

84th Annual International Management Conference – PIMA

New York City, New York

June 29 – July 2, 2003

-- Presidents' Panel – Pete Correll --

*How To Succeed In A Changing
Marketplace and Business Culture*



A.D. “Pete” Correll CEO & President

- **GEORGIA-PACIFIC
CORPORATION**

✓ **Worldwide Paper Company**



Georgia-Pacific Today

- **World's #1 Tissue Producer With Leading Brands**
- **Most Efficient Packaging Business in the Industry**
- **Nation's Premier Building Products Manufacturer and Distributor**
- **Low-cost Producer of Printing Paper and Market Pulp**
- **61,000 Employees at 400 Facilities Worldwide**



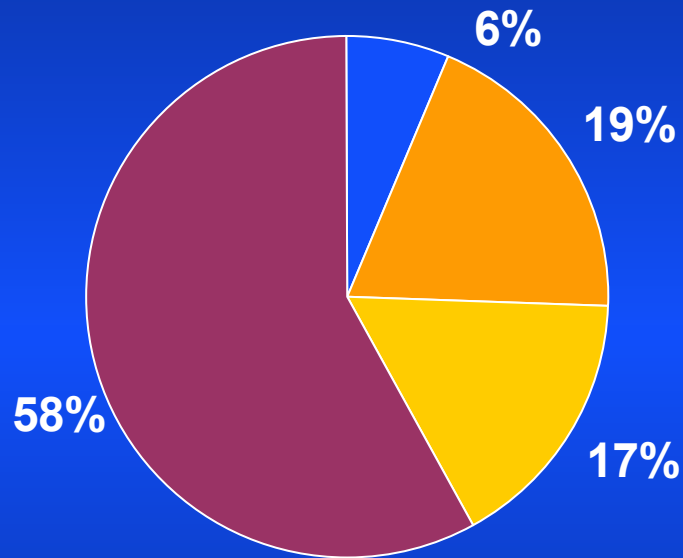
Corporate Strategy

- **Profitably Grow Higher-margin, Customer Focused Businesses**
- **Reduce Exposure to Undifferentiated, Volatile Commodity Markets**
- **Reduce Debt to Regain Investment Grade Rating**



