

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended
December 31, 1999

Commission File Number
1-7107

LOUISIANA-PACIFIC CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE
(State of Incorporation)

93-0609074
(I.R.S. Employer
Identification No.)

111 S.W. Fifth Avenue
Portland, Oregon 97204
(Address of principal
executive offices)

Registrant's telephone number
(including area code)
503-221-0800

Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, \$1 par value	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. /X/

State the aggregate market value of the voting stock held by nonaffiliates of the registrant: \$1,143,540,818 as of March 8, 2000.

Indicate the number of shares outstanding of each of the registrant's classes of common stock: 104,118,409 of Common Stock, \$1 par value, outstanding as of March 3, 2000.

Documents Incorporated by Reference

Definitive Proxy Statement for 2000 Annual Meeting: Part III

EXCEPT AS OTHERWISE SPECIFIED AND UNLESS THE CONTEXT OTHERWISE REQUIRES, REFERENCES TO "L-P" REFER TO LOUISIANA-PACIFIC CORPORATION AND ITS SUBSIDIARIES.

ABOUT FORWARD-LOOKING STATEMENTS

Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 provide a "safe harbor" for all forward-looking statements to encourage companies to provide prospective information about their businesses and other matters as long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those discussed in the statements. This report contains, and other reports and documents filed by L-P with the Securities and Exchange Commission may contain, forward-looking statements. These statements are or will be based upon the beliefs and assumptions of, and on information available to, the management of L-P.

The following statements are or may constitute forward-looking statements: (1) statements preceded by, followed by or that include the words "may," "will," "could," "should," "believe," "expect," "anticipate," "intend," "plan," "estimate," "potential," "continue" or "future" or the negative or other variations thereof and (2) other statements regarding matters that are not historical facts, including without limitation, plans for product development, forecasts of future costs and expenditures, possible outcomes of legal proceedings and the adequacy of reserves for loss contingencies. These forward-looking statements are subject to various risks and uncertainties, including the following:

- Risks and uncertainties relating to the possible invalidity of the underlying beliefs and assumptions;
- Possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions; and
- Actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, competitors and legislative, regulatory, judicial and other governmental authorities and officials.

In addition to the foregoing and any risks and uncertainties specifically identified in the text surrounding forward-looking statements, any statements in the reports and other documents filed by L-P with the Commission that warn of risks or uncertainties associated with future results, events or circumstances identify important factors that could cause actual results, events and circumstances to differ materially from those reflected in the forward-looking statements.

PART I

ITEM 1. Business

GENERAL

L-P is a major building products firm, operating approximately 80 facilities in the United States, Canada and Ireland. For financial reporting purposes, L-P divides its businesses into the following business segments: (1) Structural Products, which includes structural panel products (oriented strand board ("OSB") and plywood), lumber, engineered wood products ("EWP") and wood fiber resources; (2) Exterior Products, which includes wood and vinyl siding and accessories; (3) Industrial Panel Products, which includes particleboard, medium density fiberboard ("MDF"), hardboard and decorative panels; (4) Other Products; and (5) Pulp. With the exception of pulp, L-P's products are used primarily in new home construction, repair, remodeling and manufactured housing. L-P distributes its building products primarily through third-party distributors and home centers.

L-P was organized as a Delaware corporation in 1972. L-P's executive offices are located at 111 S.W. Fifth Avenue, Portland, Oregon 97204.

The following description of L-P's business reflects the acquisition by L-P of: (i) ABT Building Products Corporation ("ABT"), which was acquired on February 25, 1999; (ii) Le Groupe Forex Inc. ("Forex"), which was acquired on September 14, 1999; and (iii) certain assets of Evans Forest Products Ltd. ("Evans"), which were acquired on November 30, 1999. See "Recent Acquisitions and Dispositions" below.

STRUCTURAL PRODUCTS

STRUCTURAL PANEL PRODUCTS. L-P is one of the largest North American producers of OSB and is a major manufacturer of plywood. OSB is a manufactured composite wood product that is generally used as a lower cost substitute for plywood. These structural panel products are primarily used in new residential construction and remodeling applications such as subfloors, walls and roofs. According to the APA - The Engineered Wood Association, the total North American market for structural panel products (OSB and plywood) is approximately 37 billion square feet annually. The OSB share of these products is approximately 50%, up from approximately 25% in 1990. In the past decade, land use regulations and endangered species and environmental concerns have resulted in reduced supplies and higher costs for domestic timber, causing many plywood mills to close permanently. The volume lost from those closed mills has been replaced primarily by OSB.

L-P has 14 OSB mills in North America with a combined annual production capacity of approximately 5.8 billion square feet (three of which, having a combined annual production capacity of approximately 1,640 square feet, were added through the acquisition of Forex). L-P also owns 65% of a joint venture in Ireland which has an OSB mill with an annual production capacity of approximately 450 million square feet, the output of which is primarily distributed in Ireland, the United Kingdom and Western Europe (this mill is considered part of L-P's Other Products segment because it does not primarily sell to North American customers).

L-P has five plywood mills in the southern United States with a combined annual production capacity of approximately 1.2 billion square feet and one plywood mill in the Province of British Columbia (acquired from Evans) with an annual production capacity of approximately 150 million square feet. Certain of these mills also produce veneers used in the manufacture of laminated veneer lumber. See Engineered Wood Products below.

LUMBER. L-P produces lumber in a variety of standard and specialty grades and sizes, and believes it is the largest North American producer of stud lumber.

L-P has eight sawmills in the western United States with a combined annual production capacity of approximately 735 million board feet, nine sawmills in the southern United States with a combined annual production capacity of approximately 285 million board feet, two sawmills in the Province of Quebec (added through the acquisition of Forex) with a combined annual production capacity of approximately 120 million board feet, and one sawmill in the Province of British Columbia (acquired from Evans) with an annual production capacity of approximately 50 million board feet.

ENGINEERED WOOD PRODUCTS. L-P is one of the largest North American manufacturers of EWP, including I-joists and laminated veneer lumber ("LVL"). L-P believes that its engineered I-joists, which are used primarily in residential and commercial flooring and roofing systems and other structural applications, are stronger, lighter and straighter than conventional lumber joists. L-P's LVL is a high-grade, value-added structural product used in applications where extra strength is required, such as headers and beams. It is also used, together with OSB and lumber, in the manufacture of engineered I-joists.

WOOD FIBER RESOURCES. L-P obtains wood fiber for its mills from several sources: fee-owned timberland, timber deeds, cutting contracts from other private and public landowners in the United States, Canada and Ireland and purchases from third parties. L-P owns approximately one million acres of timberland primarily in the southern and southeastern United States, which supplied approximately 11% of its overall timber needs in 1999. See Item 2 "Properties" for additional discussion of L-P's timber resources.

L-P's mills are generally located in areas that are in close proximity to large and diverse supplies of wood fiber. In areas where L-P does not own a significant amount of timberlands, its mills generally have the ability to procure wood fiber at competitive prices from third-party sources.

EXTERIOR PRODUCTS

L-P manufactures exterior siding and other cladding products for the residential and commercial building markets. The acquisition of ABT substantially enhanced L-P's position in siding products and expanded its range of siding product offerings. The acquisition also added other complementary product lines, such as trim and accessory products.

L-P 's siding product offerings fall into three categories: (1) SmartSystem(R) products, (2) hardboard siding products, and (3) vinyl siding products. These products are distributed through retail outlets and to builders and siding contractors. L-P 's portfolio of products offers customers a variety of siding choices at various performance levels and prices.

THE SMARTSYSTEM(R) PRODUCTS. L-P's SmartSystem(R) products consist of a full line of OSB-based sidings, trim, soffit and fascia. These products have quality and performance characteristics similar to solid wood at relatively more attractive prices due to lower raw material and production costs. L-P manufactures its SmartSystem(R) products at three facilities which have a combined annual production capacity of approximately 400 million square feet. Beginning in 2000, a fourth facility will begin manufacturing these products.

HARDBOARD SIDING. L-P believes it is the largest producer of hardboard siding products in North America. L-P's product offerings include a number of lap and panel siding products in a variety of patterns and textures, as well as trim products. L-P operates two hardboard siding products facilities, one in the southern United States and one in Canada, with a combined annual production capacity of over 500 million square feet.

VINYL SIDING. L-P also manufactures vinyl siding products and accessories, which it markets under the brand names, among others, Fieldbrook, Harbor Ridge and Waterford. These products are available in various styles and colors. L-P manufactures these products at two facilities, one in the southern United States and one in Canada, with a combined annual production capacity of three million squares (i.e., units consisting of 100 square feet of material with an average weight of 32 pounds).

Additionally, the Exterior Products segment includes certain products that are in the developmental stage, such as OSB concrete form (panels used in the process of forming concrete structures), treated OSB and composite decking. Following satisfactory development, L-P intends to invest in appropriate technological and sales and marketing support to commercialize these products.

INDUSTRIAL PANEL PRODUCTS

L-P manufactures industrial panel products--particleboard, medium density fiberboard ("MDF") and hardboard -- at ten plants (three of which were added through the acquisition of ABT). The combined annual production capacity of these plants is approximately 360 million square feet of particleboard, 230 million square feet of MDF and 800 million square feet of hardboard and decorative panels.

Part of L-P's strategy in its Industrial Panel Products segment is to focus on L-P's value-added specialty products that are complementary to its other product offerings. These value-added specialty product lines include flooring, shelving, door skins, door parts, decorative panels, paneling and other specialty applications.

OTHER PRODUCTS

The Other Products segment includes value-added products such as Cocoon(TM) cellulose insulation, which is produced from recycled newspaper and has higher insulation efficiency performance levels and superior sound-deadening qualities compared to conventional fiberglass insulation of comparable thickness. This segment also includes the molding products of ABT, as well as L-P's distribution and wholesale business, wood chips and Ireland operations. Historically, the segment included coatings and specialty chemicals (sold in December 1999) and Alaska lumber and logging operations (sold in November 1999).

PULP

L-P has two pulp mills located in Samoa, California, and Chetwynd, British Columbia, Canada. L-P is seeking to sell the Chetwynd, British Columbia pulp mill, which is presently managed by an unrelated party pursuant to a management agreement having a term of 24 months that expires in April 2001. In addition, L-P is exploring the possible sale of the Samoa, California pulp mill. Pulp accounted for approximately 4% of L-P's net sales in 1999.

EMPLOYEES

L-P had approximately 13,000 employees at December 31, 1999. L-P believes that its relations with its employees are good.

RAW MATERIALS

The principal raw materials used in L-P's business are logs, which are generally available from numerous sources. See Item 2, Properties, for information regarding L-P's sources of logs. Because various factors, including land use regulations and environmental and endangered species concerns, have limited the amount of timber offered for sale by certain United States government agencies, L-P must rely more heavily on the acquisition of timber from other sources (including domestic private timber owners) to supply its manufacturing facilities. The reduction in domestic timber supplies has resulted in upward pressure on the prices that L-P must pay for timber. In addition, logs are subject to commodity pricing which fluctuates on the basis of market factors over which L-P has no control.

The Company also uses various resins in the manufacturing processes of its structural and industrial panel products as well as certain of its vinyl products. Resin product prices are influenced by changes in the raw materials used to produce resin, primarily petroleum products, and other competitive pressures.

COMPETITION

The building products industry is highly competitive. L-P competes internationally with several thousand forest and building products firms, ranging from very large, fully integrated firms to smaller firms that may manufacture only one or a few items. L-P also competes less directly with firms that manufacture substitutes for wood building products. Some competitors have substantially greater financial and other resources than L-P which, in some instances, could give them competitive advantages over L-P.

Many of L-P's products, including structural panels and lumber, are commodity products sold primarily on the basis of price, availability and delivery in competition with numerous other forest and building products companies. Consequently, the prices that L-P can obtain for its commodity products may fluctuate unpredictably, which may have a material effect on L-P's operating results.

ENVIRONMENTAL COMPLIANCE

L-P's operations are subject to a variety of environmental laws and regulations governing, among other things, the restoration and reforestation of timber lands, discharges of pollutants and other emissions on or into land, water and air, the disposal of hazardous substances or other contaminants and the remediation of contamination. In addition, certain environmental laws and regulations impose liability and responsibility on present and former owners, operators or users of facilities and sites for contamination at such facilities and sites without regard to causation or knowledge of contamination. Compliance with environmental laws and regulations can significantly increase the costs of L-P's operations and otherwise result in significant costs and expenses. Violations of environmental laws and regulations can subject L-P to additional significant costs and expenses, including defense costs and expenses and civil and criminal penalties. There can be no assurance that the environmental laws and regulations to which L-P is subject will not become more stringent, or be more stringently implemented or enforced, in the future.

L-P's policy is to comply fully with all applicable environmental laws and regulations. In recent years, L-P has devoted increasing financial and management resources to achieving this goal. In addition, from time to time, L-P undertakes construction projects for environmental control facilities or incurs other environmental costs that extend an

asset's useful life, improve efficiency, or improve the marketability of certain properties. L-P believes that its estimated capital expenditures for environmental control facilities in 2000 and 2001 are not material.

Additional information concerning environmental matters is set forth under Item 3, Legal Proceedings, and in Note 8 of the Notes to financial statements in Item 8.

EXECUTIVE OFFICERS OF LOUISIANA-PACIFIC CORPORATION

Information regarding each executive officer of L-P as of March 8, 2000 (including certain executives whose duties may cause them to be classified as executive officers under applicable SEC rules), including employment history for the past five years, is set forth below.

MARK A. SUWYN, age 57, has been Chairman and Chief Executive Officer since January 1996. Before joining L-P, Mr. Suwyn was Executive Vice President of International Paper Company from 1992 through 1995. Mr. Suwyn is also a director of L-P.

J. RAY BARBEE, age 52, has been Vice President, Sales and Marketing, since June 1998. Prior to joining L-P as Director of Pulp in 1997, Mr. Barbee was Vice President and General Sales Manager of Boise Cascade Corporation from 1989 to 1997.

F. JEFF DUNCAN, JR., age 45, has been Chief Information Officer of L-P since October 1998. Mr. Duncan had been Director of Information Technology of L-P since September 1996. He was previously employed by E.I. du Pont de Nemours & Co. for 19 years in a variety of positions, most recently as Systems Manager-New Business Development.

WARREN C. EASLEY, age 58, has been Vice President, Technology and Quality since May 1996. He was Technical Manager--Nylon Division, North America for E.I. du Pont de Nemours & Co. from 1969 to 1996.

RICHARD W. FROST, age 48, joined L-P in May 1996 as Vice President, Timberlands and Fiber Procurement. Mr. Frost was Vice President and Operational Manager for S.D. Warren Company from 1992 to 1996.

M. WARD HUBBELL, age 39, has been Director, Corporate Affairs since September 1997. Before joining L-P, Mr. Hubbell was employed by International Paper Company beginning in October 1992, first as Communications Director and then as Federal Affairs Manager.

J. KEITH MATHENEY, age 51, has been Vice President, Core Businesses since June 1998. He previously was Vice President, Sales and Marketing from January 1997 to June 1998, General Manager--Western Division from February 1996 to January 1997, General Manager--Weather-Seal Division from May 1994 to February 1996, and Director of Sales and Marketing prior to May 1994.

ELIZABETH T. SMITH, age 54, has been Director, Environmental Affairs since 1993.

CURTIS M. STEVENS, age 47, has been Vice President, Treasurer and Chief Financial Officer since September 1997. Before joining L-P, Mr. Stevens spent 13 years as the senior financial executive of Planar Systems, Inc., a leading manufacturer and supplier of electroluminescent flat panel displays, where he was named Executive Vice President and General Manager in 1996.

MICHAEL J. TULL, age 54, has been Vice President, Human Resources since May 1996. Before joining L-P, Mr. Tull was employed by Sharp HealthCare, a regional system of hospitals and related facilities in San Diego, California, for more than 10 years, most recently as Corporate Vice President of Employee Quality and Development beginning in 1991.

GARY C. WILKERSON, age 53, has been Vice President and General Counsel since September 1997. Before joining L-P, Mr. Wilkerson served as (acting) Senior Vice President, General Counsel and Secretary for the consumer products division of IVAX Pharmaceuticals beginning in early 1997. For the previous seven years, he was Senior Vice President, General Counsel and Secretary of Maybelline Co., a cosmetics manufacturer.

WALTER M. WIRFS, age 52, has been Vice President, Manufacturing since March 1999. Mr. Wirfs was employed by Willamette Industries, Inc., a forest products company headquartered in Portland, Oregon, for 23 years until December 1997, most recently as Vice President of its Southern and Atlantic Regions. For the past year, he had served as President of the Western Wood Products Association in Portland, Oregon.

Executive officers are elected from time to time by the Board of Directors. Each officer's term of office runs until the meeting of the Board of Directors following the next annual meeting of the stockholders and until his or her successor is elected and qualified, or until his or her earlier resignation or removal.

RECENT ACQUISITIONS AND DISPOSITIONS

In November 1999, L-P acquired certain assets of Evans for approximately \$98 million and the assumption of certain liabilities of Evans. The acquired assets constitute substantially all of the assets formerly used by Evans in manufacturing plywood, veneer, LVL and cedar lumber decking.

In September 1999, L-P acquired the outstanding shares of Forex pursuant to a tender offer. The aggregate purchase price for all outstanding Forex shares was approximately \$516 million, based on the exchange rate in effect on the date of completion of the tender offer. L-P also assumed certain liabilities of Forex. Forex was one of the largest North American producers of OSB.

In February 1999, L-P acquired all of the outstanding shares of ABT for approximately \$164 million and assumed certain liabilities of ABT. ABT is one of the largest manufacturers of exterior hardboard siding in the United States and is a leading manufacturer of plastic resin specialty building products. ABT's other products include exterior vinyl siding and trim, interior hardboard items such as paneling and tileboard and decorative prefinished moldings.

In the fourth quarter of 1999, L-P sold most of the assets of its Ketchikan Pulp Company ("KPC") operations in Alaska and sold its Associated Chemists, Inc. subsidiary, which manufactured coatings and specialty chemicals.

SEGMENT AND PRICE TREND DATA

The following table sets forth, for each of the last five years, (1) L-P's consolidated net sales by business segment, (2) L-P's consolidated profit (loss) by business segment, (3) production volumes, (4) the average wholesale price of selected building products in the United States, and (5) logs used in production by source. This information should be read in conjunction with the consolidated financial statements (including the notes thereto) and the other information contained in this report.

PRODUCT INFORMATION SUMMARY
FOR YEARS ENDED DECEMBER 31 (DOLLAR AMOUNTS IN MILLIONS)

	1999		1998		1997		1996		1995	
SALES BY BUSINESS SEGMENT(1)										
Structural products	\$ 1,621	56%	\$ 1,228	54%	\$ 1,149	48%	\$ 1,314	53%		
Exterior products	254	9	107	5	103	4	99	4		
Industrial panel products	268	9	171	7	178	8	194	8		
Other products	619	22	716	31	843	35	702	28		
Building products	2,762	96	2,222	97	2,273	95	2,309	93	\$ 2,509	88%
Pulp	117	4	75	3	130	5	177	7	334	12
Total sales	\$ 2,879	100%	\$ 2,297	100%	\$ 2,403	100%	\$ 2,486	100%	\$ 2,843	100%
PROFIT (LOSS) BY BUSINESS SEGMENT(1)										
Structural products	\$ 440		\$ 198		\$ 21		\$ 135			
Exterior products	53		22		9		17			
Industrial panel products	13		6		13		31			
Other products	(11)		(20)		(24)		(9)			
Building products	495		206		19		174		\$ 345	
Pulp	(15)		(38)		(29)		(91)		44	
Unusual credits and charges, net	(8)		(48)		(32)		(350)		(367)	
General corporate and other expense, net	(103)		(94)		(80)		(52)		(121)	
Interest, net	(12)		(13)		(29)		8		3	
Income (loss) before taxes, minority interest and accounting changes	\$ 357		\$ 13		\$ (151)		\$ (327)		\$ (96)	
PRODUCTION VOLUMES										
OSB, 3/8" basis, million square feet(1)	4,406		3,934		3,762		3,621		3,445	
Softwood plywood, 3/8" basis, million square feet	943		983		1,221		1,613		1,466	
Lumber, million board feet	1,029		1,110		1,240		1,201		1,359	
Wood-based siding, 3/8" basis, million square feet(1)	678		383		238		387			
Industrial panel products (particleboard, medium density fiberboard and hardboard), 3/4" basis, million square feet	621		575		589		580		582	
Engineered I-Joists, million lineal feet	87		86		73		55		44	
Laminated veneer lumber, thousand cubic feet	6,300		7,100		5,800		3,900		3,200	
Pulp, thousand short tons	374		286		377		439		486	

	1999	1998	1997	1996	1995
INDUSTRY PRODUCT PRICE TRENDS(2)					

OSB, MSF, 7/16" - 24/16 span rating (North Central price)	\$ 260	\$ 205	\$ 142	\$ 184	\$ 245
Southern pine plywood, MSF, 1/2" CDX (3 ply)	326	284	265	258	303
Framing lumber, composite prices, MBF	401	349	417	398	337
Industrial particleboard, 3/4" basis, MSF	273	259	262	276	290
LOGS BY SOURCE(3)					

Fee owned lands	11%	12%	19%	16%	13%
Private cutting contracts	16	14	14	14	12
Government contracts	17	13	7	6	9
Purchased logs	56	61	60	64	66
Total log volume- million board feet	2,324	1,997	2,398	2,432	2,818

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1. Segment information and siding production on a basis consistent with 1999, 1998, 1997 and 1996 is not readily available for 1995.
 2. Prices represent yearly averages stated in dollars per thousand board feet (MBF) or thousand square feet (MSF). Source: RANDOM LENGTHS.
 3. Stated as a percentage of total log volume.

For additional information regarding L-P's business segments and information regarding L-P's geographic segments, see Note 10 of the Notes to financial statements included in Item 8 of this report.

ITEM 2. PROPERTIES

Information regarding L-P's principal properties and facilities is set forth in the following tables. The tables do not include facilities which L-P expects to sell or close in 2000. Information regarding production capacities is based on normal operating rates and normal production mixes under current market conditions, taking into account known constraints such as log supply. Market conditions, fluctuations in log supply, and the nature of current orders may cause actual production rates and mixes to vary significantly from the production rates and mixes shown.

1. STRUCTURAL PRODUCTS

ORIENTED STRAND BOARD PANEL PLANTS - NORTH AMERICA
(3/8-INCH BASIS; 3 SHIFTS PER DAY; 7 DAYS PER WEEK)

----- in millions.....	SQ. FT. -----
Athens, GA	365
Carthage, TX	450
Chambord, Quebec, Canada	510
Dawson Creek, BC, Canada	375
Hanceville, AL	365
Hayward, WI	500
Houlton, ME	260
Jasper, TX	450
Maniwaki, Quebec, Canada	620
Montrose, CO	145
Roxboro, NC	400
Sagola, MI	375
St Michel, Quebec, Canada	510
Swan Valley, Manitoba, Canada	450

Total OSB Capacity (14 plants)	5,775 =====

SOFTWOOD PLYWOOD PLANTS
(3/8-INCH BASIS; 2 SHIFTS PER DAY, 5 DAYS PER WEEK)

----- in millions.....	SQ. FT. -----
Bon Wier, TX	260
Cleveland, TX	275
Golden, BC, Canada	150
Logansport, LA	225
New Waverly, TX	235
Urania, LA	200

Total Softwood Plywood Capacity (6 plants)	1,345 =====

LUMBER
(1 TO 3 SHIFTS PER DAY; 5 DAYS PER WEEK)

----- in millions.....	BOARD FT. -----
Belgrade, MT	90
Bernice, LA	35
Bon Wier, TX	20
Chambord, Quebec, Canada	30
Chilco, ID	140
Cleveland, TX	35
Deer Lodge, MT	120
Deer Lodge, MT (fingerjoint)	135
Evergreen, AL	35
Henderson, NC	35
Jasper, TX	40
Malakwa, BC, Canada	50
Marianna, FL	35
Moyie Springs, ID	140
New Waverly, TX	15

Sandpoint, ID (manufacturing)	--
Saratoga, WY	50
St. Michel, Quebec, Canada	90
Tacoma, WA	60
West Bay, FL	35

Total Lumber Capacity (20 plants)	1,190
	=====
ENGINEERED WOOD PRODUCTS - I-JOIST PLANTS	
(1 SHIFT PER DAY; 5 DAYS PER WEEK)	

in millions.....	LINEAL FT.

Hines, OR	42
Red Bluff, CA	42
Wilmington, NC	46

Total I-Joist Capacity (3 plants)	130
	===
ENGINEERED WOOD PRODUCTS - LAMINATED VENEER LUMBER PLANTS	
(2 SHIFTS PER DAY; 7 DAYS PER WEEK)	

in thousands.....	CU. FT.

Hines, OR	3,700
Golden, BC, Canada	3,000
Wilmington, NC	4,600

Total LVL Capacity (3 plants)	11,300
	=====
2. EXTERIOR PRODUCTS	
ORIENTED STRAND BOARD SIDING & SPECIALTY PLANTS	
(3/8-INCH BASIS; 3 SHIFTS PER DAY; 7 DAYS PER WEEK)	

in millions.....	SQ. FT.

Newberry, MI	125
Silsbee, TX	365
Tomahawk, WI	135
Two Harbors, MN	135

Total OSB Siding Capacity (4 plants)	760
	===
HARDBOARD SIDING PLANT	
(surface measure; 3 shifts per day; 7 days per week)	

in millions.....	SQ. FT.

Roaring River, NC	245
	=====

VINYL SIDING PLANTS

----- in millions.....	SQUARES(1) -----
Acton, Ontario, Canada	1.8
Holly Springs, MS	1.2

Total Vinyl Siding capacity (2 plants)	3.0
	===

(1) A square is defined as 100 square feet of material unit with an average weight of 32 pounds.

3. INDUSTRIAL PANEL PRODUCTS

MEDIUM DENSITY FIBERBOARD PLANTS
(3/4-INCH BASIS; 3 SHIFTS PER DAY; 7 DAYS PER WEEK)

----- in millions.....	SQ. FT. -----
Eufaula, AL	130
Oroville, CA	50
Urania, LA	50

Total MDF Capacity (3 plants)	230
	===

PARTICLEBOARD PLANTS
(3/4-INCH BASIS; 3 SHIFTS PER DAY; 7 DAYS PER WEEK)

----- in millions.....	SQ. FT. -----
Arcata, CA	125
Missoula, MT	155
Silsbee, TX	80

Total Particleboard Capacity (3 plants)	360
	===

HARDBOARD PLANTS
(3 SHIFTS PER DAY; 7 DAYS PER WEEK)

----- In millions.....	SQ. FT. -----
(1/8-inch basis) Oroville, CA	210

(surface measure) Alpena, MI	300
East River, Nova Scotia, Canada (1)	290

Total Hardboard Capacity (2 plants)	800
	===

(1) The East River, Nova Scotia, plant produces hardboard panel products and hardboard siding products.

4. OTHER FACILITIES

PULP MILLS
(3 SHIFTS PER DAY; 7 DAYS PER WEEK)

----- in thousands.....	SHORT TONS -----
Samoa, CA	220
Chetwynd, BC, Canada	185

Total Pulp Capacity (2 plants)	405
	===

ORIENTED STRAND BOARD PLANT - IRELAND
 (3/8-INCH BASIS; 3 SHIFTS PER DAY; 7 DAYS PER WEEK)

in millions.....	SQ. FT. -----
Waterford, Ireland	450 =====
CELLULOSE INSULATION AND RELATED PLANTS:	
- Phoenix, AZ	
- Atlanta, GA	
- Norfolk, NE	
- Portland, OR	
CHIP MILL:	
- Cleveland, TX	
FINISHED TILEBOARD AND PANELING PLANT (INDUSTRIAL PANEL PRODUCTS SEGMENT):	
- Toledo, OH	
PLASTIC MOLDINGS PLANT:	
- Middlebury, IN	
VENEER PLANTS:	
- Rogue River, OR (softwood)	
- Mellen, WI (hardwood)	
DISTRIBUTION CENTERS:	
- Rocklin, CA	
- Salina, KS	
- Conroe, TX	
COMPOSITE POLYMER PLANT	
- Chesterfield, MI	

5. TIMBERLAND HOLDINGS

LOCATION/TYPE	ACRES -----
Idaho: Fir, Pine	36,700
Louisiana: Pine, Hardwoods	188,900
Montana: Whitewoods	11,400
Texas: Pine, Hardwoods	695,900
Other: Whitewoods, Pine, Hardwoods	13,600 -----
Total Timberland Fee Holdings.....	946,500 =====

CANADIAN TIMBERLANDS LICENSE AGREEMENTS

in millions.....	ACRES -----
British Columbia	7.9
Manitoba	6.3
Quebec	33.6 -----
Total timberlands under license agreements in Canada	47.8 =====

In addition to its fee-owned timberlands, L-P has timber cutting rights under long-term contracts (five years and over) on approximately 47,600 acres, and under shorter term contracts on approximately 225,900 acres, on government and privately owned timberlands in the United States in the vicinities of certain of its manufacturing facilities.

L-P's Canadian subsidiaries have arrangements with four Canadian provincial governments, which give L-P's subsidiaries the right to harvest a volume of wood off public land from defined forest areas under supply and forest management agreements, long-term pulpwood agreements, and various other timber licenses. These subsidiaries also obtain wood from private parties in certain cases where the provincial governments require L-P to obtain logs from private parties prior to harvesting from the licenses and to meet additional raw materials needs.

ITEM 3. LEGAL PROCEEDINGS

Certain environmental matters and legal proceedings involving L-P are discussed below.

ENVIRONMENTAL MATTERS

In March 1995, KPC entered into agreements with the federal government to resolve violations of the Clean Water Act and the Clean Air Act that occurred at KPC's former pulp mill during the late 1980's and early 1990's. These agreements were subsequently approved by the U.S. District Court for the District of Alaska. Although KPC sold the mill site and related facilities in 1999, it remains obligated under these agreements to undertake certain projects relating to the investigation and remediation of Ward Cove, a body of water adjacent to the mill site, estimated to cost approximately \$6.7 million (of which approximately \$1.8 million had been spent at December 31, 1999).

On March 10, 1999, a complaint alleging misdemeanor violations of the Fish and Game Code and the Water Code of California in connection with the discharge of sawdust and other pollutants into a stream near L-P's Arcata, California particleboard plant was filed in the Superior Court of Humboldt County, California. On January 31, 2000, the Superior Court approved a civil settlement agreement pursuant to which the misdemeanor charges were dismissed. Pursuant to the settlement agreement, L-P agreed, among other things, to pay a \$100,000 civil penalty.

L-P is involved in a number of other environmental proceedings and activities, and may be wholly or partially responsible for known or unknown contamination existing at a number of other sites at which it has conducted operations or disposed of wastes. Based on the information currently available, management believes that any fines, penalties or other costs or losses resulting from these matters will not have a material adverse effect on the financial position, results of operations, cash flows or liquidity of L-P.

COLORADO CRIMINAL PROCEEDINGS

In June 1995, a federal grand jury returned an indictment in the U.S. District Court for the District of Colorado against L-P in connection with alleged environmental violations, as well as alleged fraud in connection with the submission of unrepresentative oriented strand board (OSB) product samples to an industry product certification agency, by L-P's Montrose (Olathe), Colorado OSB plant. Pursuant to a guilty plea to certain criminal violations entered in May 1998, (i) L-P paid penalties of \$37 million (of which \$12 million was paid in 1998 and the balance was paid in the second quarter of 1999), and was sentenced to five years of probation and (ii) all remaining charges against L-P were dismissed. The terms of L-P's probation require, among other things, that L-P not violate any federal, state or local law.

In December 1995, L-P received a notice of suspension from the EPA stating that, because of the criminal proceedings pending against L-P in Colorado, the Montrose facility would be prohibited from purchasing timber directly from the USFS. In April 1998, L-P signed a Settlement and Compliance Agreement with the EPA. This agreement formally lifted the 1995 suspension imposed on the Montrose facility. The agreement has a term of five years and obligates L-P to (i) develop and implement certain corporate policies and programs, including a policy of cooperation with the EPA, an employee disclosure program and a policy of nonretaliation against employees, (ii) conduct its business to the best of its ability in accordance with federal laws and regulations and local and state

environmental laws, (iii) report significant violations of law to the EPA, and (iv) conduct at least two audits of its compliance with the agreement.

OSB SIDING MATTERS

In 1994 and 1995, L-P was named as a defendant in numerous class action and nonclass action proceedings brought on behalf of various persons or purported classes of persons (including nationwide classes in the United States and Canada) who own or purchased or used OSB siding manufactured by L-P. In general, the plaintiffs in these actions alleged unfair business practices, breach of warranty, misrepresentation, conspiracy to defraud and other theories related to alleged defects, deterioration or failure of OSB siding products.

In June, 1996, the U.S. District Court for the District of Oregon approved a settlement between L-P and a nationwide class composed of all persons who own, have owned, or acquire property on which L-P's OSB siding was installed prior to January 1, 1996, excluding persons who timely opted out of the settlement and persons who are members of the settlement class in the Florida litigation described below. Under the settlement agreement, an eligible claimant whose claim is filed prior to January 1, 2003 (or earlier in certain cases) and is approved by an independent claims administrator, is entitled to receive from the settlement fund established under the agreement a payment equal to the replacement cost (determined by a third-party construction cost estimator and currently estimated to be in the range of \$2.20 to \$6.40 per square foot depending on the type of product and geographic location) of damaged siding, reduced by a specific adjustment (of up to 65%) based on the age of the siding. Class members who previously submitted or resolved claims under any other warranty or claims program of L-P may be entitled to receive the difference between the amount payable under the settlement agreement and the amount previously paid. The extent of damage to OSB siding at each claimant's property is determined by an independent adjuster in accordance with a specified protocol. Settlement payments are not subject to adjustment for improper maintenance or installation.

A claimant who is dissatisfied with the amount to be paid under the settlement may elect to pursue claims against L-P in a binding arbitration seeking compensatory damages without regard to the amount of payment calculated under the settlement protocol. A claimant who elects to pursue an arbitration claim must prove his entitlement to damages under any available legal theory, and L-P may assert any available defense, including defenses that otherwise had been waived under the settlement agreement.

The settlement requires L-P to contribute \$275 million to the settlement fund. Approximately \$269 million of that obligation had been satisfied at December 31, 1999 through cash payments of \$259 million on a discounted basis. L-P's remaining mandatory contributions to the settlement fund are due in 2000 (approximately \$2 million), 2001 (approximately \$2 million), and 2002 (approximately \$2 million). In addition to its mandatory contributions, at December 31, 1999, L-P had paid, on a discounted basis, approximately \$96 million of its two \$50 million funding options, at a cost to L-P of approximately \$65 million. L-P was entitled to pay its mandatory and optional contributions to the settlement fund on a discounted basis as a result of early payments pursuant to the early payment program. Refer to Item 7 of this report under the heading "Legal and Environmental Matters" for a more detailed discussion of the status of the settlement, the early payment program and the second settlement fund (described below).

At December 31, 1999, the estimated cumulative total of approved claims under the settlement agreement exceeded the sum of L-P's historical mandatory and optional contributions and remaining mandatory contributions to the settlement fund by approximately \$322 million. Claims accounting for approximately \$293 million of this excess are eligible for participation in the second settlement fund described below. In addition, approximately 90% of the approximately 11,000 claims that had been filed but not yet processed at December 31, 1999 will, to the extent subsequently approved, be eligible for participation in the second settlement fund.

Subject to the exceptions noted above, the second settlement fund (discussed below) represents an alternative source of payment for all approved and unpaid claims filed (or post-marked for filing) within the second settlement fund period. In early 2000, eligible claimants electing to participate in the second settlement fund will be offered a pro rata share of the \$125 million second settlement fund in complete satisfaction of their claims, which they may accept or reject in favor of remaining under the original settlement. Eligible claimants who accept their pro rata share may not file additional claims under the settlement or arbitrate the amount of their payments. Eligible claimants who elect not to participate in the second settlement fund will remain bound by the terms of the original settlement. Because such claimants who elect not to participate in the second settlement fund will not be eligible to receive payment under the original settlement prior to August, 2004, and will be subject to the risk of the original settlement terminating as

described below, L-P believes that eligible claimants will have a substantial incentive to elect to participate in the second settlement fund. However, if L-P is dissatisfied with the number of claimants who elect to participate in the second settlement fund, L-P may, at its sole option, refuse to fund the second settlement fund. In that event, the second settlement fund will be canceled and all the claimants who had elected to participate in it will be governed by the original settlement. L-P presently expects to make its decision regarding the funding of the second settlement fund in the second or third quarter of 2000.

Based upon the payments that L-P has committed to make, the original settlement will continue in effect until at least August 2003. Within 60 days after December 31, 2002, which is the last date for a class member to file a claim under the settlement, the Claims Administrator shall notify L-P of the dollar value of all remaining unfunded and approved claims. L-P shall then have 60 days to notify the Claims Administrator whether L-P elects to fund all such remaining claims. If L-P elects to fund those claims, then L-P will pay by the end of the next 12-month period (2004) the greater of: (i) 50% of the aggregate sum of those claims (with the remaining 50% to be paid by 12 months thereafter in 2005); or (ii) 100% of the aggregate sum of those claims, up to a maximum of \$50 million (with all remaining claims paid 12 months thereafter in 2005). If L-P elects not to pay the unpaid claims pursuant to the settlement, the settlement will terminate with respect to such unpaid claims and all unpaid claimants will be free to pursue their individual remedies from and after August 2003.

If L-P makes all contributions to the original settlement fund required under the settlement agreement, including all additional optional contributions as specified above, class members will be deemed to have released L-P from all claims for damaged OSB siding, except for claims arising under their existing 25-year limited warranty after termination of the settlement agreement. The settlement agreement does not cover consequential damages resulting from damage to OSB Inner-Seal siding or damage to utility grade OSB siding (sold without any express warranty), either of which could create additional claims. In addition to payments to the settlement fund, L-P was required to pay fees of class counsel in the amount of \$26.25 million, as well as expenses of administering the settlement fund and inspecting properties for damage and certain other costs.

A settlement of a related class action in Florida was approved by the Circuit Court for Lake County, Florida, on October 4, 1995. Under the settlement, L-P has established a claims procedure pursuant to which members of the settlement class may report problems with L-P's OSB siding and have their properties inspected by an independent adjuster, who will measure the amount of damage and also determine the extent to which improper design, construction, installation, finishing, painting, and maintenance may have contributed to any damage. The maximum payment for damaged siding is \$3.40 per square foot for lap siding and \$2.82 per square foot for panel siding, subject to reduction by up to 75 percent for damage resulting from improper design, construction, installation, finishing, painting, or maintenance, and also subject to reduction for age of siding more than three years old. L-P has agreed that the deduction from the payment to a member of the Florida class will be not greater than the deduction computed for a similar claimant under the national settlement agreement described above. Class members will be entitled to make claims until October 4, 2000.

ABT HARDBOARD SIDING MATTERS

ABT, ABTco, Inc., a wholly owned subsidiary of ABT ("ABTco" and, together with ABT, the "ABT Entities"), Abitibi-Price Corporation ("Abitibi"), a predecessor of ABT, and certain affiliates of Abitibi (the "Abitibi Affiliates" and, together with Abitibi, the "Abitibi Entities") have been named as defendants in a conditionally certified class action filed in the Circuit Court of Choctaw County, Alabama, on December 21, 1995 and in six other putative class action proceedings filed in the following courts on the following dates: the Court of Common Pleas of Allegheny County, Pennsylvania on August 8, 1995; the Superior Court of Forsyth County, North Carolina on December 27, 1996; the Superior Court of Onslow County, North Carolina on January 21, 1997; the Court of Common Pleas of Berkeley County, South Carolina on September 25, 1997; the Circuit Court of Bay County, Florida on March 11, 1998; and the Superior Court of Dekalb County, Georgia on September 25, 1998. ABT and Abitibi have also been named as defendants in a putative class action proceeding filed in the Circuit Court of Jasper County Texas on October 5, 1999. These actions were brought on behalf of various persons or purported classes of persons (including nationwide classes) who own or have purchased or installed hardboard siding manufactured or sold by the defendants. In general, the plaintiffs in these actions have claimed unfair business practices, breach of warranty, fraud, misrepresentation,

negligence, and other theories related to alleged defects, deterioration, or other failure of such hardboard siding, and seek unspecified compensatory, punitive, and other damages (including consequential damage to the structures on which the siding was installed), attorneys' fees and other relief. In addition, Abitibi has been named in certain other actions, which may result in liability to ABT under the allocation agreement between ABT and Abitibi described below. Except in the case of certain of the putative class actions that have been stayed, the ABT Entities have filed answers in these proceedings that deny all material allegations of the plaintiffs and assert affirmative defenses. L-P intends to cause the ABT Entities to defend these proceedings vigorously.

