation's funding policy for solely administered plans is based on actuarial calculations and the applicable requirements of Federal la· Contributions to jointly administered and multiemp oyer plans are generally based on negotiated labor co. ·racts.

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 earnings and years of service. The officers' plan is not funded and is nonqualified for Federal income tax purposes.

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

	Year ended December 31, 1990		Year ended December 31, 1989	
(Millions)	Plans having assets in excess of accumulated benefits	Plans having accumulated benefits in excess of assets	Plans having assets in excess of accumulated benefits	Plans having accumulated benefits in excess of assets
Accumulated benefit obligation at November 30				
Vested portion	$ 843	$126	$ 630	$ 29
Nonvested portion	32	5	27	1
	875	131	657	30
Effect of projected future compensation levels	14	15	4	11
Projected benefit obligation at November 30	889	146	661	41
Plan assets at fair value at November 30	1,018	89	891	8
Plan assets in excess of (less than) projected benefit obligation	129	(57)	230	(33)
Contributions made in December	—	1	8	—
Unrecognized net (gain` loss_	(2)	13	(108)	9
Unrecognized prior serv. e cost	(22)	2	32	3
Unrecognized net asset from initial application of SFAS 87	(63)	—	(90)	—
Adjustment required to recognize minimum liability	—	(6)	—	(2)
Prepaid (accrued) pension cost at December 31	$ 42	$(47)	$ 72	$(23)

Plan assets consist principally of common stocks, bonds, mortgage securities, interests in limited partnerships, guaranteed investment contracts, cash equivalents and real estate. At December 31, 1990 and 1989, respectively, $42 million and $72 million of noncurrent prepaid pension cost was included in other assets. The accrued pension cost of $47 million and $23 million at December 31, 1990 and 1989, respectively, was included in other long-term liabilities.

SGP 0030299

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

(Millions)	1990	1989	1988
	Year ended December 31		
Service cost of benefits earned	$ 67	$ 55	$ 31
Interest cost on projected benefit obligation	82	44	37
Actual (gain) loss on plan assets	51	(132)	(90)
Net amortization (deferral)	(183)	39	22
	17	6	—
Contributions to multiemployer pension plans	2	2	3
Net periodic pension cost	$ 19	$ 8	$ 3

The following assumptions were used:

	1990	1989	1988
Discount rate used to determine the projected benefit obligation	9.0%	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	11.0	11.0	11.0

Defined Contribution Plans The Corporation sponsors several defined contribution plans to provide eligible employees with additional ncome upon retirement. The Corporation's contributions to the plans are based on employee contributions and compensation. These contributions totaled $34 million in 1990, $24 million in 1989 and $21 million in 1988.

Retiree Health Care and Life Insurance Benefits The Corporation provides certain health care and life insurance benefits to eligible retired employees and recognizes expense as benefits are provided. The cost of providing these benefits, which has not been material, is shared with retirees.

The Corporation will begin transferring its share of the cost of post–age 65 health care benefits to retirees beginning in 1991. The Corporation will reduce the percentage of the cost of post–age 65 benefits that it will pay on behalf of employees who retire in each of the years 1991 through 1999. The Corporation will continue to share the pre–age 65 cost with retirees, but will no longer pay any of the post–age 65 cost for employees who retire after 1999.

In December 1990, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," which will change the method of accounting for such benefits. The statement requires that the expected cost of the e benefits be charged to expense during the years that employees render service. Companies are required to adopt the new standard no later than for fiscal years beginning after December 15, 1992.

It is anticipated that the Corporation will adopt the new standard in 1993 by recording a cumulative catch-up adjustment in the year of adoption. The amount to be recorded has not been determined at this time, but it is not expected to materially affect the Corporation's financial statements.

Note 9. Common Stock

At December 31, 1990, the following authorized shares of the Corporation's common stock were reserved for issue:

1990 Long-Term Incentive Plan	4,000,000
1989 Employee Stock Purchase Plan	642,000
1984 Employee Stock Option Plan	2,258,000
Common stock reserved	6,900,000

Long-Term Incentive Plans The 1990 Long-Term Incentive Plan (Incentive Plan) initially reserved 4,000,000 shares for issue with 2,733,000 shares allocated to plan participants. 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 restricted shares are awarded, the market value of the stock is added to common stock and additional paid-in capital and an equal amount is deducted from shareholders' equity (long-term incentive plan deferred compensation).