Georgia-Pacific Sales

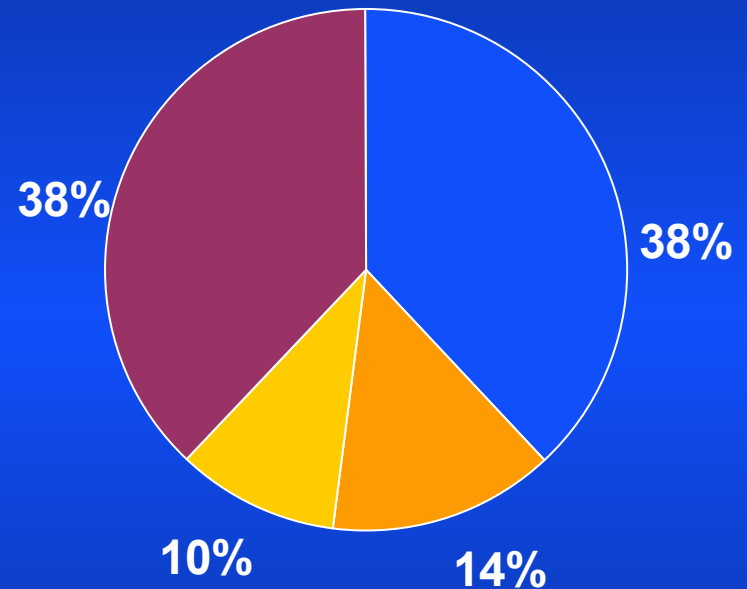
1992 Sales - \$10.5 B*



- Consumer Products
- Packaging
- BI. Pulp & Paper
- Building Products

*Excludes Paper Distribution & Envelope Converting

2002 Sales - \$18.5 B**



- Consumer Products
- Packaging
- BI. Pulp & Paper
- Building Products

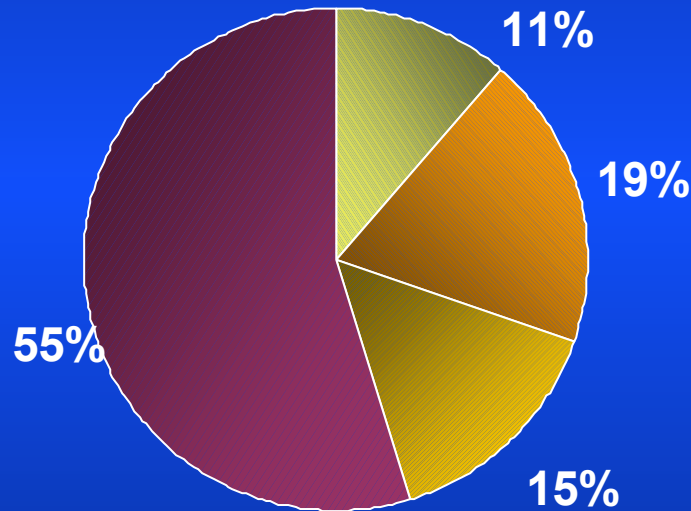
**Excludes \$4.8 billion from Unisource paper distribution business, of which the company sold a 60% interest in November 2002.



Georgia-Pacific Transformed

1992

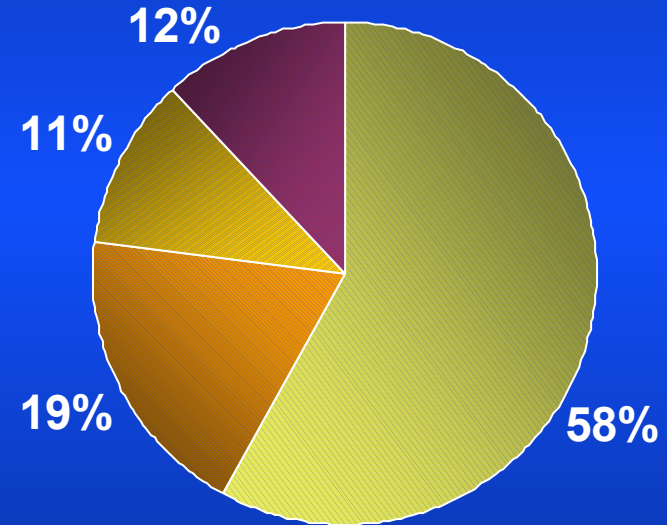
\$1.5B Adjusted EBITDA



■ Consumer Products
■ Packaging
■ Bl. Pulp and Paper
■ Building Products

April 2002-March 2003

\$2.1B Adjusted EBITDA*



■ Consumer Products
■ Packaging
■ Bl. Pulp and Paper
■ Building Products

* See reconciliation of Adjusted EBITDA to Cash Provided by Operations in Appendix to this presentation.



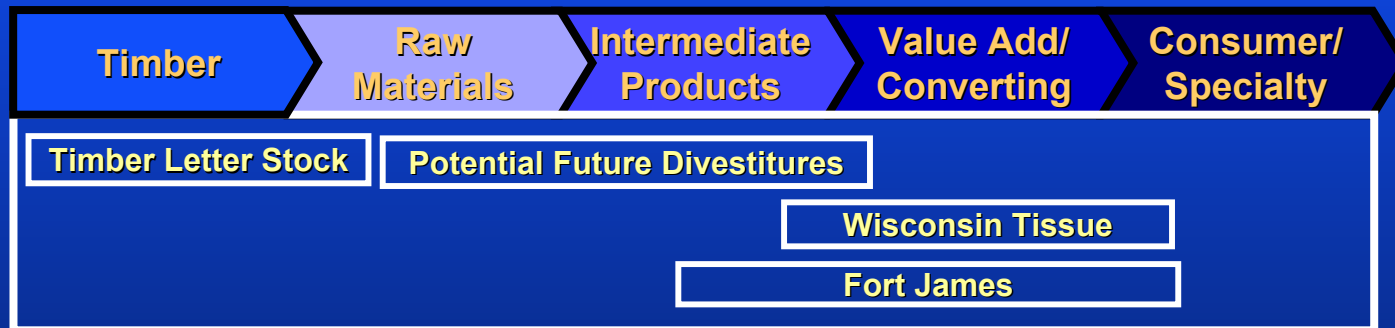
10-Year Strategic Direction

Moving Up the Value Chain

From... competing as a leader in operational excellence focusing on the commodity area of the value chain