L-P, the ABT Entities and the Abitibi Entities have also been named as defendants in a putative class action proceeding filed in the Circuit Court of Jackson County, Missouri on April 22, 1999, and L-P, the ABT Entities and Abitibi have been named as defendants in a putative class action proceeding filed in the District Court of Johnson County, Kansas on July 14, 1999. These actions were brought on behalf of purported classes of persons in Missouri and Kansas, respectively, who own or have purchased hardboard siding manufactured by the defendants. In general, the plaintiffs in these proceedings have claimed breaches of warranty, fraud, misrepresentation, negligence, strict liability and other theories related to alleged defects, deterioration or other failure of such hardboard siding, and seek unspecified compensatory, punitive and other damages (including consequential damage to the structures on which the siding was installed), attorneys' fees and other relief. L-P and the ABT Entities intend to defend these proceedings vigorously.

ABT and Abitibi have agreed to an allocation of liability with respect to claims relating to (1) siding sold by the ABT Entities after October 22, 1992 ("ABT Board") and (2) siding sold by the Abitibi Entities on or before, or held as finished goods inventory by the Abitibi Entities on, October 22, 1992 ("Abitibi Board"). In general, ABT and Abitibi have agreed that all amounts paid in settlement or judgment (other than any punitive damages assessed individually against either the ABT Entities or the Abitibi Entities) following the completion of any claims process resolving any class action claim (including consolidated cases involving more than 125 homes owned by named plaintiffs) shall be paid (a) 100% by ABT insofar as they relate to ABT Board, (b) 65% by Abitibi and 35% by ABT insofar as they relate to Abitibi Board, and (c) 50% by ABT and 50% by Abitibi insofar as they cannot be allocated to ABT Board or Abitibi Board. In general, amounts paid in connection with class action claims for joint local counsel and other joint expenses, and for plaintiffs' attorneys' fees and expenses, are to be allocated in a similar manner, except that joint costs of defending and disposing of class action claims incurred prior to the final determination of what portion of claims relate to ABT Board and what portion relate to Abitibi Board are to be paid 50% by ABT and 50% by Abitibi (subject to adjustment in certain circumstances). ABT and Abitibi have also agreed to certain allocations (generally on a 50/50 basis) of amounts paid for settlements, judgments and associated fees and expenses in respect of non-class action claims relating to Abitibi Board. ABT is solely responsible for such amounts in respect of claims relating to ABT Board. Based on the information currently available, management believes that the resolution of the foregoing ABT hardboard siding matters will not have a material adverse effect on the financial position, results of operations, cash flows or liquidity of L-P.

FIBREFORM WOOD PRODUCTS, INC. PROCEEDINGS

L-P has been named as a defendant in an action filed by FibreForm Wood Products, Inc. ("FibreForm") in the Superior Court of Los Angeles County, California on July 13, 1999. The action was subsequently removed by L-P and the other named defendants to the United States District Court for the Central District of California. FibreForm has alleged, in connection with failed negotiations between FibreForm and L-P regarding a possible joint venture, that L-P and the other defendants engaged in a fraudulent scheme to gain control over FibreForm's proprietary manufacturing processes under the guise of such negotiations. FibreForm has alleged fraudulent misrepresentation, negligent misrepresentation, misappropriation of trade secrets, unfair competition, breach of contract and breach of a confidentiality agreement by L-P and the other defendants. FibreForm seeks general, special and consequential damages of at least \$250 million, punitive damages, restitution, injunctive and other relief and attorneys' fees. L-P believes that FibreForm's allegations are without merit and intends to defend this action vigorously. Based on the information currently available, management believes that the resolution of this matter will not have a material adverse effect on the financial position, results of operations, cash flows or liquidity of L-P.

OTHER PROCEEDINGS

LP and its subsidiaries are parties to other legal proceedings. Based on the information currently available, management believes that the resolution of such proceedings will not have a material adverse effect on the financial position, results of operations, cash flows or liquidity of L-P.

CONTINGENCY RESERVES

For information regarding L-P's financial statement reserves for the estimated costs of the environmental and legal matters referred to above, see Note 8 of the Notes to financial statements included in Item 8 of this report.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of L-P's security holders during the fourth quarter of 1999.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The common stock of L-P is listed on the New York Stock Exchange with the ticker symbol "LPX". The Dow-Jones newspaper quotations symbol for the common stock is "LaPac." Information regarding market prices for the common stock is included in the table in Item 6 headed "High and Low Stock Prices." At March 3, 2000, L-P had approximately 16,298 stockholders of record.

Information regarding cash dividends paid during 1999 and 1998 is included in the tables in Item 6 headed "1999 Quarterly Data" and "1998 Quarterly Data." Holders of the common stock may participate in L-P's dividend reinvestment program maintained by its transfer agent.

ITEM 6. SELECTED FINANCIAL DATA

DOLLAR AMOUNTS IN MILLIONS EXCEPT PER SHARE -----	1999 ----	1998 ----
ANNUAL DATA		
Net sales	\$ 2,878.6	\$ 2,297.1
Net income	216.8	2.0
Net income per share-basic and diluted	2.04	.02
Net cash provided by operating activities	472.6	123.0
Capital expenditures-- plants, logging roads and timber (excludes acquisitions)	117.9	122.5
Working capital	198.7	245.5
Ratio of current assets to current liabilities	1.37 to 1	1.67 to 1
Total assets	3,488.2	2,519.1
Long-term debt, excluding current portion	1,014.8	459.8
Long-term debt as a percent of total capitalization	42.7%	27.3%
Stockholders' equity	1,360.0	1,222.8
Stockholders' equity per ending share of common stock	12.96	11.40
Number of employees	13,000	10,000
Number of stockholders of record	16,400	17,700

	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR
1999 QUARTERLY DATA					
Net sales	\$600.1	\$768.5	\$797.4	\$712.6	\$2,878.6
Gross profit (1)	89.2	191.9	193.5	121.9	596.5
Income before taxes and minority interest	43.8	140.4(2)	115.2(2)	57.6(2)	357.0(2)
Net income	27.2	84.9(2)	69.3(2)	35.4(2)	216.8(2)
Net income per share- basic and diluted	.26	.79(2)	.65(2)	.34(2)	2.04(2)
Cash dividends per share	.14	.14	.14	.14	.56
1998 QUARTERLY DATA					
Net sales	\$548.3	\$623.2	\$606.3	\$519.3	\$2,297.1
Gross profit (1)	12.8	67.5	127.9	49.7	257.9
Income (loss) before taxes and minority interest	(39.2)	341.3(2)	(310.8)(2)	21.3(2)	12.6(2)
Net income (loss)	(25.1)	203.9(2)	(192.7)(2)	15.9(2)	2.0(2)
Net income (loss) per share- basic and diluted	(.23)	1.87(2)	(1.77)(2)	.15(2)	.02(2)
Cash dividends per share	.14	.14	.14	.14	.56
HIGH AND LOW STOCK PRICES					
1999 High	\$ 20.75	\$ 24.38	\$ 24.88	\$ 16.38	\$ 24.88
Low	17.25	18.50	14.75	11.38	11.38
1998 High	\$ 24.06	\$ 24.19	\$ 22.69	\$ 22.44	\$ 24.19
Low	17.50	17.88	17.19	16.38	16.38

(1) Gross profit is income before selling and administrative expense, unusual credits and charges, taxes, minority interest and interest.

(2) In the second quarter of 1998, L-P recorded a net gain of \$328 million (\$195 million after taxes, or \$1.79 per diluted share) primarily resulting from gains on the sales of timberlands, sawmill and distribution assets in California and the Weather-Seal window and door business. Charges relating to the settlement of legal issues in Montrose, Colorado of \$14 million after taxes (or \$.13 per share) and other charges were netted against the asset sale gains.

In the third quarter of 1998, L-P recorded a net loss of \$392 million (\$241 million after taxes, or \$2.21 per diluted share) resulting from a charge to adjust siding-related reserves to reflect revisions to the national class-action settlement, the write-down of an operating facility, and other items. Gains on insurance recoveries and the sale of surplus properties were netted against this charge.

In the fourth quarter of 1998, L-P recorded a \$16 million gain (\$10 million after taxes, or \$.09 per diluted share) on a recovery from an insurance company for siding-related matters.

In the second quarter of 1999, L-P recorded a \$5 million gain (\$3 million after taxes, or \$.03 per diluted share) on the sale of timberlands.

In the third quarter of 1999, L-P's Ketchikan Pulp Company subsidiary recorded a net charge of \$18.7 million (\$11.5 million after taxes, or \$.11 per diluted share) primarily related to reducing the carrying value of the assets to be sold to the expected sales value and to record an increase in estimated environmental remediation liabilities.

In the fourth quarter of 1999, L-P recorded a gain on the sale of its Associated Chemists, Inc. subsidiary of \$14.5 million (\$8.9 million after taxes, or \$.08 per diluted share) and a write-off of a note receivable of \$9.2 million (\$5.7 million after taxes, or \$.05 per diluted share) received in a sale of assets in a prior year.

Financial Summary

dollar amounts in millions except per share

year ended December 31

Summary Income Statement Data

	1999(1)	1998(1)	1997(1)	1996(1)	1995(1)
Net sales	\$ 2,878.6	\$ 2,297.1	\$ 2,402.5	\$ 2,486.0	\$ 2,843.2
Gross profit(2)	596.5	257.9	91.9	170.7	390.3
Interest, net	(11.9)	(12.8)	(29.0)	(7.8)	2.9
Provision (benefit) for income taxes	139.5	14.4	(44.4)	(126.1)	(47.1)
Income (loss)	216.8	2.0	(101.8)	(200.7)	(51.7)
Income (loss) per share - basic	2.04	.02	(.94)	(1.87)	(.48)
Income (loss) per share - diluted	2.04	.02	(.94)	(1.87)	(.48)
Cash dividends per share	.56	.56	.56	.56	.545
Average shares of common stock outstanding (millions)					
Basic	106.2	108.4	108.5	107.4	107.0
Diluted	106.2	108.6	108.5	107.4	107.0

SUMMARY BALANCE SHEETS

Current assets	\$ 739.4	\$ 612.1	\$ 596.8	\$ 612.9	\$ 618.5
Timber and timberlands, at cost less cost of timber harvested	611.1	499.0	634.2	648.6	689.6
Property, plant and equipment, net	1,334.0	913.3	1,191.8	1,278.5	1,452.3
Notes receivable from asset sales	403.8	403.8	49.9	-	-
Goodwill and other assets	399.9	90.9	105.7	82.4	45.0
Total assets	\$ 3,488.2	\$ 2,519.1	\$ 2,578.4	\$ 2,622.4	\$ 2,805.4
Current liabilities	\$ 540.7	\$ 366.6	\$ 319.3	\$ 378.4	\$ 448.5
Long-term debt, excluding current portion	1,014.8	459.8	572.3	458.6	201.3
Deferred income taxes and other	572.7	469.9	400.6	357.8	499.6
Stockholders' equity	1,360.0	1,222.8	1,286.2	1,427.6	1,656.0
Total liabilities and stockholders' equity	\$ 3,488.2	\$ 2,519.1	\$ 2,578.4	\$ 2,622.4	\$ 2,805.4

KEY FINANCIAL TRENDS

Working capital	\$ 198.7	\$ 245.5	\$ 277.5	\$ 234.5	\$ 170.0
Plant and logging road additions(3)	\$ 88.3	\$ 77.8	\$ 106.2	\$ 208.9	\$ 362.9
Timber additions, net	29.6	44.7	49.7	22.0	49.7
Total capital additions	\$ 117.9	\$ 122.5	\$ 155.9	\$ 230.9	\$ 412.6
Long-term debt as a percent of total capitalization	43%	27%	31%	24%	11%
Income (loss) as a percent of average equity	17%	--	(8%)	(13%)	(3)%

1 Includes unusual credits and charges. See the Notes to Financial Statements.

2 Gross profit (loss) is income (loss) before selling and administrative expense, unusual credits and charges, income taxes, minority interest, and interest.

3 Excludes acquisitions.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Louisiana-Pacific Corporation (L-P) earned \$216.8 million (\$2.04 per diluted share) in 1999, including pre-tax net unusual charges of \$8.2 million (\$5.1 million after taxes, or \$.05 per diluted share). This compares to profits of \$2.0 million (\$.02 per diluted share) in 1998 including pre-tax net unusual charges of \$47.8 million (\$36.1 million after tax, or \$.33 per diluted share). The Company lost \$101.8 million (\$.94 per diluted share) in 1997, including pre-tax net unusual charges of \$32.5 million (\$20.6 million after tax, or \$.19 per diluted share). The unusual credits and charges are discussed in further detail in Note 7 to the financial statements. Excluding the impacts of the unusual credits and charges, L-P earned \$221.9 million (\$2.09 per diluted share) in 1999 and \$38.1 million (\$.35 per diluted share) in 1998 and incurred a loss of \$81.2 million (\$.75 per diluted share) in 1997.

Sales in 1999 were \$2.88 billion, a 25% increase from 1998 sales of \$2.30 billion. Sales in 1998 were 4% lower than 1997 sales of \$2.40 billion.

Demand for building products in North America was very strong in 1999, resulting in increased sales and earnings from many of L-P's products, particularly in the Structural Products segment. This demand was generated both by strong housing starts and a strong repair and remodeling market.

In addition to the strong building products markets, L-P made three major acquisitions in 1999, all of which contributed to sales and earnings. First, L-P acquired ABT Building Products Corporation (ABT) in late February which expanded product offerings in the Exterior Products segment with hardboard and vinyl siding and added a line of moldings to L-P's product line. In September, L-P acquired Le Groupe Forex Inc. (Forex). This acquisition added oriented strand board (OSB) capacity on the East coast of North America, helping to fill a geographic gap. OSB is part of the Structural Products segment. In November, L-P acquired the assets of Evans Forest Products, Ltd. This acquisition added to L-P's laminated veneer lumber (LVL), cedar decking and plywood production capacities, all of which are part of the Structural Products segment.

L-P's 1998 results showed improvement over 1997 largely as a result of increased demand for OSB and plywood, which reduced the effects of industry-wide over capacity which was prevalent in 1997. In late 1997 and early 1998, L-P also divested or closed numerous unprofitable operations which reduced sales and improved earnings.

L-P operates in five major business segments: Structural Products, Exterior Products, Industrial Panel Products, Other Products, and Pulp. Structural Products is the most significant segment, accounting for approximately 50% or more of net sales in 1999, 1998 and 1997. The results of operations are discussed below for each of these segments separately. Additional information about the factors affecting L-P's segments is presented in Item 1 under the heading "Segment and Price Trend Data."

Most of L-P's products are sold as commodities and therefore sales prices fluctuate daily based on market factors over which L-P has little or no control. L-P cannot predict whether the prices of its products will remain at current levels, or will increase or decrease in the future because supply and demand are influenced by many factors, only two of which are the cost and availability of raw materials. L-P is not able to determine to what extent, if any, it will be able to pass any future increases in the price of raw materials on to customers through product price increases.

Demand for the majority of L-P's products is subject to cyclical fluctuations over which L-P has no control. Demand for L-P's building products is heavily influenced by the level of residential construction activity and the repair and remodeling markets, both of which are subject to fluctuations due to changes in economic conditions, interest rates, population growth and other factors. These cyclical fluctuations in demand are unpredictable and may have a substantial influence on L-P's results of operations.

Selected Segment Data

dollar amounts in millions

year ended December 31	INCREASE (DECREASE)				
	1999	1998	1997	99-98	98-97
Sales:					
Structural products	\$ 1,621	\$ 1,228	\$ 1,149	32%	7%
Exterior products	254	107	103	137%	4%
Industrial panel products	268	171	178	57%	(4%)
Other products	619	716	843	(14%)	(15%)
PULP	117	75	130	56%	(42%)
Total sales	\$ 2,879	\$ 2,297	\$ 2,403	25%	(4%)
Operating Profit (Loss):					
Structural products	\$ 440	\$ 198	\$ 21	122%	843%
Exterior products	53	22	9	141%	144%
Industrial panel products	13	6	13	117%	(54%)
Other products	(11)	(20)	(24)	45%	17%
PULP	(15)	(38)	(29)	61%	(31%)
Total operating profit (loss)	\$ 480	\$ 168	\$ (10)	186%	1,780%

STRUCTURAL PRODUCTS

The Structural Products segment includes OSB, plywood, lumber and the engineered wood products (EWP), primarily LVL and I-joists. The increase in total sales for Structural Products segment in 1999 was primarily the result of strong demand, which increased average selling prices, and the additional sales generated from acquisitions. The increase in Structural Products segment sales in 1998 was primarily the result of increased selling prices of OSB as demand increased, which helped alleviate the industry wide over-capacity of prior years. Divestitures and closures of less efficient and non-strategic manufacturing facilities partially offset the OSB sales increase in 1998.

OSB average selling prices increased 27% in 1999 compared to 1998 and increased 47% in 1998 compared to 1997. The OSB markets experienced strong demand in 1999 and 1998 due primarily to increases in residential construction and repair and remodeling markets resulting in higher selling prices. OSB sales volume increased 23% in 1999 compared to 1998 primarily as a result of the Forex acquisition. Volumes increased approximately 10% in 1998 compared to 1997 due to a net capacity increase at L-P and increased operating efficiencies.

Plywood markets also improved in 1999 as a result of the same factors discussed above for OSB. Plywood average selling prices increased 19% in 1999 compared to 1998. Plywood prices were up slightly in 1998 compared to 1997. L-P has continued to shift production to higher-value products and away from commodity sheathing products. Plywood sales volume increased 23% in 1999 compared to 1998, primarily the result of a shift to a higher percentage of outside sales and a lower percentage of sales to the distribution business within L-P. Sales from L-P's distribution business are shown in the Other Products segment. Volume decreased by 34% in 1998 compared to 1997, largely due to the closure of smaller, less efficient plywood plants.

Lumber sales in 1999 increased compared to 1998 due to strong demand and a shift to a higher percentage of outside sales and a lower percentage of sales to the distribution business within L-P. Sales from L-P's distribution business are shown in the Other Products segment. Average selling prices increased 5% and volume increased 10% in 1999. Lumber sales decreased in 1998 due to an 11% decline in prices and a 13% decline in volume. The volume decrease primarily resulted from the sale or shutdown of non-strategic mills in 1998. The price decrease reflects a sharp drop in demand for lumber in Asia which caused a decrease in exports of lumber from North America and created an oversupply of lumber in North American markets.

Engineered wood products (EWP) include engineered I-Joists, laminated veneer lumber (LVL) and hardwood veneer. EWP sales grew in 1999 due to increasing volumes while pricing was virtually unchanged. Average selling prices decreased 11% for I-Joists and 1% for LVL in 1999 offset by volume increases of 3% for I-Joists and 12% for LVL. The volume increase was primarily due to agreements to market the products of independent producers and, to a lesser extent, the acquisition of the assets of Evans Forest Products late in 1999. The increase in sales in 1998 was primarily due to a fast-growing market for these products and due to a marketing agreement to sell the products of an independent producer.

In 1999, the profitability of the Structural Products segment increased significantly, which was primarily the result of price improvements for OSB, plywood and lumber offset by price decreases in EWP. Improvements in the efficiency of L-P's facilities also contributed to the earnings improvement. In 1998, the profitability of the Structural Products segment increased significantly, largely the result of price improvements for OSB and improvement in the efficiency of production facilities. Decreases in lumber pricing partially offset the improved OSB performance. Overall, log costs did not change significantly in 1999 or 1998. The increase in OSB costs had a detrimental effect on EWP profits, as OSB is a raw material used in I-Joist production. LIFO (last-in first-out) inventory income (expense) adjustments of \$(6) million in 1999, \$14 million in 1998 and \$(4) million in 1997 are included in the Structural Products segment.

EXTERIOR PRODUCTS

The Exterior Products segment consists of siding and related products such as soffit, fascia and trim. In future years, this segment will also include certain specialty OSB products such as treated OSB and concrete form. With the ABT acquisition in 1999, this segment includes hardboard siding and vinyl siding. Average selling prices of OSB-based exterior products decreased slightly in 1999 compared to 1998, while volumes increased 13% over 1998. The volume increase was primarily due to an increase in the number of distributors in the southeastern distribution network. Total profits increased in 1999 primarily due to the increased sales volume and the addition of the ABT products. Average selling prices were relatively flat in 1998 over 1997. Sales volume increased in 1998 and 1997 as market acceptance of the product increased. The manufacturing facilities took significant downtime in 1997 to reduce inventory levels, which contributed to higher per unit cost of sales and thus, lower earnings. In 1999 and 1998, the manufacturing facilities produced and sold a moderate volume of commodity OSB product, which made a positive contribution to earnings.

INDUSTRIAL PANEL PRODUCTS

The Industrial Panel Products segment consists of particleboard, medium density fiberboard (MDF) and hardboard and, in 1999, the hardboard and laminated industrial panel products of ABT. Increased demand for particleboard and MDF contributed to modestly higher average sales prices, while volumes decreased modestly. The addition of ABT products in 1999 is the primary reason for the increase in sales and profits of this segment in 1999 compared to 1998. Market over-capacity in industrial panels contributed to reductions in both sales and profits in 1998 compared to 1997. Average selling prices decreased by 3% in 1998 due to downward market pressure. Sales volumes did not change significantly.

OTHER PRODUCTS

The Other Products segment includes distribution facilities, vinyl moldings, wood chips, coatings and specialty chemicals (sold in December 1999), cellulose insulation, Ireland operations, Alaska lumber and logging operations (sold in November 1999) and other products. The primary cause of the decrease in sales in the Other Products segment for both 1999 and 1998 was the sale in mid-1998 of two California distribution centers, the Weather-Seal windows and doors operations and Creative Point Inc. (which sold consumer electronic media storage devices). The sales from these operations are included in the segment for a full year in 1997, approximately 6 months in 1998 and not at all in 1999. Lower wood chip sales also contributed to the decrease, as the market for export wood chips has declined. Increases in sales from the Ireland OSB plant and sales from the newly acquired ABT molding and shutter operations in 1999 partially offset the overall sales decrease in 1999.

The decreased losses in this segment in 1999 are primarily the result of the addition of the ABT operations, a reduction of losses in the cellulose insulation business due to cost cutting efforts and strategic changes and an increase in the profitability of the Ireland OSB operations due to the improved sales markets. Losses in 1998 were less than 1997 due primarily to the KPC lumber and logging operations, which lost \$3 million in 1998 compared to \$17 million in 1997. Offsetting this improvement were the lost profits from the distribution operations sold in mid-1998 and increased losses in the cellulose insulation business, largely due to market development efforts.

PULP

Pulp segment operations improved significantly in 1999. Sales volumes increased 38% while average selling prices rose 13%. The pulp markets improved in 1999 as the Asian economy improved. Pulp markets in 1998 and 1997 were negatively impacted by the world-wide over-capacity in the pulp industry and the Asian economic crisis. Asian markets historically comprised a significant market for pulp and the crisis caused demand, and pulp prices, to decline late in 1997 which continued into 1998. Average sales prices decreased 21% in 1998 which contributed to the increased losses. Pulp sales volume decreased 27% as L-P's pulp mills took intermittent downtime during 1998 because of the weak markets.

L-P pulp products represent the majority of L-P's export sales. Therefore, the increase in pulp sales was the primary reason for the increase in export sales in 1999. The decline in pulp sales was the primary reason for decreased export sales in 1998 both in amount and as a percent of total sales. Information regarding L-P's geographic segments and export sales are provided in Note 10 to the financial statements.

GENERAL CORPORATE EXPENSE, NET

Net general corporate expense was \$103 million in 1999, compared to \$94 million in 1998 and \$80 million in 1997. Credits resulting from gains on the sales of miscellaneous assets of approximately \$6 million in 1997 were netted into this expense. The remaining increase in each year is primarily attributable to increased sales and marketing personnel as the Company has focused on its customers, the addition of key personnel to implement management's strategies and a revision of allocation methods of certain administrative costs to product lines due to changes in the organization of the Company.

UNUSUAL CREDITS AND CHARGES, NET

For a discussion of unusual credits and charges, net, refer to Note 7 to the financial statements.

INTEREST, NET

In 1999, net interest expense of \$12 million was down 8% from the 1998 expense of \$13 million. Interest expense decreased slightly in 1999 but will increase in the future due to the indebtedness incurred in connection with the Forex and Evans acquisitions. Cash from asset sales was used to reduce debt levels and thus, net interest expense in 1998.

LEGAL AND ENVIRONMENTAL MATTERS

Refer to Notes 7 and 8 to the financial statements for a discussion of the background of certain legal matters involving L-P as well as the past and potential future impact on L-P. In addition, a more detailed discussion of the significant past charges recorded by L-P related to OSB siding litigation and the current status of the settlements and related enhancements follows.

BACKGROUND OF OSB SIDING LITIGATION. Prior to 1995, L-P primarily dealt with claims regarding the quality and performance of its oriented strand board house siding (OSB siding) through the product warranty process. In 1994 and early 1995, L-P was served with numerous lawsuits alleging monetary damages as a result of OSB siding manufactured by L-P. In 1995, L-P discontinued payment of warranty claims (except under certain circumstances such as emergency claims) due to the pending litigation. In 1995 and 1996, L-P settled the majority of these lawsuits through one of the following three mechanisms:

- A class action settlement in Florida for owners of homes or other structures with L-P siding in that state only (the "Florida Settlement"),
- A class action settlement for owners of homes or other structures in the remaining states in the U.S. (the "National Settlement"), and,
- Individual settlements with claimants who opted not to participate in either of the above two settlements.

These settlements significantly increased the cost of an average claim compared to the historical payments under L-P's limited warranties. This is primarily because, under the limited warranty, L-P only reimbursed the homeowner for the cost of replacement siding whereas under the settlements L-P also pays for the labor costs to remove old siding and to install and paint the new siding and pays for certain other consequential costs incurred in the replacement of the siding.

The settlements afforded a remedy to homeowners that is typically available for consumer type claims --repair and/or replacement of the damaged product. Under the settlements, L-P conditionally waived defenses it could have asserted such as improper installation by the builder, improper maintenance by the homeowner, and numerous technical legal defenses (these defenses can be reinstated under certain conditions). In exchange, the settlements provided a more aggressive deduction based on the age of the product than was available under the limited warranty. The settlements also brought an end to highly contentious litigation that consumed inordinate amounts of Company time and resources and that potentially could have degenerated into tens of thousands of individual claims litigated in different courts throughout the country. The costs of defending such litigation would likely have substantially exceeded the amounts paid as damage awards.

Finally, prompt settlement on economic terms allowed management to devote all of its energies to reorganizing and reviving L-P's business, to rebuilding its damaged relations with the builders and consumers who purchase its products and to preserving the market for its improved siding product that was introduced in 1996.

The National Settlement also afforded L-P the opportunity to control both the amount and timing of payments in order to better manage liquidity and capital resources. (See more complete discussion of the settlements in Notes 7 and 8 to the financial statements). It also gave L-P a degree of control over the total liability for siding through the mechanism of optional funding payments for claims in excess of the mandatory base payments of \$275 million. These optional payments provide L-P the ability to prevent future legal claims by class members as long as L-P continues to exercise the additional funding options provided for under the National Settlement. L-P also has the ability to allow the settlement to expire if management determines that the settlement is no longer in the best interest of L-P and its shareholders.

CLAIMS PROCESS. L-P has entered into a contract with a court-approved independent administrator through which all National Settlement claims are processed (L-P processes all Florida Settlement claims). Potential claimants who have not opted out of the National and Florida Settlements are eligible to participate and claims are processed as follows:

- A request for a claim form is received and the potential claimant is entered into the system.
- A claim form and related instructions and information are mailed to the potential claimant.
- Upon receipt of a completed claim, it is reviewed for completeness. Incomplete claims packages are referred back to the claimant for additional information.
- Each complete claim package is forwarded to a court-approved third party inspection firm that is responsible for inspecting the structure and determining the footage of damaged siding, as defined under the appropriate settlement and, in the case of the Florida Settlement, determining whether any contributing factors exist such as improper installation or maintenance.
- The independent administrator calculates the monetary damages based on the footage of damaged siding, the age of the siding, the average cost of siding replacement in the appropriate geographic region and, in the case of the Florida Settlement, contributing factors such as improper installation or maintenance.

- The claim processing is completed and the claim is either paid (immediately in the case of the Florida class action settlement and when money is available in the National Settlement fund) or placed in the payment queue for the National Settlement.

As of December 31, 1999, approximately 273,000 requests had been received for claim forms for the National Settlement and the Florida Settlement. Approximately 172,000 completed claim forms had been received. The average amount for settled claims has been approximately \$5,100. The total number of completed claim forms pending (not settled) as of December 31, 1999 was approximately 67,000, with approximately 76,000 claims settled and approximately 29,000 claims dismissed through December 31, 1999. Dismissal of claims is typically the result of claims for product not produced by L-P or claims that lack sufficient information or documentation after repeated efforts to correct those deficiencies. The average amount of claims settled after December 31, 1999 may be significantly impacted by the Second Fund discussed further below.

AMOUNT AND TIMING OF ACCRUALS. The amount and timing of the accruals related to the siding matters are discussed below.

The accruals for OSB siding claims relating to both the National Settlement and the Florida Settlement, including related legal costs, settlement administration costs, claims of persons who opted-out of the settlements and residual warranty claims, have been analyzed and accounted for collectively. The activity in the combined accruals is as follows:

Dollar amounts in millions

year ended December 31	1999	1998	1997
Beginning balance	\$323.9	\$164.7	\$184.9
Accruals made during the year	---	247.5	161.9
Payments made	(97.4)	(100.8)	(182.1)
Insurance recovery	---	12.5	---
Ending balance	\$226.5	\$323.9	\$164.7

During the third quarter of 1995, the final settlement was reached in the Florida Settlement (approved by the court in October 1995), and L-P reached an agreement in principle with class counsel in the National Settlement with a specified base funding schedule of \$275 million. Management believed that these two events made the liabilities probable and estimable at that point in time. Based on a statistical analysis of historical claims data and information collected by its litigation counsel, management believed that the National Settlement liability, inclusive of notice, administration, and inspection costs, would not exceed \$275 million. Because claims of persons who opted out of the settlement would theoretically reduce the amount required to be paid under the settlement, L-P believed that no separate accrual for opt outs was required. In later years, as noted below, management recorded additional accruals for opt-out claims due to evidence indicating that claims paid under the settlement would likely amount to at least \$275 million and therefore opt-out claims would be incremental to the National Settlement. The Florida Settlement liability was estimated at \$50 million by attorneys working on the settlement. Estimated legal, professional and other costs were also accrued at that time.

Because the court approval process related to the National Settlement was not finalized until June of 1996, and the Florida Settlement process was just getting started, management believed the existing accrual remained adequate for the two class action settlements. However, the amounts paid to resolve opt out claims subsequent to the approval of the National Settlement combined with evidence that claims under the National Settlement would likely amount to at least \$275 million caused L-P to believe that the previous accruals would be not be sufficient to cover these amounts. Accordingly, in the third quarter of 1996, L-P accrued an additional \$36 million based on known claims that L-P's management and litigation counsel believed were probable and estimable. Opt-out claims in the amount of approximately \$32 million were settled and paid in 1996. An additional \$2.1 million was added to the reserve in the fourth quarter of 1996 for increased legal costs.

During the first half of 1997, the independent administrators and third-party claims inspectors for the National Settlement began to reduce a backlog of unprocessed claims that had arisen during the months after final court approval of the National Settlement. At that time, management continued to believe the estimate of the total liability was adequate. L-P engaged an outside statistician who developed a model to assist management in estimating the liabilities by projecting the monetary amount of claims in the system at any point in time based upon the total number of claims forms requested to date. This projection method is based on factors and ratios that must be estimated from actual claims experience and trends in claim form requests. Additionally, trends in claim form requests themselves (which drive the projections over the longer term) have remained very erratic and difficult to forecast. Factors such as weather, publicity about siding matters, revisions in the National Settlement, and other factors have affected the pattern of claim form requests which has made it difficult for the statistician to extract any meaningful underlying trend. The statistician's model is affected by the above and is therefore designed to be used as only a part of management's estimation of the future liability.

By the end of the third quarter of 1997, management concluded that an additional accrual of \$50 million was required for the National Settlement claims. Also, \$111.9 million was accrued to cover additional estimates for the Florida Settlement claims, National Settlement administration costs, additional opt out settlements and additional legal fees. These updated estimates were based partially on the application of the model and updated estimates provided by attorneys and others familiar with the settlement, all of which experienced unanticipated increases compared to L-P's earlier estimates. The principal factors that led to a higher estimated accrual in the third quarter of 1997 were as follows:

- An increase in the average cost per settled claim (under the National Settlement only) from approximately \$5,400 at the end of 1996 to approximately \$6,100 by the end of the third quarter of 1997.
- A steady to increasing rate of claims forms requested and returned where L-P originally estimated those figures to decrease over time. For example, completed claims forms received by the National Settlement claims administrator increased from approximately 33,000 at the end of 1996 to approximately 61,000 at the end of the third quarter of 1997.

The principal factors leading to an increase in the accrual for the Florida Settlement are similar to those above for the National Settlement.

In subsequent quarters of 1997 and 1998, L-P continued to monitor the claims figures in order to evaluate the need for adjustments to the liability. During the third quarter of 1998 management evaluated available options under the National Settlement because of continuing changes occurring with the underlying data. The National Settlement claims administrator had received approximately 10,000 claims forms per quarter from the fourth quarter of 1997 through the third quarter of 1998, bringing the total to approximately 101,000 claims forms received through September 1998. This represents an increase of approximately 65% in one year. The average cost per settled claim did not change significantly during this period. The options under consideration included (i) allowing the settlement to terminate under the National Settlement terms and conditions; (ii) continuing the settlement without modification by electing to fund the optional payments as they became due; or (iii) attempting to resolve remaining claims through an alternative method.

In July 1998, L-P formally proposed to class counsel enhancements to the National Settlement: (i) the concept of prepaying the balance of the mandatory and two discretionary \$50 million contributions to the National Settlement fund on a discounted basis (the "Early Payment Program"); and (ii) the concept of creating a second, supplemental settlement fund (the "Second Fund"). After numerous negotiating sessions, L-P and class counsel were able to finalize an agreement on the terms of these programs, which were agreed to by the parties in the third quarter of 1998 and subsequently approved by the court in October 1998. Consistent with this agreement, L-P accrued the estimated costs of these programs. The incremental costs of these programs was estimated to be approximately \$22.3 million (netting the effect of prior accruals and the effect of discounts of payments allowed under this program) for the Early Payment Program and \$125.0 million for the Second Fund. These amounts were accrued during the third quarter of 1998 as were additional amounts totaling \$112.7 million for the legal and administrative costs of these programs, claims of claimants who may opt out of the Second Fund, additional Florida Settlement claims based on statistical estimates, warranty claims subsequent to the expiration of the National and Florida Settlements and other costs.

Throughout the period the National and Florida Settlements have been in effect, L-P has recorded accruals which represent management's best estimates of amounts to be paid based on available information. The unusual nature of the National and Florida Settlements and the various remedies available to L-P makes the process of estimating these accruals difficult. The liability recorded at December 31, 1999 represents management's best estimate of the future liability related to siding claims based on the most current information available. There can be no assurance that the ultimate liability will not significantly exceed the recorded liability. Numerous factors affect the total amount of the future liability. These factors are discussed below.

EARLY PAYMENT PROGRAM AND SECOND FUND. L-P entered into these programs in 1998 after careful consideration of the potential monetary and non-monetary impacts of all of its alternatives and based on management's belief that they will help to keep the average cost per claim from increasing. Despite the increased costs of entering into these programs, L-P's management deemed them to be in the best interests of L-P and its stockholders. This decision was based on several very important considerations and assumptions.

First, as a result of executing these programs, L-P is protected from any further legal action by class members until at least June of 2003. Second, L-P's management believed that the Early Payment Program would be attractive to claimants who wished to repair or replace their exterior siding in a timely manner, as the discounts proposed were relatively modest. In addition, management believed that the Second Fund would encourage claimants to timely submit new claims during 1999 and accept a discounted payment in 2000, thereby removing these claimants from any future action. With these two programs, management believed the likelihood of any residual claimants initiating successful legal action after 2003 would be significantly diminished. Third, management believed the effects of negative publicity regarding L-P's siding products would be reduced under these programs. Negative publicity could severely limit the growth of L-P's new siding products. Finally, management believed these programs would be a lower risk approach to extinguishing remaining claims at an acceptable cost. Payment of claims under the Second Fund is at the discretion of L-P. Now that the deadline of December 31, 1999 for submission of all claims has passed, several steps must take place including the verification and calculation of individual claim amounts and the opportunity for each claimant to opt out of the Second Fund after they have been informed of their pro rata settlement amount. After those steps are completed, L-P has the final decision whether or not to proceed with the funding. L-P's management will not be able to make this decision until all claims eligible for this program have been received and inspected and it is known how many claimants have decided to remain in the Second Fund (along with the dollar value of their claims). Management believes this will not occur until some time in the second or third quarter of 2000. Based on this, management will decide whether to proceed with the Second Fund or to pursue alternative resolutions. To the extent the programs do not result in the desired consequences, estimates of costs of additional claims could change in the future.

FUTURE COSTS. Other factors potentially influencing future costs include:

- The costs of administering the settlements or any alternative approach of resolving claims including the actual claims costs, notice costs, inspection costs, third party administrator costs and attorney's fees.
- The possibility of claimants bringing a second class action lawsuit (L-P believes plaintiffs would be legally barred from this action provided that all payments under the settlement have been made).
- Unforeseen changes in the level of claims in the Florida Settlement.
- Litigation related to other impacts of using L-P's siding, not specifically related to product performance.

Changes in the above factors have caused the estimated accrual amounts to change in the past. However, L-P does not currently anticipate that these factors will cause a significant change in the remaining accruals for the reasons stated herein.

INSURANCE RECOVERIES. In 1998, L-P recorded approximately \$28.4 million in insurance recoveries. At December 31, 1999, L-P was in the process of pursuing additional claims against certain insurance carriers. It is not presently determinable what additional amounts, if any, will be recovered, although L-P presently expects to receive one or more additional settlements aggregating at least \$5 million in the first quarter of 2000. The resolution of these matters could ultimately affect the net amounts paid by L-P.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operations increased to \$473 million in 1999 from \$123 million in 1998, and \$88 million in 1997. In 1999 and 1998, the increase in cash provided by operations resulted primarily from improved operating profits and lower cash outflows for contingency settlements. L-P paid out \$104 million in 1999, \$113 million in 1998 and \$205 million in 1997 related to litigation settlements.

Net cash used by investing activities was \$783 million in 1999 and was primarily used for the ABT, Forex and Evans acquisitions as well as other capital expenditures. L-P received proceeds of \$74 million in 1999, from the sale of the Alaskan operations and from the sale of the coatings and chemicals operations (Associated Chemists, Inc. subsidiary). Net cash provided by investing activities was \$246 million in 1998 compared to net cash used in investing activities of \$140 million in 1997. In 1998, L-P received \$368 million from the sale of assets, primarily timber, sawmill and distribution assets in California, the Weather-Seal window and door operations and Creative Point, Inc. In 1997, L-P received \$64 million of cash for assets sold. In 1997, L-P made significant investments in new OSB facilities. Capital expenditures decreased in 1999 and 1998 compared to 1997 as L-P was not in the heavy construction phase of any new mills and instead concentrated on upgrades of existing facilities, timber to supply its operations and environmental projects, such as pollution control equipment and waste disposal facilities.

In 1999, net cash provided by financing activities was \$300 million, compared to cash used in financing activities of \$275 million in 1998 and \$56 million provided in 1997. In 1999, L-P borrowed \$629 million, primarily to finance acquisitions and repaid \$225 million of existing debt. In 1998, a total of \$496 million was used to repay term and revolving loans. L-P borrowed \$348 million in 1998 by issuing senior secured notes backed by notes receivable received in a separate asset sale transaction. L-P increased its net borrowings by \$114 million in 1997 to finance settlement obligations and capital expenditures payments. Treasury stock purchases were \$48 million in 1999, \$67 million in 1998 and \$3 million in 1997.

L-Ps liquidity remained strong in 1999, principally from improved cash flows from operations and the availability of credit facilities. L-P has a revolving credit facility of \$300 million with no outstanding borrowings at year-end 1999. This facility is available until 2002. L-P also has a \$50 million (Canadian) revolving credit facility with no outstanding borrowings at December 31, 1999. This facility matures in March 2000 and L-P is in the renewal process. L-P has an additional \$29 million available under a \$250 million credit facility which was used for acquisitions in 1999. Subsequent to year-end, L-P anticipates filing a registration statement for \$750 million of debt securities to be offered from time to time in one or more series. The amount, price and other terms of any such offering will be determined on the basis of market conditions and other factors existing at the time of such offering. The proceeds from the sale of such securities are anticipated to be used by L-P to refinance a portion of its existing indebtedness and for general corporate purposes. Management believes, with respect to its current operations, that year-end cash and cash equivalents balances combined with the available lines of credit, borrowings in the capital markets, and cash to be generated from operations will be sufficient to meet projected cash needs including the payments related to the siding litigation settlement referred to above.

The major variations in L-P's balance sheet between December 31, 1999 and 1998, including inventories, timber and timberland, fixed assets, goodwill, accounts payable and accrued liabilities and deferred taxes are primarily attributable to balances of companies acquired during the year. The increase in long-term debt is due to borrowings for the acquisitions. The decrease in total contingency reserves, including the current portion, is due to payments made during the year.

