

[20317001]



But such a combination also presents great risks .

At a time when most analysts and industry consultants say pulp and paper prices are heading for a dive , adding capacity and debt could squeeze Georgia-Pacific if the industry declines more than the company expects .

Moreover , any unexpected strengthening of the dollar would hurt Georgia-Pacific because two of Nekoosa 's major product lines - containerboard , which is used to make shipping boxes , and market pulp - are exported in large quantities .

" Nobody knows how deep the cycle is going to be , " said Rod Young , vice president of Resource Information Systems Inc. , a Bedford , Mass. , economic-forecasting firm .

" Depending on how far down you go , it may be difficult to pay off that debt . "

One person familiar with Georgia-Pacific said the acquisition would more than double the company 's debt of almost \$ 3 billion .

Georgia-Pacific 's Mr. Hahn said that a combined operation would allow savings in many ways .

The two companies each produce market pulp , containerboard and white paper .

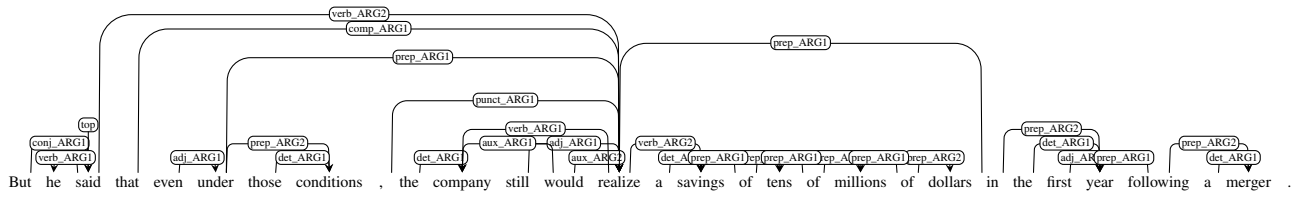
That means goods could be manufactured closer to customers , saving shipping costs , he said .

Moreover , production runs would be longer , cutting inefficiencies from adjusting machinery between production cycles .

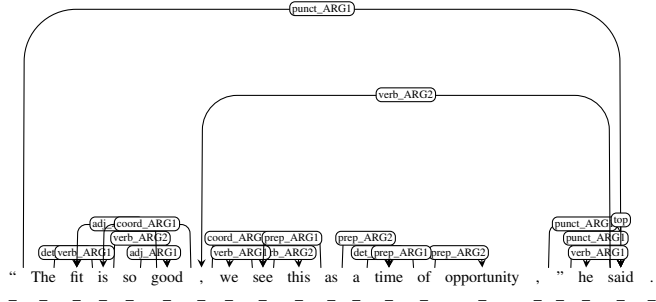
And Georgia-Pacific could save money in selling pulp , because the company uses its own sales organization while Nekoosa employs higher-cost agents .

Mr. Hahn said Georgia-Pacific has accounted in its strategy for a " significant downturn " in the pulp and paper industry , an event that he said would temporarily dilute earnings .

