

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)  
of the Securities Exchange Act of 1934

For Quarterly Period Ended March 31, 1998  
Commission File Number 1-7107

LOUISIANA-PACIFIC CORPORATION  
(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

93-0609074  
(IRS Employer Identification No.)

111 S. W. Fifth Avenue, Portland, Oregon 97204-3699  
(Address of principal executive offices) (Zip Code)

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

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 the number of shares outstanding of each of the issuer's classes of common stock: 109,815,903 shares of Common Stock, \$1 par value, outstanding as of April 30, 1998.

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FORWARD LOOKING STATEMENTS  
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Statements in this report, to the extent they are not based on historical events, constitute forward-looking statements. Forward-looking statements include, without limitation, statements regarding the outlook for future operations, production capacities, forecasts of future costs and expenditures, evaluation of market conditions, the outcome of legal proceedings, the adequacy of reserves, or plans for product development. Investors are cautioned that forward-looking statements are subject to an inherent risk that actual results may vary materially from those described herein. Factors that may result in such variance, in addition to those accompanying the forward looking statements, include changes in interest rates, commodity prices, and other economic conditions; actions by competitors; changing weather conditions and other natural phenomena; actions by government authorities; uncertainties associated with legal proceedings; technological developments; future decisions by management in response to changing conditions; and misjudgments in the course of preparing forward-looking statements.

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PART I  
FINANCIAL INFORMATION

Item 1. Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES  
(DOLLAR AMOUNTS IN MILLIONS EXCEPT PER SHARE) (UNAUDITED)

THREE MONTHS ENDED MARCH 31,	1998	1997
Net sales	\$ 548.3	\$ 554.6
	-----	-----
Costs and expenses:		
Cost of sales	500.3	510.1
Depreciation, amortization and depletion	39.5	40.9
Selling and administrative	39.7	38.7
Settlements, charges and other unusual items, net	---	(121.9)
Interest expense	9.7	8.8
Interest income	(2.1)	(1.3)
	-----	-----
Total costs and expenses	587.1	476.3
	-----	-----
Income (loss) before taxes and minority interest	(38.8)	78.3
Provision (benefit) for income taxes	(12.5)	37.6
Minority interest in net income (loss) of consolidated subsidiaries	(1.2)	(1.3)
	-----	-----
Net income (loss)	\$ (25.1)	\$ 42.0
	=====	=====
Net income (loss) per share - basic and diluted	\$ (.23)	\$ .39
	=====	=====
Cash dividends per share	\$ .14	\$ .14
	=====	=====

CONDENSED CONSOLIDATED BALANCE SHEETS  
 LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES  
 (DOLLAR AMOUNTS IN MILLIONS) (UNAUDITED)

	MAR. 31, 1998	DEC. 31, 1997
Cash and cash equivalents	\$ 22.3	\$ 31.9
Accounts receivable, net	168.8	146.2
Inventories	260.3	258.8
Prepaid expenses	11.6	8.9
Income tax refunds receivable	79.6	78.0
Deferred income taxes	73.0	73.0
	-----	-----
Total current assets	615.6	596.8
	-----	-----
Timber and timberlands	642.3	634.2
Property, plant and equipment	2,453.0	2,433.9
Less reserves for depreciation	(1,276.7)	(1,242.1)
	-----	-----
Net property, plant and equipment	1,176.3	1,191.8
Goodwill and other assets	152.9	155.6
	-----	-----
Total assets	\$2,587.1	\$2,578.4
	=====	=====
Current portion of long-term debt	\$ 21.7	\$ 22.9
Short-term notes payable	41.5	22.0
Accounts payable and accrued liabilities	225.4	234.4
Current portion of contingency reserves	40.0	40.0
	-----	-----
Total current liabilities	328.6	319.3
	-----	-----
Long-term debt, excluding current portion	630.8	572.3
Contingency reserves, excluding current portion	168.3	184.0
Deferred income taxes and other	205.8	216.6
Stockholders' equity:		
Common Stock	117.0	117.0
Additional paid-in-capital	468.8	472.2
Retained earnings	937.0	977.5
Treasury stock	(159.5)	(163.4)
Loans to Employee Stock Ownership Trusts	(31.7)	(37.7)
Accumulated comprehensive income (loss)	(78.0)	(79.4)
	-----	-----
Total stockholders' equity	1,253.6	1,286.2
	-----	-----
Total liabilities and equity	\$2,587.1	\$2,578.4
	=====	=====

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES  
 (DOLLAR AMOUNTS IN MILLIONS) (UNAUDITED)

THREE MONTHS ENDED MARCH 31,	1998	1997
Cash flows from operating activities:		
Net income (loss)	\$ (25.1)	\$ 42.0
Depreciation, amortization and depletion	39.5	40.9
Cash settlements of contingencies	(15.7)	(20.3)
Other adjustments	7.3	11.4
Decrease (increase) in certain working capital components and deferred taxes	(49.4)	(118.9)
	-----	-----
Net cash provided by (used in) operating activities	(43.4)	(44.9)
	-----	-----
Cash flows from investing activities:		
Capital spending, including acquisitions	(45.4)	(81.4)
Other investing activities, net	13.5	5.8
	-----	-----
Net cash used in investing activities	(31.9)	(75.6)
	-----	-----
Cash flows from financing activities:		
New borrowing, including net increase in credit line	77.3	219.5
Repayment of long-term debt	(18.5)	(100.5)
Increase (decrease) in short-term notes payable	19.5	(4.9)
Cash dividends	(15.4)	(15.2)
Other financing activities, net	2.8	.9
	-----	-----
Net cash provided by (used in) financing activities	65.7	99.8
	-----	-----
Net increase (decrease) in cash and cash equivalents	(9.6)	(20.7)
Cash and cash equivalents at beginning of year	31.9	27.8
	-----	-----
Cash and cash equivalents at end of period	\$ 22.3	\$ 7.1
	=====	=====

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
 LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES  
 (DOLLAR AMOUNTS IN MILLIONS EXCEPT PER SHARE) (UNAUDITED)

THREE MONTHS ENDED  
 MARCH 31, 1998

	SHARES	AMOUNT
Common Stock	116,937,022 =====	\$ 117.0 =====
Additional Paid-in-Capital:		
Beginning balance		\$ 472.2
Net transactions		(3.4) -----
Ending balance		\$ 468.8 =====
Retained Earnings:		
Beginning balance		\$ 977.5
Net income		(25.1)
Cash dividends, \$.14 per share		(15.4) -----
Ending balance		\$ 937.0 =====
Treasury stock:		
Beginning balance	7,309,360	\$ (163.4)
Net shares reissued for employee stock plans and acquisition	(176,390) -----	3.9 -----
Ending balance	7,132,970 =====	\$ (159.5) =====
Loans to ESOTs:		
Beginning balance		\$ (37.7)
Accrued contribution		6.0 -----
Ending balance		\$ (31.7) =====
Accumulated Comprehensive Income (Loss):		
Beginning balance		\$ (79.4)
Currency translation adjustment and amortization of deferred compensation		1.4 -----
Ending balance		\$ (78.0) =====

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES

1. The unaudited condensed interim period information included herein reflects all adjustments which are, in the opinion of the management of L-P, necessary for a fair statement of the results of the respective interim periods. Such adjustments, except as discussed elsewhere in this report, are of a normal recurring nature. Results of operations for interim periods are not necessarily indicative of results to be expected for an entire year. It is suggested that these summary financial statements be read in conjunction with the financial statements and the notes thereto included in L-P's 1997 Annual Report on Form 10-K. Interim financial statements are by necessity somewhat tentative; judgments are used to estimate quarterly amounts for items that are normally determinable only on an annual basis.

2. Basic and diluted earnings per share are based on the weighted average number of shares of common stock outstanding during the periods (108,990,000 in 1998 and 108,450,000 in 1997). The effect of potentially dilutive common stock equivalents is not included in the calculation of diluted earnings per share because it is currently anti-dilutive as a result of L-P's net losses in the first quarter of 1998 and for the year 1997.

3. The effective income tax rate is based on estimates of annual amounts of taxable income, foreign sales corporation income and other factors. These estimates are updated quarterly.

4. Determination of interim LIFO inventories requires estimates of year-end inventory quantities and costs. These estimates are revised quarterly and the estimated annual change in the LIFO inventory reserve is expensed over the remainder of the year.

5. Reference is made to "Legal Proceedings" for a description of certain environmental litigation and other litigation and its potential impact on L-P and for a description of settlements of certain class action proceedings.

