

# 84<sup>th</sup> Annual International Management Conference – PIMA

*New York City, New York*

*June 29 – July 2, 2003*

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-- 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**



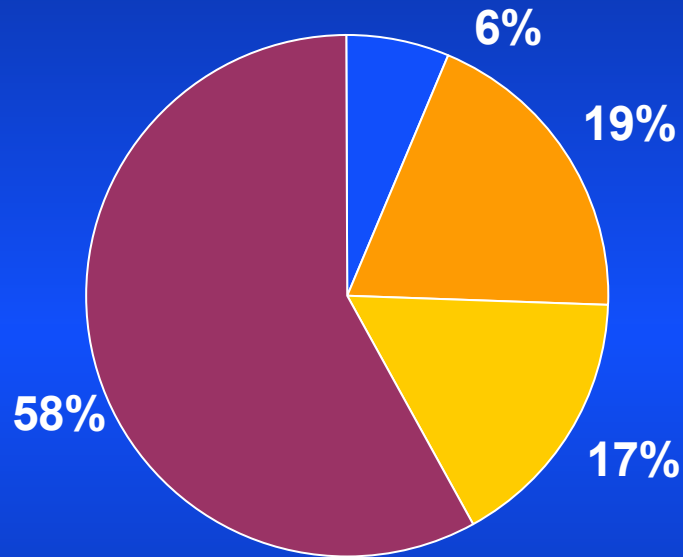
# Corporate Strategy

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



# Georgia-Pacific Sales

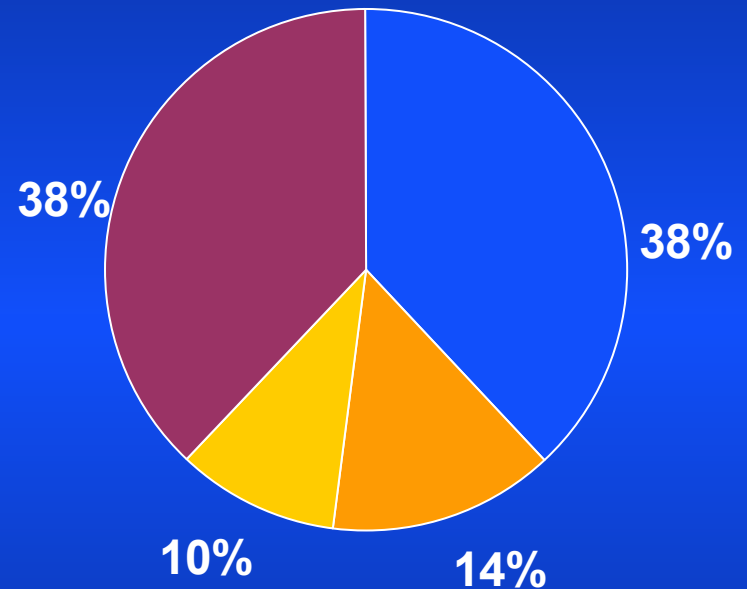
1992 Sales - \$10.5 B\*



- 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

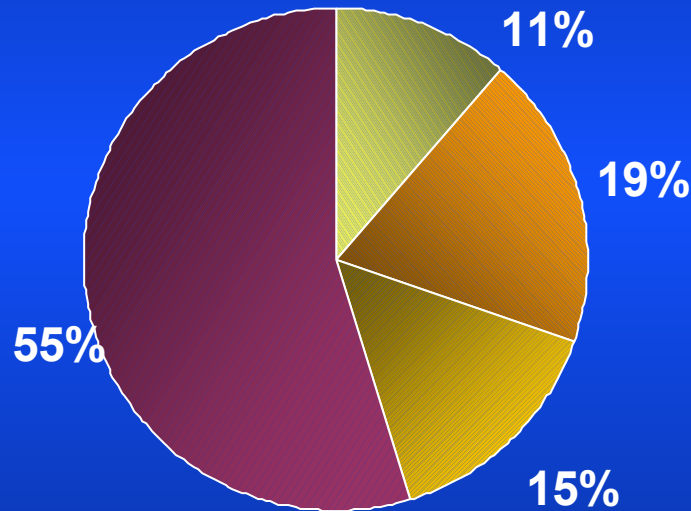
\*\*Excludes \$4.8 billion from Unisource paper distribution business, of which the company sold a 60% interest in November 2002.