Contingency reserves, which represent an estimate of future cash needs for various contingencies (principally, payments for siding litigation settlements), totaled \$309 million at December 31, 1999, of which \$180 million is estimated to be payable within one year. As with all accounting estimates, there is inherent uncertainty concerning the reliability and precision of such estimates. As described above and in Note 8 to the financial statements, the amounts ultimately paid in resolving these contingencies could exceed the current reserves by a material amount.

Pursuant to its business strategy, L-P selectively targets acquisitions that complement its core competencies and have strong growth prospects. Accordingly, L-P intends from time to time to consider possible acquisitions of

other companies, businesses and assets. Acquisition transactions, if any, are expected to be financed through a combination of cash on hand and from operations and the possible issuance from time to time of long-term debt or other securities. Depending upon conditions in the capital markets and other factors, L-P will from time to time consider the issuance of debt or other securities, or other possible capital markets transactions, the proceeds of which could be used to refinance current indebtedness or for other corporate purposes.

STOCK REPURCHASE PROGRAM

On July 27, 1998, L-P announced a program to repurchase up to 20 million common shares from time to time in the open market. As of December 31, 1999, L-P had reacquired approximately 7 million shares for approximately \$114 million. L-P had approximately 105 million shares outstanding at year-end.

CARRYING VALUE OF CERTAIN ASSETS

L-P is seeking to sell its Chetwynd, British Columbia pulp mill, which is presently managed by an unrelated party pursuant to a management agreement having a term of 24 months that expires in April 2001. In addition, L-P is exploring the possible sale of the Samoa, California pulp mill. While L-P currently believes it has adequate support for the carrying value of the affected assets, there can be no assurance that the proceeds ultimately received in any sale transaction would not fall short of the applicable carrying value, resulting in a loss on such sale.

In 1996, L-P purchased all the outstanding shares of GreenStone Industries, Inc., a maker of cellulose insulation. Since that time, GreenStone has incurred losses. Management is aggressively taking actions to return the operations to profitability, including implementation of cost-cutting measures, development of new installers and a reorganization of the sales force. A significant factor in returning the operations to sustained profitability is the future cost and availability of waste paper, which is the primary raw material used in the manufacture of cellulose insulation. Management is exploring options to secure more stable and cost-efficient waste paper supplies. L-P currently believes it has adequate support for the carrying value of the GreenStone assets, including goodwill, and therefore no impairment charge is currently required. However, it is possible that future analyses will indicate that an impairment charge is necessary.

Refer to Note 1 to the financial statements for a discussion of L-P's accounting policy regarding asset impairments.

YEAR 2000 COMPLIANCE

L-P did not experience any significant malfunctions or errors in its operating or business systems when the date changed from 1999 to 2000. Based on operations since January 1, 2000, L-P does not expect any significant impact to its on-going business as a result of the "Year 2000 issue." However, it is possible that the full impact of the date change, which was of concern due to computer programs that use two digits instead of four digits to define years, has not been fully recognized. For example, it is possible that Year 2000 or similar issues such as leap year related problems may occur with billing, payroll, or financial closings at month, quarterly or year end. L-P believes that any such problems are likely to be minor and correctable. In addition, the Company could still be negatively impacted if its customers or suppliers are adversely affected by the Year 2000 or similar issues. L-P currently is not aware of any significant Year 2000 or similar problems that have arisen for its customers and suppliers.

L-P expended approximately \$7 million on Year 2000 readiness efforts from 1997 to 1999. These efforts included replacing some outdated, non-compliant hardware and non-compliant software as well as identifying and remediating Year 2000 problems. However, the total expended excludes expenses and capital costs associated with replacing systems which L-P would have replaced regardless of Year 2000 issues, including a new human resources information system and a new core financial system.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated Balance Sheets

dollar amounts in millions

December 31	1999	1998
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 116.0	\$ 126.5
Accounts receivable, less reserves of \$3.2 and \$1.5	200.7	134.7
Inventories	293.4	205.7
Prepaid expenses	18.5	8.1
Income tax refunds receivable	--	43.9
Deferred income taxes	110.8	93.2
Total current assets	739.4	612.1
Timber and timberlands, at cost less cost of timber harvested	611.1	499.0
Property, plant and equipment, at cost:		
Land, land improvements and logging roads, net of road amortization	201.1	150.4
Buildings	307.5	246.6
Machinery and equipment	1,972.0	1,663.2
Construction in progress	56.8	26.3
	2,537.4	2,086.5
Accumulated depreciation	(1,203.4)	(1,173.2)
Net property, plant and equipment	1,334.0	913.3
Goodwill, net of amortization	347.7	60.0
Notes receivable from asset sales	403.8	403.8
Other assets	52.2	30.9
Total assets	\$ 3,488.2	\$ 2,519.1

See Notes to Financial Statements.

dollar amounts in millions, except per share

December 31	1999	1998
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 44.9	\$ 34.1
Accounts payable and accrued liabilities	306.5	192.5
Income taxes payable	9.3	--
Current portion of contingency reserves	180.0	140.0
	-----	-----
Total current liabilities	540.7	366.6
Long-term debt, excluding current portion:		
Limited recourse notes payable	396.5	396.5
Other debt	618.3	63.3
	-----	-----
Total long-term debt	1,014.8	459.8
Deferred income taxes	396.3	203.6
Contingency reserves, excluding current portion	128.8	228.0
Other long-term liabilities and minority interest	47.6	38.3
Commitments and contingencies		
Stockholders' Equity:		
Common stock, \$1 par value, 200,000,000 shares authorized, 116,937,022 shares issued	117.0	117.0
Preferred stock, \$1 par value, 15,000,000 shares authorized, no shares issued	--	--
Additional paid-in capital	445.4	465.4
Retained earnings	1,076.4	918.8
Treasury stock, 11,968,577 shares and 9,663,976 shares, at cost	(228.3)	(204.0)
Loans to Employee Stock Ownership Trusts	(6.9)	(28.8)
Accumulated comprehensive income (loss)	(43.6)	(45.6)
	-----	-----
Total stockholders' equity	1,360.0	1,222.8
	=====	=====
Total liabilities and stockholders' equity	\$ 3,488.2	\$ 2,519.1
	=====	=====

See Notes to Financial Statements.

Consolidated Statements of Income
dollar amounts in millions, except per share

year ended December 31	1999	1998	1997
Net Sales	\$ 2,878.6	\$ 2,297.1	\$ 2,402.5
Costs and expenses:			
Cost of sales	2,080.1	1,853.8	2,126.7
Depreciation and amortization	156.3	143.8	142.8
Cost of timber harvested	45.7	41.6	41.1
Selling and administrative	219.4	184.7	181.2
Unusual credits and charges, net	8.2	47.8	32.5
Interest expense, net of capitalized interest	47.9	37.5	30.9
Interest income	(36.0)	(24.7)	(1.9)
Total costs and expenses	2,521.6	2,284.5	2,553.3
Income (loss) before taxes and minority interest	357.0	12.6	(150.8)
Provision (benefit) for income taxes	139.5	14.4	(44.4)
Minority interest in net income (loss) of consolidated subsidiaries	.7	(3.8)	(4.6)
Net income (loss)	\$ 216.8	\$ 2.0	\$ (101.8)
Net income (loss) per share - basic and diluted	\$ 2.04	\$.02	\$ (.94)
Cash dividends per share of common stock	\$.56	\$.56	\$.56
Average shares of common stock (millions)			
Basic	106.2	108.4	108.5
Diluted	106.2	108.6	108.5

See Notes to Financial Statements.

Consolidated Statements of Cash Flows

dollar amounts in millions

year ended December 31	1999	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	\$ 216.8	\$ 2.0	\$ (101.8)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation, amortization and cost of timber harvested	202.0	185.4	183.9
Unusual credits and charges, net	8.2	61.2	216.6
Cash settlements of contingencies	(104.0)	(113.2)	(204.8)
Other adjustments	20.4	11.2	(54.5)
Decrease (increase) in receivables	7.0	(3.8)	(4.0)
Decrease (increase) in inventories	13.5	7.1	12.8
Decrease (increase) in income tax refunds receivable	46.0	33.7	21.8
Decrease (increase) in prepaid expenses	(5.9)	(4.0)	4.7
Increase (decrease) in accounts payable and accrued liabilities	12.7	(64.2)	(1.8)
Increase (decrease) in income taxes payable	2.6	--	--
Increase (decrease) in deferred income taxes	53.3	7.6	15.3
Net cash provided by operating activities	472.6	123.0	88.2
CASH FLOWS FROM INVESTING ACTIVITIES			
Plant, equipment and logging road additions	(88.3)	(77.8)	(106.2)
Timber and timberland additions	(29.6)	(44.7)	(49.7)
Assets sale proceeds	74.2	367.6	63.6
Acquisitions, including replacement of debt	(726.1)	--	(48.6)
Other investing activities, net	(13.6)	1.3	1.0
Net cash provided by (used in) investing activities	(783.4)	246.4	(139.9)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net decrease in short-term notes payable	--	(22.0)	(13.4)
Long-term borrowings	629.3	348.6	228.4
Repayment of long-term debt	(224.6)	(473.9)	(101.0)
Cash dividends	(59.2)	(60.7)	(60.7)
Purchase of treasury stock	(47.9)	(66.5)	(2.9)
Loans to ESOTs	--	(15.0)	--
Treasury stock sold to ESOTs	--	15.0	--
Other financing activities, net	2.7	(.3)	5.4
Net cash provided by (used in) financing activities	300.3	(274.8)	55.8
Net increase (decrease) in cash and cash equivalents	(10.5)	94.6	4.1
Cash and cash equivalents at beginning of year	126.5	31.9	27.8
Cash and cash equivalents at end of year	\$ 116.0	\$ 126.5	\$ 31.9

See Notes to Financial Statements.

Consolidated Statements of Stockholders' Equity
dollar and share amounts in millions

	Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings
	Shares	Amount	Shares	Amount		
BALANCE AS OF DECEMBER 31, 1996	116.9	\$ 117.0	8.2	\$ (183.3)	\$ 472.7	\$ 1,140.0
Net loss	--	--	--	--	--	(101.8)
Cash dividends, \$.56 per share	--	--	--	--	--	(60.7)
Issuance of shares for employee stock plans and for other purposes	--	--	(1.0)	22.8	(.5)	--
Purchase of treasury stock	--	--	.1	(2.9)	--	--
Employee Stock Ownership Trust contribution	--	--	--	--	--	--
Currency translation adjustment	--	--	--	--	--	--
Pension liability adjustment	--	--	--	--	--	--
Other	--	--	--	--	--	--
Other comprehensive income (loss)	--	--	--	--	--	--
Total comprehensive income (loss)	--	--	--	--	--	--
BALANCE AS OF DECEMBER 31, 1997	116.9	\$ 117.0	7.3	\$ (163.4)	\$ 472.2	\$ 977.5
Net income	--	--	--	--	--	2.0
Cash dividends, \$.56 per share	--	--	--	--	--	(60.7)
Issuance of shares for employee stock plans and for other purposes	--	--	(1.1)	25.9	(6.8)	--
Purchase of treasury stock	--	--	3.5	(66.5)	--	--
Employee Stock Ownership Trust contribution	--	--	--	--	--	--
Currency translation adjustment	--	--	--	--	--	--
Pension liability adjustment	--	--	--	--	--	--
Other	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income	--	--	--	--	--	--
BALANCE AS OF DECEMBER 31, 1998	116.9	\$ 117.0	9.7	\$ (204.0)	\$ 465.4	\$ 918.8
Net income	--	--	--	--	--	216.8
Cash dividends, \$.56 per share	--	--	--	--	--	(59.2)
Issuance of shares for employee stock plans and for other purposes	--	--	(1.2)	23.6	(20.0)	--
Purchase of treasury stock	--	--	3.5	(47.9)	--	--
Employee Stock Ownership Trust contribution	--	--	--	--	--	--
Currency translation adjustment	--	--	--	--	--	--
Other	--	--	--	--	--	--
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income	--	--	--	--	--	--
BALANCE AS OF DECEMBER 31, 1999	116.9	\$ 117.0	12.0	\$ (228.3)	\$ 445.4	\$ 1,076.4

	Loans to ESOTs	Accumulated Comprehensive Income (Loss)	Total Stockholders' Equity	Comprehensive Income (Loss)
BALANCE AS OF DECEMBER 31, 1996	\$ (61.6)	\$ (57.2)	\$ 1,427.6	
Net loss	--	--	(101.8)	\$ (101.8)
Cash dividends, \$.56 per share	--	--	(60.7)	--
Issuance of shares for employee stock plans and for other purposes	--	--	22.3	--
Purchase of treasury stock	--	--	(2.9)	--
Employee Stock Ownership Trust contribution	23.9	--	23.9	--
Currency translation adjustment	--	--	--	(15.0)
Pension liability adjustment	--	--	--	(8.2)
Other	--	--	--	1.0
Other comprehensive income (loss)	--	(22.2)	(22.2)	(22.2)
Total comprehensive income (loss)	--	--	--	\$ (124.0)
BALANCE AS OF DECEMBER 31, 1997	\$ (37.7)	\$ (79.4)	\$ 1,286.2	
Net income	--	--	2.0	\$ 2.0
Cash dividends, \$.56 per share	--	--	(60.7)	--
Issuance of shares for employee stock plans and for other purposes	(15.0)	--	4.1	--
Purchase of treasury stock	--	--	(66.5)	--
Employee Stock Ownership Trust contribution	23.9	--	23.9	--
Currency translation adjustment	--	--	--	37.1
Pension liability adjustment	--	--	--	(4.2)
Other	--	--	--	.9
Other comprehensive income	--	33.8	33.8	33.8

Total comprehensive income	--	--	--	\$ 35.8
	-----	-----	-----	=====
BALANCE AS OF DECEMBER 31, 1998	\$ (28.8)	\$ (45.6)	\$ 1,222.8	
Net income	--	--	216.8	\$ 216.8

Cash dividends, \$.56 per share	--	--	(59.2)	--
Issuance of shares for employee stock plans and for other purposes	--	--	3.6	--
Purchase of treasury stock	--	--	(47.9)	--
Employee Stock Ownership Trust contribution	21.9	--	21.9	--
Currency translation adjustment	--	--	--	1.7
Other	--	--	--	.3

Other comprehensive income	--	2.0	2.0	2.0

Total comprehensive income	--	--	--	\$ 218.8
	=====	=====	=====	=====
BALANCE AS OF DECEMBER 31, 1999	\$ (6.9)	\$ (43.6)	\$ 1,360.0	
	=====	=====	=====	=====

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Nature of Operations

Louisiana-Pacific Corporation and its subsidiaries (collectively L-P or the Company) are principally engaged in the manufacture of building products, and to a lesser extent, market pulp. Through its foreign subsidiaries, the Company also maintains manufacturing facilities in Canada and Ireland. The principal customers for the Company's building products are retail home centers, builders, manufactured housing producers, distributors and wholesalers in North America, with minor sales to Asia and Europe. The principal customers for its pulp products are brokers in Asia and Europe, with minor sales in North America.

A significant portion of L-P's sales are derived from wood-based Structural Products, including oriented strand board, plywood, lumber, engineered I-joists and laminated veneer lumber. See Note 10 to the financial statements for further information.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. See discussion of specific estimates in footnotes entitled "Income Taxes," "Retirement Plans," "Stock Options and Plans," "Unusual Credits and Charges, Net" and "Contingencies."

Principles of Presentation

The consolidated financial statements include the accounts of Louisiana-Pacific Corporation and all of its subsidiaries, after elimination of intercompany balances and transactions.

Earnings Per Share

Basic and diluted earnings per share are based on the weighted average number of shares of common stock outstanding during the periods. The effect of potentially dilutive common stock equivalents (employee stock options and purchase plans) is not included in the calculation of diluted earnings per share for years in which losses are reported because the effect is anti-dilutive. Shares held by L-P's Employee Stock Ownership Trusts (ESOTs) which were acquired by the ESOTs on or after January 1, 1994 and have not been allocated to participants' accounts, are not considered outstanding for purposes of computing earnings per share (227,161 shares at December 31, 1999, 1,206,671 shares at December 31, 1998 and 763,786 shares at December 31, 1997).

Cash and Cash Equivalents

L-P considers all highly liquid securities with maturities of three months or less at the time of purchase to be cash equivalents. Cash paid during 1999, 1998 and 1997 for interest (net of capitalized interest) was \$46.2 million, \$40.5 million and \$29.2 million. Net cash paid (received) during 1999, 1998 and 1997 for income taxes was \$39.3 million, \$(25.5) million and \$(80.7) million.

L-P invests its excess cash with high quality financial institutions and, by policy, limits the amount of credit exposure at any one financial institution. In addition, L-P generally holds its cash investments until maturity and is therefore not subject to significant market risk.

Inventory Valuation

Inventories are valued at the lower of cost or market. Inventory costs include materials, labor and operating overhead. The LIFO (last-in, first-out) method is used for most log and lumber inventories with remaining inventories valued at FIFO (first-in, first-out) or average cost. Inventory quantities are determined on the basis of physical inventories, adjusted where necessary for intervening transactions from the date of the physical inventory to the end of the year. The major types of inventories are as follows (work in process is not material):

dollar amounts in millions

December 31	1999	1998
Logs	\$ 104.1	\$ 89.8
Other raw materials	47.9	23.5
Finished products	159.4	127.6
Supplies	28.4	17.4
LIFO reserve	(46.4)	(52.6)
Total	\$ 293.4	\$ 205.7

=====

A reduction in LIFO inventories in 1999 and 1998 resulted in a reduction of cost of sales of \$8.8 million and \$15.8 million.

TIMBER

L-P follows an overall policy on fee timber that amortizes timber costs over the total fiber available during the estimated growth cycle as volume is harvested. Timber carrying costs, such as reforestation and forest management, are expensed as incurred. Cost of timber harvested includes not only the cost of fee timber, but also the amortization of the cost of long-term timber deeds.

PROPERTY, PLANT AND EQUIPMENT

L-P principally uses the units of production method of depreciation for machinery and equipment which amortizes the cost of equipment over the estimated units that will be produced during its useful life. Provisions for depreciation of buildings and the remaining machinery and equipment have been computed using straight-line rates based on the estimated service lives. The effective straight-line rates for the principal classes of property range from approximately 5 percent to 20 percent.

Logging road construction costs are capitalized and included in land and land improvements. These costs are amortized as the timber volume adjacent to the road system is harvested.

L-P capitalizes interest on borrowed funds during construction periods. Capitalized interest is charged to machinery and equipment accounts and amortized over the lives of the related assets. Interest capitalized during 1999, 1998 and 1997 was \$3 million, \$1.6 million and \$4.8 million.

L-P adopted American Institute of Certified Public Accountants Statement of Position (SOP) 98-5, "Reporting on the Costs of Start-up Activities," in 1998. SOP 98-5 requires the cost of start-up activities and organization costs to be expensed as incurred. Start-up costs written off in 1998 were \$3.5 million.

STOCK-BASED COMPENSATION

Stock options and other stock-based compensation awards are accounted for using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations.

ASSET IMPAIRMENTS

Long-lived assets to be held and used by the Company and goodwill are reviewed for impairment when events and circumstances indicate costs may not be recoverable. Losses are recognized when the book values exceed expected undiscounted future cash flows. If impairment exists, the asset's book value is written down to its estimated realizable value. Assets to be disposed of are written down to their estimated fair value, less sales costs. See Note 7 to the financial statements for a discussion of charges in 1999, 1998 and 1997 related to impairments of property, plant and equipment.

DERIVATIVE FINANCIAL INSTRUMENTS

In June 1998, the Financial Accounting Standards Board adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133). The new statement will require recognition of all financial instruments as either assets or liabilities on the balance sheet at fair value; changes to fair value will impact earnings either as gains or losses. SFAS 133, as amended by SFAS 137, will be effective for L-P beginning January 1, 2001. L-P is currently determining the impact this statement will have on the Company's financial statements and related disclosures.

FOREIGN CURRENCY TRANSLATION

The functional currency for the majority of the Company's foreign subsidiaries is the U.S. dollar. The financial statements of foreign subsidiaries are remeasured into U.S. dollars using the historical exchange rate for property, plant and equipment, timber and timberlands, goodwill, equity and certain other non-monetary assets and liabilities and using the exchange rate at the balance sheet date for the remaining assets and liabilities. A weighted average exchange rate is used for each period for revenues and expenses. Transaction gains or losses are recorded in income. In cases where the local currency is the functional currency, translation adjustments are recorded in the Accumulated Comprehensive Income section of Stockholder's Equity.

GOODWILL

Goodwill has resulted from acquisitions and is being amortized on a straight-line basis primarily over 15 years. The amortization period of goodwill is periodically reviewed by the Company. Accumulated amortization was \$12.9 million and \$8.6 million at December 31, 1999 and 1998.

NOTES RECEIVABLE

Notes receivable from asset sales are related to transactions which occurred during 1997 and 1998. These notes provide collateral for L-P's limited recourse notes payable (see Note 4 to the financial statements).

In 1997, L-P received \$49.9 million in notes from a third party. The notes are due in principal payments of \$20.0 million in 2008, \$20.0 million in 2009 and \$9.9 million in 2012. Interest is to be received in semi-annual installments with rates varying from 5.62% to 7.5%.

In 1998, L-P received \$353.9 million in notes from a third party. The notes are due in principal payments of \$70.8 million in 2006, \$54.3 million in 2008, \$115.1 million in 2010, \$91.4 million in 2013 and \$22.3 million in 2018. The weighted average interest rate of the notes is 7%.

L-P believes the fair value of these notes at December 31, 1999 and 1998 was approximately \$361 million and \$410 million.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

2. Accounts Payable and Accrued Liabilities

dollar amounts in millions		
December 31	1999	1998
Accounts payable	\$ 195.0	\$ 127.3
Salaries and wages payable	40.6	23.0
Taxes other than income taxes	9.3	5.0
Workers' compensation	15.5	13.1
Other accrued liabilities	46.1	24.1
	\$ 306.5	\$ 192.5

3. Income Taxes

Income (loss) before taxes and minority interest was taxed under the following jurisdictions:

dollar amounts in millions			
year ended December 31	1999	1998	1997
Domestic	\$ 260.5	\$.1	\$ (87.0)
Foreign	96.5	12.5	(63.8)
	\$ 357.0	\$ 12.6	\$ (150.8)

Provision (benefit) for income taxes includes the following:

dollar amounts in millions			
year ended December 31	1999	1998	1997
Current tax provision (benefit):			
U.S. federal	\$ 45.8	\$ 3.1	\$ (65.0)
State and local	12.9	.3	(4.3)
Foreign	23.6	(2.7)	2.8
Net current tax provision (benefit)	\$ 82.3	\$.7	\$ (66.5)
Deferred tax provision (benefit):			
U.S. federal	\$ 65.7	\$ 59.6	\$ 32.2
State and local	6.9	6.3	3.4
Foreign	(15.4)	(52.2)	(13.5)
Net deferred tax provision (benefit)	\$ 57.2	\$ 13.7	\$ 22.1

The tax effects of significant temporary differences creating deferred tax (assets) and liabilities at December 31 were as follows:

----- dollar amounts in millions -----		
December 31	1999	1998

Property, plant and equipment	\$ 203.2	\$ 116.6
Timber and timberlands	113.9	148.0
Inventories	(4.2)	(1.3)
Accrued liabilities	(19.8)	(101.4)
Contingency reserves	(119.5)	(142.4)
Benefit of capital loss and NOL carryovers	(24.8)	(28.0)
Benefit of foreign ITC carryover	(36.5)	(61.0)
Benefit of U.S. alternative minimum tax credit	--	(20.0)
Installment sale gain deferral	147.3	147.1
Other	16.4	14.8
Valuation allowance	9.5	38.0

Net deferred tax liability	285.5	110.4
Net current deferred tax assets	(110.8)	(93.2)

Net non-current deferred tax liabilities	\$ 396.3	\$ 203.6
=====		

L-P's Canadian subsidiary, Louisiana-Pacific Canada Ltd. (LPC), has unrealized foreign investment tax credits (ITC) of approximately C\$66 million (Canadian dollars). These credits can be carried forward to offset future tax of LPC and reduce LPC's basis in the related property, plant and equipment. The credits expire C\$2 million in 2000, C\$45 million in 2001, C\$4 million in 2003, C\$13 million in 2004, C\$1 million in 2005 and C\$1 million in 2006. The \$25 million of capital loss and net operating loss (NOL) carryover amount included in the above table consists of \$15 million of state NOL carryovers which will expire in various years through 2013, and \$10 million of Canadian capital loss carryovers which may be carried forward indefinitely. L-P has recorded a valuation allowance against the entire Canadian capital loss carryover amount. The change in the valuation allowance from 1998 to 1999 primarily represents a reclassification to deferred taxes related to property, plant and equipment as a result of a tax basis reduction upon the expected utilization of Canadian investment tax credits.

U.S. taxes have not been provided on foreign subsidiaries' earnings of approximately \$98.2 million which are deemed indefinitely reinvested. Quantification of the deferred tax liability, if any, associated with indefinitely reinvested earnings is not practical.

The following table summarizes the differences between the statutory U.S. federal and effective income tax rates:

year ended December 31	1999	1998	1997
Federal tax rate	35%	35%	(35)%
State and local income taxes	3	4	(4)
Nondeductible fines	--	51	--
Foreign tax credits used	--	(35)	--
Other foreign tax effects	--	20	6
Nondeductible goodwill	1	41	(1)
Other, net	--	(2)	5
	<u>39%</u>	<u>114%</u>	<u>(29)%</u>

4. Long-term Debt

dollar amounts in millions

	Interest Rate at Dec. 31, 1999	December 31, 1999		December 31, 1998
Limited recourse notes payable - Senior secured notes, payable 2008-2012, interest rates fixed	7.1-7.5%	\$	47.9	\$ 47.9
Senior secured notes, payable 2006-2018, interest rates fixed	6.8-7.3		348.6	348.6
Project bank financing - Waterford, Ireland, OSB plant, payable in Irish pounds through 2002, interest rate variable	6.0		12.8	28.1
Project revenue bond financings, payable through 2022, interest rates variable	4.6-7.4		39.3	25.6
Employee Stock Ownership Trust (ESOT) Loans Hourly ESOT, repaid in 1999	--		--	8.5
Salaried ESOT, repaid in 1999	--		--	6.0
Forex bridge loan - unsecured, payable March 2000, interest rate variable	6.7		240.0	--
Forex bridge loan - unsecured, payable September 2004, interest rate variable	6.9		126.6	--
Evans bridge loan - unsecured, payable September 2004, interest rate variable	7.0		94.0	--
Notes payable to former Forex shareholders, unsecured, payable annually through 2003, interest rate variable	5.4		139.9	--
Montrose penalty liability, repaid in 1999	--		--	25.0
Other, interest rates vary	7.1-8.3		10.6	4.2
Total			1,059.7	493.9
Current portion			(44.9)	(34.1)
Net long-term debt			\$ 1,014.8	\$ 459.8

L-P believes the carrying amounts of long-term debt approximate fair market value because the interest rates are variable, with the exception of limited recourse notes payable which L-P believes have a fair value of approximately \$359 million and \$402 million at December 31, 1999 and 1998. Project bank financings are typically secured by the underlying assets of the related project. The limited recourse notes payable are collateralized by notes receivable from asset sales. Many of L-P's loan agreements contain lender's standard covenants and restrictions. L-P was in compliance with all of the covenants and restrictions of these agreements at December 31, 1999.

L-P issued \$348.6 million of senior debt in June 1998 in a private placement to institutional investors. The notes mature in principal amounts of \$69.7 million in 2006, \$53.5 million in 2008, \$113.4 million in 2010, \$90.0 million in 2013 and \$22.0 million in 2018. The notes are secured by \$353.9 million of notes receivable from Simpson Timber Company. In the event of a default by Simpson, L-P would only be liable to pay 10% of the notes payable.

In 1997, L-P issued \$47.9 million of senior debt in a private placement to institutional investors. The notes mature in principal amounts of \$20 million in 2008, \$20 million in 2009, and \$7.9 million in 2012. They are secured by \$49.9 million in notes receivable from Sierra Pacific Industries.

L-P utilized two bridge loan facilities to finance the acquisition of Forex. L-P borrowed \$300 million under a Bank of America bridge facility which was subsequently paid down to \$240 million. This facility expires in March 2000 and bears interest based on LIBOR rates plus a spread of .58%. L-P intends to refinance this facility with the \$300 million revolving line discussed below or with issuance of long term notes (see below). L-P also had outstanding \$126.6 million of \$250 million capacity under a Centric Capital bridge facility. This loan bears interest based on LIBOR rates plus a spread of .75%. Additionally, the tender offer allowed Forex shareholders to take cash or notes. Notes were issued to Forex shareholders in a total amount of C\$201.9 million (approximately US \$139.9 million). These notes bear interest at Canadian LIBOR rates plus a spread of .75%. The notes will be repaid over a period of four years.

L-P borrowed an additional \$94 million under the Centric Capital bridge facility to finance the acquisition of the assets of Evans.

At December 31, 1999, L-P had a \$300 million unsecured revolving facility with a group of banks which expires in 2002. L-P pays a commitment fee on the unused portion and there were no outstanding borrowings at year-end. Additionally, LPC has a \$50 million (Canadian) revolving credit facility which expires in March 2000. LPC pays a commitment fee on the unused portion but had no borrowings outstanding against the line at year-end.

The weighted average interest rate for all debt at December 31, 1999 and 1998 was 6.7 percent and 6.8 percent. Required repayment of principal for long-term debt, based on assumed refinancings, is as follows:

dollar amounts in millions

year ended December 31

2000	\$	44.9
2001		42.3
2002		278.4
2003		35.8
2004		237.6
2005 AND AFTER		420.7

Total

\$ 1,059.7
=====

L-P anticipates filing a registration statement for \$750 million of debt securities to be offered from time to time in one or more series. The amount, price and other terms of any such offering will be determined

on the basis of market conditions and other factors existing at the time of such offering. The proceeds from the sale of such securities are anticipated to be used by L-P to refinance a portion of its existing indebtedness and for general corporate purposes.

5. Retirement Plans

L-P maintains tax-qualified Employee Stock Ownership Trusts (ESOTs) for eligible salaried and hourly employees in the U.S. under which 10 percent of the eligible employees' annual earnings are contributed to the trusts. Approximately 7,100 L-P employees participate in the ESOTs. For years beginning after December 31, 1999, the flat 10 percent contribution will be discontinued and contributions will be made as described below.

The annual allocation of shares to participant accounts and compensation expense are generally based on the ESOTs' cost of the shares. However, as required, compensation expense in the financial statements for shares purchased by the ESOTs after 1993 is based on the market value of the shares at the time of allocation. L-P's ESOTs held a total of approximately 9.9 million shares at December 31, 1999 of which approximately 9.7 million were allocated to participants' accounts. ESOT expense is included in the retirement plan expense table below.

Effective January 1, 2000, L-P will be amending and reactivating the L-P Retirement Plan, a defined benefit plan which was initially frozen in 1994. Contributions to the plan of 5% of eligible participants' earnings, as defined in the plan, will be made by L-P with interest credited to participants' accounts. Prior vested benefits will be converted to a lump-sum balance. Effective October 1, 1999, the ESOTs were amended to allow for 401(k) deferrals. Effective January 1, 2000, 401(k) deferrals will be matched by L-P as follows: 100% match on the first 3% deferral and 25% match on the next 2% deferral for a maximum of a 3.5% matching contribution. Additionally, under new profit sharing plans which become effective January 1, 2000, discretionary profit sharing contributions of up to 3% of eligible employees' earnings, as defined in the plans, may be made by L-P for eligible participants employed at the end of each year. The Hourly and Salaried ESOTs will be merged with the respective new profit sharing plans effective December 31, 1999 for the salaried plans and December 31, 2000 for the hourly plans.

L-P also maintains other defined contribution pension plans covering various groups of hourly and salaried employees in the U.S. and other countries. Contributions to the plans are generally computed by one of three methods: 1) L-P contribution required based upon a defined formula with no employee contributions allowed; 2) L-P contribution required based upon a defined formula with elective or mandatory employee contributions; and 3) elective employee contributions only with no L-P contribution allowed.

L-P also has a number of defined benefit pension plans covering its hourly employees, most of which are frozen. Contributions to these plans are based on actuarial calculations of amounts to cover current service costs and amortization of prior service costs over periods ranging from 10 to 20 years. Contributions to multiemployer defined benefit plans are specified in applicable collective bargaining agreements.

L-P also has a Supplemental Executive Retirement Plan (SERP), a non-qualified defined benefit plan intended to provide supplemental retirement benefits to key executives. Benefits are generally based on compensation in the years prior to retirement. The projected benefit obligation was \$3.3 million at December 31, 1999. Expense for this plan is included in the retirement plan expense table below. L-P established a grantor trust to informally provide funding for the benefits payable under the SERP and a deferred compensation plan. During 1999, L-P contributed \$4.4 million to the trust. The funds were invested in corporate-owned life insurance policies. At December 31, 1999 and 1998, the trust assets were valued at \$13.5 million and \$8.6 million and are included in other assets in L-P's consolidated balance sheet.

The status of L-P administered qualified defined benefit pension plans is as follows:

dollar amounts in millions

December 31	1999		1998	
	Plan with assets in excess of accumulated benefits	Plans with accumulated benefits in excess of assets	Plan with assets in excess of accumulated benefits	Plan with accumulated benefits in excess of assets
Projected benefit obligation	\$ 12.3	\$179.0	\$ 11.8	\$110.6
Plan assets	13.3	146.9	13.9	93.0
Net funded (unfunded) status	1.0	(32.1)	2.1	(17.6)
Unrecognized asset at transition	--	(3.3)	--	(4.9)
Unrecognized net loss and other	4.4	41.8	3.7	34.8
Adjustment to recognize Minimum liability	--	(29.9)	--	(29.9)
Net prepaid (accrued) pension expense	\$ 5.4	\$(23.5)	\$ 5.8	\$(17.6)

Retirement plans changes and components are as follows:

dollar amounts in millions

December 31	1999	1998
CHANGE IN BENEFIT OBLIGATION		
Benefit obligation - January 1	\$122.4	\$ 114.3
Service cost	2.8	1.1
Interest cost	10.9	7.9
Amendments	17.3	--
Actuarial (gain)/loss	(14.7)	4.8
Acquisitions	61.0	--
Benefits paid	(8.4)	(5.7)
Benefit obligation - December 31	\$191.3	\$ 122.4
CHANGE IN ASSETS		
Fair value of assets - January 1	\$106.9	\$ 102.2
Actual return on plan assets	5.0	7.4
Employer contribution	1.6	3.0
Acquisitions	55.1	--
Benefits paid	(8.4)	(5.7)
Fair value of assets - December 31	\$160.2	\$ 106.9

Reconciliation of Funded Status

Funded status	\$ (31.1)	\$ (15.5)
Unrecognized actuarial loss	27.8	37.1
Unrecognized prior service cost	18.4	1.4
Unrecognized asset at transition	(3.3)	(4.9)

Prepaid benefit cost	\$ 11.8	\$ 18.1
=====		
Amounts recognized in the balance sheet consist of:		
Prepaid benefit cost	\$5.4	\$ 5.8
Accrued benefit liability	(23.5)	(17.6)
Deferred tax asset	11.6	11.6
Accumulated other comprehensive income	18.3	18.3

Net amount recognized	\$11.8	\$18.1
=====		

The actuarial assumptions used to determine pension expense and the funded status of the plans were: a discount rate on benefit obligations of 7.50% in 1999, 6.75% in 1998 and 7.25% in 1997; an 8.75% expected long-term rate of return on plan assets for all three years; and a 4.5% increase in future compensation levels for non-frozen plans.

Retirement plan expense included the following components:

dollar amounts in millions			

year ended December 31	1999	1998	1997

Benefits earned by employees	\$ 2.8	\$ 1.1	\$.2
Interest cost on projected benefit obligation	10.9	7.9	7.9
Return on plan assets	(12.6)	(9.2)	(9.0)
Net amortization and deferral	.8	(.5)	(1.0)

Net periodic pension expense (income)	1.9	(.7)	(1.9)
Expense related to ESOTs, multiemployer, defined contribution and non-qualified plans	26.6	26.0	28.8
Loss from settlement of pension Plan	--	--	7.3

Net retirement plan expense	\$ 28.5	\$ 25.3	\$ 34.2
=====			

The assets of the plans at December 31, 1999 and 1998 consist of government obligations, equity securities and cash and cash equivalents.

L-P has several plans which provide minimal postretirement benefits other than pensions. Net expense related to these plans was not significant. L-P does not generally provide post-employment benefits.

6. Stock Options and Plans

The Financial Accounting Standards Board issued SFAS 123, "Accounting for Stock-Based Compensation" which establishes a fair value approach to measuring compensation expense related to employee stock plans for grants on or after January 1, 1995. As permitted by SFAS 123, L-P has elected to adopt only the disclosure provisions of the standard and has therefore recorded no compensation expense for certain stock option plans and all stock purchase plans. Had compensation expense for L-P's stock-based compensation plans been determined based on the fair value at the grant dates under those plans consistent with the fair value methodology of SFAS 123, L-P's net income (loss) and net income (loss) per share would have been reduced to the pro forma amounts indicated below:

----- dollar amounts in millions, except per share -----			
year ended December 31	1999	1998	1997

Net income (loss)			
As reported	\$ 216.8	\$ 2.0	\$ (101.8)
Pro forma	209.4	(4.0)	(108.6)
Net income (loss) per share - basic and diluted			
As reported	\$ 2.04	\$.02	\$ (.94)
Pro forma	1.97	(.04)	(1.00)
=====			

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model using the actual option terms with the following assumptions: a 2.3 percent to 4.6 percent dividend yield; volatility of 40 percent in 1999, 39 percent in 1998 and 27 percent in 1997; and an average risk free interest rate of 5.0 percent in 1999, 5.3 percent in 1998 and 6.6 percent in 1997.

STOCK OPTION PLANS

L-P grants options to key employees and directors to purchase L-P common stock. The options are granted at 100 percent of market price at the date of grant. The options become exercisable over 3 years beginning one year after the grant date and expire 10 years after the date of grant. At December 31, 1999, 2.9 million shares were available under the current stock award plan for future option grants and all other stock-based awards.

Changes in options outstanding and exercisable were as follows:

----- share amounts in thousands -----			
	Number of Shares		
year ended December 31	1999	1998	1997

Options outstanding at January 1	2,823	2,373	1,678
Options granted	1,235	905	928
Options exercised	(183)	(113)	(155)
Options cancelled	(654)	(342)	(78)

Options outstanding at December 31	3,221	2,823	2,373
=====			
Options exercisable at December 31	1,246	1,170	912
=====			

WEIGHTED AVERAGE PRICE PER SHARE

year ended December 31	1999	1998	1997
------------------------	------	------	------

EXERCISE PRICE

Options granted	\$19.13	\$19.09	\$19.97
Options exercised	\$16.92	\$14.85	\$13.91
Options cancelled	\$21.68	\$21.08	\$24.21
Options outstanding	\$19.79	\$18.11	\$21.09
Options exercisable	\$20.46	\$21.41	\$21.09
FAIR VALUE AT DATE OF GRANT			
Options granted	\$ 7.55	\$ 5.73	\$ 6.05

PERFORMANCE-CONTINGENT STOCK AWARDS

L-P has granted performance-contingent stock awards to senior executives as allowed under the current stock award plan. The awards entitle the participant to receive a number of shares of L-P common stock determined by comparing L-P's cumulative total stockholder return to the mean total stockholder return of five other forest products companies for the four-year period beginning in the year of the award. Awards are granted at a target share level. Depending on L-P's four-year total stockholder return, the actual number of shares issued at the end of the four-year period could range from zero to 200 percent of this target. L-P did not record any compensation expense related to these awards in 1999, 1998, or 1997 based on the cumulative stockholders return for the applicable periods.

Changes in performance-contingent stock awards were as follows:

	Number Of Shares		
year ended December 31	1999	1998	1997
Target shares - awards outstanding at			
January 1	97,370	54,569	---
Target shares - awards granted	57,271	64,064	54,569
Target shares - awards cancelled	----	(21,263)	---
Target shares - awards outstanding at			
December 31	154,641	97,370	54,569

STOCK PURCHASE PLANS

L-P offers employee stock purchase plans to most employees. Under each plan, employees may subscribe to purchase shares of L-P stock over 24 months at 85 percent of the market price. At December 31, 1999, 441,866 and 129,893 shares were subscribed at \$13.04 and \$17.72 per share under the 1999 and 1998 Employee Stock Purchase Plans. During 1999, L-P issued 65,237 shares to employees at an average price of \$15.39 under all Employee Stock Purchase Plans.

EXECUTIVE LOAN PROGRAM

In November 1999, a subcommittee of the Compensation Committee of the Board of Directors approved an Executive Loan Program under which up to 1,700,000 shares of common stock were offered by

L-P for purchase, prior to January 23, 2000, by L-P's executive officers and other executives designated by its chief executive officer. Participants were permitted to borrow from L-P up to 100 percent of the price of the shares to be purchased, which was equal to the closing price of L-P's stock on the date of delivery of an election to participate to L-P. The maximum amount an individual was permitted to borrow was three times his or her annual base pay.