6. Effective January 1, 1998, L-P adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," which requires items previously reported as a component of stockholders' equity to be more prominently reported in a separate financial statement as a component of comprehensive income. Components of comprehensive income include net income (loss), currency translation adjustments and deferred compensation. Comprehensive income (loss) was (\$23.7) million in the 1998 first quarter and \$36.5 million in the first quarter of 1997.

7. Reference is made to "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion and disclosures regarding items included in the financial statement caption "Settlements, Charges and Other Unusual Items, Net" and for a discussion of anticipated significant asset sales.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

RESULTS OF OPERATIONS

General

Lower lumber prices and lower pulp sales were the primary factors for lower sales and lower earnings in the first quarter of 1998. L-P lost \$25.1 million (\$.23 per share) in the first quarter of 1998 compared to net income in 1997 of \$42 million (\$.39 per share). Adjusting for the unusual gain in 1997, the comparable loss in the first quarter of 1997 was \$32 million or \$.29 per share. Sales fell approximately 1 percent to \$548.3 million in the first quarter of 1998 from \$554.6 million in the first quarter of 1997. The Company recorded a net gain of \$122 million (\$74 million after taxes, or \$.68 per share) in the first quarter of 1997 relating to a \$135 million settlement with the U.S. Government over claims related to the long-term timber supply contract in Alaska, net of adjustments to Ketchikan Pulp Company pulp mill closure-related accruals.

L-P operates in two segments: building products and pulp. Building products is the most significant segment, accounting for more than 92 percent of sales during the first quarter of 1998 and 1997. The results of operations are discussed separately for each segment below. Key segment information, production volumes and industry product price trends are presented in the following tables labeled "Sales and Operating Profit by Major Product Group," "Summary of Production Volumes" and "Industry Product Price Trends."

Building Products Segment

Building products segment sales in the first quarter of 1998 were \$527.4 million, a three percent increase from first quarter 1997 sales of \$512.1 million. The increase was primarily attributable to a 12 percent growth in structural panel products (OSB and plywood) sales to \$213.4 in 1998 compared to \$190.6 million in 1997. Structural panel products sales growth was the result of an 18 percent increase in OSB prices and level plywood prices over the prior year. Structural panel sales volumes increased seven percent for OSB due to stronger demand and decreased 11 percent for plywood due to weather-related production outages in 1998 and mill closures subsequent to the 1997 first quarter. Total lumber sales decreased about 12 percent to \$136.7 million in 1998 from \$155.3 million in 1997. Lumber sales volume dropped approximately 8 percent primarily due to poor weather and mill closures. Lumber prices decreased an average of 3 percent due to weak markets. Industrial panel products sales declined approximately one percent to \$43.5 million in 1998 from \$44.1 million in 1997 due to increased sales volume offset by a larger decrease in average selling prices. The sales increase in the other building products category to \$133.8 million from \$122.1 million was primarily attributable to the purchase of the assets of Tecton Laminates (engineered wood products) late in the first quarter of 1997.

Building products segment operating profits increased to \$4.0 million in 1998 from a loss of \$2.1 million in 1997. This increase is primarily attributable to the increase in OSB prices discussed above. Lower profits in industrial panels and lumber partially offset the OSB gains. Higher log costs in the South along with lower average selling prices caused the decrease in lumber profits, while the industrial panel profit decrease was primarily due to lower sales averages.

L-P's building products are primarily sold as commodities and therefore sales prices fluctuate based on market factors over which L-P has no control. L-P cannot predict whether the prices of its building products will remain at

current levels or will increase or decrease in the future because supply and demand are influenced by many factors, only one of which is the cost and availability of raw materials. Therefore, 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.

Pulp Segment  
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Pulp sales dropped nearly 51 percent in the first quarter of 1998 to \$20.9 million from \$42.5 million in the first quarter of 1997. For L-P's two remaining pulp mills, prices decreased approximately seven percent on average and volume decreased approximately 13 percent. Pulp sales were negatively impacted by the Asian economic crisis which affected both prices and volume. The pulp mill owned by L-P's Ketchikan Pulp Company subsidiary generated sales of \$16.8 million in the first quarter of 1997. This mill was permanently closed in 1997 and, thus, did not generate any sales in 1998.

Pulp segment losses remained constant in 1998 despite sales price decreases due primarily to cost cutting measures. Pulp segment losses were \$11.6 million in the first three months of 1998 and 1997.

L-P's pulp products are primarily sold as commodities and therefore sales prices fluctuate based on world-wide market factors over which L-P has no control. L-P cannot predict whether the prices of its pulp products will remain at current levels or will increase or decrease in the future because supply and demand are influenced by many factors, only one of which is the cost and availability of raw materials. Therefore, 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.

Settlements, Charges and Other Unusual Items, Net  
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In the first quarter of 1997, L-P's Ketchikan Pulp Company subsidiary recorded a net gain of \$122 million (\$74 million after taxes, or \$.68 per share) to reflect the initial amount paid under a settlement agreement with the U.S. Government over claims related to the long-term timber supply contract in Alaska of \$135 million. Adjustments to pulp mill closure-related accruals were netted against this gain.

General Corporate and Other Expense  
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The increase in general corporate and other expenses is due to various additional costs, none of which are individually significant.

Interest Income (Expense)  
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Interest expense increased 10 percent in 1998 due to higher borrowing levels and higher interest rates on borrowings. Higher borrowing levels were attributable to losses sustained as well as capital expenditures needed to improve capital facilities. Interest income increased in 1998 due to notes receivable related to the sale of timberland late in 1997.

Legal and Environmental Matters  
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Refer to the "Legal Proceedings" section of this Form 10-Q for a discussion of certain environmental litigation and other litigation and its potential impact on L-P.



## FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash used in operations decreased slightly in 1998 over 1997. Cash used in investing activities decreased due to lower capital expenditures. L-P acquired GreenStone Industries and the assets of Tecton Laminates in the first quarter of 1997. Financing activities provided nearly \$66 million of cash in the first quarter of 1998 compared to nearly \$100 million in 1997. The Company borrowed on its revolving lines of credit and increased short-term notes to provide for its financing needs during the first quarter of 1998.

L-P's ratio of long-term debt to total capital was 33.5 percent (excluding contingency reserves) at March 31, 1998. Despite increased borrowings, cash balances combined with expected tax refunds, asset sale proceeds (discussed below) and credit facilities are expected to be sufficient to meet projected cash needs during 1998, including payments related to the OSB siding litigation and other litigation.

## ASSET SALES

In May 1998, L-P announced that it had reached agreement with two parties to sell its California redwood timberlands and associated sawmills and other assets for total estimated proceeds of approximately \$615 million. The sale, which includes more than 300,000 acres of timberlands, three operating sawmills and two distribution facilities, among other operations, is contingent upon regulatory approvals and other conditions customary in such transactions. The Samoa pulp mill is not included in the transaction. The transactions are expected to close in the second quarter of 1998. These transactions are part of L-P's previously announced plans to sell non-strategic assets for total estimated proceeds in the range of \$800 million to \$1 billion. Other previously announced sales include the Weather-Seal window and door manufacturing business, the fiber gypsum plant in Canada and certain parcels of timberland in interior California. There can be no assurance that proceeds within the foregoing range will be realized. The proceeds realized will initially be used to fund operations and reduce or eliminate outstanding borrowings on L-P's revolving credit facilities. Management continues to study alternative uses of the proceeds to maximize the long-term value to L-P and its stockholders, which may include internal investments in L-P's core businesses in the building products market, strategic acquisitions, or implementation of a share repurchase program.

## YEAR 2000 COMPLIANCE

As the year 2000 approaches, an issue impacting most companies has emerged regarding the ability of computer applications and systems to properly interpret the year. This is a pervasive and complex issue.

L-P is in the process of identifying significant applications that will require modification to ensure Year 2000 compliance. Internal and external resources are being used to make this assessment, the required modifications and test Year 2000 compliance. L-P plans on completing the assessment of all significant applications and developing a plan for appropriate action by September 30, 1998.

In addition, L-P will begin communicating with others with whom it does significant business to determine their Year 2000 compliance

readiness and the extent to which L-P is vulnerable to any third party Year 2000 issues. However, there can be no guarantee that the systems of other companies on which L-P's systems rely will be timely converted, or that a failure to convert by another company, or a conversion that is incompatible with L-P's systems, would not have a material adverse effect on L-P.