# Georgia-Pacific Transformed

1992

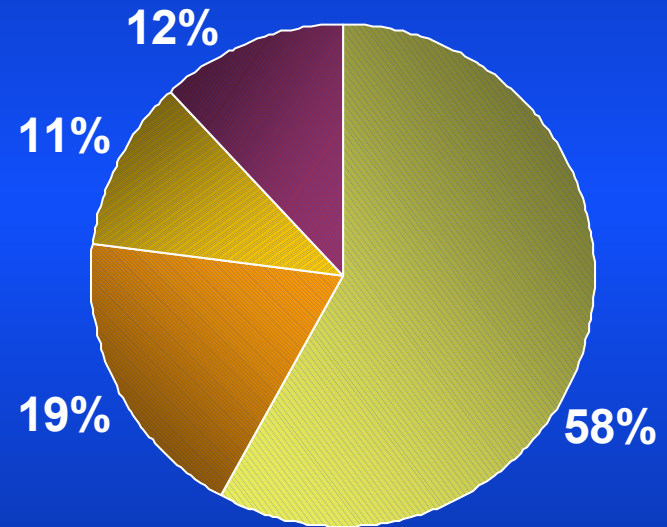
\$1.5B Adjusted EBITDA



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

April 2002-March 2003

\$2.1B Adjusted EBITDA\*



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

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



