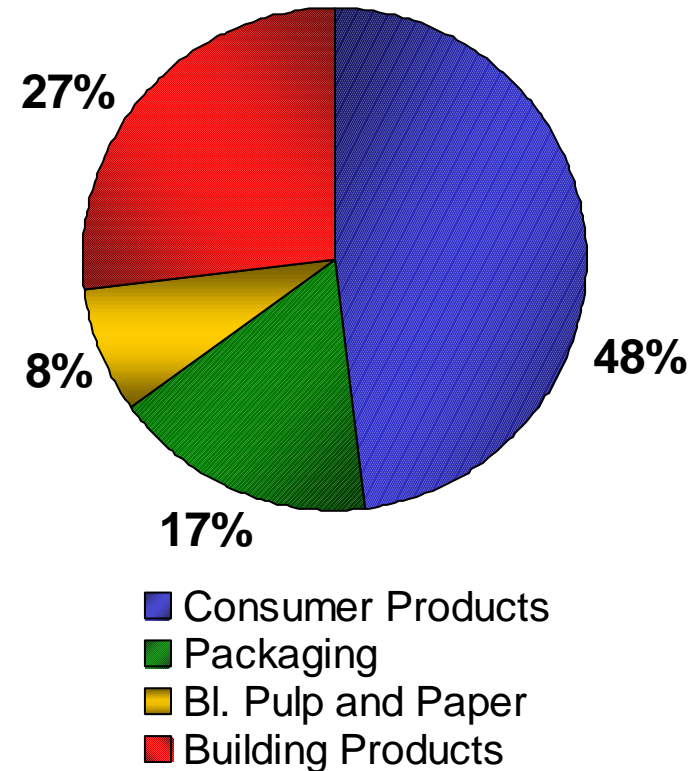


IT Portfolio Management at Georgia-Pacific

June, 2004

Georgia-Pacific Corporation

- World's #1 tissue producer with leading brands
- Most efficient and innovative 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



2003
\$2.3B Adjusted EBITDA*

*Percentage calculations exclude Corporate & Other .



Georgia-Pacific IT

- Approximately 1,000 employees (North America)
 - Mainly Atlanta & Green Bay based (80%)
- IT spend at 1.2% of revenue
 - Significant cost reductions over prior 2 years
- Centers of Excellence formed in 2003
 - eCommerce, Business Intelligence, Infrastructure, etc.
- Application development and support reports to business units
 - Each divisional IT VP also runs a Center of Excellence

Portfolio Management What and Why?

What is Portfolio Management? It is IT Investment Stewardship

- Setting Portfolio objectives (Portfolio Objectives)
- Investment allocation (Strategic Alignment)
- Monitoring project execution (Status, Schedule)
- Measuring project results (Post-Completion Assessments)
- Process improvement (Feedback loop)

Why Portfolio Management?

- Maximize returns across G-P
- Improve IT alignment with business strategy
- Balance investments by
 - Strategic opportunity, Game Winners, Financial Drivers, Business
- Communicate investment value to G-P
- Improve IT employee connection to business