The total cost to L-P of these Year 2000 compliance activities has not been and is not anticipated to be material to its financial position or results of operations in any given year. These costs and the date on which L-P plans to complete the Year 2000 assessment process are based on management's best estimates, which were derived utilizing numerous assumptions of future events including the continued availability of certain resources, third party modification plans and other factors. However, there can be no guarantee that these estimates will be achieved and actual results could differ from those plans.

SALES AND OPERATING PROFIT BY MAJOR PRODUCT GROUP  
 LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES  
 (DOLLAR AMOUNTS IN MILLIONS) (UNAUDITED)

THREE MONTHS ENDED MARCH 31	1998	1997
Sales:		
Structural panel products	\$ 213.4	\$ 190.6
Lumber	136.7	155.3
Industrial panel products	43.5	44.1
Other building products	133.8	122.1
	-----	-----
Total building products	527.4	512.1
Pulp	20.9	42.5
	-----	-----
Total sales	\$ 548.3	\$ 554.6
	=====	=====
 Export sales	 \$ 42.0	 \$ 73.2
	=====	=====
 Profit (loss):		
Building products	\$ 4.0	\$ (2.1)
Pulp	(11.6)	(11.6)
Settlement and other unusual items, net	---	121.9
General corporate expense and other, net	(23.6)	(21.4)
Interest income (expense), net	(7.6)	(8.5)
	-----	-----
Income (loss) before taxes and minority interest	\$ (38.8)	\$ 78.3
	=====	=====

LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES  
SUMMARY OF PRODUCTION VOLUMES

	QUARTER ENDED MARCH 31	
	1998	1997
Oriented Strand Board panels and siding, million square feet 3/8" basis	1,015	931
Softwood plywood, million square feet 3/8" basis	231	281
Lumber, million board feet	286	301
Industrial panel products (particleboard, medium density fiberboard and hardboard), million square feet 3/4" basis	144	140
Engineered I-Joists, million lineal feet	22	17
Laminated Veneer Lumber (LVL), thousand cubic feet	1,631	1,273
Pulp, thousand short tons	50	116*

\*Includes production from the Ketchikan Pulp Company mill in 1997.

INDUSTRY PRODUCT PRICE TRENDS  
 LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES

OSB ----- N. CENTRAL 7/16" BASIS 24/16 SPAN RATING -----	PLYWOOD ----- SOUTHERN PINE 1/2" BASIS CDX 3 PLY -----	LUMBER ----- FRAMING LUMBER COMPOSITE PRICES -----	PARTICLEBOARD ----- INLAND INDUSTRIAL 3/4" BASIS -----
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Annual Average				
1992	217	248	287	200
1993	236	282	394	258
1994	265	302	405	295
1995	245	303	337	290
1996	184	258	398	276
1997	143	265	417	262
1997 First Quarter Average				
134	266	438	265	
1997 Fourth Quarter Average				
161	274	372	255	
1998 First Quarter Average				
158	266	368	253	

Source: Random Lengths

PART II  
OTHER INFORMATION

Item 1. Legal Proceedings.

The following sets forth the current status of certain legal proceedings:

Environmental Proceedings

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In March 1995, L-P's subsidiary Ketchikan Pulp Company (KPC) entered into agreements with the federal government to resolve the issues related to water and air compliance problems experienced at KPC's pulp mill during the late 1980s and early 1990s. In addition to civil and criminal penalties that have been paid, KPC also agreed to undertake further expenditures, which are primarily capital in nature, including certain remedial and pollution control related measures, with an estimated cost of up to approximately \$20 million. With the closure of the pulp mill, KPC is currently seeking the EPA's and court's guidance regarding the necessity of these expenditures. KPC has also agreed to undertake a study of whether a clean-up of Ward Cove, the body of water adjacent to the pulp mill, is needed. It is anticipated that KPC will be required to spend up to \$6 million on the clean-up, including the cost of the study, as part of the overall \$20 million of expenditures. KPC negotiated an administrative order with the state and EPA to conduct investigative and clean-up activities at the pulp mill. Total costs for these activities are unknown at this time, but KPC has recorded its initial estimated amount.

The United States Forest Service (USFS) has named KPC as a potentially responsible party for costs related to the capping of a landfill near Thorne Bay, Alaska. Total costs may range up to \$8 million.

EPA and the Department of Justice have indicated their intent to seek penalties for alleged civil violations of the Clean Water Act. The maximum penalty associated with such an action could total up to \$625,000.

Certain of L-P's plant sites have or are suspected of having substances in the ground or in the groundwater that are considered pollutants. Appropriate corrective action or plans for corrective action are underway. Where the

pollutants were caused by previous owners of the property, L-P is vigorously pursuing those parties through legal channels and is vigorously pursuing insurance coverage under all applicable policies.

L-P maintains a reserve for estimated environmental loss contingencies. As with all accounting estimates, significant uncertainty exists in the reliability and precision of the estimates because the facts and circumstances surrounding each contingency vary from case to case. L-P continually monitors its estimated exposure for environmental liabilities and adjusts its accrual accordingly. As additional information about the environmental contingencies becomes known, L-P's estimate of its liability for environmental loss contingencies may change significantly, although no estimate of the range of any potential adjustment of the liability can be made at this time. L-P cannot estimate the time frame over which these accrued amounts are likely to be paid out. A portion of L-P's environmental reserve is related to liabilities for clean-up of properties which are currently owned or have been owned in the past by L-P. Certain of these sites are subject to cost sharing arrangements with other parties who were also involved with the site. L-P does not believe that any of these cost sharing arrangements will result in additional material liability to L-P due to non-performance by the other party. L-P has not reduced its reserves for any anticipated insurance recoveries.

Although L-P's policy is to comply with all applicable environmental laws and regulations, the company has in the past been required to pay fines for non-compliance and sometimes litigation has resulted from contested environmental actions. Also, L-P is involved in other environmental actions and proceedings which could result in fines or penalties. Management believes that any fines, penalties or other losses resulting from the matters discussed above in excess of the reserve for environmental loss contingencies will not have a material adverse effect on the business, financial position, results of operations or liquidity of L-P. See "Colorado Criminal Proceedings" for further discussion of an environmental action against L-P.

L-P began an internal investigation at L-P's Montrose (Olathe), Colorado, oriented strand board (OSB) plant of various matters, including certain environmental matters, in the summer of 1992 and reported its initial finding of irregularities to governmental authorities in September 1992. Shortly thereafter, a federal grand jury commenced an investigation of L-P concerning alleged environmental violations at that plant, which was subsequently expanded to include the taking of evidence and testimony relating to alleged fraud in connection with the submission of unrepresentative OSB product samples to the APA - The Engineered Wood Association (APA), an industry product certification agency, by L-P's Montrose plant and certain of its other OSB plants. L-P then commenced an independent investigation, which was concluded in 1995, under the direction of former federal judge Charles B. Renfrew concerning irregularities in sampling and quality assurance in its OSB operations. In June 1995, the grand jury returned an indictment in the U.S. District Court in Denver, Colorado, against L-P, a former manager of the Montrose mill, and a former superintendent at the mill. The former superintendent and former plant manager have each pled guilty to one environmental count and have been sentenced by the court. L-P is now facing 23 felony counts related to environmental matters at the Montrose mill, including alleged conspiracy, tampering with opacity monitoring equipment, and making false statements under the Clean Air Act. The indictment also charges L-P with 25 felony counts of fraud relating to alleged use of the APA trademark on OSB structural panel products produced by the Montrose mill as a result of L-P's allegedly improper sampling practices in connection with the APA quality assurance program.

In November 1995, the Court bifurcated the environmental and fraud felony counts. A trial date of April 13, 1998, had been set in the environmental case. However, a Notice of Disposition and Joint Motion to Vacate Trial Date was filed with the Court and thus no trial date is currently scheduled.

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. The EPA suspension was lifted in April 1998,



based on positive environmental programs actively underway at L-P's facilities generally. The lifting of the suspension will permit the Montrose facility to resume purchasing timber directly from the USFS.

L-P maintains a reserve for its estimate of the cost of the Montrose criminal proceedings, although as with any estimate, there is uncertainty concerning the actual costs to be incurred. At the present time, L-P cannot predict whether or to what extent the circumstances described above will result in further civil litigation or investigation by government authorities, or the potential financial impact of any such current or future proceedings, in which case the resolution of the above matters could have a materially adverse effect on L-P.

#### OSB Siding Matters

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L-P has been named as a defendant in numerous class action and non-class 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 have purchased or used OSB siding manufactured by L-P, because of 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.