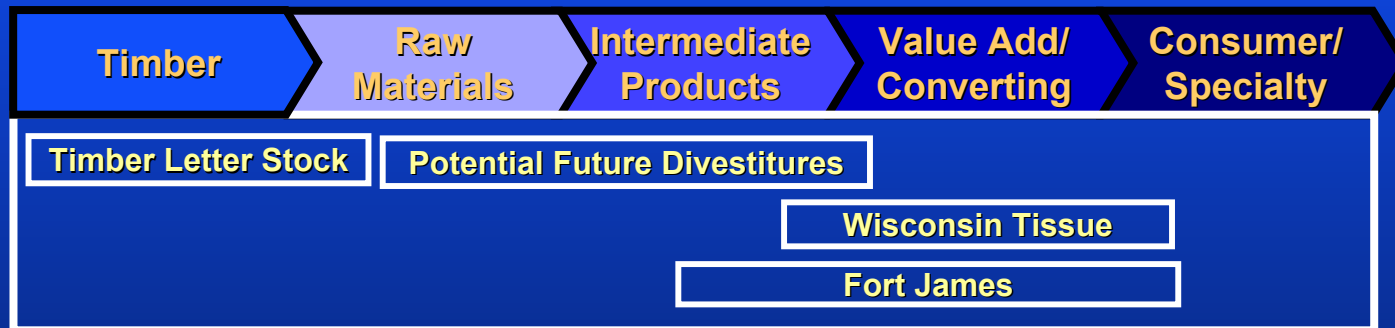
# 10-Year Strategic Direction

## 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**



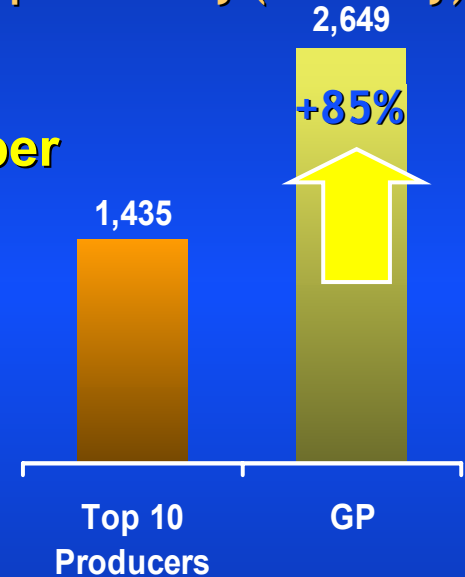
## Competitive Advantage

# 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

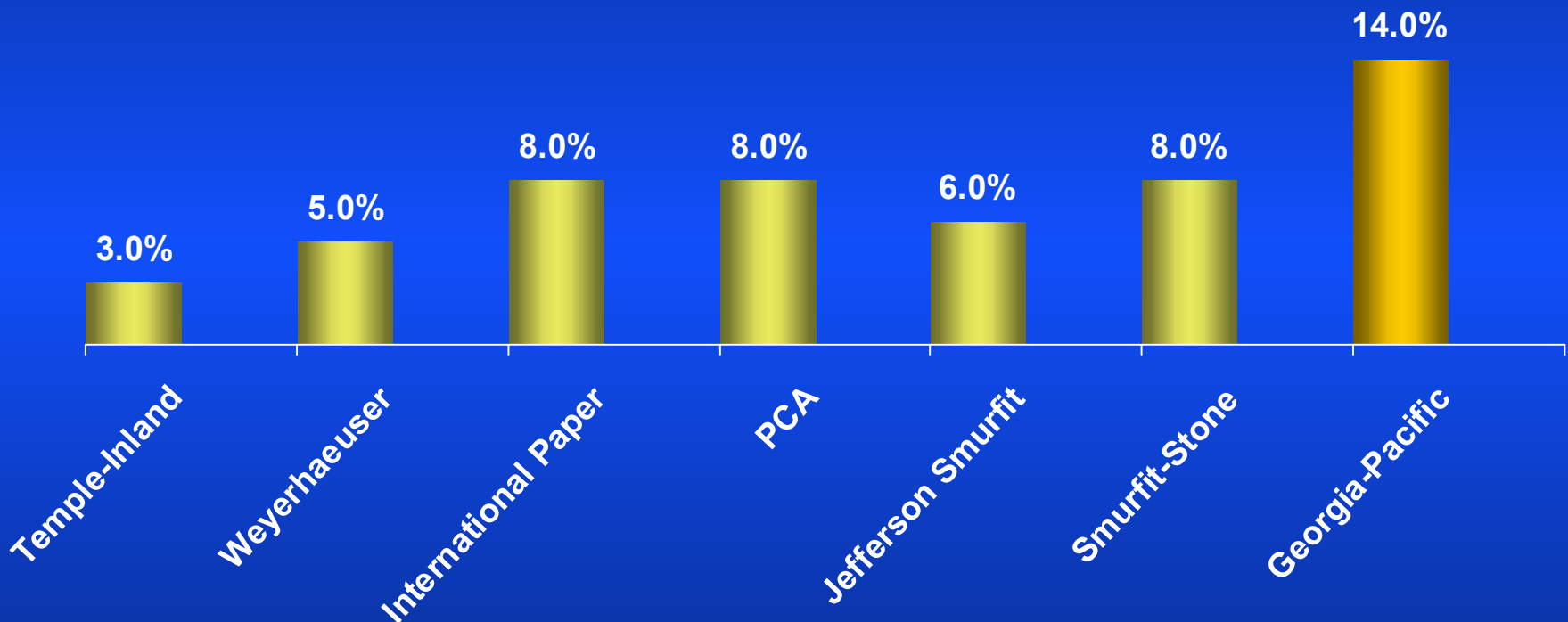
Containerboard Production  
per Facility (Tons/Day)