To... leveraging operational excellence and moving closer to the customer by providing increasingly differentiated, customer-focused products and services



Key Milestones

- **Timber Company Letter Stock Followed by Merger With Plum Creek**
- **Acquisition of Colorbox – Value-added Packaging**
- **Acquisition of Wisconsin Tissue**
- **Acquisition of Fort James**
- **Divestiture of Commodity Paper Mills**



Competitive Advantages

- Employee-driven Improvements and Focus on Customers
- Consumer Products
 - ✓ Product innovations
 - ✓ Differentiated in the marketplace
 - ✓ Cost position
 - ✓ International – grow in fast-moving markets
- Packaging
 - ✓ Operational Excellence
- Building Products
 - ✓ King of Residential



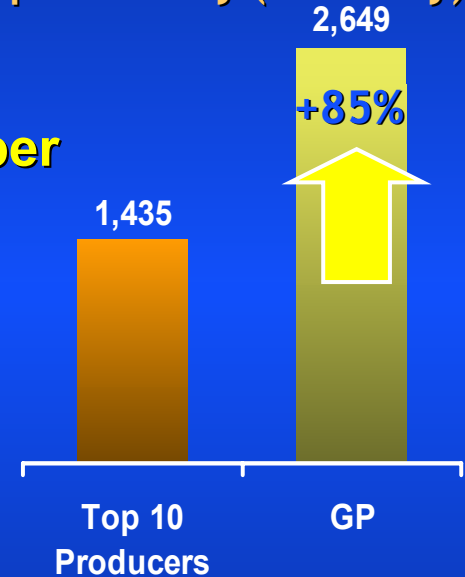
Competitive Advantage

Georgia-Pacific Packaging

Operational Excellence

- Demand-driven Production
 - ✓ If we can't sell box, we won't make the paper
- Most Efficient Assets
- Aggressive Cost Management
 - ✓ and disciplined capital investment
- Focus on Entire Supply Chain
 - ✓ total packaging solutions
- Expand Product Offering Through R&D
 - ✓ state-of-the-art technology center