The United States District Court for the District of Oregon has given final approval to a settlement between L-P and a nationwide class composed of all persons who own, have owned, or subsequently 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 will be entitled to receive from the settlement fund established under the agreement a payment equal to the replacement cost (to be 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 percent) based on the age of the siding. Class members who have 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 which would be payable under the settlement agreement and the amount previously paid. Independent adjusters will determine the extent of damage to OSB siding at each claimant's property in accordance with a specified protocol. There will be no adjustment to settlement payments 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. If the arbitrator reduces the damage award otherwise payable to the claimant because of a finding of improper installation, the claimant will be entitled to pursue a claim against the contractor/builder to the extent the award was reduced.

L-P is required to pay \$275 million into the settlement fund in seven annual installments beginning in mid-1996: \$100 million, \$55 million, \$40 million, \$30 million, \$20 million, \$15 million, and \$15 million. As of March 31, 1998, L-P had funded the first three installments. If at any time after the fourth year of the settlement period the amount of approved claims (paid and pending) equals or exceeds \$275 million, then the settlement agreement will terminate as to all claims in excess of \$275 million unless L-P timely elects to provide additional funding within 12 months equal to the lesser of (i) the excess of unfunded claims over \$275 million or (ii) \$50 million and, if necessary to satisfy unfunded claims, a second payment within 24 months equal to the lesser of (i) the remaining unfunded amount or (ii) \$50 million. If the total payments to the settlement fund are insufficient to satisfy in full all approved claims filed prior to January 1, 2003, then L-P may elect to satisfy the unfunded claims by making additional payments into the settlement fund at the end of each of the next two 12-month periods or until all claims are paid in full, with each additional payment being in an amount equal to the greater of (i) 50 percent of the aggregate sum of all remaining unfunded approved claims or (ii) 100 percent of the aggregate amount of unfunded

approved claims, up to a maximum of \$50 million. If L-P fails to make any such additional payment, all class members whose claims remain unsatisfied from the settlement fund may pursue any available legal remedies against L-P without regard to the release of claims provided in the settlement agreement.

If L-P makes all payments required under the settlement agreement, including all additional payments as specified above, class members will be deemed to have released L-P from all claims for damaged OSB Inner-Seal 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 the event all claims filed prior to January 1, 2003, that are approved have been paid without exhausting the settlement fund, any amounts remaining in the settlement fund revert to L-P. 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. As of March 31, 1998, approximately \$26 million remained of the \$195 million paid into the fund to date, after accruing interest on undisbursed funds and deducting class notification costs, prior claims costs (including payments advanced to homeowners in urgent circumstances) and payment of claims under the settlement.

The claims submitted to the claims administrator substantially exceed the \$275 million of payments that L-P is required to make under the settlement agreement. As calculated under the terms of the settlement, as of March 31, 1998, claims submitted and inspected exceed \$365 million. There are insufficient data to project the future volume of claims or the total dollar value of additional claims that may be made against the settlement fund. L-P has not decided whether it will provide the optional funding discussed above in excess of the required \$275 million after the fourth year of the settlement. Alternatively, L-P could elect to pursue other options, including allowing the settlement agreement to terminate, thereby entitling claimants with unsatisfied claims to pursue available legal remedies against L-P.

A settlement of a Florida class action was approved by the Circuit Court for Lake County, Florida. 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 Inner-Seal 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 of up to 75 percent for damage resulting from improper design, construction, installation, finishing, painting, or lack of 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 for up to five years after October 4, 1995.

L-P maintains reserves for the estimated costs of these siding settlements, although, as with any estimate, there is uncertainty concerning the actual costs to be incurred. The discussion herein notes some of the factors, in addition to the inherent uncertainty of predicting the outcome of claims and litigation, that could cause actual costs to vary materially from current estimates. Due to the various uncertainties, L-P cannot predict to what degree actual payments under the settlement agreements, or any alternative strategies adopted by L-P, will materially exceed the recorded liability related to these matters, although it is possible that in the near term, total estimated payments will exceed the recorded liabilities.

Other OSB Matters

- - - - -

Three separate purported class actions on behalf of owners and purchasers of properties in which L-P's OSB panels are used for flooring, sheathing, or underlayment have been consolidated in the United States District Court for the Northern District of California under the caption Agius v. Louisiana-Pacific Corporation. The actions seek damages and equitable relief for alleged fraud, misrepresentation, breach of warranty, negligence, and

improper trade practices related to alleged improprieties in testing, APA certification, and marketing of OSB structural panels, and alleged premature deterioration of such panels. A separate state court action entitled Carney v. Louisiana-Pacific Corporation is pending in the Superior Court of the State of California for the City and County of San Francisco, seeking relief under California consumer protection statutes based on similar allegations. On February 27, 1998, the United States District Court for the Northern District of California entered an order approving a settlement that would resolve the above actions. A final order approving the settlement is expected pending resolution of an appeal by a single claimant.

The settlement class, other than persons who opted out, is generally composed of all persons who purchased L-P OSB sheathing or acquired real property or structures in the United States containing L-P OSB sheathing between January 1, 1984, and October 22, 1997, but only if they have retained ownership of the product. Under the settlement agreement, an eligible claimant who files a claim prior to October 22, 2017, upon review of the claim by the claims administrator, will be entitled to recover the reasonable cost of repair or replacement of any L-P OSB sheathing determined to have failed to perform its essential function as warranted and not occasioned by misuse, negligent or intentional misconduct of a third party or an event over which L-P had no control. The settlement agreement also provides for payment of a \$1.5 million grant to the University of California Forest Products Laboratory and reasonable attorneys' fees of class counsel.

L-P maintains a reserve for its estimate of the cost of these other OSB matters, including the sheathing settlement, although as with any estimate, there is uncertainty concerning the actual costs to be incurred. Based on a review of its claims records to date, L-P believes that known reports of damage to installed L-P OSB sheathing have been immaterial in number and amount.

Other

- - - - -

L-P and its subsidiaries are parties to other legal proceedings. Management believes that the outcome of such proceedings will not have a material adverse effect on the business, financial position, results of operations or liquidity of L-P.

Contingency Reserves

- - - - -

L-P maintains contingency reserves in addition to the environmental reserves discussed above. As L-P receives additional information regarding actual claim rates and average claim amounts, L-P monitors its estimated exposure and adjusts its accrual accordingly. The amounts ultimately paid for these contingencies could differ materially from the amount currently recorded, although no estimate of the timing or range of any potential adjustment can be made at this time.

Item 6. Exhibits and Reports on Form 8-K.

- (a) The exhibits filed as part of this report or incorporated by reference herein are listed in the accompanying exhibit index.
- (b) Reports on Form 8-K. No reports on Form 8-K were filed during the quarter ended March 31, 1998.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LOUISIANA-PACIFIC CORPORATION

By /s/ CURTIS M. STEVENS  
Curtis M. Stevens  
Vice President, Chief Financial  
Officer and Treasurer  
(Principal Financial and  
Accounting Officer)

DATED: May 13, 1998



EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
2.1	Purchase Agreement by and between the registrant, LPS Corporation, L-P Redwood, LLC, Louisiana-Pacific Samoa, Inc., and Simpson Timber Company and Simpson Investment Company dated as of May 1, 1998.
2.2	Purchase Agreement by and between the registrant, LPS Corporation, L-P Redwood, LLC, and Sansome Forest Partners, L.P., dated as of May 1, 1998.
3	Bylaws of the registrant as amended as of May 3, 1998.
10.1	1992 Non-Employee Director Stock Option Plan (restated as of May 3, 1998) and related Form of Option Agreement.
10.2	Form of Change of Control Employment Agreement between the registrant and each of Warren Easley, Richard W. Frost, Michael D. Hanna, Karen Lundquist, Keith Matheney, Curt Stevens, Mark A. Suwyn, Michael J. Tull, and Gary C. Wilkerson.
27	Financial Data Schedule.

PURCHASE AGREEMENT

BY AND BETWEEN

LOUISIANA-PACIFIC CORPORATION,  
A DELAWARE CORPORATION,

LPS CORPORATION,  
AN OREGON CORPORATION,

L-P REDWOOD, LLC,  
A DELAWARE LIMITED LIABILITY COMPANY,

LOUISIANA-PACIFIC SAMOA, INC.,  
AN OREGON CORPORATION,

AND

SIMPSON TIMBER COMPANY,  
A WASHINGTON CORPORATION,

AND

SIMPSON INVESTMENT COMPANY,  
A WASHINGTON CORPORATION

DATED AS OF MAY 1, 1998

PURCHASE AGREEMENT

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\* The Exhibits and Schedules to the Purchase Agreement have been omitted pursuant to Item 601(2) of Regulation S-K. The registrant will furnish supplementally a copy of any omitted exhibit or schedule to the Commission upon request.