SGP 0030300

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, 1990, 1,336,000 shares had been awarded to the plan participants under the 1988 Incentive Plan. These awarded shares will vest based on the provisions in the Incentive Plan. The Corporation recognized Incentive Plan compensation expense of $14 million in 1990, $14 million in 1989, and $3 million in 1988. Additional information relating to the Incentive Plan is as follows:

	Year ended December 31		
	1990	1989	1988
Shares allocated but not awarded at January 1	**536,000**	1,401,000	–
Shares allocated	**2,841,000**	290,000	1,835,000
Previously allocated shares cancelled	**(661,000)**	(110,000)	(90,000)
Shares awarded	–	(1,063,000)	(357,000)
Previously awarded shares cancelled	**17,000**	18,000	13,000
Shares allocated but not awarded at December 31	**2,733,000**	536,000	1,401,000
Shares available for allocation at December 31	**1,267,000**	1,075,000	1,255,000
Total shares reserved	**4,000,000**	1,611,000	2,656,000

Employee Stock Purchase Plans At December 31, 1990, the 1989 Employee Stock Purchase Plan (Purchase Plan) had reserved for issue 642,000 shares of common stock at a subscription price of $34.90. Subscribers have the option to receive their payments plus interest at the rate of 8% per annum in lieu of stock. Additional shares can no longer be subscribed under the Purchase Plan, which expires on April 30, 1991. Approximately 4,400 subscribers remained in the Purchase Plan at December 31, 1990.

During 1990, the Corporation issued 45,000 shares of common stock under the 1989 Employee Stock Purchase Plan. During 1989, the Corporation issued 114,000 shares of common stock under the 1987 Employee Stock Purchase Plan (which expired on March 31, 1989) and 11,000 shares under the 1989 Employee Stock Purchase Plan.

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 awards, 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 be granted rights to 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 common stock, as defined, exceeds the option price.

Compensation resulting from stock options and cash awards 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 $(7) million in 1990, $25 million in 1989 and $5 million in 1988.

Additional information relating to the Option Plan is as follows:

	Year ended December 31		
	1990	1989	1988
Options outstanding at January 1	**832,000**	1,370,000	1,239,000
Options granted	**422,000**	358,000	338,000
Options exercised/surrendered	**(34,000)**	(860,000)	(141,000)
Options cancelled	**(29,000)**	(36,000)	(66,000)
Options outstanding at December 31	**1,191,000**	832,000	1,370,000
Options available for grant at December 31	**1,067,000**	1,460,000	1,781,000
Total reserved shares	**2,258,000**	2,292,000	3,151,000
Options exercisable at December 31	**791,000**	488,000	1,042,000
Option prices per share:			
Granted	**$44**	$41	$34
Exercised/surrendered	**$21–$46**	$21–$46	$21–$26
Cancelled	**$26–$46**	$21–$46	$26–$46

SGP 0030301

Shareholder Rights Plan On July 31, 1989, the Corporation adopted a Shareholder Rights Plan. Preferred stock purchase rights were distributed, as a dividend at the rate of one Right for each share of common stock held, to shareholders of record as of the close of business on August 10, 1989 and expire after 10 years. 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 5,000,000 shares were reserved for issue at December 31, 1990. At December 31, 1990, 25,000,000 shares of no par value Junior Preferred Stock were authorized. 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 10. *Commitments and Contingencies*

The Corporation is a party to various legal proceedings generally incidental to its business. Although the ultimate disposition of these proceedings is not presently determinable, management does not expect the outcome of these proceedings to have a material adverse effect on the financial condition of the Corporation.

The Corporation is involved in certain claims related to fire retardant treated plywood which was sold through the Corporation's building products distribution centers between 1979 and 1988. Such plywood has been used to meet building codes on multifamily residential structures primarily on the East Coast of the United States. It has been alleged that the chemical treatment applied to such plywood by independent treaters has caused the plywood to lose its structural integrity under some circumstances. Management believes that, to the extent the Corporation has responsibility for such claims, it is entitled to be indemnified by the treaters of the plywood and their insurance carriers, but there can be no assurance that the treaters will have the financial ability to satisfy such claims. Additionally, the Corporation has substantial insurance coverage which it believes should apply to these claims. Although the ultimate disposition of these claims is not determinable at this time, management does not expect the outcome of these claims to have a material adverse effect on the financial condition of the Corporation.