The loans bear interest at the annual rate of 6.02 percent. Interest and principal are due and payable at the earlier of January 23, 2005, or 30 days following the executive's resignation or involuntary termination of employment. The loans are unsecured. If an executive with a loan outstanding remains employed by L-P on January 23, 2005, or dies or becomes disabled while employed prior to the date, one-half of the loan principal and accrued interest will be forgiven if the executive still owns all the shares purchased under the program and the common stock has traded on the NYSE at a price of at least \$23 per share (subject to adjustments for stock dividends or other recapitalizations) for at least five consecutive trading days during the preceding 12 months.

A total of 925,177 shares of common stock were purchased by 18 executives during the period from November 29, 1999 to December 3, 1999 for a total price of \$11.1 million. The transactions were recorded as a decrease in Treasury Stock and a decrease in Additional Paid-In Capital. The compensation expense in 1999 related to this program was not material.

7. Unusual Credits and Charges, Net

The major components of "Unusual Credits and Charges, Net" in the statements of income for the years ended December 31, were as follows:

dollar amounts in millions

year ended December 31	1999	1998	1997
Additions to contingency reserves	\$ (20.0)	\$ (284.5)	\$ (169.0)
Long-lived asset impairment charges	(7.6)	(162.9)	(35.0)
Gain on asset sales	19.7	381.3	55.6
Gain on insurance recoveries	--	28.4	--
Gain on contract settlement	7.0	--	135.0
Severance and other	(7.3)	(10.1)	(19.1)
	\$ (8.2)	\$ (47.8)	\$ (32.5)

1999

In the third quarter, L-P's Ketchikan Pulp Company (KPC) subsidiary increased its reserves for environmental liabilities by \$20.0 million as a result of changes in facts and circumstances at KPC sites and as a result of additional facts discovered, largely during activities to prepare for the sale of the majority of KPC assets. This is an estimate primarily for future costs of remediation of hazardous or toxic substances on various sites owned or used by KPC and for closing and monitoring activities.

In the third quarter, L-P recorded a \$7.6 million asset impairment charge primarily in relation to the sale of the KPC facilities to reduce the carrying value of the fixed assets sold to fair value at the date of sale. The sale of KPC assets for approximately \$11.5 million in cash and promissory notes was completed in November 1999.

In 1999, L-P recorded total gains on the sale of assets of \$19.7 million. In the second quarter, L-P sold timber and approximately 5,500 acres of timberlands in Texas recording a \$5.2 million gain on the sale. In December 1999, L-P sold the assets of its Associated Chemists, Inc. (ACI) subsidiary, recording a gain of \$14.5 million. ACI is a manufacturer of coatings and chemicals.

In the third quarter, KPC recorded a \$5.0 million gain under the 1997 agreement with the U.S. government (see below under the heading "1997" for further discussion of this agreement) based on satisfaction of requirements under the agreement. KPC also received \$2.0 million from a local government agency upon satisfaction of certain obligations with that agency.

Other losses of \$7.3 million are primarily due to the write off of a note receivable received in a sale of assets in the prior year.

1998

In 1998, L-P increased its reserves for litigation and environmental liabilities by \$284.5 million. Of this total, \$257.7 million related to adjustments to then current estimates of liabilities for product-related litigation and legal costs, including enhancements to the national siding class-action settlement. Those estimates are based on management's regular monitoring of changes in the facts and circumstances surrounding the various legal and environmental matters and related accruals. Additional charges were taken for the settlement of the Montrose criminal matter and adjustments to then current estimates of environmental liabilities and other litigation. See Note 8 to the financial statements for a further discussion of significant litigation and environmental matters.

L-P recorded long-lived asset impairment charges totaling \$162.9 million on its pulp mill in Chetwynd, British Columbia, a roof shake plant in California, logging roads in Alaska and the assets of the Creative Point, Inc. subsidiary.

In the third quarter of 1998, L-P decided to sell or liquidate the Chetwynd pulp mill facility. In connection with this decision, management estimated the fair value of the facility, taking into account relevant factors such as the continuing Asian economic crisis and the numerous pulp mills being offered for sale by others. This valuation resulted in a \$136.1 million write-down of the facility, including the cumulative translation adjustment of \$50.2 million previously recorded within stockholders' equity. The operating loss of this facility in 1998 was approximately \$23 million. Although management is currently pursuing disposal or liquidation of the facility, due to market conditions the timing of such disposal or liquidation is not presently determinable.

The roof shake plant was part of the portfolio of non-strategic assets announced for sale in October 1997. As prospective buyers performed their due diligence reviews, their preliminary non-binding offers were either withdrawn or reduced to unacceptable levels, resulting in a decision on the part of L-P to permanently shut down the facility. This decision resulted in an additional write-down of \$14.8 million. The operating loss of this facility was approximately \$5 million in 1998.

The logging roads in Alaska will cease to be used by L-P following the expiration of a timber harvesting agreement with the U.S. Forest Service. The agreement was scheduled to expire in 1999, subject to extension under certain circumstances. As part of its budgeting process for 1999, L-P determined that the logging roads were impaired based on the expected operating results of KPC through the scheduled expiration date of the agreement. Accordingly, L-P recorded a \$10 million write-down on these logging roads in the third quarter of 1998.

The write-down of the Creative Point, Inc. subsidiary assets recorded in the third quarter of 1998 was \$2 million. The asset sale occurred in the fourth quarter of 1998. During the time period between the buyer's initial offer and the closing date of the sale, Creative Point's operating results fell short of expectations, and the buyer reduced its offering price. Consequently, the transaction, which L-P originally believed would result in a minor gain, resulted in a loss. The operating loss of this subsidiary was approximately \$4 million in 1998.

The net carrying amount of the above assets to be disposed of was approximately \$87 million after the write-downs were recorded.

In 1998, L-P recorded gains on the sale of assets in the amount of \$381.3 million. Total proceeds from the sale of assets were \$729.0 million, consisting of \$367.6 million of cash and \$361.4 million of notes receivable. Assets sold during the year were primarily those identified for sale in 1997, including timber and timberlands, sawmills and distribution centers in California, and the Weather-Seal window and door operations.

L-P recovered \$28.4 million, net of certain professional fees, from several of its insurance carriers for costs incurred in defending and settling the product class-action lawsuits.

Charges for severance and other costs, primarily at the roof shake plant, totaled \$10.1 million in 1998. The severance charges were \$.5 million for approximately 110 employees of the roof shake facility (as of December 31, 1999 \$.3 million had been paid and charged against the liability). Included in the total are inventory write-downs and other shut-down related costs at the roof shake plant totaling \$6.1 million. Additionally, L-P wrote off \$3.5 million of deferred start-up costs upon adoption of a new accounting standard.

1997

In 1997, L-P increased its reserves for litigation and environmental liabilities by \$169.0 million. Of this total, \$165.0 million related to adjustments to then current estimates of liabilities for product-related litigation and legal costs (these estimates were subsequently revised in 1998). Additional charges of \$4 million were taken for adjustment of environmental liabilities in Alaska. See Note 8 to the financial statements for a further discussion of significant litigation and environmental matters.

L-P recorded long-lived asset impairment charges totaling \$35.0 million on the assets of its subsidiary in Ireland and the roof shake plant in California (this estimate was subsequently revised in 1998). L-P began reviewing options for disposing of the assets in Ireland and determined that an impairment charge was appropriate. Although management is currently pursuing disposal options, the timing of such disposal is not presently determinable. The total asset write-down for this facility was \$15.0 million. L-P's share of this subsidiary's loss in 1997 was approximately \$11 million. The roof shake plant was part of the portfolio of non-strategic assets announced for sale in October 1997. As discussed above, this asset was not sold due to market conditions and was permanently shut-down in 1998. Based on then current estimates, the asset was written-down \$20 million. The operating loss of this facility was approximately \$4 million in 1997. The net carrying amount of the above assets to be disposed of was approximately \$64 million after the write-downs were recorded.

In 1997, L-P recorded gains on the sale of assets in the amount of \$55.6 million. The gains resulted from the sale of tracts of timber and timberland in California.

L-P's Ketchikan Pulp Company subsidiary (KPC) recorded a gain of \$135.0 million to reflect the initial proceeds received under a settlement agreement with the U.S. Government over KPC's claims of damages related to its long-term timber supply contract in Alaska.

Charges for severance and other costs totaled \$19.1 million in 1997. Adjustments to charges for the closure of KPC operations, originally announced in 1996, amounted to \$10.3 million, including a credit adjustment to estimated severance amounts of \$3.5 million. The remaining amount of \$8.8 million related to accruals for other costs incurred.

8. Contingencies

ENVIRONMENTAL PROCEEDINGS

In March 1995, KPC entered into agreements with the federal government to resolve violations of the Clean Water Act and the Clean Air Act that occurred at KPC's former pulp mill during the late 1980's and early 1990's. These agreements were subsequently approved by the U.S. District Court for the District of

Alaska. Although KPC sold the mill site and related facilities in 1999, it remains obligated under these agreements to undertake certain projects relating to the investigation and remediation of Ward Cove, a body of water adjacent to the mill site, estimated to cost approximately \$6.7 million (of which approximately \$1.8 million had been spent at December 31, 1999).

L-P is involved in a number of other environmental proceedings and activities, and may be wholly or partially responsible for known or unknown contamination existing at a number of other sites at which it has conducted operations or disposed of wastes. Based on the information currently available, management believes that any fines, penalties or other costs or losses resulting from these matters will not have a material adverse effect on the financial position, results of operations, cash flows or liquidity of L-P.

L-P maintains a reserve for estimated environmental loss contingencies. The balance of the reserve was \$48.2 million and \$27.9 million at December 31, 1999 and 1998, respectively, of which \$18.2 million and \$9.1 million related to matters associated with the operations formerly conducted by KPC. The remainder of these balances were primarily for estimated future costs of remediation of hazardous or toxic substances at numerous sites currently or previously owned by the Company and closing and monitoring landfills. L-P's estimates of its environmental loss contingencies are based on various assumptions and judgments, the specific nature of which varies in light of the particular facts and circumstances surrounding each environmental loss contingency. These estimates typically reflect assumptions and judgments as to the probable nature, magnitude and timing of required investigation, remediation and/or monitoring activities and the probable cost of these activities, and in some cases reflect assumptions and judgments as to the obligation or willingness and ability of third parties to bear a proportionate or allocated share of the cost of these activities. Due to the numerous uncertainties and variables associated with these assumptions and judgments, and the effects of changes in governmental regulation and environmental technologies, both the precision and reliability of the resulting estimates of the related contingencies are subject to substantial uncertainties. L-P regularly monitors its estimated exposure to environmental loss contingencies and, as additional information becomes known, may change its estimates significantly. However, no estimate of the range of any such change can be made at this time. L-P's estimates of its environmental loss contingencies do not reflect potential future recoveries from insurance carriers except to the extent that recovery may from time to time be deemed probable as a result of a carrier's agreement to payment terms. In those instances in which L-P's estimated exposure reflects actual or anticipated cost-sharing arrangements with third parties, L-P does not believe that it will be exposed to additional material liability as a result of non-performance by such third parties.

The activity in L-P's reserve for estimated environmental loss contingency reserves for the last three years is summarized in the following table.

dollar amounts in millions

year ended December 31	1999	1998	1997
Beginning balance	\$ 27.9	\$ 29.3	\$ 49.9
Accrued to expense during the year	24.7	24.2	3.4
Liabilities of acquired companies	7.5	--	--
Payments made	(18.3)	(20.1)	(30.7)
Other	6.4	(5.5)	6.7
Ending balance	\$ 48.2	\$ 27.9	\$ 29.3

=====

In the first quarter of 1997, operations at the KPC pulp mill ceased. Based upon the information then available to it, L-P refined its original estimates of the liabilities for the Ward Cove investigation and remediation, mill site and landfill investigation and remediation, asbestos abatement and demolition and asset removal and accrued an additional \$3.3 million.

In the second quarter of 1998, two environmental accruals were made. In connection with the sale of certain properties in California, L-P estimated that retained environmental liabilities were approximately \$6.9 million. In addition, \$6.0 million was added to the environmental accrual related to the "Colorado Criminal

Proceedings" discussed below. In the third quarter of 1998, \$1.8 million was accrued in connection with newly identified sites and revised estimates at other sites. Also during the quarter, the accruals for KPC environmental matters were increased by an additional \$7.5 million as a result of (i) revised cost estimates provided by the contractors performing asset removal and demolition activities, (ii) additional assets, which had initially been expected to be sold, becoming unsalable due to deteriorating conditions in the pulp market and, consequently, being slated for demolition and removal, (iii) the completion of the EPA's review of the remediation investigation report relating to upland properties, and (iv) experience indicating that hog fuel removal costs would be greater than originally estimated. In the fourth quarter, \$2.0 million was accrued in connection with revised estimates at other sites.

In 1999, KPC increased its reserves for environmental liabilities by \$23.7 million (including \$20.0 million charged to Unusual Credits and Charges, Net) as a result of changes in facts and circumstances at KPC sites and as a result of additional facts discovered, largely during activities to prepare for the sale of the majority of KPC assets. This is an estimate primarily for future costs of remediation of hazardous or toxic substances on various sites owned or used by KPC and for closing and monitoring activities. The remaining 1999 accruals related to revised estimates at other sites.

COLORADO CRIMINAL PROCEEDINGS

In June 1995, a federal grand jury returned an indictment in the U.S. District Court for the District of Colorado against L-P in connection with alleged environmental violations, as well as alleged fraud in connection with the submission of unrepresentative oriented strand board (OSB) product samples to an industry product certification agency, by L-P's Montrose (Olathe), Colorado OSB plant. Pursuant to a guilty plea to certain criminal violations entered in May 1998, (i) L-P paid penalties of \$37 million (of which \$12 million was paid in 1998 and the balance was paid in the second quarter of 1999), and was sentenced to five years of probation and (ii) all remaining charges against L-P were dismissed. The terms of L-P's probation require, among other things, that L-P not violate any federal, state or local law.

In December 1995, L-P received a notice of suspension from the EPA stating that, because of the criminal proceedings pending against L-P in Colorado, the Montrose facility would be prohibited from purchasing timber directly from the USFS. In April 1998, L-P signed a Settlement and Compliance Agreement with the EPA. This agreement formally lifted the 1995 suspension imposed on the Montrose facility. The agreement has a term of five years and obligates L-P to (i) develop and implement certain corporate policies and programs, including a policy of cooperation with the EPA, an employee disclosure program and a policy of nonretaliation against employees, (ii) conduct its business to the best of its ability in accordance with federal laws and regulations and local and state environmental laws, (iii) report significant violations of law to the EPA, and (iv) conduct at least two audits of its compliance with the agreement.

OSB SIDING MATTERS

In 1994 and 1995, L-P was named as a defendant in numerous class action and nonclass action proceedings brought on behalf of various persons or purported classes of persons (including nationwide classes in the United States and Canada) who own or purchased or used OSB siding manufactured by L-P. In general, the plaintiffs in these actions alleged unfair business practices, breach of warranty, misrepresentation, conspiracy to defraud and other theories related to alleged defects, deterioration or failure of OSB siding products.

In June, 1996, the U.S. District Court for the District of Oregon approved a settlement between L-P and a nationwide class composed of all persons who own, have owned, or acquire property on which L-P's OSB siding was installed prior to January 1, 1996, excluding persons who timely opted out of the settlement and persons who are members of the settlement class in the Florida litigation described below. Under the settlement agreement, an eligible claimant whose claim is filed prior to January 1, 2003 (or earlier in certain cases) and is approved by an independent claims administrator, is entitled to receive from the settlement fund established under the agreement a payment equal to the replacement cost (determined by a third-party

construction cost estimator and currently estimated to be in the range of \$2.20 to \$6.40 per square foot depending on the type of product and geographic location) of damaged siding, reduced by a specific adjustment (of up to 65%) based on the age of the siding. Class members who previously submitted or resolved claims under any other warranty or claims program of L-P may be entitled to receive the difference between the amount payable under the settlement agreement and the amount previously paid. The extent of damage to OSB siding at each claimant's property is determined by an independent adjuster in accordance with a specified protocol. Settlement payments are not subject to adjustment for improper maintenance or installation.

A claimant who is dissatisfied with the amount to be paid under the settlement may elect to pursue claims against L-P in a binding arbitration seeking compensatory damages without regard to the amount of payment calculated under the settlement protocol. A claimant who elects to pursue an arbitration claim must prove his entitlement to damages under any available legal theory, and L-P may assert any available defense, including defenses that otherwise had been waived under the settlement agreement.

The settlement requires L-P to contribute \$275 million to the settlement fund. Approximately \$269 million of that obligation had been satisfied at December 31, 1999 through cash payments of \$259 million on a discounted basis. L-P's remaining mandatory contributions to the settlement fund are due in 2000 (approximately \$2 million), 2001 (approximately \$2 million), and 2002 (approximately \$2 million). In addition to its mandatory contributions, at December 31, 1999, L-P had paid, on a discounted basis, approximately \$96 million of its two \$50 million funding options, at a cost to L-P of approximately \$65 million.

At December 31, 1999, the estimated cumulative total of approved claims under the settlement agreement exceeded the sum of L-P's historical mandatory and optional contributions and remaining mandatory contributions to the settlement fund by approximately \$322 million. Claims accounting for approximately \$293 million of this excess are eligible for participation in the second settlement fund described below. In addition, approximately 90% of the approximately 11,000 claims that had been filed but not yet processed at December 31, 1999 will, to the extent subsequently approved, be eligible for participation in the second settlement fund.

Subject to the exceptions noted above, the second settlement fund represents an alternative source of payment for all approved and unpaid claims filed (or post-marked for filing) within the second settlement fund period. In early 2000, eligible claimants electing to participate in the second settlement fund will be offered a pro rata share of the \$125 million second settlement fund in complete satisfaction of their claims, which they may accept or reject in favor of remaining under the original settlement. Eligible claimants who accept their pro rata share may not file additional claims under the settlement or arbitrate the amount of their payments. Eligible claimants who elect not to participate in the second settlement fund will remain bound by the terms of the original settlement. Because such claimants who elect not to participate in the second settlement fund will not be eligible to receive payment under the original settlement prior to August, 2004, and will be subject to the risk of the original settlement terminating as described below, L-P believes that eligible claimants will have a substantial incentive to elect to participate in the second settlement fund. However, if L-P is dissatisfied with the number of claimants who elect to participate in the second settlement fund, L-P may, at its sole option, refuse to fund the second settlement fund. In that event, the second settlement fund will be canceled and all the claimants who had elected to participate in it will be governed by the original settlement. L-P presently expects to make its decision regarding the funding of the second settlement fund in the second or third quarter of 2000.

Based upon the payments that L-P has committed to make, the settlement will continue in effect until at least August 2003. Within 60 days after December 31, 2002, which is the last date for a class member to file a claim under the settlement, the Claims Administrator shall notify L-P of the dollar value of all remaining unfunded and approved claims. L-P shall then have 60 days to notify the Claims Administrator whether L-P elects to fund all such remaining claims. If L-P elects to fund those claims, then L-P will pay by the end of the next 12-month period (2004) the greater of : (i) 50% of the aggregate sum of those claims (with the remaining

50% to be paid by 12 months thereafter in 2005); or (ii) 100% of the aggregate sum of those claims, up to a maximum of \$50 million (with all remaining claims paid 12 months thereafter in 2005). If L-P elects not to pay the unpaid claims pursuant to the settlement, the settlement will terminate with respect to such unpaid claims and all unpaid claimants will be free to pursue their individual remedies from and after August 2003.

If L-P makes all contributions to the original settlement fund required under the settlement agreement, including all additional optional contributions as specified above, class members will be deemed to have released L-P from all claims for damaged OSB siding, except for claims arising under their existing 25-year limited warranty after termination of the settlement agreement. The settlement agreement does not cover consequential damages resulting from damage to OSB Inner-Seal siding or damage to utility grade OSB siding (sold without any express warranty), either of which could create additional claims. In addition to payments to the settlement fund, L-P was required to pay fees of class counsel in the amount of \$26.25 million, as well as expenses of administering the settlement fund and inspecting properties for damage and certain other costs.

A settlement of a related class action in Florida was approved by the Circuit Court for Lake County, Florida, on October 4, 1995. Under the settlement, L-P has established a claims procedure pursuant to which members of the settlement class may report problems with L-P's OSB siding and have their properties inspected by an independent adjuster, who will measure the amount of damage and also determine the extent to which improper design, construction, installation, finishing, painting, and maintenance may have contributed to any damage. The maximum payment for damaged siding is \$3.40 per square foot for lap siding and \$2.82 per square foot for panel siding, subject to reduction by up to 75 percent for damage resulting from improper design, construction, installation, finishing, painting, or maintenance, and also subject to reduction for age of siding more than three years old. L-P has agreed that the deduction from the payment to a member of the Florida class will be not greater than the deduction computed for a similar claimant under the national settlement agreement described above. Class members will be entitled to make claims until October 4, 2000.

ABT HARDBOARD SIDING MATTERS

ABT, ABTco, Inc., a wholly owned subsidiary of ABT ("ABTco" and, together with ABT, the "ABT Entities"), Abitibi-Price Corporation ("Abitibi"), a predecessor of ABT, and certain affiliates of Abitibi (the "Abitibi Affiliates" and, together with Abitibi, the "Abitibi Entities") have been named as defendants in a conditionally certified class action filed in the Circuit Court of Choctaw County, Alabama, on December 21, 1995 and in six other putative class action proceedings filed in the following courts on the following dates: the Court of Common Pleas of Allegheny County, Pennsylvania on August 8, 1995; the Superior Court of Forsyth County, North Carolina on December 27, 1996; the Superior Court of Onslow County, North Carolina on January 21, 1997; the Court of Common Pleas of Berkeley County, South Carolina on September 25, 1997; the Circuit Court of Bay County, Florida on March 11, 1998; and the Superior Court of Dekalb County, Georgia on September 25, 1998. ABT and Abitibi have also been named as defendants in a putative class action proceeding filed in the Circuit Court of Jasper County, Texas on October 5, 1999. These actions were brought on behalf of various persons or purported classes of persons (including nationwide classes) who own or have purchased or installed hardboard siding manufactured or sold by the defendants. In general, the plaintiffs in these actions have claimed unfair business practices, breach of warranty, fraud, misrepresentation, negligence, and other theories related to alleged defects, deterioration, or other failure of such hardboard siding, and seek unspecified compensatory, punitive, and other damages (including consequential damage to the structures on which the siding was installed), attorneys' fees and other relief. In addition, Abitibi has been named in certain other actions, which may result in liability to ABT under the allocation agreement between ABT and Abitibi described below. Except in the case of certain of the putative class actions that have been stayed, the ABT Entities have filed answers in these proceedings that deny all material allegations of the plaintiffs and assert affirmative defenses. L-P intends to cause the ABT Entities to defend these proceedings vigorously.

L-P, the ABT Entities and the Abitibi Entities have also been named as defendants in a putative class action proceeding filed in the Circuit Court of Jackson County, Missouri on April 22, 1999, and L-P, the ABT Entities and Abitibi have been named as defendants in a putative class action proceeding filed in the District Court of Johnson County, Kansas on July 14, 1999. These actions were brought on behalf of purported classes

of persons in Missouri and Kansas, respectively, who own or have purchased hardboard siding manufactured by the defendants. In general, the plaintiffs in these proceedings have claimed breaches of warranty, fraud, misrepresentation, negligence, strict liability and other theories related to alleged defects, deterioration or other failure of such hardboard siding, and seek unspecified compensatory, punitive and other damages (including consequential damage to the structures on which the siding was installed), attorneys' fees and other relief. L-P and the ABT Entities intend to defend these proceedings vigorously.

ABT and Abitibi have agreed to an allocation of liability with respect to claims relating to (1) siding sold by the ABT Entities after October 22, 1992 ("ABT Board") and (2) siding sold by the Abitibi Entities on or before, or held as finished goods inventory by the Abitibi Entities on, October 22, 1992 ("Abitibi Board"). In general, ABT and Abitibi have agreed that all amounts paid in settlement or judgment (other than any punitive damages assessed individually against either the ABT Entities or the Abitibi Entities) following the completion of any claims process resolving any class action claim (including consolidated cases involving more than 125 homes owned by named plaintiffs) shall be paid (a) 100% by ABT insofar as they relate to ABT Board, (b) 65% by Abitibi and 35% by ABT insofar as they relate to Abitibi Board, and (c) 50% by ABT and 50% by Abitibi insofar as they cannot be allocated to ABT Board or Abitibi Board. In general, amounts paid in connection with class action claims for joint local counsel and other joint expenses, and for plaintiffs' attorneys' fees and expenses, are to be allocated in a similar manner, except that joint costs of defending and disposing of class action claims incurred prior to the final determination of what portion of claims relate to ABT Board and what portion relate to Abitibi Board are to be paid 50% by ABT and 50% by Abitibi (subject to adjustment in certain circumstances). ABT and Abitibi have also agreed to certain allocations (generally on a 50/50 basis) of amounts paid for settlements, judgments and associated fees and expenses in respect of non-class action claims relating to Abitibi Board. ABT is solely responsible for such amounts in respect of claims relating to ABT Board. Based on the information currently available, management believes that the resolution of the foregoing ABT hardboard siding matters will not have a material adverse effect on the financial position, results of operations, cash flows or liquidity of L-P.

FIBREFORM WOOD PRODUCTS, INC. PROCEEDINGS

L-P has been named as a defendant in an action filed by FibreForm Wood Products, Inc. ("FibreForm") in the Superior Court of Los Angeles County, California on July 13, 1999. The action was subsequently removed by L-P and the other named defendants to the United States District Court for the Central District of California. FibreForm has alleged, in connection with failed negotiations between FibreForm and L-P regarding a possible joint venture, that L-P and the other defendants engaged in a fraudulent scheme to gain control over FibreForm's proprietary manufacturing processes under the guise of such negotiations. FibreForm has alleged fraudulent misrepresentation, negligent misrepresentation, misappropriation of trade secrets, unfair competition, breach of contract and breach of a confidentiality agreement by L-P and the other defendants. FibreForm seeks general, special and consequential damages of at least \$250 million, punitive damages, restitution, injunctive and other relief and attorneys' fees. L-P believes that FibreForm's allegations are without merit and intends to defend this action vigorously. Based on the information currently available, management believes that the resolution of this matter will not have a material adverse effect on the financial position, results of operations, cash flows or liquidity of L-P.

OTHER PROCEEDINGS

LP and its subsidiaries are parties to other legal proceedings. Based on the information currently available, management believes that the resolution of such proceedings will not have a material adverse effect on the financial position, results of operations, cash flows or liquidity of L-P.

CONTINGENCY RESERVES

L-P maintains loss contingency reserves in addition to the environmental reserves discussed above. The balance of these reserves, exclusive of the environmental reserves discussed above, was \$260.6 million and \$340.1 million at December 31, 1999 and 1998, respectively (of which \$226.5 million and \$323.9 million,

respectively, related to OSB siding contingencies). L-P's estimates of its non-environmental loss contingencies are based on various assumptions and judgments. In the case of the OSB siding contingency reserves, these assumptions and judgments relate to, among other things: the timing and magnitude (in terms of both the number of claims and the square footage of damaged siding) of additional claims; the replacement cost (as determined in accordance with the applicable settlement) of the damaged siding; the extent to which claimants will elect to participate in the second settlement fund; the extent to which claims may be resolved through means other than those provided for in the applicable settlement; and the costs associated with the administration of the settlement and the resolution of disputes and other legal matters. Due to the numerous uncertainties and variables associated with these assumptions and judgments, both the precision and reliability of the resulting estimates of the related contingencies are subject to substantial uncertainties. L-P regularly monitors its estimated exposure to non-environmental loss contingencies and, as additional information becomes known, may change its estimates significantly. While no estimate of the range of any such change can be made at this time, the amount that L-P may ultimately pay in connection with these matters could materially exceed, in the near term, the amounts accrued to date. L-P's estimates of its loss contingencies do not reflect potential future recoveries from insurance carriers except to the extent that recovery may from time to time be deemed probable as a result of a carrier's agreement to payment terms.

The activity in the portion of L-P's loss contingency reserves relating to OSB siding contingencies for the last three years is summarized in the following table.

----- dollar amounts in millions -----			
year ended December 31	1999	1998	1997

Beginning balance	\$ 323.9	\$ 164.7	\$ 184.9
Accruals made during the year	--	247.5	161.9
Payments made	(97.4)	(100.8)	(182.1)
Insurance recovery	--	12.5	--

Ending balance	\$ 226.5	\$ 323.9	\$ 164.7
=====			

In the third quarter of 1997, management learned that accrued and future claims under the nationwide settlement would likely exceed the \$275 million originally estimated. Accordingly, L-P accrued an additional \$50 million for the nationwide settlement based on the minimum amount management believed was probable and estimable at the time. Additionally, management determined that an additional accrual of \$111.9 million was necessary based on updated estimates of total costs to be incurred for Florida class action claims, administration costs of the nationwide settlement, additional opt-out settlements and legal fees.

In the third quarter of 1998, following court approval of the Early Payment Program and the Second Fund, L-P accrued an additional \$247.5 million based on the estimated costs of the Early Payment Program and the Second Fund and revised estimates of the future costs of the Florida class action, warranty costs after the termination of settlements, legal and administration costs, and estimated payments to claimants whose claims are not discharged pursuant to the settlements.

9. Commitments

L-P is obligated to purchase timber under certain cutting contracts which extend to 2004. L-P's best estimate of its commitment at current contract rates under these contracts at December 31, 1999 is approximately \$19.4 million for approximately 133 million board feet of timber.

Payments under all operating leases that were charged to expense during 1999, 1998, and 1997 were \$28.2 million, \$17.7 million and \$17.5 million. Future minimum rental payments under non-cancelable operating leases are not significant.

10. Segment Information

L-P operates in five major business segments: Structural Products, Exterior Products, Industrial Panel Products, Other Products, and Pulp. L-P's business units have been aggregated into these five reportable segments based on the similarity of economic characteristics, customers, distributions methods and manufacturing processes. Segment information was prepared in accordance with the same accounting principles as those described in Note 1 to the financial statements. L-P evaluates the performance of its business segments based on operating profits excluding unusual credits and charges, general corporate and other expenses, interest and provision for income taxes.

The Structural Products segment includes OSB, plywood, lumber and the engineered wood products (EWP), primarily LVL and I-joists. The Exterior Products segment includes siding and related products such as soffit, fascia and trim. With the ABT acquisition in 1999, this segment includes hardboard siding and vinyl siding. The Industrial Panel Products segment includes particleboard, medium density fiberboard (MDF) and hardboard, and the hardboard and the laminated industrial panels products of ABT. The Other Products segment includes distribution facilities, wood chips, coatings and specialty chemicals (sold in December of 1999), cellulose insulation, Ireland operations, Alaska lumber and logging operations (sold in November of 1999) and other products. The Pulp segment includes the wood pulp products of L-P's two pulp mills.

Export sales are primarily to customers in Asia and Europe. Information about L-P's geographic segments is as follows:

dollar amounts in millions

year ended December 31	1999	1998	1997

TOTAL SALES - POINT OF ORIGIN			
U.S.	\$ 2,550	\$ 2,212	\$ 2,330
Canada and other	455	166	128
Intersegment sales to U.S.	(126)	(81)	(55)

Total sales	\$ 2,879	\$ 2,297	\$ 2,403
=====			
Export sales (included above)	\$ 193	\$ 128	\$ 240
=====			
OPERATING PROFIT (LOSS)			
U.S.	\$ 391	\$ 273	\$ 39
Canada and other	89	(105)	(49)
Unusual credits and charges, net(1)	(8)	(48)	(32)
General corporate expense and Interest, net	(115)	(107)	(109)

Income (loss) before taxes and minority interest	\$ 357	\$ 13	\$ (151)
=====			
IDENTIFIABLE ASSETS			
U.S.	\$ 2,335	\$ 2,279	\$ 2,220
CANADA AND OTHER	1,153	240	358

Total assets	\$ 3,488	\$ 2,519	\$ 2,578
=====			

(1) See Note 7 to the financial statements for an explanation of unusual credits and charges, net.

Information about L-P's product segments is as follows:

----- dollar amounts in millions -----			
year ended December 31	1999	1998	1997

TOTAL SALES			
Structural products	\$ 1,621	\$ 1,228	\$ 1,149
Exterior products	254	107	103
Industrial panel products	268	171	178
Other products	619	716	843
Pulp	117	75	130

Total sales	\$ 2,879	\$ 2,297	\$ 2,403
=====			
OPERATING PROFIT (LOSS)			
Structural products	\$ 440	\$ 198	\$ 21
Exterior products	53	22	9
Industrial panel products	13	6	13
Other products	(11)	(20)	(24)
Pulp	(15)	(38)	(29)
Unusual credits and charges, net(1)	(8)	(48)	(32)
General corporate and other expense, net	(103)	(94)	(80)
Interest, net	(12)	(13)	(29)

Income (loss) before taxes and minority interest	\$ 357	\$ 13	\$ (151)
=====			

----- dollar amounts in millions -----			
year ended December 31	1999	1998	1997

IDENTIFIABLE ASSETS			
Structural products	\$ 1,645	\$ 927	\$ 1,105
Exterior products	199	46	45
Industrial panel products	160	124	175
Other products	267	255	302
Pulp	176	178	266
Non-segment related	1,041	989	685

Total assets	\$ 3,488	\$ 2,519	\$ 2,578
=====			

DEPRECIATION, AMORTIZATION AND
COST OF TIMBER HARVESTED

Structural products	\$123	\$ 105	\$ 114
Exterior products	14	7	4
Industrial panel products	14	5	6
Other products	17	27	26
Pulp	11	12	14
Non-segment related	23	29	20

Total depreciation,
amortization and cost of
timber harvested

	\$202	\$ 185	\$ 184
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CAPITAL EXPENDITURES

Structural products	\$94	\$ 87	\$ 116
Exterior products	3	1	5
Industrial panel products	6	2	6
Other products	8	18	3
Pulp	4	7	4
Non-segment related	3	8	22

Total capital expenditures

	\$118	\$ 123	\$ 156
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11. Acquisitions

On February 25, 1999, L-P acquired the capital stock of ABT Building Products Co. (ABT) for approximately \$164 million in cash. Concurrent with the acquisition, L-P also paid off approximately \$49 million of ABT debt. In connection with the acquisition of ABT, L-P borrowed \$100 million under a new uncommitted bank credit facility (\$50 million of which was repaid in September 1999 and \$50 million of which was repaid in October 1999) and increased its net revolving borrowings under its existing credit facility by \$65 million (which was fully repaid in September 1999). The acquisition was accounted for as a purchase and ABT's results of operations for the period subsequent to the acquisition have been included in L-P's Consolidated Statements of Income for the year ended December 31, 1999. The purchase price has been allocated to the assets and liabilities of ABT based on their estimated fair values. Based on these estimates, L-P has recorded \$53 million of goodwill in its Consolidated Balance Sheet at December 31, 1999, which is being amortized using the straight-line method over 15 years.

On September 14, 1999, L-P acquired the capital stock of Le Groupe Forex Inc. (Forex) for a total purchase price of approximately \$516.5 million. Approximately \$376.6 million of this amount had been paid in cash and approximately \$139.9 million of this amount had been paid through the issuance of promissory notes to Forex shareholders. Concurrent with the acquisition, L-P also paid off approximately \$101.5 million of Forex debt. In connection with the acquisition of Forex, L-P borrowed \$426.6 million under new uncommitted bank credit facilities. The acquisition was accounted for as a purchase and Forex's results of operations for the period subsequent to the acquisition have been included in L-P's Consolidated Statements of Income for the year ended December 31, 1999. The purchase price has been allocated to the assets and liabilities of Forex based on their estimated fair values. Based on these estimates, L-P recorded \$271.0 million of goodwill in its Consolidated Balance Sheet at December 31, 1999, which is being amortized using the straight-line method over 15 years.

The following unaudited pro forma financial information gives effect to the acquisitions of ABT and Forex as if they had been consummated at the beginning of each period presented.

	Year Ended Dec. 31,	
	1999	1998
(DOLLAR AMOUNTS IN MILLIONS EXCEPT PER SHARE)		
Net sales	\$ 3,110.5	\$ 2,736.7
Net income (loss)	235.2	(43.9)
Net income (loss) per share-- basic and diluted	2.21	(.40)

The principal pro forma adjustments reflected above are adjustments to record interest expense on indebtedness incurred in connection with the acquisitions, increased depreciation expense resulting from the allocation of purchase price to acquired fixed assets at their estimated fair value, increased depletion expense resulting from the allocation of purchase price to acquired timber contracts at their estimated fair value and the amortization of goodwill. The foregoing pro forma information is provided for illustrative purposes only and does not purport to be indicative of results that actually would have been achieved had the acquisitions been consummated at the beginning of the periods presented or of future results.

On November 30, 1999, L-P acquired the assets of Evans Forest Products for approximately \$98 million in cash. In connection with Evans' acquisition, L-P borrowed \$94 million under a bank credit facility. The acquisition was accounted for as a purchase and the results of operations of the acquired assets for December 1999 were included in L-Ps Consolidated Statements of Income for the year ended December 31, 1999. No goodwill was recorded related to this acquisition. However, L-P is in the process of obtaining information to be used in the determination of the fair value of certain assets and liabilities which could affect both the amounts of purchase price allocated to those assets and liabilities and the amount of goodwill recorded and amortized in future periods.

To the Board of Directors and Stockholders of Louisiana-Pacific Corporation:

We have audited the accompanying consolidated balance sheets of Louisiana-Pacific Corporation and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Louisiana-Pacific Corporation and subsidiaries at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with generally accepted accounting principles.

/s/ Deloitte & Touche LLP

Portland, Oregon
January 28, 2000

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding L-P's directors is incorporated herein by reference to the material included under the caption "Item 1--Election of Directors" in the definitive proxy statement filed by L-P for its 2000 annual meeting of stockholders (the "2000 Proxy Statement"). Information regarding L-P's executive officers is located in Item 1 of this report under the caption "Executive Officers of Louisiana-Pacific Corporation." Information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated herein by reference to the material included under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in the 2000 Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive compensation is incorporated herein by reference to the material under the captions "Compensation Committee--Interlocks and Insider Participation," "Compensation of Executive Officers," "Retirement Benefits," "Directors' Compensation," and "Agreements with Executive Officers" in the 2000 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information regarding security ownership of certain beneficial owners and management is incorporated herein by reference to the material under the caption "Holders of Common Stock" in the 2000 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information regarding management transactions is incorporated herein by reference to the material under the captions "Compensation Committee--Interlocks and Insider Participation" and "Management Loans and Other Transactions" in the 2000 Proxy Statement.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

A. FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The following financial statements of L-P are included in this report:

Consolidated Balance Sheets--December 31, 1999, and 1998.

Consolidated Statements of Income--years ended December 31, 1999, 1998, and 1997.

Consolidated Statements of Cash Flows--years ended December 31, 1999, 1998, and 1997.

Consolidated Statements of Stockholders' Equity--years ended December 31, 1999, 1998, and 1997.

Notes to Financial Statements.

Independent Auditors' Report.

No financial statement schedules are required to be filed.

B. REPORTS ON FORM 8-K

On November 29, 1999, L-P filed Amendment No. 1 to its Current Report on Form 8-K dated September 14, 1999, amending Item 7 of, and the exhibits to, such report to include the following financial statements required to be filed by Item 7 thereof: (i) unaudited financial statements of Forex as at June 30, 1999 and for the six months ended June 30, 1999 and 1998; (ii) audited financial statements of Forex as at December 31, 1998 and 1997 and for the years ended December 31, 1998, 1997 and 1996 with auditors' report; (iii) unaudited pro forma condensed consolidated balance sheet of L-P as of June 30, 1999; and (iv) unaudited pro forma condensed consolidated statements of income of L-P for the six months ended June 30, 1999 and for the years ended December 31, 1998.

C. EXHIBITS

The exhibits filed as part of this report or incorporated by reference herein are listed in the accompanying exhibit index. Each management contract or compensatory plan or arrangement is identified in the index.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Louisiana-Pacific Corporation, a Delaware corporation (the "registrant"), has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 15, 2000

LOUISIANA-PACIFIC CORPORATION
(Registrant)

/S/ CURTIS M. STEVENS

Curtis M. Stevens
Vice President, Treasurer and
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

DATE	SIGNATURE AND TITLE
March 15, 2000	/S/ MARK A. SUWYN ----- Mark A. Suwyn Chief Executive Officer, Chairman of the Board, Director (Principal Executive Officer)
March 15, 2000	/S/ CURTIS M. STEVENS ----- Curtis M. Stevens Vice President, Treasurer and Chief Financial Officer (Principal Financial & Accounting Officer)

DATE	SIGNATURE AND TITLE
March 15, 2000	/S/ JOHN W. BARTER ----- John W. Barter Director
March 15, 2000	/S/ WILLIAM C. BROOKS ----- William C. Brooks Director
March 15, 2000	/S/ ARCHIE W. DUNHAM ----- Archie W. Dunham Director
March 15, 2000	/S/ PAUL W. HANSEN ----- Paul W. Hansen Director
March 15, 2000	/S/ DONALD R. KAYSER ----- Donald R. Kayser Director
March 15, 2000	/S/ BRENDA LAUDERBACK ----- Brenda Lauderback Director
March 15, 2000	/S/ PATRICK F. MCCARTAN ----- Patrick F. McCartan Director
March 15, 2000	/S/ LEE C. SIMPSON ----- Lee C. Simpson Director

EXHIBIT INDEX

On written request, Louisiana-Pacific Corporation ("L-P") will furnish to any record holder or beneficial holder of its common stock any exhibit to this report upon the payment of a fee equal to L-P's costs of copying such exhibit plus postage. Any such request should be sent to: Ward Hubbell, Director of Corporate Affairs, Louisiana-Pacific Corporation, 111 S.W. Fifth Avenue, Portland, Oregon 97204.