PURCHASE AGREEMENT

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## PURCHASE AGREEMENT

PURCHASE AGREEMENT, dated as of May 1, 1998, by and among Louisiana-Pacific Corporation, a Delaware corporation ("Louisiana-Pacific"), LPS Corporation, an Oregon corporation and wholly-owned subsidiary of Louisiana-Pacific ("LPS Corporation"), L-P Redwood, LLC, a Delaware limited liability company and wholly-owned subsidiary of LPS Corporation ("Redwood, LLC"), Louisiana-Pacific Samoa, Inc., an Oregon corporation ("Samoa, Inc." and together with Redwood, LLC, the "Subsidiaries"), and Simpson Timber Company, a Washington corporation ("Buyer") and Simpson Investment Company, a Washington corporation ("Simpson Investment").

### RECITALS

A. Louisiana-Pacific owns and operates (i) certain facilities located in Samoa, California, through Samoa, Inc. and (ii) a timber harvesting and milling business located in Humboldt and Trinity counties in California, in part through Redwood, LLC.

B. Louisiana-Pacific and LPS Corporation desire to cause Redwood, LLC to sell and assign to Buyer, and Buyer desires to purchase and assume from Redwood, LLC, certain of the assets and liabilities of Redwood, LLC, as provided in this Agreement.

C. Louisiana-Pacific and LPS Corporation desire to cause Samoa, Inc. to lease to Buyer, and Buyer desires to lease from Samoa, Inc., certain real property and facilities located in Samoa, California owned by Samoa, Inc., all as more specifically described in the Lease.

D. Louisiana-Pacific desires to sell to Buyer, and Buyer desires to purchase from Louisiana-Pacific certain assets from Louisiana-Pacific, as provided in this Agreement.

E. Louisiana-Pacific, LPS Corporation and Samoa, Inc. desire to assign to Buyer, and Buyer desires to assume from Louisiana-Pacific, LPS Corporation and Samoa, Inc. certain liabilities of Louisiana-Pacific, LPS Corporation and Samoa, Inc., as provided in this Agreement.

F. Concurrently with the Closing hereunder, Louisiana-Pacific, LPS Corporation and Redwood, LLC desire to sell certain assets and assign certain liabilities to Sansome Forest Partners, L.P., a Delaware limited partnership ("Sansome"), pursuant to a Purchase Agreement, dated the date hereof, among Louisiana-Pacific, LPS Corporation, Redwood, LLC and Sansome (the "Sansome Purchase Agreement").

In consideration of the premises and the respective representations, warranties and agreements herein contained, the parties hereto hereby agree as follows:

ARTICLE I  
DEFINITIONS

1.1 CERTAIN DEFINED TERMS. As used in this Agreement, the following terms shall have the following meanings (such definitions to be equally applicable to both the singular and plural forms of the terms defined):

"Action" means any claim, action, suit, audit, assessment or arbitration, or any proceeding, in each case by or before any Governmental Authority.

"Affiliate" has the meaning set forth in Rule 12b-2 of the regulations under the Securities Exchange Act of 1934, as amended.

"Affiliated Group" means any affiliated group within the meaning of Code Section 1504(a) or any similar group defined under a similar provision of state, local or foreign law.

"Agreement" means this PURCHASE AGREEMENT, including all schedules and exhibits hereto and the Disclosure Schedule, as such agreement may be further amended from time to time as herein provided.

"Agreement Date" means the date hereof.

"Allowed Pre-Signing Changes" means changes relating to the Business or to the Humboldt-Trinity-Samoa Assets individually or collectively that occur between the date of the Balance Sheet and the Agreement Date and which do not result in the inaccuracy in any material respect of the representations and warranties in Section 4.6.

"Allowed Pre-Closing Changes" means any changes relating to the Business or to the Humboldt-Trinity-Samoa Assets individually or collectively that occur between the Agreement Date and the Closing Date that do not result in a breach or violation in any material respect of Section 6.2.

"Ancillary Agreements" means the Environmental Agreement, the Lease, the Note, the Shared Services Agreement, the Supply Agreements, and the Tax Make Whole Agreement.

"Balance Sheet" means the unaudited balance sheet for the Business as at March 7, 1998 set forth in Disclosure Schedule Section 4.5.

"Books and Records" means all of the following to the extent pertaining to the conduct of the Business: books, records, manuals and other materials, accounting books and records, general ledger, files, computer tapes, advertising matter, catalogues, price lists, correspondence, mailing lists, lists of customers and suppliers, distribution lists, photographs, production data, sales and promotional materials and records, purchasing materials and records, personnel records, credit records, manufacturing and quality control records and procedures, blueprints, research and development files, data and laboratory books, patent disclosures, media materials and plates, sales order files and litigation files related to litigation that Buyer is assuming hereunder; provided however, that any of the foregoing that relate to other businesses

of Louisiana-Pacific or its Affiliates, shall not be deemed to be covered by the definition of "Books and Records" but copies of the portions thereof that relate to the Business shall be made available to Buyer.

"Business" means, collectively, the businesses conducted by Louisiana-Pacific through the Subsidiaries prior to the Closing Date to the extent related to the Humboldt-Trinity-Samoa Assets subject to Allowed Pre-Closing Changes.

"Bylaws" means a company's bylaws, code of regulations or equivalent document.

"Charter" means a company's articles of association, articles of incorporation, certificate of incorporation or equivalent organizational documents.

"Code" means the Internal Revenue Code of 1986 and any successor statute thereto, as amended.

"Confidentiality Agreement" means the letter agreement, dated November 26, 1997, between Louisiana-Pacific and Buyer.

"Contracts" means all contracts, agreements and commitments described on Schedule 1.1.

"Disclosure Schedule" means the Disclosure Schedule with respect to this Agreement and the Environmental Agreement, dated as of the date hereof, delivered to Buyer by Louisiana-Pacific and forming a part of this Agreement and the Environmental Agreement.

"Encumbrance" means any interest (including any security interest), pledge, mortgage, lien, charge, adverse claim or other right of third Persons.

"Environmental Agreement" means the Environmental Agreement, in the form attached as Exhibit 1.1-1.

"Environmental Laws" means all federal, state and local laws, regulations, ordinances, codes, policies, Governmental Orders and consent decrees, and any judicial interpretations thereof, relating to pollution or protection of the environment and natural resources, including the Endangered Species Act (as defined in the Environmental Agreement) and those relating to emissions, discharges, Releases or threatened Releases of Hazardous Material into the environment (including ambient air, surface water, groundwater or land), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation or handling of Hazardous Material. As used herein, Environmental Laws means only those Environmental Laws as amended and in effect on the Agreement Date.

"Environmental Permits" means all permits, approvals, agreements with Governmental Authorities, identification numbers, licenses and other authorizations required under or issued pursuant to any applicable Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Governmental Authority" means any federal, state, municipal or local government, governmental authority, regulatory or administrative agency, governmental commission, department, board, bureau, agency or instrumentality, court, tribunal, arbitrator or arbitral body.

"Governmental Order" means any order, writ, rule, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"Hazardous Material" means any substance, pollutant, material or waste which is regulated under any Environmental Law, including any such materials regulated as hazardous or toxic substances or material, and asbestos, petroleum and any fraction or product of crude oil or petroleum.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, Section 7A of the Clayton Act, 15 U.S.C. Section 18A, and the regulations promulgated thereunder.

"Humboldt-Trinity-Samoa Assets" means the Real Property, the Samoa Personal Property, the Redwood Personal Property, the Contracts and the Permits, but excluding the assets and properties designated as "excluded" on Disclosure Schedule Section 4.8(h).

"IRS" means the U.S. Internal Revenue Service.

"Lease" means the Lease, in the form attached as Exhibit 1.1-2.

"Liabilities" means any and all debts, liabilities and obligations of any nature whatsoever, whether accrued or fixed, absolute or contingent, mature or unmatured or determined or indeterminable.