## Competitive Advantage

# Best Performer in The Business

Packaging - Return on Net Assets 2002



Top performer – third consecutive year

## Competitive Advantage

# Consumer Products - Innovation

**Brawny®  
Freshkins**



**Dixie® Coca-Cola® Cup**



**enMotion™  
towel dispenser**



**EasyNap®  
Napkin  
dispenser**



**PerfectTouch®  
"To Go" cups**



**Dixie® Stoneware™  
plates**



**Quilted Northern®  
Moist-Ones™**



**Vanity Fair®  
Tablecloths**



## Competitive Advantage

# Differentiated in the Marketplace

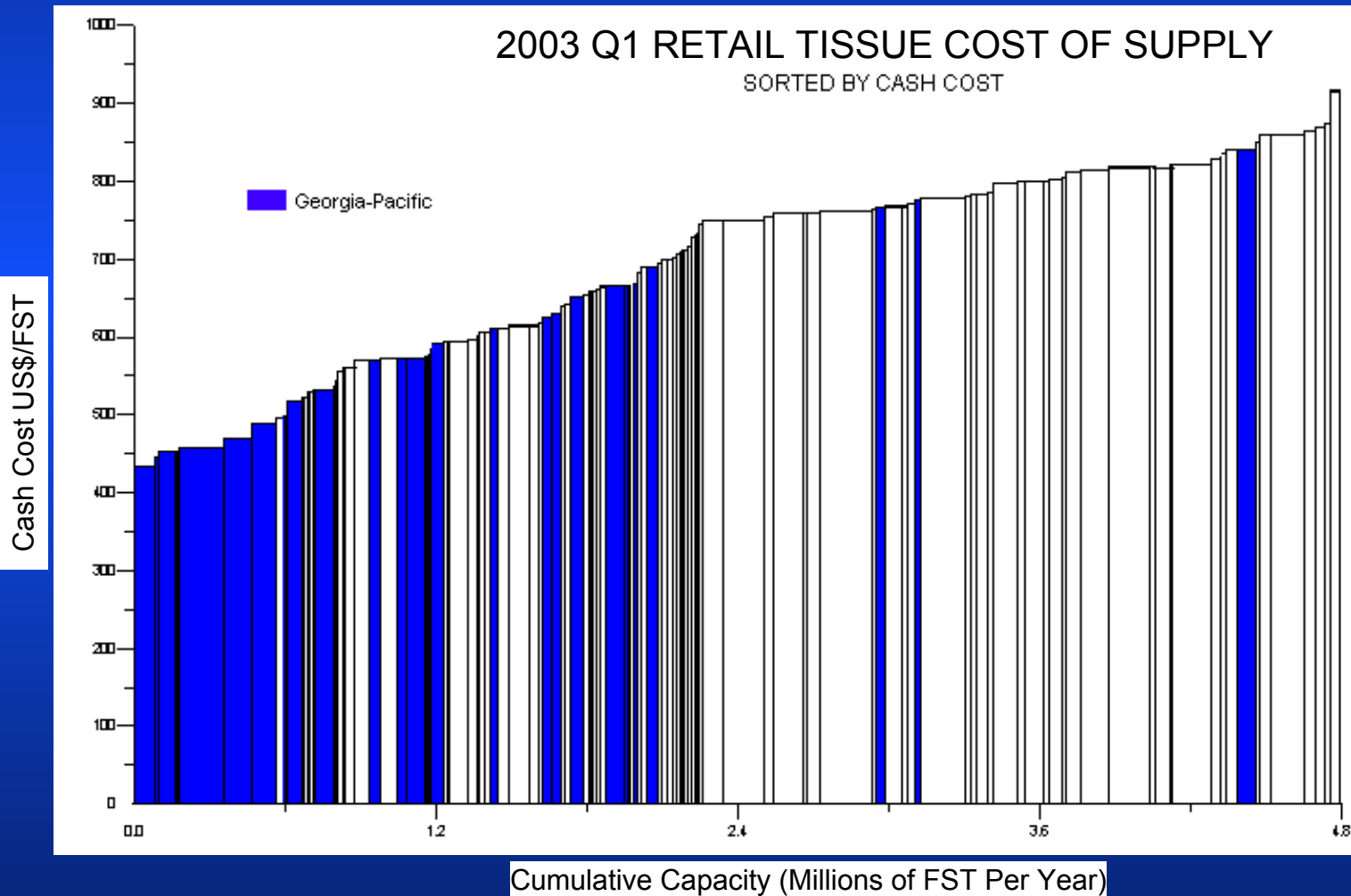
- **Strategically Aligned Years Ago With Fast-growing Mass Market and Club Channel**
- **GP Now #1 in US Club Channel and Expanding to All of North America**
- **GP Also #1 in Private Label in N. America**
- **Provide Customers Unique Product Offering**
  - ✓ **Strong brands across range of segments**
  - ✓ **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%