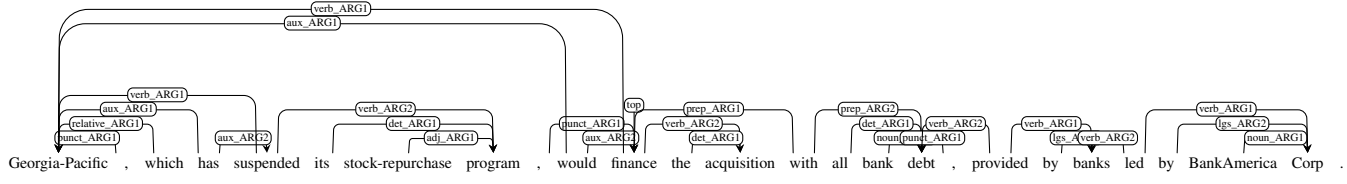
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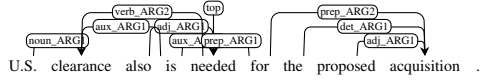
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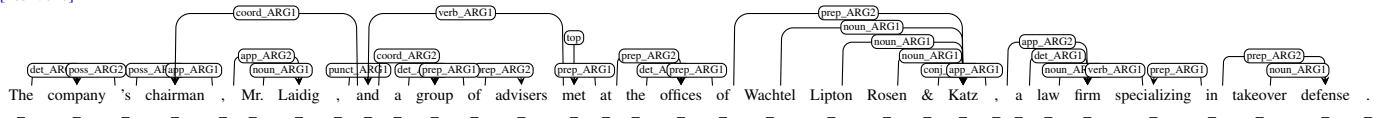
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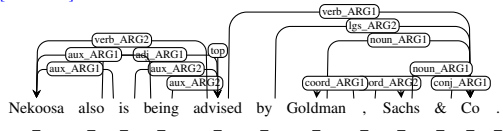
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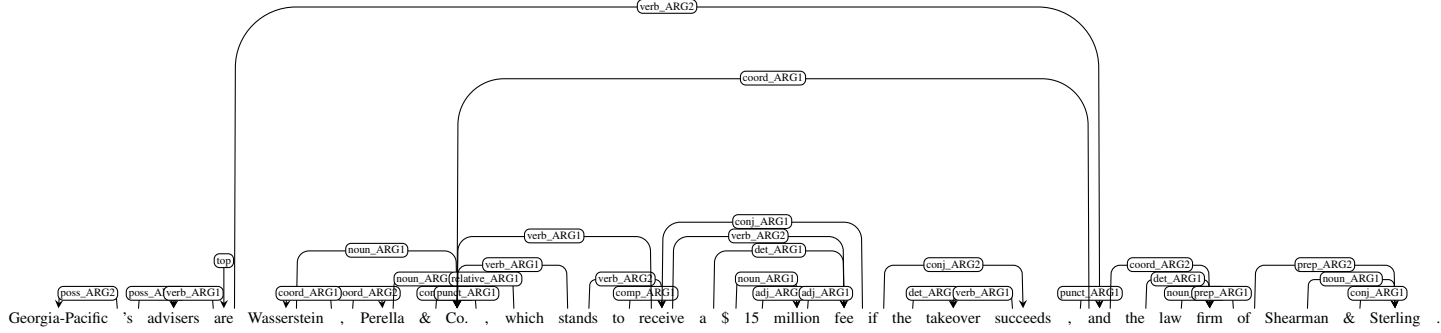
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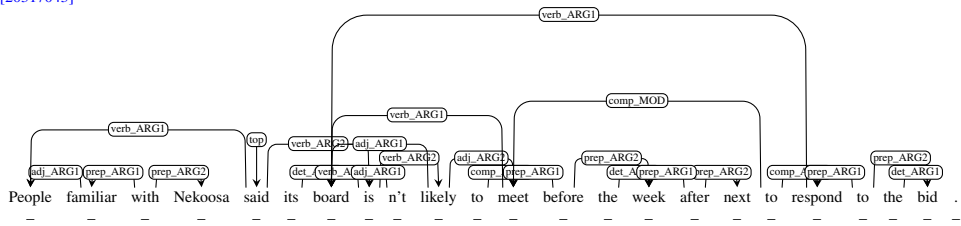
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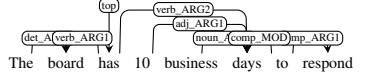
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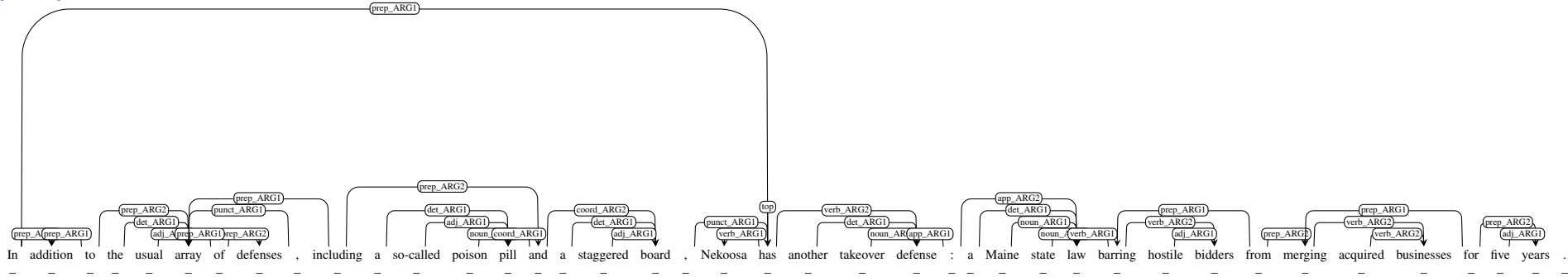