"Material Adverse Effect" means any event(s) with respect to, change(s) in, effect(s) on, or state of facts affecting, the Purchased Assets arising or existing on or prior to the Closing Date that, individually or in the aggregate, would have an adverse effect (based on the Business as it was conducted by Louisiana-Pacific and its Affiliates prior to the Closing Date) (i) on the net income of the Business equal to \$500,000 per year, which effect is reasonably likely to continue on an annual basis for at least five years after the Closing Date, or (ii) on the net assets of the Business equal to \$10,000,000 or more. For purposes of the conditions to Closing set forth in Sections 7.1, 7.2, 8.1 and 8.2, and the Officer's Certificates delivered pursuant to subsections 3.2(f) and 3.3(f) 0, the determination of whether a breach of a representation and warranty or covenant of this Agreement shall be deemed to give rise to a Material Adverse Effect, shall be determined on a cumulative basis by adding the effect of the breach of any such representation and warranty or covenant to the effect of all other breaches of representations and warranties and covenants of this Agreement for each of the applicable period or periods to which each of such representations, warranties or covenants relate, in all cases before applying the limitations set forth in the preceding sentence, and then determining whether, for any of the applicable periods, such aggregate sum exceeds the threshold set forth in the preceding sentence.

For purposes of this definition of Material Adverse Effect, the effect of any matter as to any past period shall be determined based on its actual effect, and its effect as to any future period shall be determined based on the effect that such matter is reasonably likely to have.

"Note" means the promissory note or notes to be delivered pursuant to, at Louisiana-Pacific's election, Section 2.8 or 2.9.

"Permitted Liens" means any (a) mechanics', carriers', workers' and other similar liens arising in the ordinary course of business and which in the aggregate are not substantial in amount, and do not interfere with the present use of the assets of the Business; (b) liens for current Taxes and assessments, both general and special, and other governmental charges not yet due and payable as of the Closing; (c) usual and customary non-monetary real property Encumbrances; (d) liens securing those Liabilities relating to the Business that are to become the responsibility of Buyer or any subsidiary or Affiliate thereof as of the Closing in accordance with the terms of this Agreement; (e) all land use restrictions (including environmental, endangered species and wetlands), building and zoning codes and ordinances, and other laws, ordinances, regulations, rules, orders, licenses or determinations of any Governmental Authority, now or hereafter enacted, made or issued by any such Governmental Authority affecting the Real Property; (f) all easements (including conservation easements and public trust easements), rights-of-way, road use agreements, covenants, conditions, restrictions, reservations, licenses, agreements and other matters of record; (g) all encroachments, overlaps, overhangs, unrecorded easements, variations in area or measurement, rights of parties in possession, lack of access or any other matters not of record which would be disclosed by an accurate survey or physical inspection of the Real Property; (h) all electric power, telephone, gas, sanitary sewer, storm sewer, water and other utility lines, pipelines, service lines and facilities of any nature on, over or under the Real Property, and all licenses, easements, rights-of-way and other agreements relating thereto; (i) all existing public and private roads and streets (whether dedicated or undedicated) including all rights of the public to use such roads and streets, and all railroad lines and rights-of-way affecting the Real Property; (j) prior reservations or conveyances of mineral rights or mineral leases of every kind and character; (k) water rights (whether asserted by any Governmental Authority or private party); (l) other imperfections of title, easements and encumbrances, if any; and (m) with respect to any asset of the Business that consists of a leasehold or other possessory interest in real property, all Encumbrances, covenants, imperfections in title, easements, restrictions and other title matters (whether or not the same are recorded) to which the underlying fee estate in such real property is subject which were not created or incurred by Louisiana-Pacific, LPS Corporation or the Subsidiaries; all of which clauses (a) through (m) do not materially interfere with the operation of that portion of the Business currently conducted by Louisiana-Pacific or its Affiliates on such property.

"Person" shall include any individual, trustee, firm, corporation, partnership, limited liability company, Governmental Authority or other entity, whether acting in an individual, fiduciary or any other capacity.

"Privileged Documents" means all documents (and compilations of documents completed by, for or on behalf of counsel) that are subject to any legal privilege, including the attorney-client privilege or the attorney work product protection, which relate to any Action

involving Louisiana-Pacific or its Affiliates or other Liability for which Louisiana-Pacific or its Affiliates may be responsible.

"Real Property" means collectively, the real property, fee or leasehold, together with all improvements, fixtures and easements appurtenant thereto, set forth on Disclosure Schedule Sections 4.8(a)-1, 4.8(a)-2, 4.8(b)-1, 4.8(b)-2, 4.8(c)-1 and 4.8(c)-2.

"Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment (including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Material).

"Samoa Leased Assets" means the assets leased to Buyer pursuant to the Lease.

"Shared Services Agreement" means the Shared Services, Facilities, Access and Use Agreement, in the form attached as Exhibit 1.1-3.

"Supply Agreements" means the Supply Agreements, in the form attached hereto as Exhibit 1.1-4.

"Tax" means any federal, state, local, or foreign income, gross receipts, license, payroll, parking, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Sec. 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated tax, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not, including such item for which Liability arises as a transferee or successor-in-interest, including Liability therefor as a transferee or successor-in-interest.

"Tax Make Whole Agreement" means the Tax Make Whole Agreement, in the form attached as Exhibit 1.1-5, to be executed and delivered by Buyer at the Closing solely in connection with Note Arrangement #1.

"Tax Return" means any return, declaration, report, claim for refund, information return or statement relating to Taxes, including any schedules or attachments thereto, and including any amendment thereof.

1.2 OTHER DEFINED TERMS. In addition to the terms defined in Section 1.1, certain other terms are defined elsewhere in this Agreement and, whenever such terms are used in this Agreement, they shall have their respective defined meanings. A table of such terms appears after the table of contents.

## ARTICLE II PURCHASE AND SALE OF ASSETS

2.1 SALE OF CERTAIN ASSETS BY REDWOOD, LLC. Subject to the terms and conditions herein set forth and in consideration of the payment of the Purchase Price, at the Closing Louisiana-Pacific and LPS Corporation shall cause Redwood, LLC to sell, assign,

transfer and deliver to Buyer, and Simpson Investment shall cause Buyer to, and Buyer shall, purchase from Redwood, LLC, all of Redwood, LLC's right, title and interest, existing as of the Closing, in and to the Humboldt-Trinity-Samoa Assets subject only to Allowed Pre-Signing Changes and Allowed Pre-Closing Changes, but excluding the Mendocino-Sonoma-Riverside Assets (as defined in the Sansome Purchase Agreement) (together with the Balance Sheet Assets defined below, the "Purchased Assets").

2.2 SALE OF CERTAIN OTHER ASSETS. Subject to the terms and conditions herein set forth and in consideration of the payment of the Purchase Price, at the Closing, Louisiana-Pacific and the Subsidiaries shall sell, assign, transfer and deliver to Buyer, and Simpson Investment shall cause Buyer to, and Buyer shall, accept and acquire from Louisiana-Pacific and the Subsidiaries, all of the current assets of the Business as reflected on the Balance Sheet (other than cash or cash equivalents), subject only to Allowed Pre-Signing Changes and Allowed Pre-Closing Changes (the "Balance Sheet Assets").

2.3 LEASE. Concurrently with the Closing, Louisiana-Pacific shall cause Samoa, Inc. to, and Samoa, Inc. shall, enter, and Simpson Investment shall cause Buyer to, and Buyer shall, enter into the Lease.

2.4 NO ASSIGNMENT IN CERTAIN CIRCUMSTANCES. Notwithstanding any provision in this Agreement to the contrary, this Agreement shall not constitute an agreement to sell, convey, assign, transfer or deliver any interest in any instrument, commitment, contract, lease, license, permit or other agreement or arrangement or any claim, right or benefit arising thereunder or resulting therefrom to the extent that such a transfer or an attempt to make such a transfer without the authorization, approval, consent or waiver (collectively, "Approval") of a third Person would constitute a breach or violation thereof, or affect adversely the rights of Buyer, Louisiana-Pacific or the Subsidiaries thereunder, or constitute a Material Adverse Effect; and any such transfer to Buyer that requires the Approval of a third Person shall be made subject to such Approval being obtained. Louisiana-Pacific shall use its commercially reasonable efforts to obtain any such Approval prior to the Closing Date, and Buyer shall cooperate therewith. In the event that any such Approval is not obtained on or prior to the Closing Date, Louisiana-Pacific shall, for a period of six months thereafter, continue to use its commercially reasonable efforts to obtain any such Approval and cooperate with Buyer in any reasonable and lawful arrangement to provide that Buyer or Buyer's designee shall receive all of Louisiana-Pacific's right, title and interest in any Contract with respect to which such Approval is required, including performance by Louisiana-Pacific, as agent; provided, however, that Louisiana-Pacific shall not be obligated to commence or prosecute any Action or pay any amount to any third Person other than any consent or assignment fees expressly set forth in the Contracts, which shall be paid by Louisiana-Pacific.