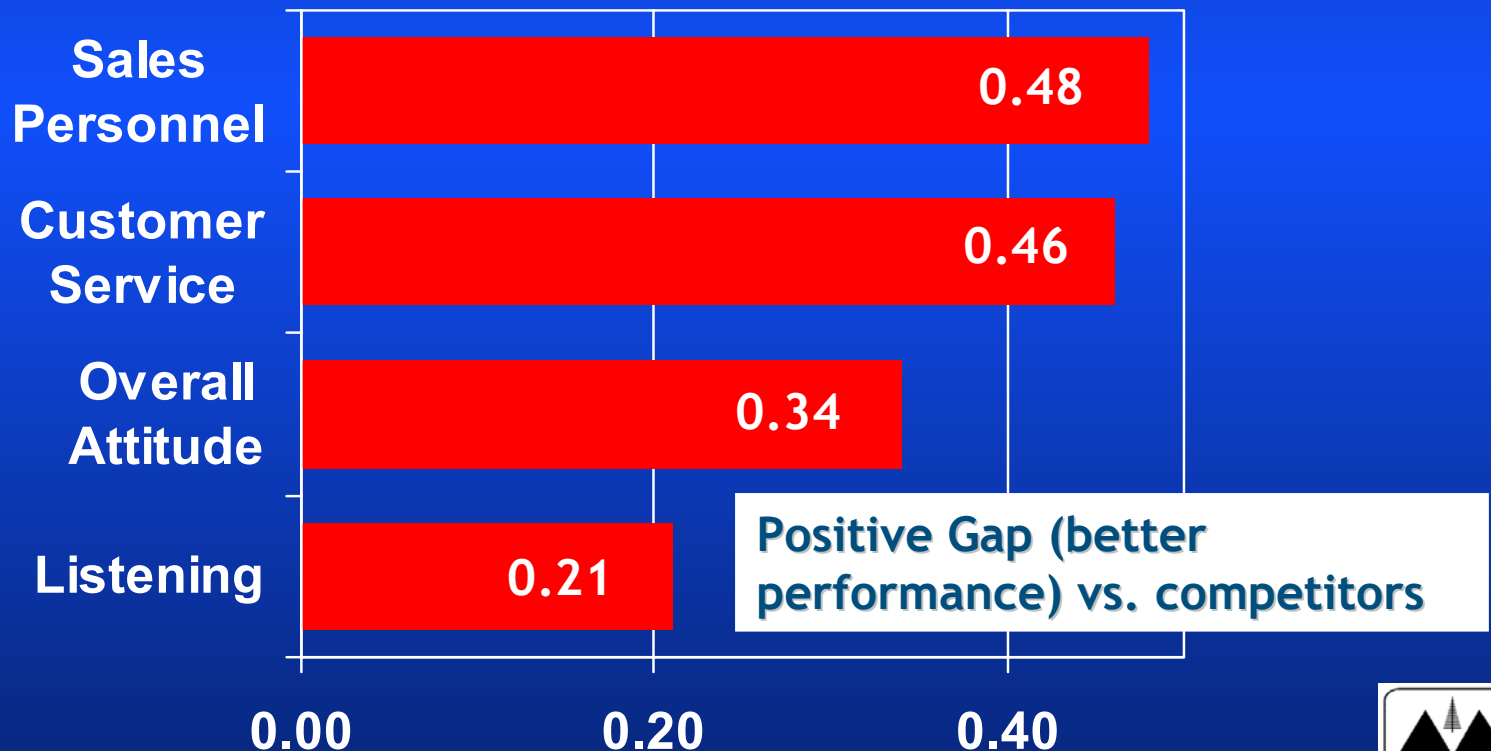


## Competitive Advantage

# 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**