The Corporation is expected to be required over the next several years to meet the cost of environmental clean-up programs undertaken by its various operating units, to conform its operations to increasingly stringent environmental standards, and to discharge environmental

SGP 0030302

obligations which it retained in connection with the disposition of certain operations. The Corporation has met similar requirements in the past without material adverse effect, and although the cost of meeting these requirements is expected to progressively increase in the future, management believes the Corporation can continue to do so without material adverse effect on its financial condition.

The Corporation is self-insured for general liability claims up to $25 million per occurrence.

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.

During 1986, GA-MET borrowed $170 million from Metropolitan for the primary purpose of retiring debt incurred from the acquisition and construction of the Atlanta headquarters complex. The note bears interest at 9½% and requires monthly payments of principal and interest with a final installment due in 2011. The note 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 11. *Unaudited Selected Quarterly Financial Data*

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
(Millions, except per share amounts)	**1990**	1989	**1990**	1989	**1990**	1989	**1990**	1989
Net sales	**$2,659**	$2,447	**$3,519**	$2,640	**$3,430**	$2,646	**$3,057**	$2,438
Gross profit (net sales minus cost of sales)	**625**	622	**835**	660	**782**	667	**685**	601
Net income	**101**	154	**107**	172	**95**	178	**62**	157
Earnings per share	**1.18**	1.65	**1.25**	1.90	**1.11**	2.03	**.74**	1.84
Dividends declared per common share	**.40**	.35	**.40**	.35	**.40**	.35	**.40**	.40
Price range of common stock								
High	**52.13**	43.13	**46.38**	47.50	**48.13**	62.00	**39.50**	61.50
Low	**40.88**	36.63	**38.88**	42.13	**32.75**	42.88	**25.38**	46.13

The results of Great Northern Nekoosa Corporation have been included beginning on March 9, 1990.

SGP 0030303

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, 1990 and 1989 and the related statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1990. 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, 1990 and 1989 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1990 in conformity with generally accepted accounting principles.

Arthur Andersen & Co.

Atlanta, Georgia
February 15, 1991

SGP 0030304

Management of Georgia-Pacific Corporation is responsible for the accurate and objective preparation 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 preceding 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 an adequate internal control system which encompasses policies, procedures and controls directly related to, and designed to provide reasonable assurance as to, the integrity and reliability of the financial reporting process and the financial statements generated therefrom. 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. Management believes that as of December 31, 1990, the internal control system is adequate and effective in all material respects.

The Audit Committee of the Board of Directors, consisting of five outside directors, provides oversight in the areas of financial reporting and internal control and approves fees paid to the independent public accountants for both audit and non-audit services. 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.

James E. Terrell
James E. Terrell
Vice President and Controller
(Chief Accounting Officer)

James C. Van Meter
Executive Vice President–Finance
and Chief Financial Officer

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

February 15, 1991

SGP 0030305

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

Cash flow to interest
Cash provided by continuing operations plus interest expense divided by total interest cost (interest expense plus capitalized interest). In the 1990 calculation, $850 million of proceeds from the accounts receivable sale program were excluded from cash provided by continuing operations and the $48 million cost of that program was included in interest expense.

Earnings to interest
Income from continuing operations before income taxes and extraordinary items plus interest expense divided by total interest cost (interest expense plus capitalized interest). In the 1990 calculation, the $48 million cost of the accounts receivable sale program was included in interest expense.

Effective income tax rate
Provision for income taxes divided by income from continuing operations before income taxes and extraordinary items.