GP's Portfolio Mgt Objectives

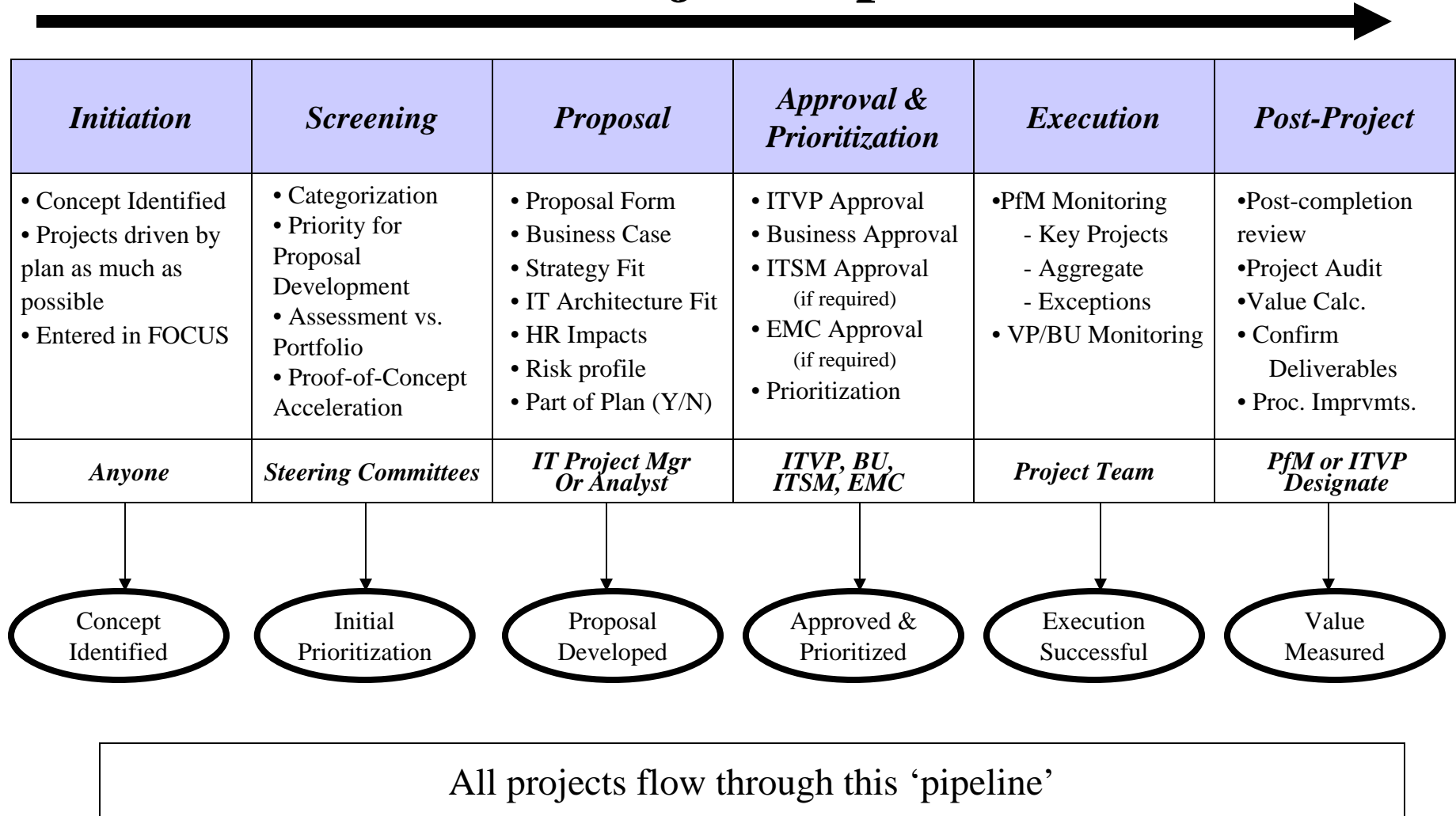
- Improvement of the whole IT organization—every employee: better strategy, analysis, focus, planning, productivity, execution
- Better business partners—through strategic alignment, transparent decision-making, tighter results
- Changed perception of IT: cost center to investment consultants
- Capability to track value creation
- Significant IT cost savings
- Improved GP bottom line

Becoming the best by making our customers and employees better!