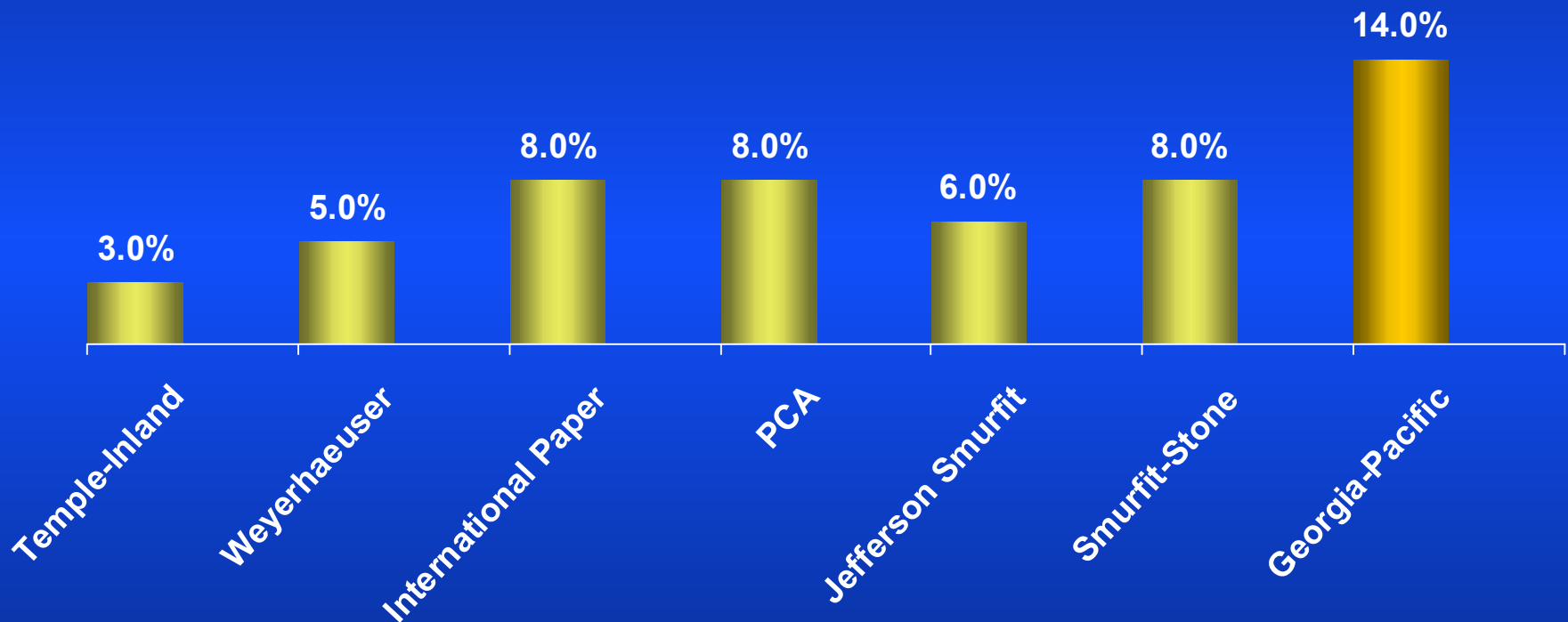
Containerboard Production
per Facility (Tons/Day)