Items identified with an asterisk (*) are management contracts or compensatory plans or arrangements.

EXHIBIT	DESCRIPTION
2.1	Amended and Restated Support Agreement, dated August 12, 1999, between L-P and Le Groupe Forex Inc. (incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by L-P on August 18, 1999).
2.2	Amended and Restated Lock-Up Agreement, dated August 12, 1999, among L-P and each of the parties identified in Schedule B thereof (incorporated herein by reference to Exhibit 2.2 to the Current Report on Form 8-K filed by L-P on August 18, 1999).
2.3	Asset Purchase Agreement, dated August 23, 1999, among Evans Forest Products Limited, Louisiana-Pacific Canada Engineered Wood Products, Ltd., Louisiana-Pacific Dawson Creek Ltd. and Louisiana-Pacific Canada Ltd. Incorporated herein by reference to Exhibit 2.2 to L.P.'s Amendment No. 1 on Form 10-Q/A for the quarter ended September 30, 1999.
3.1	Restated Certificate of Incorporation of Louisiana-Pacific Corporation as amended to date. Incorporated herein by reference to Exhibit 3(a) to L-P's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993.
3.2	Bylaws of Louisiana-Pacific Corporation as amended April 23, 1999. Incorporated herein by reference to Exhibit 3.1 to L-P's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999.
4.1	Rights Agreement, dated as of May 26, 1998, between L-P and First Chicago Trust Company of New York as Rights Agent. Incorporated herein by reference to Exhibit 1 to L-P's Registration Statement on Form 8-A filed May 26, 1998. Pursuant to Item 601(b)(4)(iii) of Regulation S-K, L-P is not filing certain instruments with respect to its long-term debt because the amount authorized under any such instrument does not exceed 10 percent of L-P's total consolidated assets at December 31, 1999. L-P agrees to furnish a copy of any such instrument to the Securities and Exchange Commission upon request.
4.2	Note Purchase Agreement, dated June 30, 1998, among L-P, L-P SPV2, LLC, and the Purchasers listed therein. Incorporated herein by reference to Exhibit 4 to L-P's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998.
4.3	Indenture, dated as of September 14, 1999, among Louisiana-Pacific Acquisition Inc., L-P and Laurentian Trust of Canada Inc.

- 10.1 Credit Agreement dated as of January 31, 1997, among L-P, Louisiana-Pacific Canada Ltd., Bank of America National Trust and Savings Association ("Bank of America") and the other financial institutions that are parties thereto. Incorporated herein by reference to Exhibit 4.A.2 to L-P's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.
- 10.2 Consent and First Amendment to Credit Agreement dated as of December 31, 1997, among L-P, Louisiana-Pacific Canada Ltd., Louisiana-Pacific Canada Pulp Co., Bank of America and other financial institutions that are parties thereto. Incorporated herein by reference to Exhibit 4.3 to L-P's Annual Report on Form 10-K for the fiscal year ended December 31, 1998.
- 10.3 Loan Agreement, dated February 3, 1999, between L-P and Centric Capital Corporation and related Promissory Note. Incorporated herein by reference to Exhibit 4.1 to L-P's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999.
- 10.4 Letter Agreement, dated September 8, 1999, between Louisiana-Pacific Acquisition Inc. and Bank of America, N.A., together with related Guaranty Agreement by L-P in favor of Bank of America, N.A. (incorporated herein by reference to Exhibit 99.2 to the Current Report on Form 8-K filed by L-P on September 29, 1999).
- 10.5 Loan Agreement, dated September 10, 1999, between Louisiana-Pacific Acquisition Inc. and Centric Capital Corporation, together with related Guaranty of L-P in favor of Centric Capital Corporation (incorporated herein by reference to Exhibit 99.3 to the Current Report on Form 8-K filed by L-P on September 29, 1999).
- 10.6 1984 Employee Stock Option Plan as amended. Incorporated herein by reference to Exhibit 10.A to L-P's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.*
- 10.7 1991 Employee Stock Option Plan. Incorporated herein by reference to Exhibit 10.B to L-P's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.*
- 10.8 1992 Non-Employee Director Stock Option Plan (restated on May 3, 1998) and Related Form of Option Agreement. Incorporated herein by reference to Exhibit 10.1 to L-P's Form Quarterly Report on 10-Q for the quarter ended March 31, 1998.*
- 10.9 Non-Employee Directors' Deferred Compensation Plan effective July 1, 1997.* Incorporated herein by reference to Exhibit 10.D to L-P's Annual Report on Form 10K for the fiscal year ended December 31, 1997.
- 10.10 Executive Deferred Compensation Plan, as amended and restated as of October 1, 1999, together with Amendment No. 1 thereto, dated January 12, 2000, and Amendment No. 2 thereto, dated February 18, 2000.*
- 10.11 1997 Incentive Stock Award Plan as restated as of May 3, 1998. Incorporated herein by reference to Exhibit 10.6 to L-P's Annual Report on Form 10-K for the fiscal year ended December 31, 1998.*
- 10.12 Forms of Award Agreements for Non-Qualified Stock Options and Performance Shares under the 1997 Incentive Stock Award Plan. Incorporated herein by reference to Exhibit 10.F(2) to L-P's Form 10-K report for 1996.*

- 10.13 Annual Cash Incentive Award Plan effective March 1, 1997. Incorporated herein by reference to Exhibit 10.F(3) to L-P's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.*
- 10.14 L-P's Supplemental Executive Retirement Plan, as amended and restated as of January 1, 2000.*
- 10.15 Executive Loan Program effective November 24, 1999.*
- 10.16 Employment Agreement between L-P and Mark A. Suwyn dated January 2, 1996. Incorporated herein by reference to Exhibit 10.L to L-P's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.*
- 10.17 Restricted Stock Award Agreement between L-P and Mark A. Suwyn dated January 31, 1996. Incorporated herein by reference to Exhibit 10.J to L-P's Annual Report on Form 10-K for the fiscal year ended December 31, 1997.*
- 10.18 1997 Cash Incentive Award for Mark A. Suwyn adopted March 11, 1997. Incorporated herein by reference to Exhibit 10.K to L-P's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.*
- 10.19 Letter agreement dated July 16, 1997, relating to the employment of Gary C. Wilkerson. Incorporated herein by reference to Exhibit 10.N to L-P's Annual Report on Form 10-K for the fiscal year ended December 31, 1997.*
- 10.20 Letter agreement dated July 16, 1997, relating to the employment of Curtis M. Stevens. Incorporated herein by reference to Exhibit 10.O to L-P's Annual Report on Form 10-K for the fiscal year ended December 31, 1997.*
- 10.21 Form of Change of Control Employment Agreement between L-P and each of J. Ray Barbee, Warren Easley, Richard W. Frost, Keith Matheney, Curt Stevens, Mark A. Suwyn, Michael J. Tull, and Gary C. Wilkerson. Incorporated herein by reference to Exhibit 10.2 to L-P's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998.*
- 10.25 Supplemental Funding Agreement dated October 26, 1998, between L-P and counsel for plaintiffs in siding class action litigation. Incorporated herein by reference to Exhibit 10.1 to L-P's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998.*
- 21 List of L-P's subsidiaries.
- 23 Consent of Deloitte & Touche LLP.
- 27 Financial data schedule.

=====
Louisiana-Pacific Acquisition Inc.

Issuer

Louisiana-Pacific Corporation

Guarantor

and

Laurentian Trust of Canada Inc.
as Trustee

Indenture

DATED AS OF SEPTEMBER 14, 1999

SENIOR INSTALLMENT NOTES

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Table of Contents

PAGE

Recitals of the Company and the Guarantor.....	1
Form of Face of Security.....	1
Form of Reverse of Security.....	4
Trustee's Certificate of Authentication.....	7
Article I. Definitions.....	8
Section 1.01. Certain Terms Defined.....	8
Act.....	8
Affiliate.....	8
Authenticating Agent.....	8
Board of Directors.....	8
Board Resolution.....	8
Business Day.....	8
Canadian LIBOR Rate.....	9
Common Shares.....	9
Company.....	9
Company Request or Company Order.....	9
Corporate Trust Office.....	9
Covenant Defeasance.....	9
Default.....	9
Defaulted Interest.....	10
Defeasance.....	10
Event of Default.....	10
Guarantee.....	10
Guarantor.....	10
Holder.....	10
Indenture.....	10
Interest.....	10
Interest Payment Date.....	10
Interest Period.....	11
Margin.....	11
Material Adverse Effect.....	11
Maturity.....	11
Maturity Date.....	11
Notice of Default.....	12
Officer's Certificate.....	12
Opinion of Counsel.....	12
Outstanding.....	12
Person.....	13
Predecessor Security.....	13
Principal Installment.....	13

Regular Record Date.....	13
Responsible Officer.....	13
Securities.....	13
Security Register and Security Registrar.....	13
Special Record Date.....	14
Stated Maturity.....	14
Subsidiary.....	14
Trustee	14
Vice President.....	14

Article II. The Securities.....	15
Section 2.01. Designation of Securities; Principal Amount; Maturity.....	15
Section 2.02. Form of Securities and Trustee's Certificate of Authentication.....	15
Section 2.03. Date and Denominations.....	16
Section 2.04. Execution, Authentication and Delivery of Securities.....	16
Section 2.05. Registration of Transfer and Exchange.....	17
Section 2.06. Temporary Securities.....	17
Section 2.07. Mutilated, Destroyed, Lost, and Stolen Securities.....	18
Section 2.08. Cancellation of Surrendered Securities.....	19
Section 2.09. Payment of Interest; Interest Rights Preserved.....	19
Section 2.10. Persons Deemed Owners.....	20
Section 2.11. Computation of Interest.....	21
Article III. Defeasance and Covenant Defeasance.....	21
Section 3.01. Defeasance and Discharge.....	21
Section 3.02. Covenant Defeasance.....	21
Section 3.03. Conditions to Defeasance or Covenant Defeasance.....	22
Section 3.04. Deposited Money to be Held in Trust; Other Miscellaneous Provisions.....	22
Section 3.05. Reinstatement.....	23
Article IV. Particular Covenants of the Company.....	23
Section 4.01. Payment of Principal and Interest on Securities.....	23
Section 4.02. Maintenance of Office or Agency.....	23
Section 4.03. Money for Securities Payments to be Held in Trust.....	24
Section 4.04. Payment of Taxes and Other Claims.....	25
Section 4.05. Maintenance of Properties.....	25
Section 4.06. Existence.....	25
Section 4.07. Compliance with Laws.....	25
Section 4.08. Statement by Officers as to Default.....	26
Section 4.09. Waiver of Certain Covenants.....	26
Article V. Securities Holders' Lists And Reports By The Company And The Trustee.....	26

Section 5.01.	Company to Furnish Trustee Names and Addresses of Holders.....	26
Section 5.02.	Preservation of Information.....	26
Article VI.	Default.....	27
Section 6.01.	Event of Default.....	27
Section 6.02.	Covenant of Company to Pay to Trustee Whole Amount Due on Securities on Default in Payment of Interest or Principal; Suits for Enforcement by Trustee.....	29
Section 6.03.	Application of Money Collected by Trustee.....	30
Section 6.04.	Limitation on Suits by Holders of Securities.....	30
Section 6.05.	Rights and Remedies Cumulative; Delay or Omission in Exercise of Rights not a Waiver of Event of Default.....	31
Section 6.06.	Rights of Holders of Majority in Principal Amount of Outstanding Securities to Direct Trustee.....	31
Section 6.07.	Requirement of an Undertaking to Pay Costs in Certain Suits Under the Indenture or Against the Trustee.....	31
Section 6.08.	Notice of Defaults.....	32
Section 6.09.	Unconditional Right of Holders to Receive Principal and Interest.....	32
Section 6.10.	Restoration of Rights and Remedies.....	32
Section 6.11.	Trustee May File Proofs of Claims.....	32
Article VII.	Concerning the Trustee.....	33
Section 7.01.	Certain Duties and Responsibilities.....	33
Section 7.02.	Certain Rights of Trustee.....	33
Section 7.03.	Not Responsible for Recitals or Issuance of Securities.....	34
Section 7.04.	May Hold Securities.....	34
Section 7.05.	Money Held in Trust.....	34
Section 7.06.	Compensation and Reimbursement.....	34
Section 7.07.	Disqualification; Conflicting Interests.....	35
Section 7.08.	Corporate Trustee Required Eligibility.....	35
Section 7.09.	Resignation and Removal; Appointment of Successor.....	35
Section 7.10.	Acceptance of Appointment by Successor.....	36
Section 7.11.	Merger, Conversion, Consolidation, or Succession to Business.....	37
Section 7.12.	Appointment of Authenticating Agent.....	37
Section 7.13.	Trustee's Application for Instruction from the Company.....	39
Article VIII.	Supplemental Indentures And Certain Actions.....	39
Section 8.01.	Purposes for Which Supplemental Indentures May Be Entered Into Without Consent of Holders.....	39
Section 8.02.	Modification of Indenture With Consent of Holders of at Least a Majority in Principal Amount of Outstanding Securities.....	40
Section 8.03.	Execution of Supplemental Indentures.....	41
Section 8.04.	Effect of Supplemental Indentures.....	41
Section 8.05.	Reference in Securities to Supplemental Indentures.....	41

Article IX. Consolidation, Merger, Sale, or Transfer.....	41
Section 9.01. Consolidations and Mergers of Company and Sales Permitted Only on Certain Terms.....	41
Article X. Satisfaction and Discharge of Indenture.....	42
Section 10.01. Satisfaction and Discharge of Indenture.....	42
Section 10.02. Application of Trust Money.....	42
Article XI. Guarantee.....	43
Section 11.01. Guarantee.....	43
Section 11.02. Execution and Delivery of Guarantee.....	43
Section 11.03. Consolidations and Mergers of Guarantor and Sales Permitted Only on Certain Terms.....	44
Article XII. Miscellaneous Provisions.....	44
Section 12.01. Successors and Assigns of Company Bound by Indenture.....	44
Section 12.02. Service of Required Notice to Trustee and Company.....	44
Section 12.03. Service of Required Notice to Holders; Waiver.....	45
Section 12.04. Indenture and Securities to be Construed in Accordance with the Laws of the State of New York.....	45
Section 12.05. Compliance Certificates and Opinions.....	45
Section 12.06. Form of Documents Delivered to Trustee.....	46
Section 12.07. Payments Due on Non-Business Days.....	46
Section 12.08. Invalidity of Particular Provisions.....	46
Section 12.09. Indenture May be Executed In Counterparts.....	46
Section 12.10. Acts of Holders; Record Dates.....	46
Section 12.11. Effect of Headings and Table of Contents.....	48
Section 12.12. Benefits of Indenture.....	49
Section 12.13. Language.....	49

INDENTURE, dated as of September 14, 1999, among Louisiana-Pacific Acquisition Inc. a corporation duly incorporated under Part 1A of the COMPANIES ACT (Quebec) (the "Company"), Louisiana-Pacific Corporation, a corporation duly organized and existing under the laws of the State of Delaware (the "Guarantor") and Laurentian Trust of Canada Inc., a trust Company duly organized and existing under the laws of Quebec (herein called the "Trustee").

RECITALS OF THE COMPANY AND THE GUARANTOR

A. The Company and the Guarantor have duly authorized the execution and delivery of this Indenture to provide for the issuance of the Company's installment notes, to be issued in accordance with the terms of this Indenture.

B. The Company and the Trustee have agreed that the Company shall issue and deliver, and the Trustee shall authenticate, notes denominated "Senior Installment Notes" (the "Securities") pursuant to the terms of this Indenture and substantially in the form set forth below, in each case with such appropriate insertions, omissions, substitutions, and other variations as are required or permitted by this Indenture, and with such letters, numbers, or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of such Securities.

[FORM OF FACE OF SECURITY]

LOUISIANA-PACIFIC ACQUISITION INC.

Senior Installment Notes

No. _____ C\$ _____

Louisiana-Pacific Acquisition Inc., a corporation duly incorporated under Part 1A of the COMPANIES ACT (Quebec) (hereinafter called the "Company," which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____, or registered assigns, the principal sum of C\$ _____, and to pay interest on the currently outstanding principal amount from _____ or, if later, from the most recent Interest Payment Date to which interest on the debt evidenced hereby has been paid or duly provided for, on September 30, December 31, March 31, and June 30 in each year, commencing December 31, 1999, at a rate per annum determined by the Company to be equal to the Canadian LIBOR Rate plus the Margin (as such terms are defined on the reverse side hereof), until the principal hereof is paid or made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which will be the fifteenth calendar day (whether or not a Business Day) next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the

Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof will be given to Holders of the Securities not less than 10 calendar days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

The principal will be paid in equal installments (each such payment, a "Principal Installment") on [_____, 2000, _____, 2001, _____, 2002 and _____, 2003] (each such date, a "Maturity Date"). To receive payment of a Principal Installment, the Holder of this Security must surrender the same at the office or agency of the Company referred to below, whereupon the Company will execute, and the Trustee will authenticate and deliver to such Holder, without charge, a new Security or Securities of like tenor, of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unpaid principal of this Security. From and after the applicable Maturity Date, no interest will accrue on the Principal Installment due on such Maturity Date. Payment of each Principal Installment of this Security will be made on the applicable Maturity Date or, if later, promptly after this Security is surrendered for such purpose as described above.

Payment of the Principal Installments and interest on this Security will be made at the office or agency of the Company maintained for the purpose in Montreal, Quebec, in such coin or currency of Canada as at the time of payment is legal tender for payment of public and private debts; PROVIDED, HOWEVER, that at the option of the Company payment of any Principal Installment or interest may be made by check mailed to the address of the Person entitled thereto as such address appears in the Security Register.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS SET FORTH ON THE REVERSE HEREOF. SUCH PROVISIONS WILL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH IN THIS PLACE.

This Security will not be valid or become obligatory for any purpose until the certificate of authentication on this Security has been signed manually by the Trustee under the Indenture referred to on the reverse side hereof.

In Witness Whereof, this instrument has been duly executed in accordance with the Indenture.

Louisiana-Pacific Acquisition Inc.

Dated: _____

By: _____

Name: _____

Title: _____

Attest:

By: _____

Name: _____

Title: _____

[Form of Reverse of Security]

Louisiana-Pacific Acquisition Inc.

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities") issued under an Indenture, dated as of September 14, 1999 (herein called the "Indenture"), among the Company, the Guarantor and Laurentian Trust of Canada Inc., as Trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, and immunities thereunder of the Company, the Guarantor, the Trustee, and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. Capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Indenture.

The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness evidenced by this Security or (b) certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

If an Event of Default with respect to the Securities shall occur and be continuing, the principal of the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the Guarantor and the rights of the Holders of the Securities to be effected at any time by the Company, the Guarantor, and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities, to waive compliance by the Company and the Guarantor with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security will be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security will not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities, the Holders of not less than 25% in principal amount of the Securities at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default and offered the Trustee reasonable indemnity, and the Trustee shall not

have received from the Holders of a majority in principal amount of the Securities at the time Outstanding a direction inconsistent with such request and shall have failed to institute such proceeding for 60 calendar days after receipt of such notice, request, and offer of indemnity. The foregoing will apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture will alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form without coupons. Prior to the first Maturity Date, the Securities will be issuable only in denominations of C\$1,000 and integral multiples thereof. From and after the first, second and third Maturity Dates, the Securities will be issuable only in denominations of C\$750, C\$500 and C\$250, respectively, and integral multiples thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of the Securities of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge will be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Guarantor, the Trustee, and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security shall be overdue, and none of the Company, the Guarantor, the Trustee, or any such agent will be affected by notice to the contrary.

All terms used in this Security that are defined in the Indenture will have the respective meanings assigned to them in the Indenture. The term "Canadian LIBOR Rate" means, in respect of each Interest Period, the London Interbank market rate of interest for deposits in Canadian dollars in amounts comparable to that of the aggregate principal amount of the Securities for a 90-day period which appears on Telerate Page 3740 of the Dow Jones Telerate Service (or such other page as may be designated as a replacement page for such

deposits) as of 11:00 a.m. (London time) two business days in London before the first day of such Interest Period; provided that if such rate is not available as of such time, then the rate for such Interest Period shall mean a rate determined by the Company, acting reasonably, that most closely approximates such rate. The term "Margin" means, in respect of each Interest Period, a rate per annum equal to the rate set forth below opposite the applicable rating assigned to the Guarantor's long-term debt by Moody's Investors Services Inc. or Standard & Poor's Corporation as in effect two Business Days before the first day of such Interest Period; provided that (i) if ratings assigned by both Moody's Investors Services Inc. and Standard & Poor's Corporation are in effect on the relevant date and would result in two different Margins, the lower of such Margins shall be used, (ii) the Margin shall in no event be less than 0.25% or greater than 1.25%, and (iii) if no rating assigned by Moody's Investors Services Inc. or Standard & Poor's Corporation is in effect on the relevant date, the Margin shall be 0.75%.

MOODY'S	S & P	MARGIN
A2	A	0.25%
A3	A-	0.50%
Baa1	BBB+	0.75%
Baa2	BBB	1.00%
Baa3	BBB-	1.25%

GUARANTEE

Louisiana-Pacific Corporation, a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Guarantor," which term includes any successor or additional Guarantor under the Indenture) has unconditionally guaranteed, to the extent permitted by law, that (a) the principal of and interest on this Security will be promptly paid in full when due, whether at maturity, by acceleration, or otherwise, and interest on the overdue principal of and interest on this Security, if any, will be promptly paid in full in accordance with the terms hereof and as set forth in the Indenture; and (b) in case of any extension of time of payment or renewal of this Security, that the same will be promptly paid in full when due in accordance with the terms of the extension or renewal, whether at maturity, by acceleration, or otherwise.

No stockholder, officer, director, employee, or incorporator, past, present or future, of the Guarantor, as such, shall have any personal liability under this Guarantee by reason of his or its status as such stockholder, officer, director, employee, or incorporator.

This Guarantee shall be binding upon the Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of the Holder and the Trustee and, in the event of any transfer or assignment of rights by the Holder or the Trustee, the rights and privileges herein conferred upon that party shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions hereof.

This Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on this Security has been signed manually by the Trustee under the Indenture.

Louisiana-Pacific Corporation

By: _____
Name: _____
Title: _____

C. The Trustee's certificate of authentication will be in substantially the following form:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities referred to in the within-mentioned Indenture.

Laurentian Trust of Canada Inc., as Trustee

Dated: _____
By: _____
Authorized Signatory

D. All acts and things necessary to make the Securities and the Guarantee, when the Securities have been executed by the Company, the notation of the Guarantee on the Securities has been endorsed by the Guarantor, and the Securities have been authenticated by the Trustee and delivered as provided in this Indenture, the valid, binding, and legal obligations of the Company and the Guarantor, respectively, and to constitute these presents a valid indenture and agreement according to its terms, have been done and performed, and the execution and delivery by the Company and the Guarantor of this Indenture and the issue hereunder of the Securities have in all respects been duly authorized; and the Company and the Guarantor, in the exercise of legal right and power in them vested, are executing and delivering this Indenture.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

In order to declare the terms and conditions upon which the Securities are authenticated, issued, and delivered, and in consideration of the premises and of the purchase and acceptance of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of the respective Holders from time to time of the Securities as follows:

ARTICLE I. DEFINITIONS

SECTION 1.01. CERTAIN TERMS DEFINED

(a) The terms defined in this Section 1.01 (except as herein otherwise expressly provided or unless the context of this Indenture otherwise requires) for all purposes of this Indenture have the respective meanings specified in this Section 1.01.

ACT:

The term "Act," when used with respect to any Holder, has the meaning set forth in Section 12.10.

AFFILIATE:

The term "Affiliate" means, with respect to a particular Person, any Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, control of a Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative of the foregoing.

AUTHENTICATING AGENT:

The term "Authenticating Agent" means any Person authorized by the Trustee pursuant to Section 7.12 to act on behalf of the Trustee to authenticate Securities.

BOARD OF DIRECTORS:

The term "Board of Directors" means the Board of Directors of the Company or of the Guarantor, as applicable, or a duly authorized committee of such Board.

BOARD RESOLUTION:

The term "Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

BUSINESS DAY:

The term "Business Day" means each Monday, Tuesday, Wednesday, Thursday, and Friday which is not a day on which banking institutions in Montreal, Quebec are authorized or required by law or executive order to close and the Federal Reserve Bank's FedWire Service is operating.

CANADIAN LIBOR RATE:

The term "Canadian LIBOR Rate" means, in respect of each Interest Period, the London Interbank market rate of interest for deposits in Canadian dollars in amounts comparable to that of the aggregate principal amount of the Securities for a 90-day period which appears on Telerate Page 3740 of the Dow Jones Telerate Service (or such other page as may be designated as a replacement page for such deposits) as of 11:00 a.m. (London time) two business days in London before the first day of such Interest Period; provided that if such rate is not available as of such time, then the rate for such Interest Period shall mean a rate determined by the Company, acting reasonably, that most closely approximates such rate.

COMMON SHARES:

The term "Common Shares" means the common shares of the Company.

COMPANY:

The term "Company" means Louisiana-Pacific Acquisition Inc., a corporation incorporated under Part 1A of the COMPANIES ACT (Quebec), until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" will mean such successor Person.

COMPANY REQUEST OR COMPANY ORDER:

The term "Company Request" or "Company Order" means a written request or order, respectively, signed in the name of the Company by the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary, or any Assistant Secretary of the Company, and delivered to the Trustee.

CORPORATE TRUST OFFICE:

"Corporate Trust Office" means the office of the Trustee at which at any particular time its corporate trust business shall be administered, which office at the date of initial execution of this Indenture is 425 de Maisonneuve West, 1st Floor, Department 772, Montreal, Quebec H3A 3G5.

COVENANT DEFEASANCE:

The term "Covenant Defeasance" has the meaning set forth in Section 3.02.

DEFAULT:

The term "Default" means any event which, with notice or passage of time or both, would constitute an Event of Default.

DEFAULTED INTEREST:

The term "Defaulted Interest" has the meaning set forth in Section 2.09.

DEFEASANCE:

The term "Defeasance" has the meaning set forth in Section 3.01.

EVENT OF DEFAULT:

The term "Event of Default" has the meaning set forth in Section 6.01(a).

GUARANTEE:

The term "Guarantee" shall mean the guarantee of Guarantor pursuant to Article XI hereof. When used as a verb, "Guarantee" shall have a corresponding meaning.

GUARANTOR:

The term "Guarantor" means Louisiana-Pacific Corporation, a Delaware corporation, until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Guarantor" will mean such successor Person.

HOLDER:

The term "Holder" means a person in whose name a particular Security is registered in the Security Register.

INDENTURE:

The term "Indenture" means this Indenture, as this Indenture may be amended, supplemented, or otherwise modified from time to time.

INTEREST:

The term "Interest" means the amount of all interest accruing on such Security, including any default interest and any interest that would have accrued after any Event of Default but for the occurrence of such Event of Default, whether or not a claim for such interest would be otherwise allowable under applicable law.

INTEREST PAYMENT DATE:

The term "Interest Payment Date," when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

INTEREST PERIOD:

The term "Interest Period" means initially, the period commencing on September 9, 1999 and ending on December 31, 1999, and thereafter each calendar quarter (or shorter period in the event of repayment of the Securities); provided that interest shall accrue for the first day of each Interest Period and each day thereafter up to but (provided that interest is timely paid) excluding the last day of such Interest Period.

MARGIN:

The term "Margin" means in respect of each Interest Period, a rate per annum equal to the rate set forth below opposite the applicable rating assigned to the Guarantor's long-term debt by Moody's Investors Services Inc. or Standard & Poor's Corporation as in effect two Business Days before the first day of such Interest Period; provided that (i) if ratings assigned by both Moody's Investors Services Inc. and Standard & Poor's Corporation are in effect on the relevant date and would result in two different Margins, the lower of such Margins shall be used, (ii) the Margin shall in no event be less than 0.25% or greater than 1.25%, and (iii) if no rating assigned by Moody's Investors Services Inc. or Standard & Poor's Corporation is in effect on the relevant date, the Margin shall be 0.75%.

MOODY'S	S & P	MARGIN
A2	A	0.25%
A3	A-	0.50%
Baa1	BBB+	0.75%
Baa2	BBB	1.00%
Baa3	BBB-	1.25%

MATERIAL ADVERSE EFFECT:

The term "Material Adverse Effect" means a material adverse effect on the business, assets, financial condition, or results of operations of the Company (taken together with its Subsidiaries as a whole).

MATURITY:

The term "Maturity," when used with respect to any Security, means the date on which the principal of that Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, or otherwise.

MATURITY DATE:

The term "Maturity Date" has the meaning set forth in Section 2.01.

NOTICE OF DEFAULT:

The term "Notice of Default" means a written notice of the kind set forth in Section 6.01(a)(iv).

OFFICER'S CERTIFICATE:

The term "Officer's Certificate" means a certificate executed on behalf of the Company or the Guarantor, as appropriate, by a Responsible Officer, and delivered to the Trustee.

OPINION OF COUNSEL:

The term "Opinion of Counsel" means an opinion in writing signed by legal counsel, who, subject to any express provisions hereof, may be an employee of or counsel for the Company, the Guarantor or any Subsidiary of the Company or the Guarantor, reasonably acceptable to the Trustee.

OUTSTANDING:

The term "Outstanding" means, when used with reference to Securities as of a particular time, all Securities theretofore issued by the Company and authenticated and delivered by the Trustee under this Indenture, except: (a) Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation, (b) Securities for the payment or redemption of which money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company is acting as its own Paying Agent) for the Holders of such Securities, and (c) Securities in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company; PROVIDED, HOWEVER, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent, or waiver hereunder, Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor will be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee will be protected in relying upon any such request, demand, authorization, direction, notice, consent, or waiver, only Securities which a Responsible Officer of the Trustee actually knows to be so owned will be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

PERSON:

The term "Person" means any individual, partnership, corporation, limited liability company, joint stock company, business trust, trust, unincorporated association, joint venture, or other entity, or government or political subdivision or agency thereof.

PREDECESSOR SECURITY:

The term "Predecessor Security," when used with respect to any particular Security, means every previous Security evidencing all or a portion of the same debt as that evidenced by such Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 2.07 in exchange for or in lieu of a mutilated, destroyed, lost, or stolen Security will be deemed to evidence the same debt as the mutilated, destroyed, lost, or stolen Security.

PRINCIPAL INSTALLMENT:

The term "Principal Installment" has the meaning set forth in Section 2.01.

REGULAR RECORD DATE:

The term "Regular Record Date" for the interest payable on any Interest Payment Date on the Securities means the fifteenth calendar day (whether or not a Business Day) next preceding such Interest Payment Date.

RESPONSIBLE OFFICER:

The term "Responsible Officer," when used (a) with respect to the Company or the Guarantor, means the Chairman or any Vice Chairman of the Board of Directors, the Chief Executive Officer, the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary, or any Assistant Secretary of the Company or the Guarantor, as applicable, and (b) with respect to the Trustee, means any officer of the Trustee assigned by the Trustee to administer corporate trust matters and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject.

SECURITIES:

The term "Securities" has the meaning set forth in the second recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture.

SECURITY REGISTER AND SECURITY REGISTRAR:

The terms "Security Register" and "Security Registrar" have the respective meanings set forth in Section 2.05.

SPECIAL RECORD DATE:

The term "Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 2.09.

STATED MATURITY:

The term "Stated Maturity," when used with respect to any Security, means the date specified in such Security as the fixed date on which the principal of such Security or any installment of interest thereon is due and payable.

SUBSIDIARY:

The term "Subsidiary" means, with respect to any Person, any corporation, partnership, or other business entity of which, in the case of a corporation, more than 50% of the issued and outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation has or might have voting power upon the occurrence of any contingency), or, in the case of any partnership or other legal entity, more than 50% of the ordinary equity capital interests, is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries, or by one or more of such Person's other Subsidiaries.

TRUSTEE:

The term "Trustee" means the Person named as the "Trustee" in the first paragraph of this Indenture until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" will mean or include each Person who is then a Trustee hereunder.

VICE PRESIDENT:

The term "Vice President," when used with respect to the Company, the Guarantor, or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president."

(b) The words "Article" and "Section" refer to an Article and Section, respectively, of this Indenture as originally executed. The words "herein", "hereof," and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, or other subdivision. Certain terms used principally in Articles III, IV and VII are defined in those Articles. Terms in the singular include the plural and terms in the plural include the singular.

ARTICLE II. THE SECURITIES

SECTION 2.01. DESIGNATION OF SECURITIES; PRINCIPAL AMOUNT; MATURITY

(a) The Securities are designated Senior Installment Notes. The Securities will be unsecured obligations of the Company and will rank PARI PASSU in right of payment with all other unsecured and unsubordinated indebtedness of the Company.

(b) The Company will issue the Securities in conjunction with its acquisition of all of the issued and outstanding Class A Multiple Voting Shares and Class B Subordinate Voting Shares (collectively, the "Shares") of Le Groupe Forex Inc. ("Forex") pursuant to the Company's offer to purchase the Shares and any subsequent acquisition transaction that the Company may elect to pursue (collectively, the "Acquisition"). Pursuant to the Acquisition, the shareholders of Forex will be entitled to elect to receive (i) cash, or (ii) a combination of cash and Securities. The Securities will be issued in an aggregate principal amount equal to the aggregate amount of consideration payable to holders of Shares in the form of Securities in connection with or by reason of the Acquisition.

(c) The principal of the Securities will be paid in equal installments (each a "Principal Installment") on September 30, 2000, September 30, 2001, September 30, 2002, and September 30, 2003 (each such date a "Maturity Date"); provided, in the case of any particular Security, that such date is later than the date of issuance of such Security. The principal of any Security issued on or after a particular Maturity Date will be paid in equal installments on the following Maturity Dates (or, in the case of any Security issued on or after September 30, 2002, will be paid in full on September 30, 2003). To receive payment of a Principal Installment, the Holder of a Security must surrender the same at the office or agency of the Company designated for such purpose pursuant to Section 4.02, whereupon the Company will execute, and the Trustee will authenticate and deliver to such Holder, without charge, a new Security or Securities of like tenor, of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unpaid principal of the Security so surrendered. From and after the applicable Maturity Date, no interest will accrue on the Principal Installment due on such Maturity Date. Payment of each Principal Installment of a Security will be made on the applicable Maturity Date or, if later, promptly after a Security is surrendered for such purpose as described above.

(d) The Company shall issue and deliver to the Trustee, and the Trustee shall authenticate, Securities substantially in the form set forth above, in each case with such appropriate insertions, omissions, substitutions, and other variations as are required or permitted by this Indenture, and with such letters, numbers, or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of such Securities.

SECTION 2.02. FORM OF SECURITIES AND TRUSTEE'S CERTIFICATE OF AUTHENTICATION

(a) The Securities will be in substantially the form set forth in or otherwise contemplated by the recitals to this Indenture.

(b) The definitive Securities will be printed, lithographed, or engraved on steel engraved borders or may be produced in any other manner as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

(c) The Trustee's certificate of authentication will be in substantially the form set forth in the recitals to this Indenture.

SECTION 2.03. DATE AND DENOMINATIONS

Each Security will be issuable only in registered form without coupons and will be dated the date of its authentication. Prior to the first Maturity Date, the Securities will be issuable only in denominations of C\$1,000 and integral multiples thereof. From and after the first, second and third Maturity Dates, the Securities will be issuable only in denominations of C\$750, C\$500 and C\$250, respectively, and integral multiples thereof.

SECTION 2.04. EXECUTION, AUTHENTICATION AND DELIVERY OF SECURITIES

(a) The Securities will be executed on behalf of the Company by the President, or any Vice President of the Company and attested by the Treasurer, the Secretary, any Assistant Treasurer, or any Assistant Secretary of the Company. The signature of any of these officers on the Securities may be manual or facsimile.

(b) Only such Securities bearing the Trustee's certificate of authentication, signed manually by the Trustee, will be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such execution of the certificate of authentication by the Trustee upon any Securities executed by the Company will be conclusive evidence that the Securities so authenticated have been duly authenticated and delivered hereunder. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 2.08, for all purposes of this Indenture such Security will be deemed never to have been authenticated and delivered hereunder and will never be entitled to the benefits of this Indenture.

(c) Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company will bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

(d) At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee will authenticate and deliver such Securities in accordance with such Company Order.

SECTION 2.05. REGISTRATION OF TRANSFER AND EXCHANGE

(a) The Company will cause to be kept at the Corporate Trust Office a register (the register maintained in such office and in any other office or agency of the Company designated pursuant to Section 4.02 being herein sometimes collectively referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company will provide for the registration of Securities and of transfers of Securities. The Trustee is hereby appointed "Security Registrar" for the purpose of registering Securities and transfers of Securities as herein provided.

(b) Upon surrender for registration of transfer of any Security at the office or agency designated pursuant to Section 4.02, the Company will execute, and the Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of any authorized denominations and of a like aggregate principal amount and tenor.

(c) At the option of the Holder, Securities may be exchanged for other Securities of any authorized denominations and of a like aggregate principal amount and tenor, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company will execute, and the Trustee will authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

(d) Every Security presented or surrendered for registration of transfer or exchange will (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument or instruments of transfer, in form reasonably satisfactory to the Company and the Security Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing. No service charge will be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 2.06 or 8.05 not involving any transfer.

(e) All Securities issued upon any registration of transfer or exchange of Securities will be valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

SECTION 2.06. TEMPORARY SECURITIES

Pending the preparation of definitive Securities, the Company may execute and register, and upon Company Order the Trustee will authenticate and deliver, temporary Securities (printed, lithographed, or typewritten) of any authorized denomination, and substantially in the form of the definitive Securities but with such omissions, insertions, and variations as may be appropriate for temporary Securities, all as may be determined by the officers of the Company executing such Securities as evidenced by their execution of such Securities; PROVIDED, HOWEVER, that the Company will use reasonable efforts to have definitive Securities available at the times

of any issuance of Securities under this Indenture. Every temporary Security will be executed and registered by the Company and be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Securities. The Company will execute and register and furnish definitive Securities as soon as practicable and thereupon any or all temporary Securities may be surrendered in exchange therefor at the office or agency of the Company designated for such purpose pursuant to Section 4.02, and the Trustee will authenticate and deliver in exchange for such temporary Securities one or more definitive Securities of any authorized denominations, and of a like aggregate principal amount and tenor. Such exchange will be made by the Company at its own expense and without any charge to the Holder therefor. Until so exchanged, the temporary Securities authenticated and delivered hereunder will be entitled to the same benefits under this Indenture as definitive Securities authenticated and delivered hereunder.

SECTION 2.07. MUTILATED, DESTROYED, LOST, AND STOLEN SECURITIES

(a) If any mutilated Security is surrendered to the Trustee, the Company will execute and the Trustee will authenticate and deliver in exchange therefor a new Security of like tenor and principal amount and bearing a number not contemporaneously outstanding.

(b) If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss, or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company will execute and the Trustee will authenticate and deliver, in lieu of any such destroyed, lost, or stolen Security, a new Security of like tenor and principal amount and bearing a number not contemporaneously outstanding.

(c) In case any such mutilated, destroyed, lost, or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

(d) Upon the issuance of any new Security under this Section 2.07, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

(e) Every new Security issued pursuant to this Section 2.07 in exchange for any mutilated Security or in lieu of any destroyed, lost, or stolen Security will constitute an original additional contractual obligation of the Company, whether or not the mutilated, destroyed, lost, or stolen Security shall be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

(f) The provisions of this Section 2.07 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost, or stolen Securities.

SECTION 2.08. CANCELLATION OF SURRENDERED SECURITIES

All Securities surrendered for payment, redemption, registration of transfer or exchange will, if surrendered to any Person other than the Trustee, be delivered to the Trustee and will be promptly canceled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Company has not issued and sold, and all Securities so delivered will be promptly canceled by the Trustee. No Securities will be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section 2.08, except as expressly permitted by this Indenture. The Trustee shall destroy all canceled Securities held by the Trustee and shall send a certificate of such destruction to the Company.

SECTION 2.09. PAYMENT OF INTEREST; INTEREST RIGHTS PRESERVED

(a) The Securities shall bear interest during each Interest Period at a rate per annum determined by the Company to be equal to the Canadian LIBOR Rate plus the Margin, which determination will be final and binding. The Company will notify the Trustee of the interest rate with respect to each Interest Period no later than the first Business Day of such Interest Period. The Securities will bear interest from September 9, 1999 (except that Securities issued pursuant to Sections 2.01(c), 2.05 or 2.07 of this Indenture will bear interest from the most recent Interest Payment Date to which interest on the debt evidenced thereby has been paid or duly provided for and any Securities issued upon the conversion of any 8% convertible subordinated debentures issued by Forex under the Agency Indenture made as of March 12, 1997 between Forex, Levesque Beaubien Geoffrion, Inc. and Laurentian Trust of Canada Inc. will bear interest from the date of such conversion) until the principal thereof is paid or made available for payment. Such interest shall be payable quarterly on September 30, December 31, March 31 and June 30 of each year, commencing December 31, 1999.