(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 from continuing operations before unusual items, income taxes and extraordinary items
Unusual items
Provision for income taxes
Income from continuing operations before extraordinary items
Income (loss) from discontinued operations, net of taxes
Extraordinary items, net of taxes
Net income
Cash provided by continuing operations**
Other statistical data
Per common share
Income from continuing operations before extraordinary items
Income (loss) from discontinued operations
Extraordinary items
Net income
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

**Not available.*
***In 1990, cash provided by continuing operations excludes $850 million of proceeds from the accounts receivable sale program.*

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Year ended December 31

	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
	$12,665	$10,171	$9,509	$8,603	$7,223	$6,716	$6,682	$6,040	$5,003	$4,914	$4,554
	9,738	7,621	7,452	6,777	5,783	5,553	5,441	4,978	4,206	4,131	3,737
	951	689	632	583	511	431	426	374	359	304	282
	699	51[illegible]	450	387	339	310	282	289	275	228	223
	606	260	197	124	138	132	156	157	186	125	79
	(48)	—	—	—	—	—	—	135	30	—	—
	11,946	9,084	8,731	7,871	6,771	6,426	6,305	5,933	5,056	4,788	4,321
	719	1,0[illegible]7	778	732	452	290	377	107	(53)	126	233
	—	—	—	66	33	19	19	—	79	—	—
	354	4[illegible]6	311	340	189	102	143	32	6	38	72
	365	661	467	458	296	207	253	75	20	88	161
	—	—	—	—	—	(30)	(134)	30	32	72	83
	—	—	—	—	—	10	—	—	101	—	—
	$ 365	$ 661	$ 467	$ 458	$ 296	$ 187	$ 119	$ 105	$ 153	$ 160	$ 244
	$ 1,223	$ 1,358	$ 865	$ 781	$ 575	$ 771	$ 509	$ 460	$ 367	$ 276	$ *
	$ 4.28	$ 7.42	$ 4.76	$ 4.23	$ 2.70	$ 1.84	$ 2.28	$ .53	$ (.01)	$ .69	$ 1.48
	—	—	—	—	—	(.29)	(1.31)	.30	.32	.73	.84
	—	—	—	—	—	.10	—	—	1.01	—	—
	$ 4.28	$ 7.42	$ 4.76	$ 4.23	$ 2.70	$ 1.65	$ .97	$ .83	$ 1.32	$ 1.42	$ 2.32
	$ 1.60	$ 1.45	$ 1.25	$ 1.05	$ .85	$ .80	$ .70	$ .60	$ 1.05	$ 1.20	$ 1.20
	85.3	89.1	98.1	107.5	104.1	103.0	102.2	101.5	99.9	98.9	98.7
	86.7	8[illegible].7	94.8	104.7	107.3	103.2	102.5	101.5	101.3	98.9	98.8
	38.1%	19.7%	26.3%	25.1%	32.8%	49.7%	71.4%	72.4%	77.8%	82.5%	53.3%
	2.0	5.0	4.4	6.9	4.2	2.7	3.3	1.6	1.0	*	*
	2.7	5.9	4.8	6.8	4.9	5.6	4.0	3.8	2.7	*	*
	49.2%	39.2%	40.0%	42.6%	39.0%	33.0%	36.1%	29.9%	23.1%	30.2%	30.9%

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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.

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

Return on capital employed
Income from continuing operations before extraordinary items plus interest expense (net of taxes) and deferred income tax expense, divided by capital employed as of the beginning of the year. Capital employed is calculated as total assets, excluding net assets of discontinued operations, minus noninterest-bearing current liabilities.

Return on equity
Income from continuing operations before extraordinary items divided by shareholders' equity as of the beginning 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. In the 1990 calculation, $850 million of sold accounts receivable were included in total debt.

(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
Deferred income taxes
Other long-term liabilities
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
Return on capital employed
Return on equity
Total debt to capital
Current ratio