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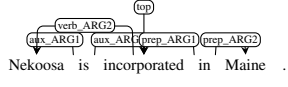
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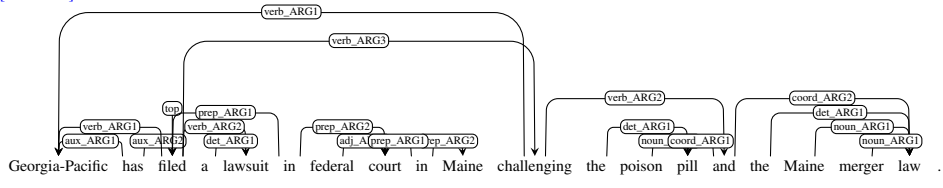
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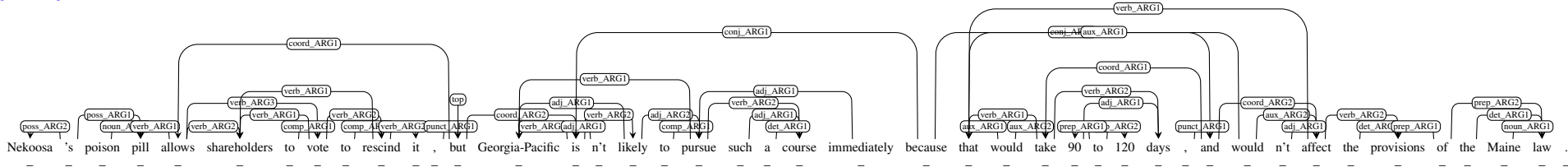
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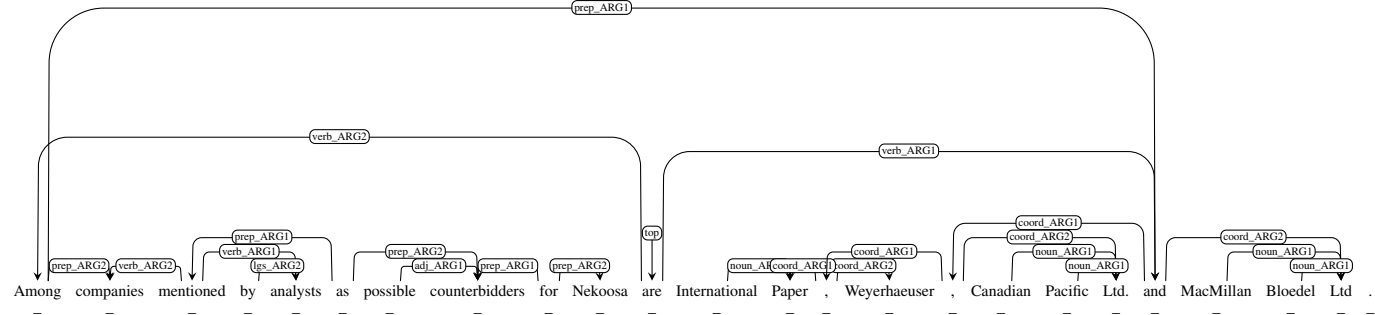
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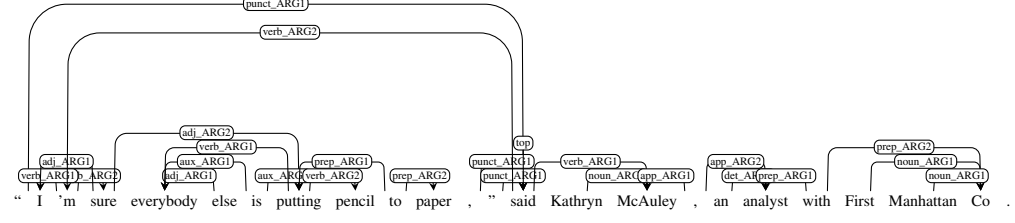
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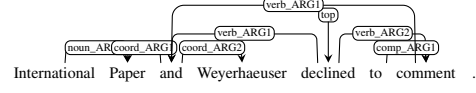
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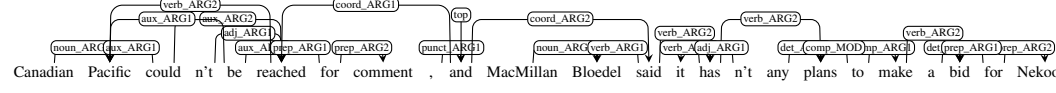
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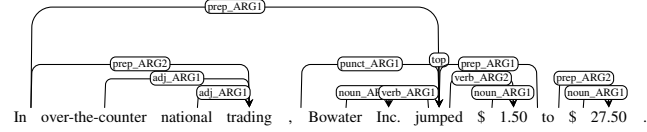