2.5 ASSUMED LIABILITIES. Except as provided in Section 2.6, at the Closing, Simpson Investment shall cause Buyer to, and Buyer shall, assume and agree to thereafter perform when due and discharge, without any recourse to Louisiana-Pacific, LPS Corporation, Redwood, LLC, Samoa, Inc. or any of their Affiliates, the following liabilities and obligations of Louisiana-Pacific, LPS Corporation, Redwood, LLC and Samoa, Inc., as applicable (the "Assumed Liabilities"):

(a) Accounts Payable. Any Liability for those accounts payable of

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Louisiana-Pacific or the Subsidiaries arising out of the operation of the Business to the extent (i) reflected on the Balance Sheet or (ii) arising from Allowed Pre-Signing Changes or Allowed Pre-Closing Changes, all of which Liabilities will be reflected in the adjustment to the Purchase Price as set forth in subsection 2.7(d).

(b) Contract Advances. Any Liability or credit owing from

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Louisiana-Pacific or the Subsidiaries for deposits, prepayments or advances paid to Louisiana-Pacific or the Subsidiaries with respect to the Contracts to the extent (i) reflected on the Balance Sheet or (ii) arising from Allowed Pre-Signing Changes or Allowed Pre-Closing Changes, all of which Liabilities will be reflected in the adjustment to the Purchase Price as set forth in subsection 2.7(d).

(c) Other Balance Sheet Liabilities. In addition to the foregoing,

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any other Liabilities of Louisiana-Pacific or the Subsidiaries arising out of the operation of the Business to the extent (i) reflected on the Balance Sheet or (ii) arising from Allowed Pre-Signing Changes or Allowed Pre-Closing Changes, all of which Liabilities will be reflected in the adjustment to the Purchase Price as set forth in subsection 2.7(d); provided, however, that Buyer shall not assume any long-term liabilities set forth on the Balance Sheet or other long-term liabilities that would otherwise be included in a balance sheet for matters occurring after the date of the Balance Sheet and before the Closing Date.

(d) Contract Obligations. Any Liability for obligations that first

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become due to be performed on or after the Closing Date under the Contracts and any additional contracts, agreements or commitments entered into by Louisiana-Pacific or the Subsidiaries to the extent entry into such additional contracts, agreements or commitments is permitted as an Allowed Pre-Closing Change but only to the extent that any required Approval for assignment and assumption of such Contracts or additional contracts has been obtained, or to the extent Buyer is otherwise receiving the economic benefits under such Contracts or additional contracts.

(e) Product Liability. Any Liability for bodily injury or property

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damage arising from occurrences on or after the Closing as a result of any alleged or actual defects in products of the Business designed, manufactured or assembled by or on behalf of Louisiana-Pacific or the Subsidiaries other than such Liability relating to a product shipped or sold or service rendered by Louisiana-Pacific, the Subsidiaries or their Affiliates prior to the Closing.

(f) Litigation Matters. Any Liability arising with respect to matters

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disclosed to Buyer in Disclosure Schedule Section 4.10 for the Purchase Agreement delivered to Buyer on the Agreement Date, as well as those Liabilities arising with respect to matters arising after the Agreement Date and disclosed to Buyer on a supplement to Disclosure Schedule Section 4.10 delivered to Buyer on or prior to the Closing Date pursuant to Section 6.10, to the extent the amount or value in controversy with respect to such new matters shall not be reasonably likely to exceed \$75,000 individually or \$500,000 in the aggregate.

(g) Schedule of Additional Assumed Liabilities. Any additional

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Liabilities of Louisiana-Pacific or the Subsidiaries to the extent set forth on Schedule 2.5, including the reforestation and other obligations described therein.



2.6 RETAINED LIABILITIES. All liabilities and obligations of Louisiana-Pacific, LPS Corporation and the Subsidiaries other than those specifically set forth in Section 2.5 (the "Retained Liabilities") shall remain the responsibility of Louisiana-Pacific, except as provided in the Environmental Agreement, and shall not be assumed by Buyer pursuant to this Agreement. The Retained Liabilities shall not include the specific liabilities set forth in Section 2.5 but shall otherwise include, except as otherwise provided in this Agreement, any Liability (including liabilities for taxes, penalties, excise taxes, claims incurred and benefits accrued, to any Person, including the IRS, the Department of Labor, the Pension Benefit Guaranty Corporation, any employee, plan participant or beneficiary) with respect to any "employee benefit plan" maintained, administered or contributed to by Louisiana-Pacific or any trade or business (whether or not incorporated) that is a member of a "controlled group" of which Louisiana-Pacific is a member or under "common control" with Louisiana-Pacific (within the meaning of Section 414(b) and (c) of the Code), but excluding any Liability for which Buyer is, or would become, liable in the absence of the transaction contemplated hereby. As used in this subsection, the term "employee benefit plan" means "employee benefit plan" as defined in Section 3(3) of ERISA, including any multiemployer plan as defined in Section 3(37) of ERISA and any bonus, deferred compensation, performance compensation, stock purchase, stock option, stock appreciation, salary continuation, sick leave, holiday pay, fringe benefit, personnel policy, reimbursement program, incentive, insurance, welfare or similar plan, program, policy or arrangement, whether or not disclosed under Disclosure Schedule Section 4.11.

## 2.7 PURCHASE PRICE AND PAYMENT; DEPOSIT

(a) On or before the Agreement Date, Simpson Investment shall cause Buyer to, and Buyer shall, have paid to Redwood, LLC in cash, 3% of the Purchase Price (\$11,280,000) (the "Deposit"). If Buyer terminates this Agreement pursuant to subsections 12.1(a), 12.1(b) or 12.1(c), if Louisiana-Pacific terminates this Agreement pursuant to subsection 12.1(a) or 12.1(b) Louisiana-Pacific shall cause Redwood, LLC to, and Redwood, LLC shall, promptly return the Deposit to Buyer. At Closing, the Deposit shall be applied as a credit against the Purchase Price as set forth in subsection 27.(b).

(b) Subject to the terms and conditions herein set forth, and in consideration of the entry into the Lease and the sale, assignment, transfer and delivery to Buyer of the Purchased Assets not otherwise referred to in subsection 2.7(c), Simpson Investment shall cause Buyer to, and Buyer shall, pay to Redwood, LLC in cash, at the Closing, SIXTEEN MILLION THREE HUNDRED TWENTY FIVE THOUSAND DOLLARS (\$16,325,000) (the "Cash Amount"), less the amount of the Deposit, for a total cash payment at Closing of FIVE MILLION FORTY FIVE THOUSAND DOLLARS AND NO CENTS (\$5,045,000) (the "Closing Cash Payment").

(c) Subject to the terms and conditions herein set forth, and in consideration of the sale, assignment, transfer and delivery to Buyer of the Timber Personal Property and the Timber Real Property, plus any similar assets acquired by Redwood, LLC after the Agreement Date, less any similar assets disposed of by Redwood, LLC after such date, in each case to the extent such subsequent acquisition or disposition is permitted as an Allowed Pre-Closing Change (collectively, the "Note Assets"), Simpson Investment shall cause Buyer to, and Buyer shall, deliver to Redwood, LLC at Closing, the Note pursuant to Section 2.8 or 2.9 with a principal

amount of THREE HUNDRED FIFTY NINE MILLION SIX HUNDRED SEVENTY FIVE DOLLARS AND NO CENTS (\$359,675,000). The Cash Amount, together with the principal amount of the Note (as such aggregate amount may be adjusted in accordance with subsection 2.7(d)), are referred to herein as the "Purchase Price."

(d) To take into account various changes in working capital from the Agreement Date to the Closing Date, the Purchase Price shall be subject to adjustment after the Closing as set forth in Schedule 2.7(d).

(e) Under no circumstances shall Buyer withhold payment under the Note or offset or adjust the principal, premium, if any, or interest payments under the Note whether by reason of Buyer's assertion of claims for amounts owing to Buyer from Redwood, LLC, Louisiana-Pacific, LPS Corporation or Samoa, Inc. as a result of any breach of representations and warranties or covenants hereunder or their indemnification obligations hereunder, or otherwise.

(f) Until Buyer has paid or incurred the obligation for payment of a placement fee for a Note Arrangement and thereafter subject to reimbursement of Buyer for such amount paid or incurred as a placement fee for a Note Arrangement, Redwood, LLC may elect for the Purchase Price to be paid in all cash, in which case, notwithstanding Sections 3.1 or 12.1(b), Buyer may delay the Closing for up to 45 days after its receipt of written notice from Redwood, LLC of such cash election.