**Not available.*

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

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Year ended December 31										
1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
$ 1,766	$1,829	$1,892	$1,729	$1,420	$1,291	$1,406	$1,268	$1,176	$1,175	$1,051
1,630	1,246	1,289	915	844	804	840	753	748	752	682
6,341	3,691	3,723	3,048	2,691	2,606	2,270	1,989	2,214	2,200	1,959
—	—	—	—	—	11	158	653	651	626	579
2,042	91	101	92	—	—	—	—	—	—	—
281	199	110	86	159	154	111	69	130	93	46
12,060	7,056	7,115	5,870	5,114	4,866	4,785	4,732	4,919	4,846	4,317
2,535	924	1,013	996	837	631	640	612	716	846	710
5,218	2,336	2,514	1,298	893	1,257	1,383	1,453	1,618	1,487	1,227
928	841	788	744	695	606	503	413	365	384	311
404	238	165	152	124	69	34	26	22	—	—
—	—	—	—	113	156	190	215	209	203	169
$ 2,975	$2,717	$2,635	$2,680	$2,452	$2,147	$2,035	$2,013	$1,989	$1,926	$1,900
$ (769)	$ 905	$ 879	$ 733	$ 583	$ 660	$ 766	$ 656	$ 460	$ 329	$ 341
$ 3,789	$ 499	$1,552	$ 825	$ 482	$ 642	$ 710	$ 188	$ 207	$ 609	$ 495
866	493	711	550	444	624	403	184	203	472	495
52.13	62.00	42.88	52.75	41.25	27.38	25.75	31.88	27.25	32.38	34.88
25.38	36.63	30.75	22.75	24.75	20.50	18.00	22.38	13.25	17.75	21.50
37.25	48.50	36.88	34.50	37.00	26.50	25.00	24.75	26.25	20.13	25.00
34.31	31.35	27.79	25.59	22.70	20.59	19.58	19.48	19.22	18.99	18.93
12.4%	13.6%	12.1%	12.6%	10.4%	8.7%	11.7%	4.2%	2.5%	6.8%	*
13.4%	25.1%	17.4%	18.7%	13.8%	10.2%	12.6%	3.8%	1.0%	4.6%	9.0%
63.6%	40.1%	44.1%	31.4%	26.3%	32.0%	35.7%	37.4%	42.1%	43.3%	39.3%
.7	2.0	1.9	1.7	1.7	2.0	2.2	2.1	1.6	1.4	1.5

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Sales and Operating Profits by Industry Segment

(Millions)	1990		1989		1988		1987	
Net sales								
Pulp and paper								
Containerboard and packaging	$ 2,440	19%	$ 1,578	15%	$1,433	15%	$1,246	15%
Communication papers	1,360	11	983	10	796	8	621	7
Market pulp	779	6	728	7	533	6	314	4
Tissue	719	6	679	7	590	6	539	6
Groundwood papers	305	2	—	—	—	—	—	—
Paper distribution and envelopes	1,027	8	—	—	—	—	—	—
Other	72	1	74	1	84	1	90	1
	6,702	53	4,042	40	3,436	36	2,810	33
Building products								
Wood panels	2,296	18	2,488	24	2,442	26	2,355	28
Lumber	1,966	16	2,109	21	2,134	22	2,002	23
Gypsum products	270	2	299	3	305	3	361	4
Chemicals	247	2	253	3	241	2	189	2
Roofing	192	2	194	2	189	2	194	2
Other	952	7	745	7	718	8	654	8
	5,923	47	6,088	60	6,029	63	5,755	67
Other operations	40	—	41	—	44	1	38	—
Continuing operations	$12,665	100%	$10,171	100%	$9,509	100%	$8,603	100%
*Operating profits**								
Pulp and paper	$ 979	67%	$ 917	63%	$ 616	58%	$ 383	41%
Building products	423	29	533	36	428	41	533	58
Other operations	17	1	15	1	10	1	10	1
Other income (expense)**	48	3	—	—	—	—	—	—
Continuing operations	$ 1,467	100%	$ 1,465	100%	$1,054	100%	$ 926	100%

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

***Other income (expense) includes an $88 million pretax gain on timberland sold in 1990, a $40 million pretax loss on sale of a printing and specialty paper subsidiary in 1990 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 $939 million in 1990, $13 million in 1983 and $41 million in 1982; building products operating profits would have been $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.*