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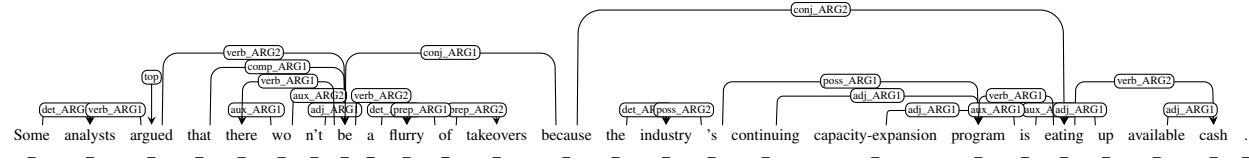
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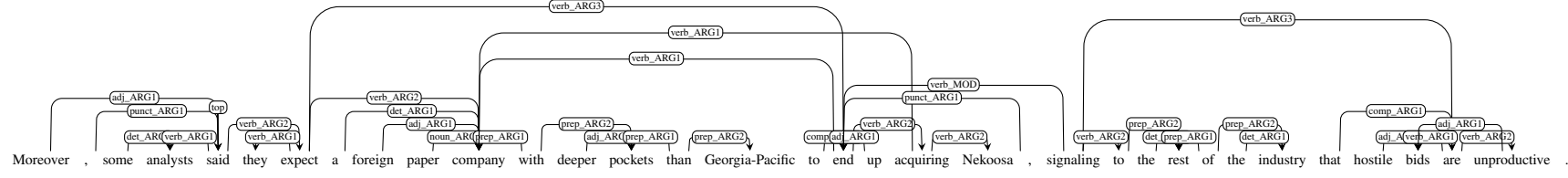
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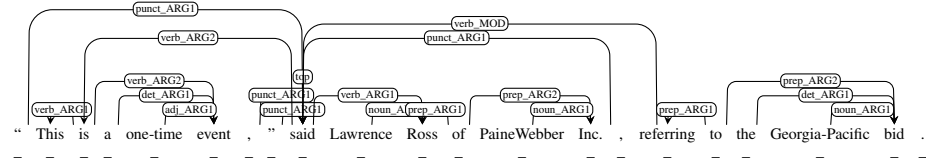
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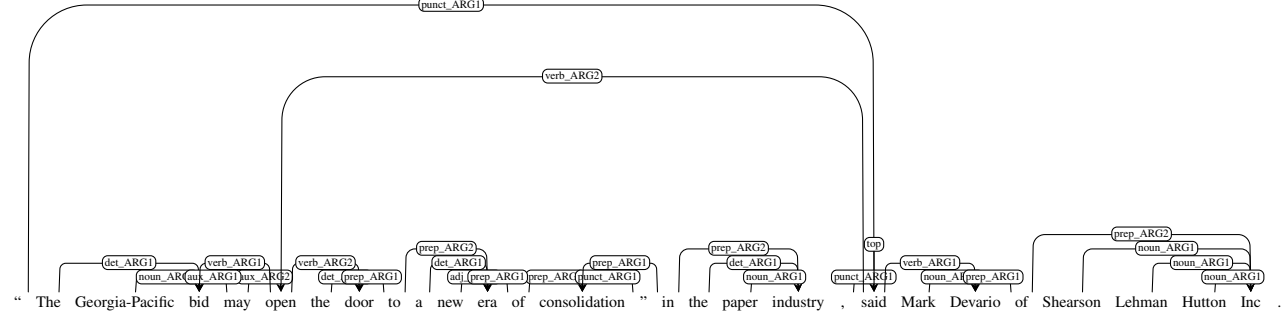
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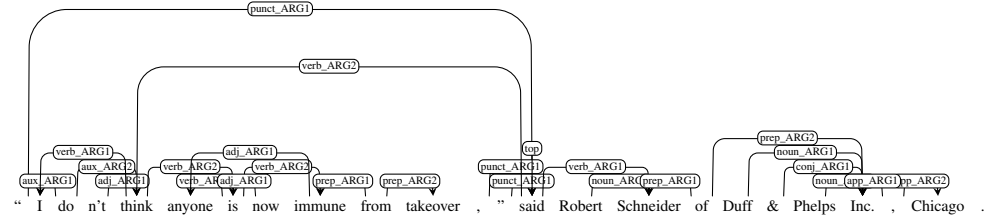
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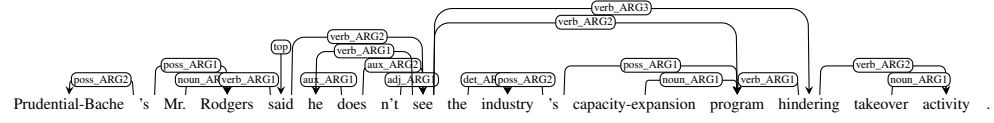
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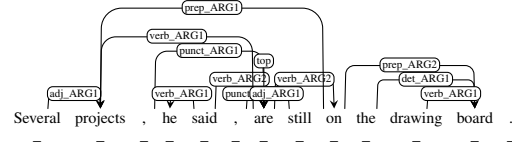
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