(b) The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name such Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the fifteenth calendar day (whether or not a Business Day) next preceding such Interest Payment Date.

(c) Any interest on any Security which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") will forthwith cease to be payable to the Holder on the relevant regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company together with interest thereon (to the extent permitted by law) at the rate of interest applicable to such Security, at its election in each case, as provided in clause (i) or (ii) below:

(i) The Company may elect to make payment of any Defaulted Interest (and interest thereon, if any) to the Persons in whose names the Securities (or their respective Predecessor Securities) are registered at the close of business on a Special

Record Date for the payment of such Defaulted Interest, which will be fixed in the following manner. The Company will notify the Trustee in writing of the amount of Defaulted Interest (and interest thereon, if any) proposed to be paid on each Security and the date of the proposed payment, and at the same time the Company will deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest (and interest thereon, if any) or will make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest (and interest thereon, if any) as in this clause (i) provided. Thereupon the Trustee will fix a Special Record Date for the payment of such Defaulted Interest (and interest thereon, if any) which will be not more than 15 calendar days and not less than 10 calendar days prior to the date of the proposed payment and not less than 10 calendar days after the receipt by the Trustee of the notice of the proposed payment. The Trustee will promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, will cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Securities at his address as it appears in the Security Register, not less than 10 calendar days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest (and interest thereon, if any) and the Special Record Date therefor having been so mailed, such Defaulted Interest will be paid to the Persons in whose names the Securities (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and will no longer be payable pursuant to the following clause (ii).

(ii) The Company may make payment of any Defaulted Interest (and interest thereon, if any) on the Securities in any other lawful manner if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause (ii), such manner of payment shall be deemed practicable by the Trustee.

(d) Subject to the foregoing provisions of this Section 2.09, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security will carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

(e) Payment of the Principal Installments and interest on the Securities shall be made at the office or agency of the Company maintained for the purpose in Montreal, Quebec, in such coin or currency of Canada as at the time of payment is legal tender for payment of public and private debts; PROVIDED, HOWEVER, that at the option of the Company payment of any Principal Installment or interest may be made by check mailed to the address of the Person entitled thereto as such address appears in the Security Register.

SECTION 2.10. PERSONS DEEMED OWNERS

Prior to due presentment of a Security for registration of transfer, the Company, the Guarantor, the Trustee, and any agent of the Company, the Guarantor, or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the

purpose of receiving payment of principal of and (subject to Section 2.09) any interest on such Security and for all other purposes whatsoever, whether or not such Security shall be overdue, and none of the Company, the Guarantor, the Trustee or any agent of the Company, the Guarantor or the Trustee will be affected by notice to the contrary.

SECTION 2.11. COMPUTATION OF INTEREST

Interest on the Securities will be computed on the basis of a 360-day year consisting of twelve 30-day months.

ARTICLE III. DEFEASANCE AND COVENANT DEFEASANCE

SECTION 3.01. DEFEASANCE AND DISCHARGE

The Company and the Guarantor will be deemed to have been discharged from their respective obligations with respect to the Outstanding Securities as provided in this Section 3.01 on and after the date the conditions set forth in Section 3.03 are satisfied (hereinafter called "Defeasance"). For this purpose, such Defeasance means that the Company will be deemed to have paid and discharged the entire indebtedness represented by the Outstanding Securities and the Company and the Guarantor will be deemed to have satisfied all of their respective other obligations under the Securities and this Indenture (and the Trustee, at the expense of the Company, will execute proper instruments acknowledging the same), subject to the following which will survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of the Securities to receive, solely from the trust fund described in Section 3.03 and as more fully set forth in Section 3.03, payments in respect of the principal of and interest on such Securities when payments are due, (b) the Company's obligations with respect to the Securities under Sections 2.05, 2.06, 2.07, 4.02, 4.03, and 8.06, (c) the rights, powers, trusts, duties, and immunities of the Trustee hereunder, and (d) this Article III.

SECTION 3.02. COVENANT DEFEASANCE

The Company will be released from its obligations under Sections 4.04 through 4.07, inclusive, Section 9.01, and the occurrence of any event specified in Section 6.01(a)(iii) (with respect to any of Sections 4.04 through 4.07, inclusive and Section 9.01) will be deemed not to be or result in an Event of Default, in each case with respect to the Outstanding Securities as provided in this Section 3.02 on and after the date the conditions set forth in Section 3.03 are satisfied (hereinafter called "Covenant Defeasance"). For this purpose, such Covenant Defeasance means that the Company may omit to comply with and will have no liability in respect of any term, condition, or limitation set forth in any such specified Section (to the extent specified above in the case of Section 6.01(a)(iii)), whether directly or indirectly by reason of any reference elsewhere herein to any such Section or provision or by reason of any reference in any such Section or provision to any other provision herein or in any other document, but the remainder of this Indenture and the Securities will be unaffected thereby.

SECTION 3.03. CONDITIONS TO DEFEASANCE OR COVENANT DEFEASANCE

The following will be the conditions to application of either Section 3.01 or Section 3.02 to the Outstanding Securities:

(a) The Company shall irrevocably have deposited or caused to be deposited with the Trustee as trust funds in trust for the benefit of the Holders of the Outstanding Securities money in an amount sufficient to pay and discharge, and which will be applied by the Trustee (or any such other qualifying trustee) to pay and discharge, the principal of and interest on the Securities on the respective Stated Maturities. The determination of the sufficiency of the amount of money so deposited shall be determined with reference to the rate of interest borne by the Securities at the time of such deposit.

(b) No Event of Default or event that (after notice or lapse of time or both) would become an Event of Default shall have occurred and be continuing at the time of such deposit or, with regard to any Event of Default or any such event specified in Sections 6.01(a)(iv) and (v), at any time on or prior to the 90th calendar day after the date of such deposit (it being understood that this condition will not be deemed satisfied until after such 90th calendar day).

(c) Such Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company is a party or by which it is bound.

(d) The Company shall have delivered to the Trustee an Officer's Certificate of the Company and an Opinion of Counsel, each stating that all conditions precedent with respect to such Defeasance or Covenant Defeasance have been complied with.

SECTION 3.04. DEPOSITED MONEY TO BE HELD IN TRUST; OTHER MISCELLANEOUS PROVISIONS

(a) Subject to the provisions of Section 4.03(e), all money deposited with the Trustee or other qualifying trustee (solely for purposes of this Section 3.04 and Section 3.05, the Trustee and any such other trustee are referred to collectively as the "Trustee") pursuant to Section 3.03 in respect of the Securities will be held in trust and applied by the Trustee, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any such Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of Securities, of all sums due and to become due thereon in respect of principal and interest, but money so held in trust need not be segregated from other funds except to the extent required by law.

(b) Notwithstanding anything in this Article III to the contrary, (i) the Trustee will from time to time upon request deliver or pay to the Company any money held by the Trustee as provided in Section 3.03 with respect to the Securities that is in excess of the amount of money that would then be required to be deposited to effect an equivalent Defeasance or Covenant Defeasance with respect to the Securities and (ii) the Company will from time to time

upon request deposit or cause to be deposited with the Trustee as trust funds in trust for the benefit of the Holders of the Outstanding Securities such additional amounts of money as may be necessary to cause the amount of money held by the Trustee as provided in Section 3.03 with respect to the Securities to be at least equal to the amount of money that would then be required to be deposited to effect an equivalent Defeasance or Covenant Defeasance with respect to the Securities.

SECTION 3.05. REINSTATEMENT

If the Trustee or the Paying Agent is unable to apply any money in accordance with this Article III with respect to the Securities by reason of any order or judgment of any court or governmental authority enjoining, restraining, or otherwise prohibiting such application, then the Company's and the Guarantor's obligations under this Indenture and the Securities will be revived and reinstated as though no deposit had occurred pursuant to this Article III with respect to the Securities until such time as the Trustee or Paying Agent is permitted to apply all money held in trust pursuant to Section 3.04 with respect to the Securities in accordance with this Article III; PROVIDED, HOWEVER, that if the Company makes any payment of principal of or interest on the Securities following the reinstatement of its obligations, the Company will be subrogated to the rights of the Holders of the Securities to receive such payment from the money so held in trust.

ARTICLE IV. PARTICULAR COVENANTS OF THE COMPANY

SECTION 4.01. PAYMENT OF PRINCIPAL AND INTEREST ON SECURITIES

The Company, for the benefit of the Securities, will duly and punctually pay the principal of and interest on the Securities in accordance with the terms of the Securities and this Indenture.

SECTION 4.02. MAINTENANCE OF OFFICE OR AGENCY

(a) The Company will maintain in Montreal, Quebec an office or agency where the Securities may be presented or surrendered for payment, where the Securities may be surrendered for registration of transfer or exchange, and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices, and demands may be made or served at the Corporate Trust Office, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices, and demands.

(b) The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; PROVIDED, HOWEVER, that no such designation or rescission will in any manner relieve the Company of its obligation to maintain an

office or agency in Montreal, Quebec for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 4.03. MONEY FOR SECURITIES PAYMENTS TO BE HELD IN TRUST

(a) If the Company shall at any time act as its own Paying Agent with respect to the Securities, it will, on or before each due date of the principal of or interest on any of the Securities, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

(b) Whenever the Company shall have one or more Paying Agents for the Securities, it will, prior to each due date of the principal of or interest on any Securities, deposit with a Paying Agent a sum sufficient to pay such amount, such sum to be held in trust by such Paying Agent for payment in respect of the Securities, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

(c) The Company will cause each Paying Agent for the Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent will agree with the Trustee, subject to the provisions of this Section 4.03, that such Paying Agent will, during the continuance of any default by the Company (or any other obligor upon the Securities) in the making of any payment in respect of the Securities, and upon the written request of the Trustee, forthwith pay to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Securities.

(d) The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent will be released from all further liability with respect to such money.

(e) Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of or interest on any Security and remaining unclaimed for two years after such principal or interest has become due and payable will be paid to the Company upon a Company Request (or, if then held by the Company, will be discharged from such trust); and the Holder of such Security will thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, will thereupon cease.

SECTION 4.04. PAYMENT OF TAXES AND OTHER CLAIMS

The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (a) all taxes, assessments, and governmental charges levied or imposed upon the Company or any Subsidiary of the Company or upon the income, profits, or property of the Company or any Subsidiary of the Company, and (b) all lawful claims for labor, materials, and supplies, in each case which, if unpaid, might by law become a lien upon the property of the Company or any Subsidiary of the Company and might have a Material Adverse Effect; PROVIDED, HOWEVER, that the Company will not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge, or claim the amount, applicability, or validity of which is being contested in good faith by appropriate proceedings.

SECTION 4.05. MAINTENANCE OF PROPERTIES

The Company will cause all properties used or useful in the conduct of its business or the business of any Subsidiary of the Company to be maintained and kept in good condition, repair, and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments, and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; PROVIDED, HOWEVER, that nothing in this Section 4.05 will prevent the Company from discontinuing the operation or maintenance of any of such properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business or the business of any Subsidiary of the Company and will not result in a Material Adverse Effect.

SECTION 4.06. EXISTENCE

Subject to Article IX, the Company will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory), and franchises; PROVIDED, HOWEVER, that no Subsidiary of the Company will be required to preserve its existence, and neither the Company nor any Subsidiary of the Company will be required to preserve any such right or franchise, if the Board of Directors determines that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof will not result in a Material Adverse Effect.

SECTION 4.07. COMPLIANCE WITH LAWS

The Company will, and will cause each of its Subsidiaries to, comply with all applicable federal, state, local, or foreign laws, rules, regulations, or ordinances, including without limitation such laws, rules, regulations, or ordinances relating to pension, environmental, employee, and tax matters, in each case to the extent that the failure so to comply would have a Material Adverse Effect.

SECTION 4.08. STATEMENT BY OFFICERS AS TO DEFAULT

The Company will deliver to the Trustee, within 120 calendar days after the end of each fiscal year of the Company ending after the date hereof, an Officer's Certificate of the Company stating whether or not to the knowledge of such person after due inquiry the Company is in default in the performance and observance of any of the terms, provisions, and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Company is in default, specifying all such defaults and the nature and status thereof of which such person may have such knowledge.

SECTION 4.09. WAIVER OF CERTAIN COVENANTS

The Company may omit in any particular instance to comply with any term, provision, or condition set forth in Sections 4.04 through 4.07, inclusive, with respect to the Securities if the Holders of a majority in principal amount of the Outstanding Securities shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision, or condition, but no such waiver will extend to or affect such term, provision, or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision, or condition will remain in full force and effect.

ARTICLE V. SECURITIES HOLDERS' LISTS AND REPORTS BY
THE COMPANY AND THE TRUSTEE

SECTION 5.01. COMPANY TO FURNISH TRUSTEE NAMES AND ADDRESSES OF
HOLDERS

The Company will furnish or cause to be furnished to the Trustee (a) semi-annually, not more than 15 calendar days after the applicable Regular Record Date, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders of the Securities as of such Regular Record Date and (b) at such other times as the Trustee may request in writing, within 30 calendar days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 calendar days prior to the time such list is furnished; EXCLUDING from any such list names and addresses received by the Trustee in its capacity as Security Registrar.

SECTION 5.02. PRESERVATION OF INFORMATION

The Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 5.01 and the names and addresses of Holders received by the Trustee in its capacity as Security Registrar. The Trustee may destroy any list furnished to it as provided in Section 5.01 upon receipt of a new list so furnished.

ARTICLE VI. DEFAULT

SECTION 6.01. EVENT OF DEFAULT

(a) "Event of Default," wherever used herein with respect to the Securities, means any one of the following events (whatever the reason for such Event of Default and whether it may be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, or order of any court or any order, rule, or regulation of any administrative or governmental body):

(i) default in the payment of any interest on the Securities when it becomes due and payable, and continuance of such default for a period of 30 calendar days;

(ii) default in the payment of the principal of the Securities when it becomes due and payable;

(iii) default in the performance, or breach, of any covenant or warranty of the Company in this Indenture (other than a covenant or warranty, a default in the performance or breach of which is elsewhere in this Section 6.01 specifically dealt with), and continuance of such default or breach for a period of 60 calendar days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder;

(iv) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable federal or provincial bankruptcy, insolvency, reorganization, or other similar law or (B) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment, or composition of or in respect of the Company under any applicable federal or provincial law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of the Company or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive calendar days; or

(v) the commencement by the Company of a voluntary case or proceeding under any applicable federal or provincial bankruptcy, insolvency, reorganization, or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable federal or provincial bankruptcy, insolvency, reorganization, or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief with respect

to the Company under any applicable federal or provincial bankruptcy, insolvency, reorganization, or other similar law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of the Company or of any substantial part of its property pursuant to any such law, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action.

(b) If an Event of Default (other than an Event of Default arising under Section 6.01(a)(iv) or (v)) with respect to Securities Outstanding occurs and is continuing, then in every case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities may declare the principal amount of all of the Securities to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount) will become immediately due and payable. If an Event of Default under Section 6.01(a)(iv) or (v) occurs, then the principal of, and accrued interest on, the Securities shall become immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

(c) At any time after such a declaration of acceleration with respect to the Securities has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article VI provided, the Holders of a majority in principal amount of the Outstanding Securities, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if (i) the Company has paid or deposited with the Trustee a sum sufficient to pay (A) all overdue interest on the Securities, (B) the principal of any Securities which has become due otherwise than by such declaration of acceleration and any interest thereon at the rate or rates prescribed therefor in the Securities, (C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in the Securities, and (D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel and (ii) all Events of Default with respect to the Securities, other than the non-payment of the principal of the Securities which has become due solely by such declaration of acceleration, have been cured or waived as provided in Section 6.01(d). No such rescission will affect any subsequent default or impair any right consequent thereon.

(d) The Holders of a majority in principal amount of the Outstanding Securities may on behalf of the Holders of all the Securities waive any past default hereunder and its consequences, except a default (i) in the payment of the principal of or interest on the Securities or (ii) in respect of a covenant or provision hereof which under Article VIII cannot be modified or amended without the consent of the Holder of each Outstanding Security. Upon any such waiver, such default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture, but no such waiver will extend to any subsequent or other default or impair any right consequent thereon.

SECTION 6.02.

COVENANT OF COMPANY TO PAY TO TRUSTEE WHOLE AMOUNT
DUE ON SECURITIES ON DEFAULT IN PAYMENT OF INTEREST OR
PRINCIPAL; SUITS FOR ENFORCEMENT BY TRUSTEE

(a) The Company covenants that if (i) default is made in the payment of any interest on the Securities when such interest becomes due and payable and such default continues for a period of 30 calendar days or (ii) default is made in the payment of the principal of the Securities when it becomes due and payable, the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of the Securities, the whole amount then due and payable on the Securities for principal and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal and on any overdue interest, at the rate or rates prescribed therefor in the Securities, and, in addition thereto, such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel. If the Company shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Company and collect in the manner provided by law out of the property of the Company, wherever situated, the moneys adjudged or decreed to be payable.

(b) If an Event of Default with respect to the Securities occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of the Securities by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

(c) In case of any judicial proceeding relative to the Company (or any other obligor upon the Securities), its property, or its creditors, the Trustee will be entitled and empowered, by intervention in such proceeding or otherwise, to seek to have claims of the Holders and the Trustee allowed in any such proceeding. In particular, the Trustee will be authorized to collect and receive any money or other property payable or deliverable on any such claims and to distribute the same, and any custodian, receiver, assignee, trustee, liquidator, sequestrator, or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee consents to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel, and any other amounts due the Trustee under Section 7.06.

(d) No provision of this Indenture will be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment, or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding; PROVIDED, HOWEVER, that the Trustee may, on behalf of the Holders, vote for the

election of a trustee in bankruptcy or similar official and be a member of a creditors' or other similar committee.

(e) All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee will be brought in its own name as trustee of an express trust, and any recovery of judgment will, after provision for the payment of the reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

SECTION 6.03. APPLICATION OF MONEY COLLECTED BY TRUSTEE

Any money collected by the Trustee pursuant to this Article VI will be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 7.06;

SECOND: To the payment of the amounts then due and unpaid for principal of and interest on the Securities ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal and interest, respectively; and

THIRD: To the Company, its successors or assigns, or to such other Person that may be lawfully entitled to receive the same.

SECTION 6.04. LIMITATION ON SUITS BY HOLDERS OF SECURITIES

No Holder of any Security will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (a) such Holder has previously given written notice to the Trustee of a continuing Event of Default, (b) the Holders of not less than 25% in principal amount of the Outstanding Securities have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder, (c) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses, and liabilities to be incurred in compliance with such request, (d) the Trustee for 60 calendar days after its receipt of such notice, request, and offer of indemnity has failed to institute any such proceeding, and (e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities, it being understood and intended that no one or more of such Holders will have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb, or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to

enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

SECTION 6.05. RIGHTS AND REMEDIES CUMULATIVE; DELAY OR OMISSION IN EXERCISE OF RIGHTS NOT A WAIVER OF EVENT OF DEFAULT

(a) Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost, or stolen Securities in the last paragraph of Section 2.07, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

(b) No delay or omission of the Trustee or of any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VI or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 6.06. RIGHTS OF HOLDERS OF MAJORITY IN PRINCIPAL AMOUNT OF OUTSTANDING SECURITIES TO DIRECT TRUSTEE

The Holders of a majority in principal amount of the Outstanding Securities will have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities, PROVIDED that (a) such direction will not be in conflict with any rule of law or with this Indenture and (b) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 6.07. REQUIREMENT OF AN UNDERTAKING TO PAY COSTS IN CERTAIN SUITS UNDER THE INDENTURE OR AGAINST THE TRUSTEE

In any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered, or omitted by it as Trustee, a court may require any party litigant in such suit to file an undertaking to pay the costs of such suit, and may assess costs against any such party litigant, in the manner and to the extent provided by applicable law; PROVIDED, HOWEVER, this Section 6.07 will not be deemed to authorize any court to require such an undertaking or to make such an assessment in any suit instituted by the Company or by the Trustee.

SECTION 6.08. NOTICE OF DEFAULTS

If a Default occurs hereunder with respect to the Securities, the Trustee will give the Holders of the Securities notice of such Default within 90 days after the occurrence thereof in the manner provided in Section 12.03; PROVIDED, HOWEVER, that in the case of any Default of the character specified in Section 6.01(a)(iii) with respect to the Securities no such notice to Holders will be given until at least 30 calendar days after the occurrence thereof. The Company will give the Trustee notice of any uncured Event of Default within 10 days after any Responsible Officer of the Company becomes aware of or receives actual notice of such Event of Default.

SECTION 6.09. UNCONDITIONAL RIGHT OF HOLDERS TO RECEIVE PRINCIPAL AND INTEREST

Notwithstanding any other provision in this Indenture, the Holder of any Security will have the right, which is absolute and unconditional, to receive payment of the principal of and (subject to Section 2.09) interest on such Security on the respective Stated Maturities expressed in such Security and to institute suit for the enforcement of any such payment, and such rights may not be impaired without the consent of such Holder.

SECTION 6.10. RESTORATION OF RIGHTS AND REMEDIES

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Guarantor, the Trustee, and the Holders will be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders will continue as though no such proceeding had been instituted.

SECTION 6.11. TRUSTEE MAY FILE PROOFS OF CLAIMS

The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceeding relative to the Company or the Subsidiaries (or any other obligor upon the Securities), their creditors or their property and shall be entitled and empowered to collect and receive any monies or other property payable or deliverable on any such claim and to distribute the same, and any custodian in any such judicial proceedings is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee hereunder. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder

thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

ARTICLE VII. CONCERNING THE TRUSTEE

SECTION 7.01. CERTAIN DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Trustee will be as provided in this Indenture. Notwithstanding the foregoing, no provision of this Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee will be subject to the provisions of this Section 7.01.

SECTION 7.02. CERTAIN RIGHTS OF TRUSTEE

Subject to the provisions of Section 7.01: (a) the Trustee may conclusively rely and will be protected in acting or refraining from acting upon, whether in its original or facsimile form, any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties; (b) any request or direction of the Company mentioned herein will be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board will be sufficiently evidenced by a Board Resolution; (c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate; (d) the Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon; (e) the Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture, at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses, and liabilities which might be incurred by it in compliance with such request or direction; (f) the Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it will be entitled to examine the books, records, and premises of the Company, personally or by agent or attorney, at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation; (g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder; and

(h) the Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

SECTION 7.03. NOT RESPONSIBLE FOR RECITALS OR ISSUANCE OF SECURITIES

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. The Trustee or any Authenticating Agent will not be accountable for the use or application by the Company of the Securities or the proceeds thereof.

SECTION 7.04. MAY HOLD SECURITIES

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar, or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Section 7.07, may otherwise deal with the Company and the Guarantor with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar, or such other agent.

SECTION 7.05. MONEY HELD IN TRUST

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required herein or by law. The Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed in writing with the Company.

SECTION 7.06. COMPENSATION AND REIMBURSEMENT

The Company and the Guarantor, jointly and severally, agree (a) to pay to the Trustee from time to time such compensation for all services rendered by it hereunder as the parties shall agree from time to time (which compensation will not be limited to any provision of law in regard to the compensation of a trustee of an express trust); (b) except as otherwise expressly provided herein, reimburse the Trustee upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Trustee in accordance with provision of this Indenture (including the reasonable compensation and the expenses and disbursements of agents and counsel), except any such expense, disbursement, or advance as may be attributable to its negligence or bad faith; and (c) indemnify each of the Trustee and any predecessor Trustee for, and hold the Trustee harmless against, any and all loss, liability, claim, or expense incurred without negligence or bad faith on its part arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 6.01(a)(iv) or Section 6.01(a)(v), the expenses (including the reasonable charges and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any applicable Federal or provincial bankruptcy, insolvency or other similar law.

SECTION 7.07. DISQUALIFICATION; CONFLICTING INTERESTS

If the Trustee has or acquires a material conflict of interest with respect to its duties hereunder, the Trustee will, within 90 days of ascertaining that it has such a material conflict of interest, either eliminate such interest or resign in the manner provided by this Indenture.

SECTION 7.08. CORPORATE TRUSTEE REQUIRED ELIGIBILITY

There will at all times be one or more Trustees hereunder with respect to the Securities, at least one of which will be a Person that is a corporation authorized to carry on the business of a trust company in the Province of Quebec and has a combined capital and surplus of at least C\$100,000,000. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of a supervising or examining provincial or federal authority, then for the purposes of this Section 7.08, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 7.08, it will resign immediately in the manner and with the effect hereinafter specified in this Article VII.

SECTION 7.09. RESIGNATION AND REMOVAL; APPOINTMENT OF SUCCESSOR

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article VII will become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 7.10.

(b) The Trustee may resign at any time with respect to the Securities by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 7.10 shall not have been delivered to the Trustee within 30 calendar days after the giving of such notice of resignation, the resigning Trustee may at the expense of the Company petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities.

(c) The Trustee may be removed at any time with respect to the Securities by Act of the Holders of a majority in principal amount of the Outstanding Securities, delivered to the Trustee and to the Company.

(d) If, at any time, (i) the Trustee fails to comply with Section 7.07 after written request therefor by the Company or by any Holder who has been a bona fide Holder of a

Security for at least six months, (ii) the Trustee ceases to be eligible under Section 7.08 and fails to resign after written request therefor by the Company or by any such Holder, or (iii) the Trustee becomes incapable of acting or is adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property is appointed or any public officer takes charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation, then, in any such case, (A) the Company by a Board Resolution may remove the Trustee with respect to the Securities or (B) subject to Section 6.07, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(e) If the Trustee resigns, is removed, or becomes incapable of acting, or if a vacancy occurs in the office of Trustee for any cause, with respect to the Securities, the Company by a Board Resolution will promptly appoint a successor Trustee or Trustees with respect to the Securities (it being understood that at any time there will be only one Trustee with respect to the Securities) and will comply with the applicable requirements of Section 7.10. If, within one year after such resignation, removal, or incapability or the occurrence of such vacancy, a successor Trustee with respect to the Securities is appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities delivered to the Company and the retiring Trustee, the successor Trustee so appointed will, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 7.10, become the successor Trustee with respect to the Securities and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 7.10, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, at the expense of the Company, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities.

(f) The Company will give notice of each resignation and each removal of the Trustee with respect to the Securities and each appointment of a successor Trustee with respect to the Securities to all holders of the Securities in the manner provided in Section 12.03. Each notice will include the name of the successor Trustee with respect to the Securities and the address of its Corporate Trust Office.

SECTION 7.10. ACCEPTANCE OF APPOINTMENT BY SUCCESSOR

(a) In case of the appointment hereunder of a successor Trustee with respect to the Securities, every such successor Trustee so appointed will execute, acknowledge, and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee will become effective and such successor Trustee, without any further act, deed, or conveyance, will become vested with all the rights, powers, trusts, and duties of the retiring Trustee, but, on the request of the Company or the successor Trustee, such retiring Trustee will, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers, and duties of

the retiring Trustee and will duly assign, transfer, and deliver to such Trustee all property and money held by such retiring Trustee hereunder.

(b) Upon request of any such successor Trustee, the Company will execute any and all instruments reasonably required to more fully and certainly vest in and confirm to such successor Trustee all applicable rights, powers, and trusts referred to in the preceding paragraphs of this Section 7.10.

(c) No successor Trustee will accept its appointment unless at the time of such acceptance such successor Trustee is qualified and eligible under this Article VII.

SECTION 7.11. MERGER, CONVERSION, CONSOLIDATION, OR SUCCESSION TO BUSINESS

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which the Trustee may be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, will be the successor of the Trustee hereunder, provided such corporation is otherwise qualified and eligible under this Article VII, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion, or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

SECTION 7.12. APPOINTMENT OF AUTHENTICATING AGENT

(a) The Trustee may appoint an Authenticating Agent or Agents with respect to the Securities which will be authorized to act on behalf of the Trustee to authenticate the Securities issued upon original issue and upon exchange or registration of transfer thereof or pursuant to Section 2.07, and the Securities so authenticated will be entitled to the benefits of this Indenture and will be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference will be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of Canada or any province thereof authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than C\$50,000,000 and subject to supervision or examination by federal or provincial authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section 7.12, the combined capital and surplus of such Authenticating Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in

accordance with the provisions of this Section 7.12, such Authenticating Agent will resign immediately in the manner and with the effect specified in this Section 7.12.

(b) Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which such Authenticating Agent may be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, will continue to be an Authenticating Agent, provided such corporation is otherwise eligible under this Section 7.12, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

(c) An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions this Section 7.12, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and will mail written notice of such appointment by first-class mail, postage prepaid, to all Holders as their names and addresses appear in the Security Register. Any successor Authenticating Agent upon acceptance of its appointment hereunder will become vested with all the rights, powers, and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent will be appointed unless eligible under the provisions of this Section 7.12.

(d) The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section 7.12.

(e) If an appointment with respect to the Securities is made pursuant to this Section 7.12, the Securities may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative form of certificate of authentication in the following form:

This is one of the Securities designated therein referred to in the within-mentioned Indenture.

_____, as Trustee

Dated: _____

By: _____
As Authenticating Agent

By: _____
Authorized Signatory

SECTION 7.13. TRUSTEE'S APPLICATION FOR INSTRUCTION FROM THE COMPANY

Any application by the Trustee for written instructions from the Company may, at the option of the Trustee, set forth in writing any action proposed to be taken or omitted by the Trustee under this Indenture and the date on and/or after which such action is proposed to be taken or such omission is proposed to be effective. In the case of any proposed action or omission expressly authorized by this Indenture, the Trustee shall not be liable for any action taken by, or omission of, the Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than three Business Days after the date any officer of the Company actually receives such application by telecopy, e-mail, or otherwise (provided that such receipt shall have been confirmed by the Trustee), unless any such officer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Trustee shall have received written instructions in response to such application specifying the action to be taken or omitted.

ARTICLE VIII. SUPPLEMENTAL INDENTURES AND CERTAIN ACTIONS

SECTION 8.01. PURPOSES FOR WHICH SUPPLEMENTAL INDENTURES MAY BE ENTERED INTO WITHOUT CONSENT OF HOLDERS

Without the consent of or notice to any Holders, the Company, the Guarantor and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(a) to evidence the succession of another Person to the Company or the Guarantor and the assumption by any such successor of the covenants of the Company herein and in the Securities, all to the extent otherwise permitted hereunder;

(b) to add to the covenants of the Company or the Guarantor for the benefit of the Holders of the Securities or to surrender any right or power herein conferred upon the Company or the Guarantor;

(c) to add any additional Events of Default;

(d) to add to or change any of the provisions of this Indenture to such extent as may be necessary to permit or facilitate the issuance of Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons, or to permit or facilitate the issuance of Securities in uncertificated form;

(e) to add to, change, or eliminate any of the provisions of this Indenture in respect of the Securities, PROVIDED that any such addition, change, or elimination (i) will not modify the rights of the Holders with respect to such provision or (ii) will become effective only when there is no Security Outstanding;

(f) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities and to add to or change any of the

provisions of this Indenture as may be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 7.10; or

(g) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture, PROVIDED that such action pursuant to this clause (h) will not adversely affect the interests of the Holders of the Securities in any material respect.

SECTION 8.02. MODIFICATION OF INDENTURE WITH CONSENT OF HOLDERS OF AT LEAST A MAJORITY IN PRINCIPAL AMOUNT OF OUTSTANDING SECURITIES

(a) With the consent of the Holders of a majority in principal amount of the Outstanding Securities, by Act of said Holders delivered to the Company, the Guarantor, and the Trustee, the Company, the Guarantor, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of the Securities under this Indenture; PROVIDED, HOWEVER, that no such supplemental indenture will, without the consent of the Holder of each Outstanding Security:

(i) change the Stated Maturity of the principal of, or any installment of principal of or interest on, the Securities, or reduce the principal amount thereof or the rate of interest thereon, or change any place of payment where, or the coin or currency in which the principal of or interest on the Securities is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof;

(ii) reduce the percentage in principal amount of the Outstanding Securities, the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture; or

(iii) modify any of the provisions of this Section 8.02, Section 6.01(d) or Section 4.09, except to increase the percentage in principal amount of Holders required under any such Section or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security, PROVIDED, HOWEVER, that this clause (iii) will not be deemed to require the consent of any Holder with respect to changes in the references to "the Trustee" and concomitant changes in this Section 8.02 and Section 4.09, or the deletion of this proviso, in accordance with the requirements of Sections 7.10 and 8.01(g).

(b) It will not be necessary for any Act of Holders under this Section 8.02 to approve the particular form of any proposed supplemental indenture, but it will be sufficient if such Act approves the substance thereof.

SECTION 8.03. EXECUTION OF SUPPLEMENTAL INDENTURES

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article VIII or the modifications thereby of the trusts created by this Indenture, the Trustee will be entitled to receive, and (subject to Section 7.01) will be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but will not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties, or immunities under this Indenture or otherwise.

SECTION 8.04. EFFECT OF SUPPLEMENTAL INDENTURES

Upon the execution of any supplemental indenture under this Article VIII, this Indenture will be modified in accordance therewith, and such supplemental indenture will form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder will be bound thereby.

SECTION 8.05. REFERENCE IN SECURITIES TO SUPPLEMENTAL INDENTURES

Securities authenticated and delivered after the execution of any supplemental indenture pursuant to this Article VIII may, and will if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for the Outstanding Securities.

ARTICLE IX. CONSOLIDATION, MERGER, SALE, OR TRANSFER

SECTION 9.01. CONSOLIDATIONS AND MERGERS OF COMPANY AND SALES PERMITTED ONLY ON CERTAIN TERMS

(a) The Company shall not consolidate with or merge with or into any other Person, or transfer (by lease, assignment, sale, or otherwise) all or substantially all of its properties and assets to another Person unless (i) either (A) the Company shall be the continuing or surviving Person in such a consolidation or merger or (B) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or to which all or substantially all of the properties and assets of the Company are transferred (the Company or such other Person being referred to as the "Surviving Person") shall be a corporation organized and validly existing under the laws of Canada or any province thereof, and shall expressly assume, by an indenture supplemental hereto, all of the obligations of the Company under the Securities and the Indenture, (ii) immediately after the transaction no Default will exist, and (iii)

an Officer's Certificate of the Company has been delivered to the Trustee to the effect that the conditions set forth in the preceding clauses (i) and (ii) have been satisfied and an Opinion of Counsel (from a counsel who shall not be an employee of the Company) has been delivered to the Trustee to the effect that the conditions set forth in the preceding clause (i) have been satisfied.

(b) The Surviving Person will succeed to and be substituted for the Company with the same effect as if it had been named herein as a party hereto, and thereafter the predecessor corporation will be relieved of all obligations and covenants under this Indenture and the Securities.

ARTICLE X. SATISFACTION AND DISCHARGE OF INDENTURE

SECTION 10.01. SATISFACTION AND DISCHARGE OF INDENTURE

This Indenture will upon a Company Request cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for), and the Trustee, at the expense of the Company, will execute proper instruments acknowledging satisfaction and discharge of this Indenture, when: (a) either (i) all Securities theretofore authenticated and delivered (other than (A) Securities which have been destroyed, lost, or stolen and which have been replaced or paid as provided in Section 2.07 and (B) Securities for the payment of which money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 4.03) have been delivered to the Trustee for cancellation or (ii) all such Securities not theretofore delivered to the Trustee for cancellation (A) have become due and payable or (B) will become due and payable at their Stated Maturity within one year, and the Company, in the case of clause (A) or (B) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for such purpose an amount sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity; (b) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and (c) the Company has delivered to the Trustee an Officer's Certificate of the Company and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been satisfied. Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 7.06, the obligations of the Trustee to any Authenticating Agent under Section 7.12, and, if money shall have been deposited with the Trustee pursuant to subclause (ii) of clause (a) of this Section 10.01, the obligations of the Trustee under Sections 4.03(e) and 10.02, will survive.

SECTION 10.02. APPLICATION OF TRUST MONEY

Subject to provisions of Section 4.03(e), all money deposited with the Trustee pursuant to Section 10.01 will be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may

determine, to the Persons entitled thereto, of the principal and interest for the payment of which such money has been deposited with the Trustee; and such money shall be segregated from other funds to the extent required by law.

ARTICLE XI. GUARANTEE

SECTION 11.01. GUARANTEE

The Guarantor hereby unconditionally guarantees, to the extent permitted by law, to each Holder of a Security executed by the Company and authenticated by the Trustee and delivered as provided in this Indenture, and to the Trustee on behalf of such Holder, that: (a) the principal of and interest on the Securities will be promptly paid in full when due, whether at Maturity, by acceleration, or otherwise, and interest on the overdue principal of and interest on the Securities, if any, will be promptly paid in full in accordance with the terms thereof and hereof and (b) in case of any extension of time of payment or renewal of any Securities, the same will be promptly paid in full when due in accordance with the terms of the extension or renewal, whether at Maturity, by acceleration, or otherwise. Failing payment when due of any amount so guaranteed for whatever reason, the Guarantor will be obligated to pay the same immediately. The Guarantor hereby agrees that its obligations hereunder shall be unconditional, irrespective of any waiver or consent by any Holder of the Securities with respect to any provisions of this Indenture or the Securities. The foregoing Guarantee shall rank PARI PASSU in right of payment with all other unsecured and unsubordinated indebtedness of the Guarantor.

The Guarantor shall be subrogated to all rights of each Holder of the Securities against the Company in respect of any amounts paid to the Holders by the Guarantor pursuant to the provisions of the Guarantee; provided that the Guarantor shall not be entitled to enforce, or to receive any payments arising out of or based upon, such right of subrogation until the principal of and interest (including additional amounts, if any) on all the Securities shall have been paid in full.

SECTION 11.02. EXECUTION AND DELIVERY OF GUARANTEE

To evidence its Guarantee set forth in Section 11.01 hereof, the Guarantor hereby agrees that a notation of such Guarantee substantially in the form set forth in the Form of Security in the Recitals hereto shall be endorsed (manually or by facsimile) by an officer of the Guarantor on each Security authenticated and delivered by the Trustee and that this Indenture shall be executed on behalf of the Guarantor by its Chairman, Vice Chairman, President, Chief Executive Officer or one of its Vice Presidents and attested to by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary.

If an officer whose signature is on this Indenture or on the Guarantee no longer holds that office at the time the Trustee authenticates the Security on which a Guarantee is endorsed, the Guarantee shall be valid, binding and enforceable nevertheless.

The delivery of any Security by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Guarantee endorsed thereon on behalf of the

Guarantor. The Guarantor hereby agrees that its Guarantee set forth in Section 11.01 shall remain in full force and effect notwithstanding any failure to endorse on each Security a notation of such Guarantee.

SECTION 11.03. CONSOLIDATIONS AND MERGERS OF GUARANTOR AND SALES PERMITTED ONLY ON CERTAIN TERMS

(a) The Guarantor shall not consolidate with or merge with or into any other Person, or transfer (by lease, assignment, sale, or otherwise) all or substantially all of its properties and assets to another Person unless (i) either (A) the Guarantor shall be the continuing or surviving Person in such a consolidation or merger or (B) the Person (if other than the Guarantor) formed by such consolidation or into which the Guarantor is merged or to which all or substantially all of the properties and assets of the Guarantor are transferred (the Guarantor or such other Person being referred to as the "Guarantor Surviving Person") shall be a corporation organized and validly existing under the laws of the United States, any state thereof, or the District of Columbia, and shall expressly assume, by an indenture supplemental hereto, all of the obligations of the Guarantor under the Securities and this Indenture, (ii) immediately after the transaction, no Default will exist, and (iii) an Officer's Certificate has been delivered to the Trustee to the effect that the conditions set forth in the preceding clauses (i) and (ii) have been satisfied and an Opinion of Counsel (from a counsel who shall not be an employee of the Guarantor) has been delivered to the Trustee to the effect that the conditions set forth in the preceding clause (i) have been satisfied.

(b) The Guarantor Surviving Person will succeed to and be substituted for the Guarantor with the same effect as if it had been named herein as a party hereto, and thereafter the predecessor corporation will be relieved of all obligations and covenants under this Indenture and the Securities.

ARTICLE XII. MISCELLANEOUS PROVISIONS

SECTION 12.01. SUCCESSORS AND ASSIGNS OF COMPANY BOUND BY INDENTURE

All the covenants, stipulations, promises, and agreements in this Indenture contained by or on behalf of the Company will bind its successors and assigns, whether so expressed or not.