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Year ended December 31

1986		1985		1984		1983		1982		1981		1980	
$1,029	15%	$1,037	15%	$ 909	13%	$ 647	11%	$ 605	12%	$ 569	12%	$ 519	11%
461	6	356	5	445	7	450	7	437	9	375	7	267	6
221	3	157	2	225	3	191	3	187	4	248	5	245	5
502	7	514	8	507	8	449	7	429	8	388	8	369	8
—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—
68	1	70	1	25	—	31	1	29	1	37	1	31	1
2,281	32	2,134	31	2,111	31	1,768	29	1,687	34	1,617	33	1,431	31
1,864	26	1,666	25	1,637	25	1,560	26	1,217	24	1,230	25	1,154	25
1,676	23	1,434	21	1,461	22	1,424	24	1,003	20	1,017	20	993	22
375	5	377	6	360	5	269	4	183	4	193	4	196	4
155	2	173	3	186	3	162	3	136	3	139	3	112	3
230	3	260	4	268	4	222	4	197	4	144	3	129	3
553	8	560	8	540	8	506	8	450	9	438	9	415	9
4,853	67	4,470	67	4,452	67	4,143	69	3,186	64	3,161	64	2,999	66
89	1	112	2	119	2	129	2	130	2	136	3	124	3
$7,223	100%	$6,716	100%	$6,682	100%	$6,040	100%	$5,003	100%	$4,914	100%	$4,554	100%

$ 146	22%	$ 29	6%	$ 202	34%	$ 71	23%	$ 44	23%	$ 118	41%	$ 146	42%
500	73	391	86	379	63	354	117	136	70	141	48	176	50
35	5	35	8	20	3	13	4	32	16	33	11	27	8
—	—	—	—	—	—	(135)	(44)	(18)	(9)	—	—	—	—
$ 681	100%	$ 455	100%	$ 601	100%	$ 303	100%	$ 194	100%	$ 292	100%	$ 349	100%

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Operating Statistics

	As of December 31, 1990 Number of Facilities	Annual Capacity
Pulp and paper		
Paper (t.tons)		
Containerboard and packaging		
Linerboard and medium	4**	2,936**
Other paperboard	5	629
Kraft paper	2	342
Communication papers	8	1,915
Groundwood papers	2	690
Tissue	5	567
Market pulp (t.tons)	7	1,856
Total paper and market pulp	33	8,935
Converting		
Corrugated packaging (m.sq.ft.)	38**	28,627**
Tissue (t.tons)	6	593
Envelopes (billion envelopes)	17	15
Other	15	
Total paper, market pulp and converting	109	
Distribution centers	82	
Building products		
Wood panels		
Softwood plywood (3/8") (m.sq.ft.)	18	5,198
Hardwood plywood (sm) (m.sq.ft.)	2	410
Hardboard (1/8") (m.sq.ft.)	8	1,394
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	300
Softboard (1/2") (m.sq.ft.)	1	250
Fiberboard (3/4") (m.sq.ft.)	1	100
Lumber (m.bd.ft.)	46	2,723
Moulding (m.bd.ft.)	4	45
Gypsum board (m.sq.ft.)	10	3,063
Roofing—shingles (t.squares)	5	9,484
Formaldehyde (m.lbs.)	12	1,805
Thermosetting resins (m.lbs.)	16	2,650
Other	17	
Total building products	153	
Distribution centers	143	
Other operations	3	
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.*

***Adjusted to exclude two linerboard and medium mills with a capacity of 765 thousand tons, 19 corrugated packaging plants with a capacity of 12,720 million square feet, 540,000 fee acres and 98,000 controlled acres of timberland sold in January 1991.*

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Production

1990*	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
3,139	1,419	1,297	1,318	1,146	976	740	452	410	412	396
544	555	458	393	368	368	374	377	321	361	345
354	350	356	348	394	452	529	541	500	487	508
1,780	1,161	970	868	731	552	574	518	475	433	348
531	—	—	—	—	—	—	—	—	—	—
553	519	511	490	496	476	486	487	456	419	420
1,667	1,194	870	718	611	587	629	601	576	648	631
8,568	5,198	4,462	4,135	3,746	3,411	3,332	2,976	2,738	2,760	2,648
31,356	16,640	16,577	15,750	14,572	13,703	11,880	8,427	7,680	6,291	5,742
497	467	462	446	437	432	422	422	393	368	360
12	—	—	—	—	—	—	—	—	—	—
5,395	5,341	5,545	5,050	4,706	4,414	4,443	4,430	3,831	3,653	3,084
437	420	456	357	335	311	343	442	444	405	392
1,203	1,203	1,198	1,159	349	368	361	346	220	360	445
984	1,062	1,004	695	425	410	381	400	303	423	415
969	873	793	652	525	173	96	51	—	—	—
344	318	330	295	248	290	311	299	301	443	439
252	242	238	231	241	239	243	241	226	212	232
88	74	62	59	75	76	69	77	63	55	—
2,674	2,426	2,324	1,956	1,784	1,684	1,650	1,603	1,406	1,418	1,318
36	29	30	30	8	—	—	—	—	—	—
2,309	2,403	2,406	2,620	2,473	2,495	2,412	2,242	1,681	1,835	1,835
7,674	8,106	7,155	6,976	7,361	7,789	7,539	5,973	5,363	3,704	2,028
1,547	1,454	1,394	1,309	1,233	1,188	1,169	1,081	966	1,039	981
2,470	2,372	2,362	2,136	1,805	1,650	1,527	1,451	1,146	1,156	1,008
8,203**	5,430	5,480	4,910	4,700	4,760	4,920	4,630	4,630	4,620	4,500
1,047**	670	1,010	670	530	480	480	530	510	510	600

