

Growth and innovation at Georgia-Pacific



All across Koch Industries, two words are often repeated these days: growth and innovation.

Charles Koch made a point of mentioning them in his Founder's Day video and Groundbreaking speech, and both are emphasized in Koch Industries' updated Vision (*see page 3*).

Three recent acquisitions by Georgia-Pacific reflect the importance of growth and innovation in GP's plans for the future.

Temple-Inland

On July 19, GP completed its much-anticipated acquisition of Temple-Inland assets from International Paper, which had purchased the company in 2012.

The transaction included 15 sites in eight states and involved more than 1,800 employees — working mostly in the southeastern United States.

Temple-Inland is known for making high-quality building materials, such as particleboard, gypsum products and lumber.

"This is a long-term investment that fits in very well with our existing operations," said Mark Luetters, GP's executive vice president — building products.

"It's also a strong indicator of our long-term confidence that the building products market will rebound from the recessionary lows we have seen in recent years."

The Highlands Group

GP Harmon Recycling is one of the largest recyclable commodities traders

in the world. It supplied more than seven million tons of recycled fiber to customers last year — most of which ended up in tissues, towels, napkins and boxes.

As of July 26, the company is now involved in plastics recycling processing, thanks to the acquisition of a Tennessee facility from The Highlands Group, Inc.

Marc Forman, president of GP Harmon Recycling, says this acquisition

will dramatically expand the company's involvement in non-fiber recyclables.

"Now we can take the various polymers used in milk jugs, detergent bottles or bottle caps and separate them efficiently so they can be converted into high-grade raw materials."

Buckeye Technologies

GP's latest acquisition, in August, was Buckeye Technologies, based in Memphis, Tenn. It produces specialty fibers and nonwoven materials.

Buckeye is the only company in the world capable of making specialty cellulose products (such as the fibers used in LCD screens and oil filters) from both wood and cotton cellulose.

The company's nonwoven materials are used in a variety of hygiene and personal care products, cleaning supplies, baby wipes, towels and tissues.

Five manufacturing facilities — four in the U.S. and one in Germany — were

"Buckeye Technologies will strengthen our innovation efforts." — Charles Koch

part of the transaction. Buckeye's assets include the world's largest cotton cellulose mill and the largest airlaid nonwovens machine.

The three Buckeye facilities that produce specialty fibers have become part of GP Cellulose.

The two specialty nonwovens facilities, as well as the nonwovens sales, business and R&D teams from Buckeye, are combining with GP's existing airlaid group to create a new nonwovens busi-

ness as part of GP's Consumer Products Group. Charles Koch frequently mentions innovation as an important reason for this acquisition.

"Companies like Buckeye will strengthen our innovation efforts. That's terrific, because that's the future. We can't succeed for long if we don't innovate."

Putting it all together

Jim Hannan, GP's president and CEO, sees these businesses as important parts of a much bigger picture.

"It's a wonderful thing to grow and succeed," Hannan said, "and these three acquisitions — made in a span of just six weeks — will help us do both.

"But the real challenge is to make sure we keep innovating and creating even more value for our customers.

"If we're not helping people improve their lives and making the world a better place," Hannan said, "we're not doing our job."