SECTION 12.02. SERVICE OF REQUIRED NOTICE TO TRUSTEE AND COMPANY

Any request, demand, authorization, direction, notice, consent, waiver, Act of Holders, or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with (a) the Trustee by any Holder, by the Company, or by the Guarantor will be sufficient for every purpose hereunder if made, given, furnished, or filed in writing to or with the Trustee at its Corporate Trust Office, (b) the Company by any Holder, by the Trustee, or by the Guarantor will be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company addressed to its care of Louisiana-Pacific Corporation, 111 S.W. Fifth Avenue, Portland, Oregon

97204 (marked for the attention of both the Chief Financial Officer and the General Counsel) or at any other address previously furnished in writing to the Trustee by the Company, (c) the Guarantor by any Holder, by the Trustee, or by the Company will be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Guarantor addressed to it at 111 S.W. Fifth Avenue, Portland, Oregon 97204 (marked for the attention of both the Chief Financial Officer and the General Counsel) or at any other address previously furnished in writing to the Trustee by the Guarantor.

SECTION 12.03. SERVICE OF REQUIRED NOTICE TO HOLDERS; WAIVER

Where this Indenture provides for notice to Holders of any event, such notice will be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder will affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Holders will be filed with the Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver. In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as may be made with the approval of the Trustee will constitute a sufficient notification for every purpose hereunder.

SECTION 12.04. INDENTURE AND SECURITIES TO BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK

This Indenture and the Securities will be deemed to be a contract made under the laws of the State of New York, and for all purposes will be construed in accordance with the laws of said State without giving effect to principles of conflict of laws of such State.

SECTION 12.05. COMPLIANCE CERTIFICATES AND OPINIONS

Upon any application or request by the Company or the Guarantor to the Trustee to take any action under any of the provisions of this Indenture, the Company or the Guarantor, as applicable, will furnish to the Trustee such certificates and opinions as may be required by this Indenture. Each such certificate or opinion will be given in the form of an Officer's Certificate, if to be given by an officer of the Company or the Guarantor, as applicable, or an Opinion of Counsel, if to be given by counsel, and will comply with any other requirements set forth in this Indenture.

SECTION 12.06. FORM OF DOCUMENTS DELIVERED TO TRUSTEE

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents. Where any Person is required to make, give, or execute two or more applications, requests, consents, certificates, statements, opinions, or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 12.07. PAYMENTS DUE ON NON-BUSINESS DAYS

In any case where any Interest Payment Date or Maturity Date shall not be a Business Day, then (notwithstanding any other provision of this Indenture or of the Securities) payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day, without additional interest, with the same force and effect as if made on the applicable Interest Payment Date or Maturity Date, as the case may be.

SECTION 12.08. INVALIDITY OF PARTICULAR PROVISIONS

In case any one or more of the provisions contained in this Indenture or in the Securities is for any reason held to be invalid, illegal, or unenforceable in any respect, such validity, illegality, or enforceability will not affect any other provision of this Indenture or of the Securities, but this Indenture and such Securities will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein or therein.

SECTION 12.09. INDENTURE MAY BE EXECUTED IN COUNTERPARTS

This instrument may be executed in any number of counterparts, each of which will be an original, but such counterparts will together constitute but one and the same instrument.

SECTION 12.10. ACTS OF HOLDERS; RECORD DATES

(a) Any request, demand, authorization, direction, notice, consent, waiver, or other action provided or permitted by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action will become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company or the Guarantor. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 7.01) conclusive in

favor of the Trustee, the Company or the Guarantor, if made in the manner provided in this Section 12.10.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit will also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The ownership of Securities will be proved by the Security Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver, or other Act of the Holder of any Security will bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange thereof or in lieu thereof in respect of anything done, omitted, or suffered to be done by the Trustee, the Company or the Guarantor in reliance thereon, whether or not notation of such action is made upon such Security.

(e) The Company may set any day as the record date for the purpose of determining the Holders of Outstanding Securities entitled to give or take any request, demand, authorization, direction, notice, consent, waiver, or other action provided or permitted by this Indenture to be given or taken by the Holders. With regard to any record date set pursuant to this paragraph, the Holders on such record date (or their duly appointed agents), and only such Persons, will be entitled to give or take the relevant action, whether or not such Holders remain Holders after such record date. With regard to any action that may be given or taken hereunder only by Holders of a requisite principal amount of Outstanding Securities (or their duly appointed agents) and for which a record date is set pursuant to this paragraph, the Company may, at its option, set an expiration date after which no such action purported to be given or taken by any Holder will be effective hereunder unless given or taken on or prior to such expiration date by Holders of the requisite principal amount of Outstanding Securities on such record date (or their duly appointed agents). On or prior to any expiration date set pursuant to this paragraph, the Company may, on one or more occasions at its option, extend such date to any later date. Nothing in this paragraph will prevent any Holder (or any duly appointed agent thereof) from giving or taking, after any such expiration date, any action identical to, or, at any time, contrary to or different from, the action or purported action to which such expiration date relates, in which event the Company may set a record date in respect thereof pursuant to this paragraph. Nothing in this Section 12.10(e) will be construed to render ineffective any action taken at any time by the Holders (or their duly appointed agents) of the requisite principal amount of Outstanding Securities on the date such action is so taken. Notwithstanding the foregoing, the Company will not set a record date for, and the provisions of this Section 12.10(e) will not apply with respect to, any notice, declaration, or direction referred to in the next paragraph.

(f) Upon receipt by the Trustee from any Holder of Securities of (a) any notice of default or breach referred to in Section 6.01(a)(iii) with respect to the Securities, if such default or breach has occurred and is continuing and the Trustee shall not have given such notice to the Company, (b) any declaration of acceleration referred to in Section 6.01(b), if an Event of Default with respect to the Securities has occurred and is continuing and the Trustee shall not have given such a declaration to the Company, or (c) any direction referred to in Section 6.06 with respect to the Securities, if the Trustee shall not have taken the action specified in such direction, then a record date will automatically and without any action by the Company or the Trustee be set for determining the Holders of the Outstanding Securities entitled to join in such notice, declaration, or direction, which record date will be the close of business on the tenth calendar day following the day on which the Trustee receives such notice, declaration, or direction. Promptly after such receipt by the Trustee, and in any case not later than the fifth calendar day thereafter, the Trustee will notify the Company and the Holders of the Outstanding Securities of any such record date so fixed. The Holders of the Outstanding Securities on such record date (or their duly appointed agents), and only such Persons, will be entitled to join in such notice, declaration, or direction, whether or not such Holders remain Holders after such record date; PROVIDED that, unless such notice, declaration, or direction shall have become effective by virtue of Holders of the requisite principal amount of the Outstanding Securities on such record date (or their duly appointed agents) having joined therein on or prior to the 90th calendar day after such record date, such notice, declaration, or direction will automatically and without any action by any Person be canceled and of no further effect. Nothing in this Section 12.10(f) will be construed to prevent a Holder (or a duly appointed agent thereof) from giving, before or after the expiration of such 90-day period, a notice, declaration, or direction contrary to or different from, or, after the expiration of such period, identical to, the notice, declaration, or direction to which such record date relates, in which event a new record date in respect thereof will be set pursuant to this Section 12.10(f). Nothing in this Section 12.10(f) will be construed to render ineffective any notice, declaration, or direction of the type referred to in this Section 12.10(f) given at any time to the Trustee and the Company by Holders (or their duly appointed agents) of the requisite principal amount of Outstanding Securities on the date such notice, declaration, or direction is so given.

(g) Without limiting the foregoing, a Holder entitled hereunder to give or take any action hereunder with regard to any particular Security may do so with regard to all or any part of the principal amount of such Security or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any different part of such principal amount.

SECTION 12.11. EFFECT OF HEADINGS AND TABLE OF CONTENTS

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

SECTION 12.12. BENEFITS OF INDENTURE

Nothing in this Indenture or in the Securities, express or implied, will give to any Person, other than the parties hereto and their successors hereunder and the Holders any benefit or any legal or equitable right, remedy, or claim under this Indenture.

SECTION 12.13. LANGUAGE

The parties hereto have specifically requested that this Indenture and all documents and notices related thereto be drafted in the English language. LES PARTIES AUX PRESENTES ONT EXPRESSEMENT DEMANDE QUE CETTE CONVENTION AINSI QUE TOUS LES DOCUMENTS ET AVIS QUI S'Y RATTACHENT ET QUI EN DECOULENT SOIENT REDIGES DANS LA LANGUE ANGLAISE.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

[Seal]

LOUISIANA-PACIFIC ACQUISITION INC.

By: /s/ Curtis M. Stevens

Name: Curtis M. Stevens

Title: Vice President Finance

Attest:

/s/ Gary C. Wilkerson

Name: Gary C. Wilkerson

Title: Secretary

[Seal]

LOUISIANA-PACIFIC CORPORATION

By: /s/ Curtis M. Stevens

Name: Curtis M. Stevens

Title: Vice President, Treasurer
and Chief Financial Officer

Attest:

/s/ Gary C. Wilkerson

Name: Gary C. Wilkerson

Title: Vice President

[Seal]

LAURENTIAN TRUST OF CANADA INC.

By: /s/ Richard Guay

Name: Richard Guay
Title: General Manager

Attest:

/s/ Jean Lessard

Name: Jean Lessard
Title: Control Officer

LOUISIANA-PACIFIC CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN

Amended and Restated October 1, 1999

TABLE OF CONTENTS

PAGE

ARTICLE I--PURPOSE; EFFECTIVE DATE.....	1
ARTICLE II--DEFINITIONS.....	1
2.1 Account.....	1
2.2 Acquiring Person.....	1
2.3 Beneficiary.....	2
2.4 Board.....	2
2.5 Change in Control.....	2
2.6 Committee.....	3
2.7 Compensation.....	3
2.8 Corporation.....	4
2.9 Deferral Commitment.....	4
2.10 Deferral Period.....	4
2.11 Determination Date.....	4
2.12 Disability.....	4
2.13 Early Retirement Date.....	4
2.14 Earnings Index.....	4
2.15 Elective Deferred Compensation.....	4
2.16 Employee.....	5
2.17 Employer.....	5
2.18 Employer Plans.....	5
2.19 Employment.....	5
2.20 Financial Hardship.....	5
2.21 Moody's Plus Index.....	5
2.22 Moody's Return.....	6
2.23 Normal Retirement Date.....	6
2.24 Participant.....	6
2.25 Participation Agreement.....	6
2.26 Plan Benefit.....	6
2.27 Plus Rate Return.....	6
2.28 Qualified Plan.....	6
2.29 Rate of Return.....	6
2.30 Retirement.....	7
2.31 Years of Service.....	7
ARTICLE III--PARTICIPATION AND DEFERRAL COMMITMENTS.....	7
3.1 Eligibility and Participation.....	7
3.2 Form of Deferral; Minimum Deferral.....	7
3.3 Elections for Part Years.....	8
3.4 Limitation on Deferral.....	8
3.5 Modification of Deferral Commitment.....	8
3.6 Cessation of Eligibility.....	8

TABLE OF CONTENTS

PAGE

ARTICLE IV--DEFERRED COMPENSATION ACCOUNT.....	8
4.1 Accounts.....	8
4.2 Elective Deferred Compensation.....	9
4.3 Qualified Plan Makeup Credit.....	9
4.4 Allocation of Elective Deferred Compensation.....	9
4.5 Determination of Accounts.....	10
4.6 Match.....	10
4.7 Vesting of Accounts.....	10
4.8 Statement of Accounts.....	10
ARTICLE V--PLAN BENEFITS.....	11
5.1 Retirement Benefit.....	11
5.2 Termination Benefit.....	11
5.3 Death Benefit.....	11
5.4 In-Service Withdrawals.....	11
5.5 Hardship Distributions.....	12
5.6 Form of Benefit Payment.....	12
5.7 Small Accounts.....	13
5.8 Accelerated Distribution.....	13
5.9 Excise Tax and Lost Benefit Makeup.....	13
5.10 Withholding; Payroll Taxes.....	13
5.11 Payment to Guardian.....	13
ARTICLE VI--BENEFICIARY DESIGNATION.....	14
6.1 Beneficiary Designation.....	14
6.2 Changing Beneficiary.....	14
6.3 Community Property.....	14
6.4 No Beneficiary Designation.....	15
6.5 Effect of Payment.....	15
ARTICLE VII--ADMINISTRATION.....	15
7.1 Committee; Duties.....	15
7.2 Agents.....	15
7.3 Binding Effect of Decisions.....	15
7.4 Indemnity of Committee.....	16
ARTICLE VIII--CLAIMS PROCEDURE.....	16
8.1 Claim.....	16
8.2 Denial of Claim.....	16
8.3 Review of Claim.....	16
8.4 Final Decision.....	16

TABLE OF CONTENTS

	PAGE

ARTICLE IX--AMENDMENT AND TERMINATION OF PLAN.....	17
9.1 Amendment.....	17
9.2 Employer's Right to Terminate.....	17
ARTICLE X--MISCELLANEOUS.....	17
10.1 Unfunded Plan.....	17
10.2 Unsecured General Creditor.....	18
10.3 Trust Fund.....	18
10.4 Nonassignability.....	18
10.5 Not a Contract of Employment.....	18
10.6 Protective Provisions.....	19
10.7 Terms.....	19
10.8 Captions.....	19
10.9 Governing Law; Arbitration.....	19
10.10 Validity.....	19
10.11 Notice.....	19
10.12 Successors.....	20

LOUISIANA-PACIFIC CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN
AMENDED AND RESTATED OCTOBER 1, 1999
ARTICLE I--PURPOSE; EFFECTIVE DATE

The purpose of this Executive Deferred Compensation Plan (the "Plan") is to provide current tax planning opportunities as well as supplemental funds for retirement or death for selected employees of Louisiana-Pacific Corporation (the "Corporation"). It is intended that the Plan will aid in attracting and retaining employees of exceptional ability by providing them with these benefits. The Plan became effective as of May 1, 1997 and is amended and restated as of October 1, 1999 as set forth herein.

ARTICLE II--DEFINITIONS

For the purposes of the Plan, the following terms shall have the meanings indicated unless the context clearly indicates otherwise:

2.1 Account

"Account" means a balance as maintained by the Employer in accordance with Article IV with respect to any deferral of Compensation pursuant to the Plan. A Participant's Account shall be utilized solely as a device for the determination and measurement of the amounts to be paid to the Participant pursuant to the Plan. A Participant's Account shall not constitute or be treated as a trust fund of any kind.

2.2 Acquiring Person

"Acquiring Person" means any person or related person or related persons which constitute a "group" for purposes of Section 13(d) and Rule 13d-5 under the Securities Exchange Act of 1934 (the "Exchange Act"); provided, however, that the term Acquiring Person shall not include:

- (a) Corporation or any of its Subsidiaries;
- (b) Any employee benefit plan or related trust of Corporation or any of its Subsidiaries;
- (c) Any entity holding voting capital stock of Corporation for or pursuant to the terms of any such employee benefit plan; or
- (d) Any person or group solely because such person or group has voting power with respect to capital stock of Corporation arising from a revocable proxy

or consent given in response to a public proxy or consent solicitation made pursuant to the Exchange Act.

2.3 Beneficiary

"Beneficiary" means the person, persons or entity entitled under Article VI to receive any Plan benefits payable after a Participant's death.

2.4 Board

"Board" means the Board of Directors of the Corporation.

2.5 Change in Control

A "Change in Control" shall occur upon:

(a) The acquisition by any Acquiring Person of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of twenty percent (20%) or more of the combined voting power of the then outstanding Voting Securities; provided, however, that for purposes of this paragraph (a), the following acquisitions will not constitute a Change in Control:

(i) Any acquisition directly from Corporation;

(ii) Any acquisition by Corporation;

(iii) Any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Corporation or any corporation controlled by Corporation; or

(iv) Any acquisition by any corporation pursuant to a transaction that complies with clauses (i), (ii), and (iii) of paragraph (c) of this definition of Change in Control; or

(b) During any period of twelve (12) consecutive calendar months, individuals who at the beginning of such period constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual who becomes a director during the period whose election, or nomination for election, by Corporation's shareholders was approved by a vote of at least a majority of the directors then constituting the Incumbent Board will be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger, or consolidation or sale or other disposition of all or substantially all of the assets of Corporation (a "Business Combination") in each case, unless, following such Business Combination:

(i) All or substantially all of the individuals and entities who were the beneficial owners of the Voting Securities outstanding immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns Corporation or all or substantially all of Corporation's assets either directly or through one (1) or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Voting Securities;

(ii) No Person (excluding any employee benefit plan, or related trust, of Corporation or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, twenty percent (20%) or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination; and

(iii) At least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the shareholders of Corporation of any plan or proposal for the liquidation or dissolution of Corporation.

2.6 Committee

"Committee" means the Committee appointed by the Chief Executive Officer of the Corporation to administer the Plan pursuant to Article VII.

2.7 Compensation

"Compensation" means cash compensation paid by an Employer as base salary and bonuses before reduction for amounts deferred under the Plan, and before reduction for amounts deferred under any other plan of the Employer, tax-qualified or otherwise, and does not include amounts in connection with any employee stock option plan, compensation paid in stock of an Employer, sign-on bonuses, severance pay (except for accrued vacation), noncash compensation attributable to fringe benefits or similar items, or compensation for any period during which the employee is not within the class of employees eligible to participate in the Plan as determined by the Committee under Article III.

2.8 Corporation

"Corporation" means Louisiana-Pacific Corporation, a Delaware corporation, or any successor to the business thereof.

2.9 Deferral Commitment

"Deferral Commitment" means a Salary Deferral Commitment or a Bonus Deferral Commitment made by a Participant pursuant to Article III and for which a Participation Agreement has been submitted by the Participant to the Committee.

2.10 Deferral Period

"Deferral Period" means the period over which a Participant has elected to defer a portion of his or her Compensation. The Deferral Period shall be one (1) calendar year for a Salary Deferral Commitment or a Bonus Deferral Commitment. The Committee may, from time to time, designate a Deferral Period of less than one (1) full calendar year. The Deferral Period may be modified pursuant to Section 3.3 or Section 3.5.

2.11 Determination Date

"Determination Date" means the last day of each calendar month.

2.12 Disability

"Disability" means a physical or mental condition which, in the opinion of the Committee, prevents an Employee from satisfactorily performing Employee's usual duties for Employer. The Committee's decision as to Disability will be based upon medical reports and/or other evidence satisfactory to the Committee.

2.13 Early Retirement Date

"Early Retirement Date" means the date prior to a Participant's Normal Retirement Date on which the Participant actually terminates Employment following the attainment of age fifty-five (55) and completion of five (5) Years of Service.

2.14 Earnings Index

"Earnings Index" means a portfolio or fund selected by the Committee from time to time to be used as an index in calculating Rate of Return. In addition to portfolios or funds selected by the Committee, the Moody's Plus Index shall be available to Participants as an Earnings Index.

2.15 Elective Deferred Compensation

"Elective Deferred Compensation" means the amount of Compensation that a Participant elects to defer pursuant to a Deferral Commitment.

2.16 Employee

"Employee" shall mean a person, other than an independent contractor, who is receiving remuneration for services rendered to, or labor performed for, the Employer (or who would be receiving such remuneration except for an authorized leave of absence).

2.17 Employer

"Employer" means the Corporation and any affiliated or subsidiary corporation of the Corporation which is incorporated under the laws of any state of the United States.

2.18 Employer Plans

"Employer Plans" shall mean any employee benefit plan or contract from which benefits may be payable to the Participant.

2.19 Employment

"Employment" means a Participant's service with the Employer as an Employee.

2.20 Financial Hardship

"Financial Hardship" means severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in Section 152(a) of the Internal Revenue Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that will constitute an unforeseeable emergency will depend upon the facts of each case, but in any case, payment may not be made to the extent that such hardship is or may be relieved:

(a) Through reimbursement or compensation by insurance or otherwise;

(b) By liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship;

(c) By cessation of deferrals under the Plan.

(d) By borrowing from commercial sources on reasonable commercial terms.

2.21 Moody's Plus Index

"Moody's Plus Index" means the sum of the Moody's Return and the Plus Rate Return.

2.22 Moody's Return

"Moody's Return" means a rate of return equal to the monthly equivalent of the annual yield of the Moody's Average Corporate Bond Yield Index for the preceding calendar month as published by Moody's Investor Service, Inc. (or any successor thereto) or, if such index is no longer published, a substantially similar index selected by the Committee.

2.23 Normal Retirement Date

"Normal Retirement Date" means the first day of the month coinciding with or next following the date on which the Participant attains age sixty-five (65).

2.24 Participant

"Participant" means any individual who is participating or has participated in the Plan as provided in Article III.

2.25 Participation Agreement

"Participation Agreement" means the agreement submitted by a Participant to the Committee prior to the beginning of the Deferral Period, with respect to one or more Deferral Commitments made for such Deferral Period.

2.26 Plan Benefit

"Plan Benefit" means the benefit payable to a Participant as calculated in Article V.

2.27 Plus Rate Return

"Plus Rate Return" means the monthly equivalent of an annual yield of two percent (2%).

2.28 Qualified Plan

"Qualified Plan" means the Louisiana-Pacific Corporation Salaried Employees' Stock Ownership Trust and any successor thereof. On and after January 1, 2000, "Qualified Plan" shall mean the Louisiana-Pacific Corporation Retirement Account Plan and the profit-sharing component of the Louisiana-Pacific Salaried 401(k) and Profit-Sharing Plan.

2.29 Rate of Return

"Rate of Return" means the amount credited monthly to a Participant's Account under Article IV. Such rate shall be determined by the Committee based upon the net performance of the Earnings Indices selected by the Participant pursuant to Section 4.4.

2.30 Retirement

"Retirement" means severance of Employment on or after the Participant's Normal Retirement Date or Early Retirement Date.

2.31 Years of Service

"Years of Service" shall have the meaning provided for such term for vesting purposes under the Qualified Plan, whether or not the Participant participates in that Plan.

ARTICLE III--PARTICIPATION AND DEFERRAL COMMITMENTS

3.1 Eligibility and Participation

(a) Eligibility. Employees eligible to participate in the Plan shall be those key management employees of the Employer who are designated, from time to time, by the Committee as eligible to participate in the Plan.

(b) Participation. An eligible Employee who elects to participate in the Plan with respect to any Deferral Period must submit a Participation Agreement to the Committee prior to the beginning of such Deferral Period.

(c) Part-Year Participation. If an Employee first becomes eligible to participate in the Plan during a Deferral Period, in order to participate during such Deferral Period the Employee must submit a Participation Agreement to the Committee no later than thirty (30) days following notification of the Employee of eligibility to participate. Such Participation Agreement shall be effective only with regard to Compensation earned and payable following the submission of the Participation Agreement to the Committee.

3.2 Form of Deferral; Minimum Deferral

A Participant may elect in the Participation Agreement any of the following Deferral Commitments:

(a) Salary Deferral Commitment. A Participant may elect to defer any portion of his or her base salary Compensation earned during the Deferral Period. The amount to be deferred shall be stated as a percentage of base salary and may not be less than two thousand four hundred dollars (\$2,400).

(b) Bonus Deferral Commitment. A Participant may elect to defer all or a portion of his or her bonus Compensation amounts to be paid by the Employer in the Deferral Period. The amount to be deferred shall be stated as an even percentage of such bonus and must not be less than two thousand four hundred dollars (\$2,400), unless the Participant also elects to make a Salary Deferral Commitment, in which case there shall be no minimum Bonus Deferral Commitment.

3.3 Elections for Part Years

In the event an Employee becomes eligible to participate in the Plan at any time other than January 1 of any calendar year, the amount which must be completed under the appropriate minimum Deferral Commitment stated in Section 3.2 during the initial partial year of participation shall be the pro-rata portion based upon the number of complete calendar months remaining in the initial calendar year.

3.4 Limitation on Deferral

A Participant may defer up to one hundred percent (100%) of the Participant's Compensation. However, the Committee may from time to time impose another maximum deferral amount or increase the minimum deferral amount under Section 3.2 by giving written notice to all Participants, provided that no such changes may affect a Deferral Commitment made prior to the Committee's action.

3.5 Modification of Deferral Commitment

A Deferral Commitment shall be irrevocable except that the Committee may permit a Participant to reduce the amount to be deferred, or waive the remainder of the Deferral Commitment, upon a finding that the Participant has suffered a Financial Hardship. If a Participant ceases receiving Compensation during a Deferral Period due to Disability, the Deferral Commitment shall cease at that time.

3.6 Cessation of Eligibility

In the event a Participant ceases to be designated by the Committee as eligible to participate in the Plan by reason of a change in employment status or otherwise, no further amounts of his or her Compensation shall be deferred under a Deferral Commitment after the date of such cessation of eligibility.

ARTICLE IV--DEFERRED COMPENSATION ACCOUNT

4.1 Accounts

For recordkeeping purposes only, an Account shall be maintained for each Participant. Separate subaccounts shall be maintained to the extent necessary to properly reflect the Participant's selection of Earnings Indices and total vested or nonvested Account balances. The Account shall be a bookkeeping device utilized for the sole purpose of determining the benefits payable under the Plan and shall not constitute a separate fund of assets. The Account balance for all active Participants on October 1, 1999 shall be the Account credited with the Moody's Plus Index Rate of Return. However, such Participants shall not be vested in the Plus Rate Return balance until the Participant is eligible for Retirement or upon death, Disability or termination within twenty-four (24) months after a Change in Control. Such balance may be reallocated by the Participant to other indices as of October 1, 1999.

4.2 Elective Deferred Compensation

A Participant's Elective Deferred Compensation shall be credited to the Participant's Account as the corresponding nondeferred portion of the Compensation becomes or would have become payable. Any withholding of taxes or other amounts with respect to deferred Compensation that is required by state, federal, or local law shall be withheld from the Participant's nondeferred Compensation to the maximum extent possible with any excess being withheld from the Participant's Account.

4.3 Qualified Plan Makeup Credit

The Employer shall credit to each Participant's Account on the last day of each year a Qualified Plan Makeup Credit ("Makeup"), which shall be the difference between:

(a) The amount which would have been contributed or credited for such year to the Qualified Plan for such Participant if no deferrals had been made under the Plan; and

(b) The amounts actually contributed or credited for such year to the Qualified Plan for such Participant.

An Employee who is eligible to participate in the Plan at the time he or she would otherwise be entitled to receive a supplemental benefit credit under the Louisiana-Pacific Supplemental Benefits Plan ("SBP") as a result of the application of IRC Section 401(a)(17) shall receive such credit in this Plan as Makeup in lieu of receiving such credit in the SBP, and such credit shall vest in accordance with Section 4.7(d) of this Plan.

To the extent that any distribution or withdrawal from the Plan increases the amount contributed or credited to the Qualified Plan for a Participant as a result of the addition of any amount of the distribution or withdrawal to the Compensation of such Participant covered by the Qualified Plan, an amount equal to such increase under the Qualified Plan shall be deducted from the amount of any Makeup in such Participant's Account resulting from prior deferrals under the Plan.

4.4 Allocation of Elective Deferred Compensation

(a) At the time a Participant completes a Deferral Commitment for a Deferral Period, the Participant shall also select the Earnings Index or Indices in which the Participant wishes to have his or her deferrals deemed invested. The Participant may select any combination of Earnings Indices as long as at least ten percent (10%), in whole percentages, is credited to each of the Earnings Indices selected.

(b) A Participant may change the amounts allocated to the Earnings Indices as of the first day of any month, provided that the Participant submits a notice of the change to the Committee at least ten (10) business days before the first day of the month. The change may apply to future deferrals only or may include current Account balances.

4.5 Determination of Accounts

Each Participant's Account as of each Determination Date shall consist of the balance of the Participant's Account as of the immediately preceding Determination Date, plus the Participant's Elective Deferred Compensation credited during the period, plus any Makeup or Match crediting, plus the applicable Rate of Return, minus the amount of any distributions made since the immediately preceding Determination Date.

4.6 Match

Each deferral of base salary made by a Participant after October 1, 1999 shall be matched by the Employer at a rate equal to one hundred percent (100%) of the first seven percent (7%) of base salary deferred during the period. Match amounts shall be credited to the Participant's Account the same day the corresponding deferral amount is credited.

4.7 Vesting of Accounts

Each Participant shall be vested in the amounts credited to such Participant's Account and the earnings thereon as follows:

(a) Amounts Deferred. A Participant shall be one hundred percent (100%) vested at all times in the amount of Compensation elected to be deferred under this Plan and the earnings thereon.

(b) Employer Matching Contributions. Employer Matching Contributions and the earnings thereon shall be one hundred percent (100%) vested after completion of two (2) Years of Service or upon eligibility for Retirement, death, Disability, or termination of Employment within twenty-four (24) months after a Change in Control.

(c) Qualified Plan Makeup Credits. Qualified Plan Makeup Credits and the earnings thereon shall be vested at the same rate as they otherwise would have vested under the underlying Qualified Plan, except for death, Disability, or termination of Employment within twenty-four (24) months after a Change in Control, in which case Participants shall be one hundred percent (100%) vested in their Makeup balance.

(d) Plus Rate Return. Notwithstanding the provisions of Section 4.7(a), (b) and (c) above, the Plus Rate Return and the earnings thereon shall vest only upon eligibility for retirement, death, disability or termination of Employment within twenty-four (24) months after a Change in Control. Upon the occurrence of any one of such events, the Plus Rate Return and the earnings thereon shall be one hundred percent (100%) vested.

4.8 Statement of Accounts

The Committee shall submit to each Participant, within one hundred twenty (120) days after the close of each calendar year and at such other times as determined by the

Committee, a statement setting forth the balance to the credit of each Account maintained for the Participant.

ARTICLE V--PLAN BENEFITS

5.1 Retirement Benefit

The Employer shall pay a Plan Benefit equal to the Participant's Account balance in the form selected in Section 5.6 to a Participant who terminates Employment by reason of Retirement, Disability or within twenty-four (24) months after a Change in Control.

5.2 Termination Benefit

Except as may otherwise be provided in Section 5.3, the Employer shall pay a Plan Benefit equal to the Participant's Account balance in a lump sum, or in such other forms as determined by the Committee, to a Participant who terminates Employment for any reason other than those provided for in Section 5.1.

5.3 Death Benefit

Upon the death of a Participant, the Employer shall pay to the Participant's Beneficiary an amount determined as follows:

(a) Post-termination. If the Participant dies after termination of Employment, the amount payable shall be equal to the remaining unpaid balance of the Participant's appropriate Account.

(b) Pre-termination. If the Participant dies prior to termination of Employment, the amount payable shall be the Participant's Account balance in the form elected.

5.4 In-Service Withdrawals

Participants shall be permitted to elect to withdraw amounts from their Account subject to the following restrictions:

(a) Election to Withdraw. An election to make an in-service withdrawal must be made at the same time the Participant enters into a Participation Agreement for a Deferral Commitment. The date of the in-service withdrawal cannot be earlier than five (5) years after the date the Deferral Period begins under the Deferral Commitment. Such election may be modified no later than the end of the calendar year two (2) calendar years prior to the calendar year the Participant was scheduled to receive the benefits.

(b) Amount of Withdrawal. The amount which a Participant can elect to withdraw with respect to any Deferral Commitment shall be limited to one hun-

dred percent (100%) of the amount of such Deferral Commitment plus earnings thereon.

(c) Form of In-Service Withdrawal Payment. The amount elected to be withdrawn shall be paid in a lump sum unless the Committee approves an alternative form of payment at the time elected by the Participant in the Participation Agreement wherein he or she elected the in-service withdrawal.

5.5 Hardship Distributions

Upon a finding that a Participant has suffered a Financial Hardship or a Disability, the Committee may, in its sole discretion, make distributions from the Participant's vested Account prior to the time specified for payment of benefits under the Plan. The amount of such distribution shall be limited to the amount reasonably necessary to meet the Participant's requirements during the Financial Hardship or Disability.

5.6 Form of Benefit Payment

(a) If a Participant terminates employment with Employer due to Retirement, death, Disability or within twenty-four (24) months of a Change in Control, the Participant's Account shall be paid in the form selected by the Participant at the time of the Deferral Commitment. Optional forms of payment include a lump-sum payment, substantially equal annual installments of the Account amortized over a period of up to fifteen (15) years selected by the Participant, or any other form of payment made available in the discretion of the Committee to all Participants. If installment payments are elected, the Account shall be amortized with an assumed Rate of Return of six percent (6%) unless the Participant selects, and the Committee approves, an alternative assumed Rate of Return. As of each January 1, the amount to be distributed in installment payments for that year shall be determined by amortizing the Participant's Account balance as of the preceding December 31 over the remainder of the installment period, using the assumed Rate of Return which was fixed under the preceding sentence at the time installment payments were elected.

(b) Payment shall commence as elected by the Participant, which shall be either within sixty-five (65) days of termination or in January following the Participant's termination.

(c) The Participant may modify the form or timing of benefit payment as long as such modification is made before the end of the calendar year two (2) calendar years prior to when the Participant's benefits were scheduled to commence had the modification not been made.

5.7 Small Accounts

Notwithstanding Section 5.6(a), if a Participant's Account is less than twenty thousand dollars (\$20,000), the Committee shall pay the Participant in a lump sum.

5.8 Accelerated Distribution

Notwithstanding any other provision of the Plan, at any time, a Participant shall be entitled to receive, upon written request to the Committee, a lump-sum distribution equal to ninety percent (90%) of the vested Account balance as of the Determination Date immediately preceding the date on which the Committee receives the written request. The remaining balance shall be forfeited by the Participant and the Participant will not be allowed to participate in the Plan in the future. The amount payable under this section shall be paid in a lump sum within thirty (30) days following the receipt of the notice by the Committee from the Participant.

5.9 Excise Tax and Lost Benefit Makeup

If as a result of participating in the Plan the Participant is required to pay additional excise tax under Section 4999 of the Internal Revenue Code ("IRC"), or receives a smaller benefit from any other Employer Plan as a result of any IRC Section 280G Golden Parachute limitations, then a makeup amount shall be payable from the Plan. This amount shall be equal to the amount of Section 4999 excise tax payable and any lost benefit from other Employer Plans due to IRC Section 280G Golden Parachute limitation, as a result of participation in the Plan, plus any excise tax or income taxes payable due to this payment. The Corporation and Participant shall cooperate in good faith in making such determination and in providing the necessary information for this purpose.

5.10 Withholding; Payroll Taxes

The Employer shall withhold from payments made hereunder any taxes required to be withheld from such payments under federal, state or local law. However, a Beneficiary may elect not to have withholding for federal income tax pursuant to Section 3405(a)(2) of Internal Revenue Code, or any successor provision thereto.

5.11 Payment to Guardian

If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of his or her property, the Committee may direct payment of such Plan Benefit to the guardian, legal representative, or person having the care and custody of such minor, incompetent, or person. The Committee may require proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distribution of the Plan Benefit. Such distribution shall completely discharge the Committee from all liability with respect to such benefit.

ARTICLE VI--BENEFICIARY DESIGNATION

6.1 Beneficiary Designation

Subject to Section 6.3, each Participant shall have the right, at any time, to designate one or more persons or an entity as Beneficiary (both primary as well as secondary) to whom benefits under the Plan shall be paid in the event of Participant's death prior to complete distribution of the Participant's Account. Each Beneficiary designation shall be in a written form prescribed by the Committee and shall be effective only when filed with the Committee during the Participant's lifetime.

6.2 Changing Beneficiary

Subject to Section 6.3, any Beneficiary designation may be changed by a Participant without the consent of the previously named Beneficiary by the filing of a new designation with the Committee. The filing of a new designation shall cancel all designations previously filed. If a Participant's Compensation is community property, any Beneficiary designation shall be valid or effective only as permitted by applicable law.

6.3 Community Property

If the Participant resides in a community property state, the following rules shall apply:

(a) Designation by a married Participant of a Beneficiary other than the Participant's spouse shall not be effective unless the spouse executes a written consent that acknowledges the effect of the designation, or it is established the consent cannot be obtained because the spouse cannot be located.

(b) A married Participant's Beneficiary designation may be changed by a Participant with the consent of the Participant's spouse as provided for in Section 6.3(a) by the filing of a new designation with the Committee.

(c) If the Participant's marital status changes after the Participant has designated a Beneficiary, the following shall apply:

(i) If the Participant is married at the time of death but was unmarried when the designation was made, the designation shall be void unless the spouse has consented to it in the manner prescribed in Section 6.3(a).

(ii) If the Participant is unmarried at the time of death but was married when the designation was made:

(A) The designation shall be void if the spouse was named as Beneficiary unless Participant had submitted a change of beneficiary listing the former spouse as the beneficiary.

(B) The designation shall remain valid if a nonspouse Beneficiary was named.

(iii) If the Participant was married when the designation was made and is married to a different spouse at death, the designation shall be void unless the new spouse has consented to it in the manner prescribed above.

6.4 No Beneficiary Designation

In the absence of an effective Beneficiary Designation, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be the person in the first of the following classes in which there is a survivor:

(a) the surviving spouse;

(b) the Participant's children, except that if any of the children predeceases the Participant but leaves issue surviving, then such issue shall take by right of representation the share the parent would have taken if living;

(c) the Participant's estate.

6.5 Effect of Payment

The payment to the deemed Beneficiary shall completely discharge Employer's obligations under the Plan.

ARTICLE VII--ADMINISTRATION

7.1 Committee; Duties

The Plan shall be administered by the Committee, which shall consist of not less than three (3) persons appointed by the Chief Executive Officer of the Corporation and which may include the CEO as a member. The Committee shall have the authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as may arise in connection with the Plan. A majority vote of the Committee members shall control any decision. Members of the Committee may be Participants under the Plan.

7.2 Agents

The Committee may, from time to time, employ other agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Employer.

7.3 Binding Effect of Decisions

The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and

the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

7.4 Indemnity of Committee

The Employer shall indemnify and hold harmless the members of the Committee against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to the Plan, except in the case of gross negligence or willful misconduct.

ARTICLE VIII--CLAIMS PROCEDURE

8.1 Claim

Any person claiming a benefit, requesting an interpretation or ruling under the Plan, or requesting information under the Plan shall present the request in writing to the Committee, which shall respond in writing as soon as practicable.

8.2 Denial of Claim

If the claim or request is denied, the written notice of denial shall state:

(a) The reasons for denial, with specific reference to the Plan provisions on which the denial is based.

(b) A description of any additional material or information required and an explanation of why it is necessary.

(c) An explanation of the Plan's claim review procedure.

8.3 Review of Claim

Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Committee. The claim or request shall be reviewed by the Committee which may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

8.4 Final Decision

The decision on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE IX--AMENDMENT AND TERMINATION OF PLAN

9.1 Amendment

The Corporation may at any time amend the Plan in whole or in part; provided, however, that any such amendment that would materially change the benefits provided under the Plan shall be subject to the prior approval of the Compensation Committee of the Board. Provided, further, that no amendment shall be effective to decrease or restrict the amount accrued to the date of amendment in any Account maintained under the Plan.

9.2 Employer's Right to Terminate

The Corporation may at any time partially or completely terminate the Plan if, in its judgment, the tax, accounting or other effects of the continuance of the Plan, or potential payments thereunder would not be in the best interests of the Employer.

(a) Partial Termination. The Corporation may partially terminate the Plan by instructing the Committee not to accept any additional Deferral Commitments. In the event of such a Partial Termination, the Plan shall continue to operate and be effective with regard to Deferral Commitments entered into prior to the effective date of such Partial Termination.

(b) Complete Termination. The Corporation may completely terminate the Plan by instructing the Committee not to accept any additional Deferral Commitments, and by terminating all ongoing Deferral Commitments. In the event of Complete Termination, the Plan shall cease to operate and the Employer shall pay out to each Participant his or her Account (including any Plus Rate Return) as if the Participant had terminated service as of the effective date of the Complete Termination. Payments shall be made in equal annual installments over the period listed below, based on the Account balance:

Account Balance	Payout Period
Less than \$10,000	1 Year
10,000 but less than \$50,000	3 Years
More than \$50,000	5 Years

ARTICLE X--MISCELLANEOUS

10.1 Unfunded Plan

The Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly-compensated employees" within the meaning of Sections 201, 301 and 401 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and therefore is exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. Accordingly, the Plan shall

terminate and no further benefits shall accrue hereunder in the event it is determined by a court of competent jurisdiction or by an opinion of counsel that the Plan constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA which is not so exempt. In the event of such termination, all ongoing Deferral Commitments shall terminate, no additional Deferral Commitments will be accepted by the Committee, and the amount of each Participant's vested Account balance shall be distributed to such Participant at such time and in such manner as the Committee, in its sole discretion, determines.

10.2 Unsecured General Creditor

In the event of Employer's insolvency, Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interest or claims in any property or assets of the Employer, nor shall they be Beneficiaries of, or have any rights, claims or interests in any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by the Employer. In that event, any and all of the Employer's assets and policies shall be, and remain, the general, unpledged, unrestricted assets of the Employer. The Employer's obligation under the Plan shall be that of an unfunded and unsecured promise of the Employer to pay money in the future.

10.3 Trust Fund

The Employer shall be responsible for the payment of all benefits provided under the Plan. At its discretion, the Employer may establish one or more trusts, with such trustees as it may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Employer's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the Employer shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, the Employer.

10.4 Nonassignability

Neither a Participant nor any other person shall have any right to sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, or be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

10.5 Not a Contract of Employment

The terms and conditions of the Plan shall not be deemed to constitute a contract of employment between the Employer and the Participant, and the Participant (or his or her Beneficiary) shall have no rights against the Employer except as may otherwise be

specifically provided herein. Moreover, nothing in the Plan shall be deemed to give a Participant the right to be retained in the service of the Employer or to interfere with the right of the Employer to discipline or discharge the Participant at any time.