sm = surface measure basis
t = thousands
m = millions

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Georgia-Pacific Corporation Officers

T. Marshall Hahn, Jr.
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Vice Chairman

Ronald P. Hogan
President and Chief Operating Officer

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Executive Vice President–Pulp and Paper

Davis K. Mortensen
Executive Vice President–Building Products

James C. Van Meter
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Senior Vice President–Containerboard and Packaging

James G. Crump
Senior Vice President–Communication Papers

Diane Durgin
Senior Vice President–Law

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George A. MacConnell
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Daniel A. Martinez
Senior Vice President–Pulp and Bleached Board

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Group Vice President–Wood Products Manufacturing

Maurice W. Kring
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*Francis G. Walker**
Group Vice President–Butler Paper and Mail-Well

J. Wayne Amy
Vice President–Distribution Division Southwest Region

Joseph J. Armetta
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James E. Bostic, Jr.
Vice President–Butler Paper and Mail-Well

Gerard R. Brandt
Vice President–Manufacturing Communication Papers

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

Duncan B. Facey
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Stephen K. Jackson
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Vice President–Finance

Robert J. Millikan
Vice President–Manufacturing Containerboard

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

William B. Nagle, Jr.
Vice President–Mid-Continent Wood Products Manufacturing Division

**Through March 31, 1991*

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

John F. Rasor
Vice President–Eastern Wood Products Manufacturing Division

William D. Rose
Vice President–Mil''work and Specialties

Robert A. Starling
Vice President–Distribution Division Southeast Region

Richard B. Spitzn.. ss
Vice President–Cc mpensation and Benefits

Wayne I. Tamblyn
Vice President and Treasurer

James R. Taylor
Vice President–Chemical Division

Raymond H. Taylor
Vice President–Northern Paper

James E. Terrell
Vice President and Controller

Douglas A. Thom
Vice President–Packaging

Michael A. Vidan
Vice President–Gypsum and Roofing Division

Michael B. Wilson
Vice President–Sales and Marketing Consumer and Commercial Paper Products

Georgia-Pacific Corporation Directors

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Chairman and Chief Executive Officer

Harold L. Airington
Vice Chairman

Ronald P. Hogan
President and Chief Operating Officer

James C. Van Me: :r
Executive Vice President–Finance and Chief Financial Officer

Willard S. Boothby, Jr. [1,3]
Managing Director, PaineWebber Incorporated; Investment Bankers; New York, New York

Robert Carswell [4,5]
Senior Partner, Shearman & Sterling; Attorneys; New York, New York

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

Clifton C. Garvin, Jr. [2,3]
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Chairman, The BOC Group plc; Windlesham, England

Francis Jungers [1,2]
Vice Chairman of Riedel Environmental Technologies, Inc.; business consultant; Portland, Oregon

F. James McDonald [3,5]
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Chairman of the Board and Senior Shareholder, McNair Law Firm, P.A.; Columbia, South Carolina

Norma Pace [4,5]
President, Economic Consulting and Planning, Inc.; New York, New York

Robert A. Schumacher [4,5]
President and Chief Operating Officer (retired); Georgia-Pacific Corporation; Darien, Connecticut

James B. Williams [4,5]
President 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*

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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 1990 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.

Thematic Photo Descriptions

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Georgia-Pacific

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