Competitive Advantage

Best Performer in The Business

Packaging - Return on Net Assets 2002



Top performer – third consecutive year

Competitive Advantage

Differentiated in the Marketplace

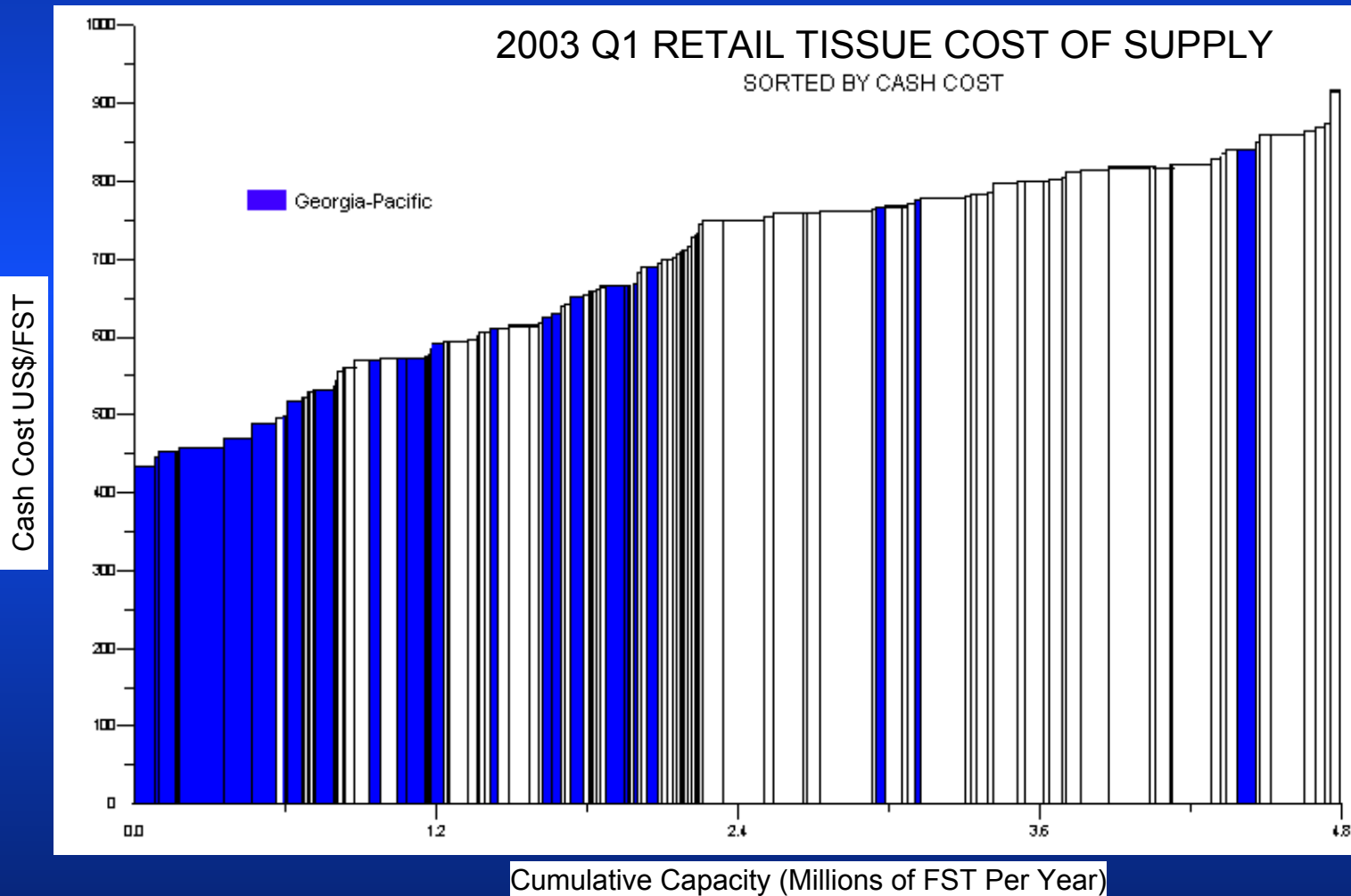
- **Strategically Aligned Years Ago With Fast-growing Mass Market and Club Channel**
- **GP Now #1 in US Club Channel and Expanding to All of North America**
- **GP Also #1 in Private Label in N. America**
- **Provide Customers Unique Product Offering**
 - ✓ **Strong brands across range of segments**
 - ✓ **Premium, mid-level and value**
 - ✓ **Coupled with large private label business**



Competitive Advantage Cost Position

GP has low-cost tissue manufacturing assets

2003 Q1 RETAIL TISSUE COST OF SUPPLY
SORTED BY CASH COST



Comparing GP To The Rest

- **We Believe We Can Win in Low-cost, Integrated Tissue Mills Combined With Other Products to Generate Large Scale Efficiencies**
 - ✓ **They believe mills should be smaller and use purchased pulp**
- **We Believe That Scale Can Be Transferred to Very Large, Recycled Tissue Operations and That We Can Make Higher Quality Products in Those Mills**
 - ✓ **They believe recycled only works in small, away-from-home mills**



Competitive Advantage

Positioned in High-Growth Markets



Volume Shares

■ Strong (20% +) ■ Medium (10 - 20%)

■ Present (0 - 10%)

- European Base in 10 Countries
- #3 European tissue producer
- Strong in “Established” Europe
 - ✓ UK (25% share)
 - ✓ France (35%)
- Grow in Fast-moving Markets
 - ✓ Turkey
 - ✓ Russia
 - ✓ Finland
 - ✓ Spain

Source: Company estimates



Competitive Advantage

Employee-driven Improvements

- GP Has Driven a Successful Process That Focuses Employees to Find Operational Improvements
- Process Transferred Well to Former Fort James
- And to Europe
- Taps the “Can Do” Spirit of GP Employees
- Results in Improved Manufacturing and Business Processes Are Astounding



Competitive Advantage

Customer Focused

Employee "Can Do" Spirit Is Reflected in Focus on Customers

November 2002 Survey of GP Employees
The Work I Do Impacts Customers...