Portfolio Management Key Principles

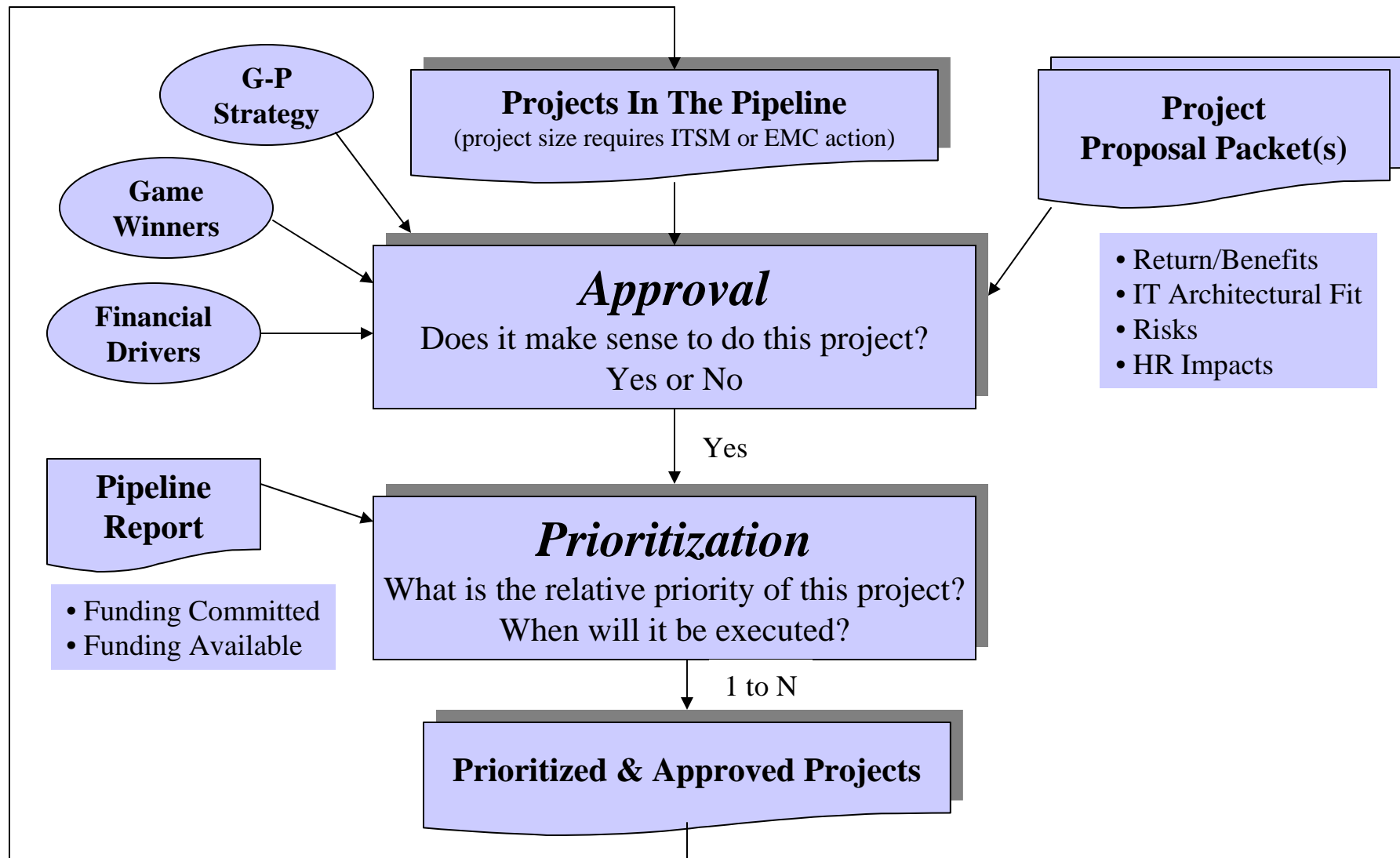
Single Process	G-P will have a single uniform PfM process for IT investments. The ITSM will serve as the internal review board for the PfM process.
All Projects	The scope of the Portfolio Management process includes all IT project investments (>200 hours or >\$15,000 or Feels Like a Project).
Approval & Prioritization	Projects will be approved and prioritized using a common method based on strategy alignment, return/benefit, Game Winners, and innovation.
Project Proposal	All projects will be initiated using the Project Proposal packet to provide consistent consideration & discipline.
Approval Levels	Consistent approval levels will be utilized for all projects
Portfolio Balancing	We will strive to balance our investments by investment category (by Game Winners, Financial drivers, by Business, etc).
Complete Lifecycle	PfM will oversee IT project investments through the complete project lifecycle (Project Initiation through Post-Project).
Measurable Value	IT projects benefits will be measurable and add clear value to G-P. The PfM process will seek to maximize the value that is generated.
Resource Allocation	The PfM process will allocate project resources (\$ and people) as feasible to execute projects that are approved.
Integrated With G-P	PfM will be integrated with the planning processes of the G-P businesses, budgets, capital planning, and other IT processes.

The Project Pipeline



How Will Projects be Approved?

(by the ITSM & EMC)



IT Steering Committee Structure

Executive

EMC

Overall PfM
Steering Committee

**ITSM
PfM Internal Review Board**

Enterprise

Segment/Business Unit

**COO
Corporate Staff Group Heads**

**Segment Committees
(various)**

CP Demand Mgmt

eSolutions

OneBI

**Packaging
(Strategy Council)**

BU Committees

Innovation Forum

Corporate Staff Groups

BP

Distr. Div.

PfM will utilize G-P's existing IT Steering Committee structure to drive needs, priorities, and business cases. PfM will act as the overall process to align these Steering Committees



PfM Program and Milestones

Upcoming Milestones

- Implementation of the business case
- Value tracking
- Post-project review and process upgrade system
- Training and guidance
- Software assessment and possible upgrade
- Initiation of EVP-level reviews

Issues—Group Discussion as Time Permits

- Establishing Priorities
 - Defining and quantifying non-financial value
 - Reconciling conflicting priorities among businesses
 - Reconciling priorities among service-providing groups
 - “Living” project list
 - Steering Committee Optimization
 - Demand management including non-portfolio demand
 - Content of the Governance Meetings
 - Outgrowing the software tool
 - Bureaucracy & time
-



Lessons Learned

- Implementation of Portfolio Management will take longer than you expect
- It will raise unexpected opportunities
- The cultural hurdles can be enormous
- Communications are vital
 - At all levels
 - Between/among all levels
 - Especially among the clients
- Portfolio management is well worth the trouble