10.6 Protective Provisions

A Participant will cooperate with the Employer by furnishing any and all information requested by the Employer, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as the Employer may deem necessary and taking such other action as may be requested by the Employer.

10.7 Terms

Whenever any words are used herein in the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

10.8 Captions

The captions of the articles, sections and paragraphs of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

10.9 Governing Law; Arbitration

The provisions of the Plan shall be construed and interpreted according to the laws of the State of Oregon. Any dispute or claim that arises out of or that relates to the Plan or to the interpretation, breach, or enforcement of the Plan, must be resolved by mandatory arbitration in accordance with the then effective arbitration rules of Arbitration Service of Portland, Inc., and any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

10.10 Validity

In case any provision of the Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but the Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10.11 Notice

Any notice or filing required or permitted to be given to the Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to any member of the Committee or the Secretary of the Employer. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

10.12 Successors

The provisions of the Plan shall bind and inure to the benefit of the Employer and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of the Employer, and successors of any such corporation or other business entity.

LOUISIANA-PACIFIC CORPORATION

By: /s/ Mark A. Suwyn

Chairman and Chief Executive Officer

By: /s/ Anton C. Kirchhof

Secretary

Dated: October 1, 1999

LOUISIANA-PACIFIC CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN

AMENDMENT NO. 1

Pursuant to Section 9.1 of the Louisiana-Pacific Corporation Executive Deferred Compensation Plan, amended and restated October 1, 1999 ("Plan"), Louisiana-Pacific Corporation hereby amends Section 4.1 of the Plan, effective as of October 1, 1999, to read in accordance with page 8 attached hereto and incorporated herein by reference.

IN WITNESS WHEREOF, the undersigned duly authorized officers of Louisiana-Pacific Corporation have executed this instrument this 12th day of January, 2000.

LOUISIANA-PACIFIC CORPORATION

By: /s/ Michael J. Tull

Michael J. Tull
Vice President, Human Resources

By: /s/ Anton C. Kirchhof

Anton C. Kirchhof
Secretary

3.3 Elections for Part Years

In the event an Employee becomes eligible to participate in the Plan at any time other than January 1 of any calendar year, the amount which must be completed under the appropriate minimum Deferral Commitment stated in Section 3.2 during the initial partial year of participation shall be the pro-rata portion based upon the number of complete calendar months remaining in the initial calendar year.

3.4 Limitation on Deferral

A Participant may defer up to one hundred percent (100%) of the Participant's Compensation. However, the Committee may from time to time impose another maximum deferral amount or increase the minimum deferral amount under Section 3.2 by giving written notice to all Participants, provided that no such changes may affect a Deferral Commitment made prior to the Committee's action.

3.5 Modification of Deferral Commitment

A Deferral Commitment shall be irrevocable except that the Committee may permit a Participant to reduce the amount to be deferred, or waive the remainder of the Deferral Commitment, upon a finding that the Participant has suffered a Financial Hardship. If a Participant ceases receiving Compensation during a Deferral Period due to Disability, the Deferral Commitment shall cease at that time.

3.6 Cessation of Eligibility

In the event a Participant ceases to be designated by the Committee as eligible to participate in the Plan by reason of a change in employment status or otherwise, no further amounts of his or her Compensation shall be deferred under a Deferral Commitment after the date of such cessation of eligibility.

ARTICLE IV--DEFERRED COMPENSATION ACCOUNT

4.1 Accounts

For recordkeeping purposes only, an Account shall be maintained for each Participant. Separate subaccounts shall be maintained to the extent necessary to properly reflect the Participant's selection of Earnings Indices and total vested or nonvested Account balances. The Account shall be a bookkeeping device utilized for the sole purpose of determining the benefits payable under the Plan and shall not constitute a separate fund of assets. The Account balance for all active Participants on October 1, 1999 shall be the Account credited with the Moody's Plus Index Rate of Return. However, such Participants shall not be vested in the Plus Rate Return balance until the Participant is eligible for Retirement or upon death, Disability or termination within twenty-four (24) months after a Change in Control. Such balance may be reallocated by the Participant to other Earnings Indices as of October 1, 1999; provided, however, that Participants whose employment terminated prior to such date shall not be entitled to have their Account Balances reallocated to any Earnings Index or Indices other than the aforementioned Moody's index.

LOUISIANA-PACIFIC CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN

AMENDMENT NO. 2

Pursuant to Section 9.1 of the Louisiana-Pacific Corporation Executive Deferred Compensation Plan, amended and restated October 1, 1999 ("Plan"), Louisiana-Pacific Corporation hereby amends Section 4.3 of the Plan, effective as of December 31, 1999, to read in accordance with page 8 attached hereto and incorporated herein by reference.

IN WITNESS WHEREOF, the undersigned duly authorized officers of Louisiana-Pacific Corporation have executed this instrument this 18th day of February, 2000.

LOUISIANA-PACIFIC CORPORATION

By: /s/ Michael J. Tull

Michael J. Tull
Vice President, Human Resources

By: /s/ Anton C. Kirchhof

Anton C. Kirchhof
Secretary

4.2 Elective Deferred Compensation

A Participant's Elective Deferred Compensation shall be credited to the Participant's Account as the corresponding nondeferred portion of the Compensation becomes or would have become payable. Any withholding of taxes or other amounts with respect to deferred Compensation that is required by state, federal, or local law shall be withheld from the Participant's nondeferred Compensation to the maximum extent possible with any excess being withheld from the Participant's Account.

4.3 Qualified Plan Makeup Credit

The Employer shall credit to each Participant's Account, as of the first day of each calendar year, a Qualified Plan Makeup Credit ("Makeup"), which shall be the difference between:

(a) The amount which would have been contributed or credited for the immediately preceding calendar year to the Qualified Plan for such Participant if no deferrals had been made under the Plan; and

(b) The amounts actually contributed or credited for such year to the Qualified Plan for such Participant.

An Employee who is eligible to participate in the Plan at the time he or she would otherwise be entitled to receive a supplemental benefit credit under the Louisiana-Pacific Supplemental Benefits Plan ("SBP") as a result of the application of IRC Section 401(a)(17) shall receive such credit in this Plan as Makeup in lieu of receiving such credit in the SBP, and such credit shall vest in accordance with Section 4.7(d) of this Plan.

To the extent that any distribution or withdrawal from the Plan increases the amount contributed or credited to the Qualified Plan for a Participant as a result of the addition of any amount of the distribution or withdrawal to the Compensation of such Participant covered by the Qualified Plan, an amount equal to such increase under the Qualified Plan shall be deducted from the amount of any Makeup in such Participant's Account resulting from prior deferrals under the Plan.

4.4 Allocation of Elective Deferred Compensation

(a) At the time a Participant completes a Deferral Commitment for a Deferral Period, the Participant shall also select the Earnings Index or Indices in which the Participant wishes to have his or her deferrals deemed invested. The Participant may select any combination of Earnings Indices as long as at least ten percent (10%), in whole percentages, is credited to each of the Earnings Indices selected.

(b) A Participant may change the amounts allocated to the Earnings Indices as of the first day of any month, provided that the Participant submits a notice of the change to the Committee at least ten (10) business days before the first day of the month. The change may apply to future deferrals only or may include current Account balances.

LOUISIANA-PACIFIC CORPORATION
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
Amended and Restated January 1, 2000

TABLE OF CONTENTS

PAGE

ARTICLE I--PURPOSE; EFFECTIVE DATE.....1

ARTICLE II--DEFINITIONS.....1

 2.1 Acquiring Person.....1

 2.2 Actuarial Equivalent.....1

 2.3 Beneficiary.....1

 2.4 Board.....2

 2.5 Change in Control.....2

 2.6 Committee.....3

 2.7 Compensation.....3

 2.8 Corporation.....3

 2.9 Deferred Retirement Date.....3

 2.10 Disability.....4

 2.11 Early Retirement Date.....4

 2.12 Employer.....4

 2.13 Final Average Compensation.....4

 2.14 Final Compensation.....4

 2.15 Involuntarily Terminated.....4

 2.16 Normal Retirement Date.....4

 2.17 Participant.....5

 2.18 Participation Agreement.....5

 2.19 Qualified and Other Plan Accounts.....5

 2.20 Retirement.....5

 2.21 Spouse.....5

 2.22 Supplemental Retirement Benefit.....5

 2.23 Target Retirement Percentage.....5

 2.24 Years of Credited Service.....6

 2.25 Years of Participation.....6

ARTICLE III--PARTICIPATION AND VESTING.....6

 3.1 Eligibility and Participation.....6

 3.2 Vesting.....6

 3.3 Cessation of Eligibility.....6

ARTICLE IV--PRERETIREMENT SURVIVOR BENEFIT.....6

 4.1 Pretermination Survivor Benefit.....6

TABLE OF CONTENTS

PAGE

ARTICLE V--SUPPLEMENTAL RETIREMENT BENEFITS.....7

5.1 Normal Retirement Benefit.....7

5.2 Deferred Retirement Benefit.....7

5.3 Early Retirement Benefit.....8

5.4 Early Termination Retirement Benefit.....8

5.5 Change in Control Benefits.....8

5.6 Disability Retirement Benefit.....8

5.7 Payment of Benefits.....9

5.8 Accelerated Distribution.....9

5.9 Excise Tax and Lost Benefit Makeup.....10

5.10 Withholding; Payroll Taxes.....10

5.11 Payment to Guardian.....10

ARTICLE VI--BENEFICIARY DESIGNATION.....10

6.1 Beneficiary Designation.....10

6.2 Changing Beneficiary.....10

6.3 Community Property.....11

6.4 No Beneficiary Designation.....11

ARTICLE VII--ADMINISTRATION.....12

7.1 Committee; Duties.....12

7.2 Agents.....12

7.3 Binding Effect of Decisions.....12

7.4 Indemnity of Committee.....12

7.5 Binding Effect of Decisions.....12

7.6 Indemnity of Committee.....13

ARTICLE VIII--CLAIMS PROCEDURE.....13

8.1 Claim.....13

8.2 Denial of Claim.....13

8.3 Review of Claim.....13

8.4 Final Decision.....13

ARTICLE IX--TERMINATION, SUSPENSION OR AMENDMENT.....14

9.1 Termination, Suspension or Amendment of Plan.....14

TABLE OF CONTENTS

	PAGE
ARTICLE X--MISCELLANEOUS.....	14
10.1 Unfunded Plan.....	14
10.2 Unsecured General Creditor.....	14
10.3 Trust Fund.....	14
10.4 Nonassignability.....	15
10.5 Not a Contract of Employment.....	15
10.6 Protective Provisions.....	15
10.7 Terms.....	15
10.8 Captions.....	15
10.9 Governing Law; Arbitration.....	15
10.10 Validity.....	16
10.11 Notice.....	16
10.12 Successors.....	16

LOUISIANA-PACIFIC CORPORATION
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

ARTICLE I--PURPOSE; EFFECTIVE DATE

The purpose of this Supplemental Executive Retirement Plan (the "Plan") is to provide supplemental retirement and death benefits for certain key employees of Louisiana-Pacific Corporation (the "Corporation"). It is intended that the Plan will aid in retaining and attracting employees of exceptional ability by providing them with these benefits. The Plan became effective as of July 1, 1997, and is amended and restated as of January 1, 2000 as set forth herein.

ARTICLE II--DEFINITIONS

For the purposes of the Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise:

2.1 Acquiring Person

"Acquiring Person" means any person or related person or related persons which constitute a "group" for purposes of Section 13(d) and Rule 13d-5 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); provided, however, that the term Acquiring Person shall not include:

- (a) Corporation or any of its Subsidiaries;
- (b) Any employee benefit plan or related trust of Corporation or any of its Subsidiaries;
- (c) Any entity holding voting capital stock of Corporation for or pursuant to the terms of any such employee benefit plan; or
- (d) Any person or group solely because such person or group has voting power with respect to capital stock of Corporation arising from a revocable proxy or consent given in response to a public proxy or consent solicitation made pursuant to the Exchange Act.

2.2 Actuarial Equivalent

"Actuarial Equivalent" means equivalence in value between two (2) or more forms and/or times of payment based on a determination by an actuary chosen by the Corporation, using sound actuarial assumptions at the time of such determination.

2.3 Beneficiary

"Beneficiary" means the person, persons or entity entitled under Article VI to receive any Plan benefits payable after a Participant's death.

2.4 Board

"Board" means the Board of Directors of the Corporation,

2.5 Change in Control

A "Change in Control" shall occur upon:

(a) The acquisition by any Acquiring Person of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of twenty percent (20%) or more of the combined voting power of the then outstanding securities which vote generally in the election of directors ("Voting Securities"); provided, however, that for purposes of this paragraph (a), the following acquisitions will not constitute a Change in Control:

(i) Any acquisition directly from Corporation;

(ii) Any acquisition by Corporation;

(iii) Any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Corporation or any corporation controlled by Corporation; or

(iv) Any acquisition by any corporation pursuant to a transaction that complies with clauses (i), (ii), and (iii) of paragraph (c) of this definition of Change in Control; or

(b) During any period of twelve (12) consecutive calendar months, individuals who at the beginning of such period constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual who becomes a director during the period whose election, or nomination for election, by Corporation's shareholders was approved by a vote of at least a majority of the directors then constituting the Incumbent Board will be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person (as such term is used in Section 3(d) and 14(d) of the Exchange Act) other than the Board; or

(c) Consummation of a reorganization, merger, or consolidation or sale or other disposition of all or substantially all of the assets of Corporation (a "Business Combination") in each case, unless, following such Business Combination:

(i) All or substantially all of the individuals and entities who were the beneficial owners of the Voting Securities outstanding immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding shares of common

stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns Corporation or all or substantially all of Corporation's assets either directly or through one (1) or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Voting Securities;

(ii) No Person (excluding any employee benefit plan, or related trust, of Corporation or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, twenty percent (20%) or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination; and

(iii) At least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the shareholders of Corporation of any plan or proposal for the liquidation or dissolution of Corporation.

2.6 Committee

"Committee" means the Committee appointed by the Chief Executive Officer to administer the Plan pursuant to Article VII.

2.7 Compensation

"Compensation" means base pay and annual incentives paid to a Participant during the calendar year, before reduction for amounts deferred under the Louisiana-Pacific Executive Deferred Compensation Plan or any other salary reduction program. Compensation does not include expense reimbursements, any form of noncash Compensation or benefits, group life insurance premiums, or any other payments or benefits other than normal Compensation.

2.8 Corporation

"Corporation" means Louisiana-Pacific Corporation, a Delaware corporation, or any successor to the business thereof.

2.9 Deferred Retirement Date

"Deferred Retirement Date" means the first day of the month coincident with or next following the Participant's severance of employment if it occurs after the Participant's Normal Retirement Date.

2.10 Disability

"Disability" means a physical or mental condition which, in the opinion of the Committee, prevents an employee from satisfactorily performing employee's usual duties for Employer. The Committee's decision as to Disability will be based upon medical reports and/or evidence satisfactory to the Committee. In no event shall a Disability be deemed to occur or to continue after a Participant's Normal Retirement Date.

2.11 Early Retirement Date

"Early Retirement Date" means the date on which the Participant terminates employment if it occurs on or after the first day of the month coincidental with or next following a Participant's attainment of age fifty-five (55) and completion of five (5) Years of Participation, but prior to his Normal Retirement Date.

2.12 Employer

"Employer" means the Corporation and any affiliated or subsidiary corporation of the Corporation which is incorporated under the laws of any state of the United States.

2.13 Final Average Compensation

"Final Average Compensation" means the Participant's Compensation during the sixty (60) consecutive calendar months out of the last one hundred twenty (120) months of employment with the Employer in which the Participant's Compensation is the highest divided by sixty (60).

2.14 Final Compensation

"Final Compensation" means a Participant's base pay for the twelve (12) months prior to termination of employment with the Employer, plus the average annual incentive paid the last three (3) years, divided by twelve (12). If the Participant has not been a Participant in the Employer's annual incentive plan for three (3) full years or been an employee for a full twelve (12) months, then the preceding determination shall be adjusted pro rata.

2.15 Involuntarily Terminated

"Involuntarily Terminated" means a Participant is discharged or resigns in response to a change in day-to-day duties, or reduction in Compensation or benefits, to a downward change of title, or to a relocation requested by Employer.

2.16 Normal Retirement Date

"Normal Retirement Date" means the first day of the month coincident with or next following the Participant's attainment of age sixty-two (62).

2.17 Participant

"Participant" means any individual who is participating or has participated in the Plan as provided in Article III.

2.18 Participation Agreement

"Participation Agreement" means the agreement filed by a Participant which acknowledges assent to the terms of the Plan.

2.19 Qualified and Other Plan Accounts

"Qualified and Other Plan Accounts" means a Participant's (1) ESOT, ESOT Transfer, Matching, Profit Sharing and Frozen Profit Sharing Accounts under the Louisiana-Pacific Salaried 401(k) and Profit Sharing Plan, (2) accrued benefit under the Louisiana-Pacific Corporation Retirement Account Plan, (3) Supplemental Benefit Plan Account under the Louisiana-Pacific Supplemental Benefits Plan, (4) Qualified Plan Makeup Credits Account under the Louisiana-Pacific Executive Deferred Compensation Plan and (5) fifty percent (50%) of the value of his or her Employer Matching Contributions Account under the Louisiana-Pacific Executive Deferred Compensation Plan.

2.20 Retirement

"Retirement" means a Participant's separation from employment with the Employer at the Participant's Early Retirement Date, Normal Retirement Date, or Deferred Retirement Date.

2.21 Spouse

"Spouse" means a Participant's wife or husband who is lawfully married to the Participant at the time of the Participant's death.

2.22 Supplemental Retirement Benefit

"Supplemental Retirement Benefit" means the benefit determined under Article V of this Plan.

2.23 Target Retirement Percentage

"Target Retirement Percentage" means the percentage of Final Average Compensation which will be used as a target from which other forms of retirement benefits are subtracted, as provided in Article V, to arrive at the amount of the Supplemental Retirement Benefit actually payable to a Participant. This percentage shall equal fifty percent (50%) multiplied by a fraction, the numerator of which is the Participant's Years of Credited Service, not to exceed fifteen (15), and the denominator of which is fifteen (15). The adjusted Target Retirement Percentage shall be rounded to four (4) decimal places.

2.24 Years of Credited Service

"Years of Credited Service" means the number of years of credited vesting service determined under the provisions of the Employer's Qualified Retirement Plan.

2.25 Years of Participation

"Years of Participation" means the number of twelve (12) month periods the Participant has been a Participant in the Plan as set out in Section 3.1(b) of the Plan. For the initial Participants, as set out in Appendix A, Years of Participation shall be measured from January 1, 1997.

ARTICLE III--PARTICIPATION AND VESTING

3.1 Eligibility and Participation

(a) Eligibility. Eligibility to participate in the Plan shall be limited to those employees who are designated by the Committee.

(b) Participation. An employee's participation in the Plan shall be effective upon notification of the employee of his status as a Participant by the Committee. Participation in the Plan shall continue until such time as the Participant terminates employment with the Employer, and as long thereafter as the Participant is eligible to receive benefits under this Plan.

3.2 Vesting

Each Participant shall be one hundred percent (100%) vested in benefits under this Plan after completing five (5) Years of Participation in the Plan. The preceding notwithstanding, each Participant shall be one hundred percent (100%) vested in benefits under this Plan upon death, Disability or a Change in Control.

3.3 Cessation of Eligibility

Notwithstanding Section 3.1(b) of this Plan, if a Participant ceases to be designated by the Committee as eligible to participate in the Plan, by reason of a change in employment status or otherwise, participation herein and eligibility to receive benefits hereunder shall be limited to the Participant's interest in such benefits as of the date designated by the Committee.

ARTICLE IV--PRERETIREMENT SURVIVOR BENEFIT

4.1 Pretermination Survivor Benefit

If a Participant dies while employed by the Employer, the Employer shall pay a supplemental survivor benefit to the Participant's Spouse. The amount of this benefit shall be equal to one-half (1/2) of the monthly accrued Supplemental Retirement Benefit payable monthly for the life of the Spouse.

ARTICLE V--SUPPLEMENTAL RETIREMENT BENEFITS

5.1 Normal Retirement Benefit

If a Participant retires on their Normal Retirement Date, the Employer shall pay to the Participant a monthly Supplemental Retirement Benefit equal to the Target Retirement Percentage multiplied by the Participant's Final Average Compensation, less

(a) Fifty percent (50%) of the Participant's primary Social Security benefit determined at age sixty-two (62), and

(b) An amount equal to the Participant's Qualified and Other Plan Accounts balances converted to a monthly life annuity. Such conversion shall be at the PBGC immediate annuity rate;

times the vesting percentage determined under Section 3.2 of this Plan.

5.2 Deferred Retirement Benefit

If a Participant retires at a Deferred Retirement Date, the Employer shall pay to the Participant a Supplemental Retirement Benefit calculated pursuant to Section 5.1, except that 5.1(a) and 5.1(b) shall be measured at the Participant's date of termination.

5.3 Early Retirement Benefit

If a Participant retires at an Early Retirement Date, the Employer shall pay to the Participant a monthly Supplemental Retirement Benefit equal to the Target Retirement Percentage multiplied by the Participant's Final Average Compensation, less

(a) Fifty percent (50%) of the Participant's primary Social Security benefit projected to be paid at age sixty-two (62) based on the then current law and assuming no future increases in Compensation, and

(b) An amount equal to the Participant's Qualified and Other Plan Accounts balances at termination converted to a life annuity using the PBGC immediate annuity rate;

times the vesting percentage determined under Section 3.2 of this Plan.

If a Participant retires with the approval of the Committee, the above Early Retirement Benefit shall be reduced by three percent (3%) for each year by which the benefit commencement date precedes the Participant's sixty-second (62nd) birthday (prorated for partial years on a monthly basis). If a Participant retires without the approval of the Committee, the above Early Retirement Benefit shall be reduced by five percent (5%) for each year by which the benefit commencement date precedes the Participant's sixty-second (62nd) birthday (prorated for partial years on a monthly basis). For Participants who retire without approval of the Committee, this benefit shall be further reduced by a fraction equal to the Participant's Actual Years of Service at termination over Years of Service the Participant would have had at age sixty-two (62).

The Participant may elect to delay the receipt of Early Retirement benefits if the election is filed ninety (90) days before termination. Benefits may not be delayed beyond age sixty-five (65).

5.4 Early Termination Retirement Benefit

If a Participant terminates employment prior to Early Retirement, the Employer shall pay to the Participant a monthly Supplemental Retirement Benefit equal to the product of (a) times (b) times (c) where:

(a) is an amount equal to the Target Retirement Percentage multiplied by the Participant's Final Average Compensation, less

(i) Fifty percent (50%) of the Participant's primary Social Security benefit determined at age sixty-two (62), and

(ii) An amount equal to the Qualified and Other Plan Accounts balances at age sixty-two (62) converted to life annuity using the PBGC immediate annuity rate;

(b) is the vesting percentage determined under Section 3.2 of this Plan; and

(c) is a fraction equal to the Participant's Years of Service at termination over Years of Service the Participant would have had at age sixty-two (62).

5.5 Change in Control Benefits

If a Participant is Involuntarily Terminated within thirty-six (36) months of a Change in Control, such Participant shall be granted two (2) extra Years of Service under the Plan, and the greater of Final Compensation or Final Average Compensation shall be used in determining the Participant's benefit. For such Involuntarily Terminated Participants, benefits shall be payable at the later of age fifty-five (55) or their date of termination. Such benefit shall be calculated pursuant to Section 5.3 and as if the Participant Retired with the approval of the Committee. In Section 5.3(b), the measurement date of the Qualified and Other Plan Accounts balances shall be the date benefits commence.

5.6 Disability Retirement Benefit

If a person terminates employment prior to Normal Retirement as a result of Disability, the Employer shall pay to the Participant a Supplemental Retirement Benefit commencing at the Participant's Normal Retirement Date equal to the amount the Participant would have received at such time under the Normal Retirement provisions of this Article. For purposes of this calculation, Years of Credited Service and Years of Participation shall continue to accrue during the period of Disability and the Participant's Final Average Compensation shall be based only on the amounts earned during the sixty (60) months prior to Disability if this provides the Participant with a greater benefit.

5.7 Payment of Benefits

(a) Form of Benefit Payments. The normal form of benefit payment shall be a life annuity. Any other form of benefit elected by the Participant shall be the Actuarial Equivalent to a life annuity. At the time of enrollment the Participant shall elect the form of benefit payment. The form of benefit payments available to the Participant shall be:

- (i) Life Annuity.
- (ii) 10-Year Certain and Life.
- (iii) 50% Joint and Survivor.
- (iv) 100% Joint and Survivor.

Participants may amend their form of benefit election by filing a change form with the Committee at least ninety (90) days before termination of employment.

(b) Commencement of Benefit Payments. The Supplemental Retirement Benefits payable to a Participant under the Normal and Deferred Retirement provisions of this Article shall commence within thirty (30) days of the Participant's termination of employment. The Early Retirement Benefit payable to a Participant shall commence within thirty (30) days of Participant's termination. However, the Participant may elect to delay the commencement of the benefit if such election is made at least ninety (90) days prior to termination (may not be delayed beyond sixty-second (62nd) birthday). The Supplemental Retirement Benefits payable to a Participant under the Early Termination or Disability provisions of this Article shall commence within thirty (30) days of the Participant attaining age sixty-two (62).

5.8 Accelerated Distribution

Notwithstanding any other provision of the Plan, at any time a Participant shall be entitled to receive, upon written request to the Committee, a lump-sum distribution of the Actuarial Equivalent of the Participant's unpaid vested accrued benefits under this Plan on the date on which the Committee receives the written request. The vested accrued benefit for active Participants shall be calculated assuming the Participant had terminated without permission on the date the distribution is requested. Each accelerated distribution shall be subject to a penalty equal to ten percent (10%) of the amount that would otherwise be distributed, and that amount shall be forfeited by the Participant. The amount payable under this section shall be paid in a lump sum within sixty-five (65) days following the receipt of the notice by the Committee from the Participant. In the event a Participant requests and obtains an accelerated distribution under this section and remains employed by the Employer, participation will cease and there will be no future benefit accruals under this Plan for a period of one (1) year.

5.9 Excise Tax and Lost Benefit Makeup

If as a result of participating in the Plan the Participant is required to pay additional excise tax under Section 4999 of the Internal Revenue Code ("IRC"), or receives a smaller benefit from any other Employer plan as a result of any IRC Section 280G Golden Parachute limitations, then a makeup amount shall be payable from the Plan. This amount shall be equal to the amount of Section 4999 excise tax payable and any lost benefit from other Employer Plans due to IRC Section 280G Golden Parachute limitation, as a result of participation in the Plan, plus any excise tax and income taxes payable due to this payment. The Corporation and Participant shall cooperate in good faith in making such determination and in providing the necessary information for this purpose.

5.10 Withholding; Payroll Taxes

The Employer shall withhold from payments made hereunder any taxes required to be withheld from a Participant's wages for the federal or any state or local government. However, a Beneficiary may elect not to have withholding for federal income tax purposes pursuant to Section 3405 of the Internal Revenue Code, or any successor provision.

5.11 Payment to Guardian

If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of his property, the Committee may direct payment of such Plan benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or person. The Committee may require proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distribution of the Plan benefit. Such distribution shall completely discharge the Committee and the Employer from all liability with respect to such benefit.

ARTICLE VI--BENEFICIARY DESIGNATION

6.1 Beneficiary Designation

Each Participant shall have the right, at any time, to designate any person or persons as his Beneficiary or Beneficiaries (both primary as well as secondary) to whom benefits under this Plan shall be paid in the event of his death prior to complete distribution to Participant of the benefits due under the Plan. Each Beneficiary designation shall be in a written form prescribed by the Committee, and will be effective only when filed with the Committee during the Participant's lifetime.

6.2 Changing Beneficiary

Subject to Section 6.3, any Beneficiary designation may be changed by a Participant without the consent of the previously named Beneficiary by the filing of a new designation with the Committee. The filing of a new designation shall cancel all designations previously filed. If a Participant's Compensation is community property,

any Beneficiary designation shall be valid or effective only as permitted by applicable law.

6.3 Community Property

If the Participant resides in a community property state, the following rules shall apply:

(a) Designation by a married Participant of a Beneficiary other than the Participant's Spouse shall not be effective unless the Spouse executes a written consent that acknowledges the effect of the designation, or it is established the consent cannot be obtained because the Spouse cannot be located.

(b) A married Participant's Beneficiary designation may be changed by a Participant with the consent of the Participant's Spouse as provided for in Section 6.3(a) by the filing of a new designation with the Committee.

(c) If the Participant's marital status changes after the Participant has designated a Beneficiary, the following shall apply:

(i) If the Participant is married at the time of death but was unmarried when the designation was made, the designation shall be void unless the Spouse has consented to it in the manner prescribed in Section 6.3(a).

(ii) If the Participant is unmarried at the time of death but was married when the designation was made:

A) The designation shall be void if the Spouse was named as Beneficiary unless Participant had submitted a change of beneficiary listing the former Spouse as the beneficiary.

B) The designation shall remain valid if a non-Spouse Beneficiary was named.

(iii) If the Participant was married when the designation was made and is married to a different Spouse at death, the designation shall be void unless the new Spouse has consented to it in the manner prescribed above.

6.4 No Beneficiary Designation

In the absence of an effective Beneficiary Designation, or if all designated Beneficiaries predecease the Participant or dies prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be the person in the first of the following classes in which there is a survivor:

(a) the surviving Spouse;

(b) the Participant's children, except that if any of the children predeceases the Participant but leaves issue surviving, then such issue shall take by right of representation the share the parent would have taken if living;

(c) the Participant's estate.

ARTICLE VII--ADMINISTRATION

7.1 Committee; Duties

The Plan shall be administered by the Committee, which shall consist of not less than three (3) persons appointed by the Chief Executive Officer and which may include the CEO as a member. The Committee shall have the authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as may arise in connection with the Plan. A majority vote of the Committee members shall control any decision. Members of the Committee may be Participants under the Plan.

7.2 Agents

The Committee may, from time to time, employ other agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Employer.

7.3 Binding Effect of Decisions

The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

7.4 Indemnity of Committee

The Employer shall indemnify and hold harmless the members of the Committee against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to the Plan, except in the case of gross negligence or willful misconduct.

7.5 Binding Effect of Decisions

The decision or action of the Committee in respect of any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

7.6 Indemnity of Committee

The Employer shall indemnify and hold harmless the members of the Committee and the against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

ARTICLE VIII--CLAIMS PROCEDURE

8.1 Claim

Any person claiming a benefit, requesting an interpretation or ruling under the Plan, or requesting information under the Plan shall present the request in writing to the Committee which shall respond in writing within thirty (30) days.

8.2 Denial of Claim

If the claim or request is denied, the written notice of denial shall state:

(a) The reason for denial, with specific reference to the Plan provisions on which the denial is based.

(b) A description of any additional material or information required and an explanation of why it is necessary.

(c) An explanation of the Plan's claim review procedure.

8.3 Review of Claim

Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Committee. The claim or request shall be reviewed by the Committee who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

8.4 Final Decision

The decision on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reason and the relevant plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE IX--TERMINATION, SUSPENSION OR AMENDMENT

9.1 Termination, Suspension or Amendment of Plan

The Corporation may at any time terminate, suspend or amend the Plan in whole or in part; provided, however, that any such termination or suspension, or any amendment that would materially change the benefits provided under the Plan, shall be subject to the prior approval of the Compensation Committee of the Board. Provided, further, that no such action shall be effective to decrease or restrict the accrued benefit of any Participant as of the date of such action.

ARTICLE X--MISCELLANEOUS

10.1 Unfunded Plan

The Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly-compensated employees" within the meaning of Sections 201, 301 and 401 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and therefore is exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. Accordingly, the Plan shall terminate and no further benefits shall accrue hereunder in the event it is determined by a court of competent jurisdiction or by an opinion of counsel that the Plan constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA which is not so exempt. In the event of such termination, all ongoing Deferral Commitments shall terminate, no additional Deferral Commitments will be accepted by the Committee, and the amount of each Participant's vested Account balance shall be distributed to such Participant at such time and in such manner as the Committee, in its sole discretion, determines.

10.2 Unsecured General Creditor

In the event of Employer's insolvency, Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interest or claims in any property or assets of the Employer, nor shall they be Beneficiaries of, or have any rights, claims or interests in any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by the Employer. In that event, any and all of the Employer's assets and policies shall be, and remain, the general, unpledged, unrestricted assets of the Employer. The Employer's obligation under the Plan shall be that of an unfunded and unsecured promise of the Employer to pay money in the future.

10.3 Trust Fund

The Employer shall be responsible for the payment of all benefits provided under the Plan. At its discretion, the Employer may establish one or more trusts, with such trustees as the Board may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Employer's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the Employer shall have no further

obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, the Employer.

10.4 Nonassignability

Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

10.5 Not a Contract of Employment

The terms and conditions of the Plan shall not be deemed to constitute a contract of employment between the Employer and the Participant, and the Participant (or his or her Beneficiary) shall have no rights against the Employer except as may otherwise be specifically provided herein. Moreover, nothing in the Plan shall be deemed to give a Participant the right to be retained in the service of the Employer or to interfere with the right of the Employer to discipline or discharge the Participant at any time.

10.6 Protective Provisions

A Participant will cooperate with the Employer by furnishing any and all information requested by the Employer, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as the Employer may deem necessary and taking such other action as may be requested by the Employer.

10.7 Terms

Whenever any words are used herein in the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

10.8 Captions

The captions of the articles, sections and paragraphs of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

10.9 Governing Law; Arbitration

The provisions of the Plan shall be construed and interpreted according to the laws of the State of Oregon. Any dispute or claim that arises out of or that relates to the

Plan or to the interpretation, breach, or enforcement of the Plan, must be resolved by mandatory arbitration in accordance with the then effective arbitration rules of Arbitration Service of Portland, Inc., and any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

10.10 Validity

In case any provision of the Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but the Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10.11 Notice

Any notice or filing required or permitted to be given to the Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to any member of the Committee or the Secretary of the Employer. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

10.12 Successors

The provisions of the Plan shall bind and inure to the benefit of the Employer and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of the Employer, and successors of any such corporation or other business entity.

LOUISIANA-PACIFIC CORPORATION

By: /s/ Michael J. Tull

Vice President, Human Resources

By: /s/ Anton C. Kirchhof

Secretary

Dated: March 1, 2000

LOUISIANA-PACIFIC CORPORATION

EXECUTIVE LOAN PROGRAM

1. Purpose. To provide loans to company executives for the purchase by them of shares of company stock from the company. Such purchases shall be of shares of treasury stock held by the company.
2. Covered Executives. (a) The CEO, all Vice Presidents and all other employees who are "executive officers" of the company under Section 16 of the Securities Exchange Act of 1934, (b) Business Team Leaders and (c) other executives as designated by the CEO.
3. Loan Amount. Equal to the total cost of the shares of company stock purchased in one transaction by the executive from the company during the 60-day period following the effective date of the Loan Program. The loan shall be made upon written notification to the company by the executive of the number of shares he or she desires to purchase. Such shares shall be sold to the executive on the date such notification is received by the company at a price equal to the closing price of company stock on the New York Stock Exchange (NYSE) on such date or, if there is no trading on the NYSE on such date, the next preceding day on which there was such trading, and the necessary loan documents for the loan in an amount equal to the cost of such shares shall be executed by the parties as of such date.
4. Maximum Loan Amount. Three (3) times an executive's annual base pay as of the effective date of the Loan Program.
5. Minimum Purchase and Loan. To qualify for the loan, the executive must purchase a minimum of 10,000 shares of company stock.
6. Maximum Total Loans. The lesser of \$20 million or 1.7 million shares of company stock.
7. Interest on Loan. The interest rate shall be the lowest prevailing rate that will avoid imputed interest under Section 7872 of the Internal Revenue Code. Annual accrued interest shall be added to the principal

8. amount each year and shall be paid when the principal amount becomes due.
9. Term of Loan. Five years following the expiration of the 60-day period referred to in paragraph 3 above, unless earlier terminated as provided below.
10. Security. Loans shall be unsecured.
11. Termination of Employment. The outstanding amount of principal and accrued interest under the loan shall be paid within 30 days following an executive's resignation or involuntary termination of employment.
12. Loan Forgiveness. If the executive remains employed at the end of the five-year term of the loan or terminates employment prior to such date by reason of disability or death, 50 percent of the outstanding amount of principal and accrued interest as of that date shall be forgiven if, during the 12-month period immediately preceding such date the company stock has traded on the NYSE at a price at or above \$23.00 per share (as adjusted for stock dividends or splits or recapitalizations subsequent to the effective date of the date of the Loan Program) for at least five consecutive trading days. Notwithstanding the foregoing, no amount of the loan shall be forgiven if, on a forgiveness date, the executive no longer owns, directly or beneficially, all of the shares of company stock originally purchased under the Loan Program.
13. Loan Forgiveness - Income Taxes. In the event of loan forgiveness under Paragraph 11 above, the executive shall be required to make arrangements satisfactory to the company for payment of all withholding and payroll taxes due in connection with such forgiveness. At the option of the executive, or at the option of the company if no other arrangement for tax payment by the executive is made, income and other taxes that become payable by the executive with respect to such loan forgiveness and which are required to be withheld and paid over by the company may be satisfied by the transfer by the executive to the company of shares of company stock purchased under the Loan Program equal in fair market value to the amount of the tax obligation.
14. Dividends. Dividends paid on company stock that is subject to a loan under the Loan Program shall be paid to the executive. Shares issued as a result of a stock dividend or split or recapitalization shall be issued

in the name of the executive and held pursuant to the custody agreement referred to in Paragraph 15 below.

15. Loan Documents. As a condition of receiving the loan, the executive shall execute a promissory note and such other agreements as may be required by the company including, subject to applicable law, a custody agreement with respect to the stock purchased under the Loan Program and agreement authorizing the company to deduct any loan amount due and payable from any amounts owed by the company to the executive as compensation or otherwise.
16. Securities Laws. Purchases and sales of company stock pursuant to the Loan Program shall comply in all respects to federal and state securities laws and L-P's policies on insider trading.
17. Effective Date. This Loan Program shall be effective November 24, 1999.

LOUISIANA-PACIFIC CORPORATION
AND SUBSIDIARIES

Jurisdiction of
Incorporation or
Organization

Louisiana-Pacific Corporation

Delaware

Domestic Subsidiaries

ABT Building Products Corporation

Delaware

ABTco, Inc.

Delaware

ABT Deck, Inc.

Oregon

CP Investment Corp.

Oregon

GreenStone Industries, Inc.

Delaware

GreenStone Industries-Fort Wayne, Inc.

Indiana

Ketchikan Pulp Company

Washington

Louisiana-Pacific International, Inc.

Oregon

Louisiana-Pacific Polymers, Inc.

Oregon

Louisiana-Pacific Timber Company

Oregon

L-PSPV, Inc.

Delaware

LPS Corporation

Oregon

Louisiana-Pacific Samoa, Inc.

Oregon

L-P Redwood, LLC

Delaware

L-P SPV2, LLC

Delaware

New Waverly Transportation, Inc.

Texas

Foreign Subsidiaries

Louisiana-Pacific Canada Ltd.

British Columbia, Canada

Louisiana-Pacific B.C. Forest Products Limited

British Columbia, Canada

Louisiana-Pacific Canada Dawson Creek Ltd.

British Columbia, Canada

Louisiana-Pacific Canada Engineered Wood

British Columbia, Canada

Products Ltd.

Louisiana-Pacific Canada Pulp Co.

Nova Scotia, Canada

Louisiana-Pacific Europe Limited

England and Wales

Louisiana Pacific de Mexico, S.A de C.V.

Mexico

Louisiana-Pacific, S.A. de C.V.

Mexico

Louisiana-Pacific Coillte Ireland Limited

Ireland

L-P Foreign Sales Corporation

Guam

Louisiana-Pacific South America S.A.

Chile

Louisiana-Pacific Chile S.A.

Chile

ABT Canada Limited - ABT Canada Limitee

Nova Scotia

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 2-97014, 33-42276, 33-62944, 333-10987, 333-53695, 333-53715, 333-87771, 333-87775, 333-87803, and 333-91693 on Forms S-8 and 333-73157 on Form S-3 of Louisiana-Pacific Corporation of our report dated January 28, 2000, appearing in the Annual Report on Form 10-K of Louisiana-Pacific Corporation for the year ended December 31, 1999.

/s/ DELOITTE & TOUCHE LLP

Portland, Oregon
March 14, 2000

This schedule contains summary financial information extracted from Consolidated Financial Statements and Notes included in this Form 10-K and is qualified in its entirety by reference to such financial statements.

1,000

	12-MOS	
	DEC-31-1999	
	DEC-31-1999	
		58,700
		57,300
		203,900
		(3,200)
		293,400
		739,400
		2,537,400
		(1,203,400)
		3,488,200
540,700		
		1,014,800
		0
		0
		117,000
3,488,200		1,243,000
		2,878,600
		2,878,600
		2,080,100
		2,509,700
		0
		0
		11,900
		357,000
		139,500
216,800		
		0
		0
		0
		216,800
		2.04
		2.04