Agree

96%

0% 20% 40% 60% 80% 100%

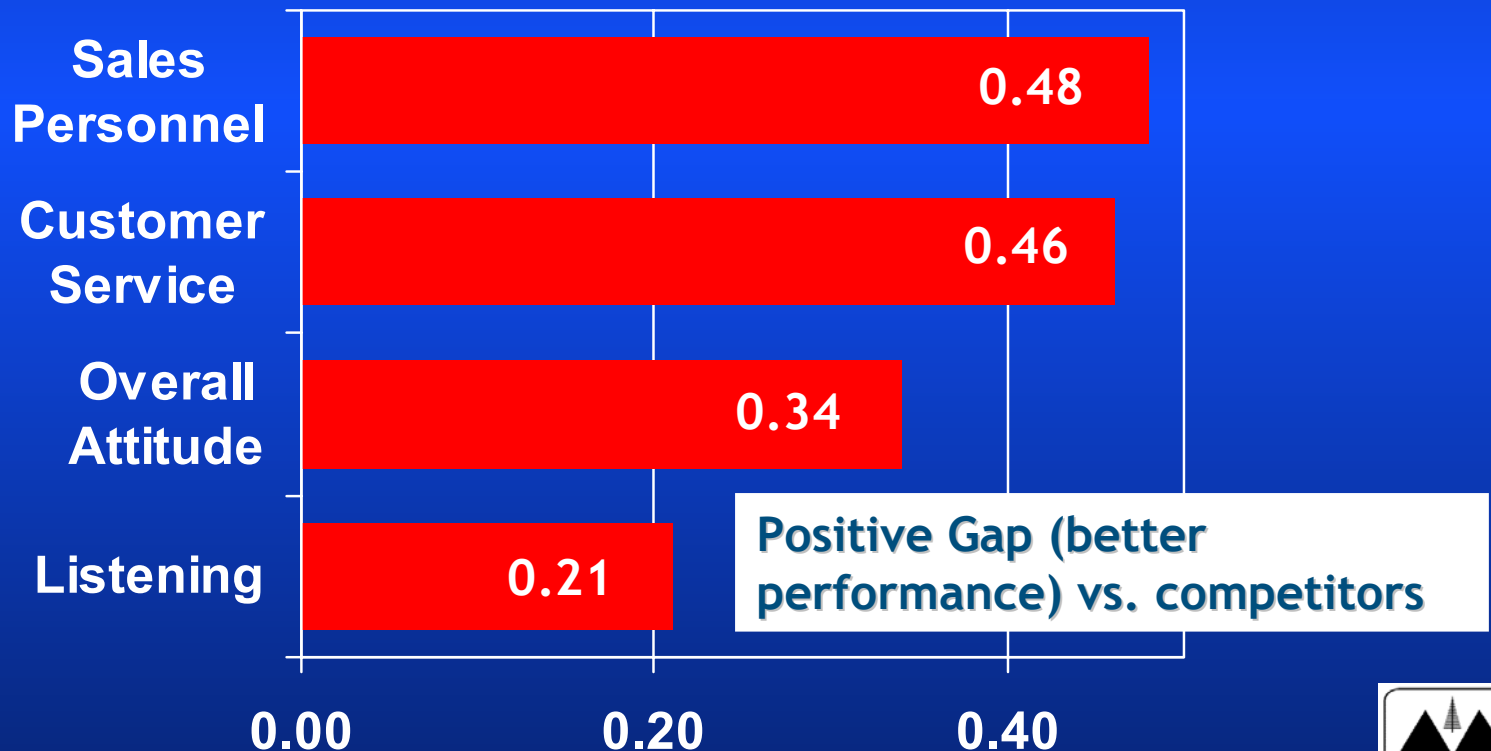


Competitive Advantage

Customer Focused

GP Customer Survey Results

Sales Personnel, Customer Service, Overall Attitude and Listening are key customer service attributes where GP exceeds competitors.



The Real Advantage

- **GP Employees**

- ✓ **We talk to employees**

- ✓ **We listen to employees**

- ✓ **We involve employees**

- ✓ **They are GP**



Thank You



Georgia-Pacific