## 2.8 NOTE ARRANGEMENT #1.

(a) Exhibit 2.8 sets forth a term sheet (the "Term Sheet") containing the general terms and conditions for the issuance of promissory notes for the Note Assets by Buyer and related transactions ("Note Arrangement #1"). Buyer and Simpson Investment shall take all steps reasonably necessary in order to effectuate Note Arrangement #1 if elected by Louisiana-Pacific.

(b) Without limiting the generality of the foregoing, the parties agree to work together in good faith to prepare final form promissory notes, guarantees, note agreements and other documents in form reasonably satisfactory to Louisiana-Pacific and Buyer, within 45 days hereof. Louisiana-Pacific and Buyer acknowledge that this may require changes to those matters set forth in the Term Sheet.

(c) All of Buyer's own costs, legal fees and expenses, together with the investment banking placement fees of LP Noteholders (as defined in the Term Sheet) associated with the Note Arrangement #1 shall be the sole responsibility of Buyer.

2.9 NOTE ARRANGEMENT #2. In the event that BancAmerica Robertson Stephens determines that Note Arrangement #1 can not be marketed to the satisfaction of Louisiana-Pacific within 45 days hereof, but in no event after Buyer has incurred a placement fee for Note Arrangement #1, Louisiana-Pacific may require the following of Buyer upon at least 45 days advance notice ("Note Arrangement #2"):

(a) Buyer shall execute a promissory note or notes at the Closing for the Note Assets, in the form of Exhibit 2.9, with a maturity date of 15 years (and shall execute a tax make whole agreement mutually acceptable to both parties).

(b) Buyer shall pledge cash collateral at the Closing equal to the full amount of the principal of the promissory note(s) for the entire term of the promissory note(s), in exchange for a stand-by letter of credit or other arrangement that is obtainable and acceptable to Louisiana-Pacific under which the obligations of Buyer are guaranteed (the "Credit Enhancement Arrangement"). Redwood, LLC shall have a first priority perfected security interest in the Credit Enhancement Arrangement, but shall not have a lien upon or other security interest in such cash collateral.

(c) Buyer shall be responsible for the amount of fees and costs it would have been responsible for under Note Arrangement #1, less any amounts already paid or incurred under Note Arrangement #1, and Louisiana-Pacific shall be responsible for any other costs associated therewith.

(d) The interest rate on the promissory note(s) shall be equal to the interest received by Buyer on the cash associated with the Credit Enhancement Arrangement, net of any periodic credit enhancement amounts payable by Buyer.

2.10 LIQUIDATED DAMAGES. IN THE EVENT THE CLOSING AND THE CONSUMMATION OF EITHER THE TRANSACTION CONTEMPLATED HEREBY OR THE TRANSACTION CONTEMPLATED BY THE SANSOME PURCHASE AGREEMENT SHALL NOT OCCUR FOR ANY REASON OTHER THAN DUE TO A TERMINATION OF THIS AGREEMENT BY BUYER OR BY SANSOME PURSUANT TO SUBSECTIONS 12.1(a), 12.1(b) or 12.1(c), OR BY LOUISIANA-PACIFIC PURSUANT TO SUBSECTION 12.1(a) OR 12.1(b), REDWOOD, LLC SHALL HAVE THE RIGHT TO (i) RETAIN THE DEPOSIT (TOGETHER WITH ATTORNEY'S FEES AND EXPENSES AS SPECIFIED BELOW) AS LIQUIDATED DAMAGES AND NOT AS A PENALTY (THE PARTIES HERETO ACKNOWLEDGE THAT LOUISIANA-PACIFIC'S AND REDWOOD, LLC'S DAMAGES AS A RESULT OF SUCH FAILURE TO CLOSE ARE NOT CAPABLE OF EXACT ASCERTAINMENT AND THAT SAID LIQUIDATED DAMAGES, TOGETHER WITH ANY ATTORNEYS' FEES AND EXPENSES INCURRED BY LOUISIANA-PACIFIC OR REDWOOD, LLC IN CONNECTION WITH THIS AGREEMENT, ARE A FAIR AND REASONABLE ESTIMATE OF THE NET DETRIMENT THAT LOUISIANA-PACIFIC AND REDWOOD, LLC WOULD SUFFER IN THE EVENT OF SUCH FAILURE TO CLOSE) OR (ii) EXERCISE ITS RIGHTS UNDER SECTION 13.9. THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO REDWOOD, LLC PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671. REDWOOD, LLC AND BUYER HEREBY WAIVE THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 3389.

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Buyer's Initials

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Redwood LLC's Initials

2.11 CASH. Notwithstanding any provision in this Agreement to the contrary, nothing herein shall constitute an agreement to sell cash, bank accounts or cash equivalents (the exclusion of which will be reflected in the adjustment to Purchase Price as provided in subsection 2.7(d)).

2.12 DISCLAIMER. Except as otherwise expressly set forth in Article IV of this Agreement or in Article II of the Environmental Agreement, Louisiana-Pacific, Redwood, LLC, LPS Corporation and Samoa, Inc. expressly disclaim any representations or warranties of any kind or nature, express or implied, as to the condition, title, value or quality of the assets (including the Real Property, the Samoa Personal Property, the Samoa Leased Assets, the Redwood Personal Property and the Balance Sheet Assets) or properties currently or formerly used, operated, owned, leased, controlled, possessed, occupied or maintained by Louisiana-Pacific or its Affiliates (including the Subsidiaries) and Louisiana-Pacific, Redwood, LLC, LPS Corporation and Samoa, Inc. SPECIFICALLY DISCLAIM ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO SUCH ASSETS OR PROPERTIES, OR ANY PART THEREOF, OR AS TO THE WORKMANSHIP THEREOF, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, IT BEING UNDERSTOOD THAT SUCH ASSETS AND PROPERTIES ARE BEING ACQUIRED "AS IS, WHERE IS" ON THE CLOSING DATE, AND IN THEIR PRESENT CONDITION, WITH ALL FAULTS, AND (WITHOUT LIMITING THE GENERALITY OF THE FOREGOING) WITHOUT ANY EXPRESS OR IMPLIED WARRANTY OR REPRESENTATION AS TO THE VOLUME, AGE CLASS, SPECIES OR MERCHANTABILITY OF ANY OF THE TIMBERLANDS SOLD TO BUYER HEREUNDER, OR AS TO THE ACREAGE, TAX STATUS, LEGAL ACCESS, OPERATIONS, ENCROACHMENTS, PHYSICAL CONDITION, ZONING OR ANY OTHER ASPECT OF SUCH TIMBERLANDS, AND THAT BUYER SHALL RELY ON ITS OWN EXAMINATION AND INVESTIGATION THEREOF.

### ARTICLE III CLOSING

3.1 CLOSING. Subject to the fulfillment or waiver of the conditions precedent set forth in Articles VII and VIII, the consummation of the purchase and sale of the Purchased Assets, entry into the Lease and assumption of the Assumed Liabilities (the "Closing") shall take place at the offices of Orrick, Herrington & Sutcliffe LLP, Old Federal Reserve Bank Building, 400 Sansome Street, San Francisco, California, effective as of 12:01 a.m., local time, (a) on June 22, 1998 (provided, that, in the event the HSR Act condition in Section 2.7(f) shall have been met, Louisiana-Pacific may elect to close early upon 21 days written notice to Buyer, subject to other extension options, such as Section 2.7(f), set forth herein), or (b) at such other date, time or place as the parties hereto may agree upon in writing. The date and effective time of the Closing are referred to herein as the "Closing Date."

3.2 LOUISIANA-PACIFIC OBLIGATIONS AT CLOSING. At the Closing, Louisiana-Pacific, LPS Corporation, Redwood, LLC and Samoa, Inc., as appropriate, shall deliver or cause to be delivered to Buyer:

(a) one or more duly executed grant deeds from Redwood, LLC, subject to Permitted Liens, in form and content reasonably satisfactory to Buyer, conveying to Buyer fee title to the real property owned by Redwood, LLC among the Purchased Assets, together with any real property transfer tax declarations for each grant deed as may be required by the applicable county recorder's office;

(b) duly executed Bill of Sale from Redwood, LLC, transferring and conveying to Buyer the personal property owned by Redwood, LLC among the Purchased Assets and the Books and Records existing on the Closing Date;

(c) in the event that any necessary third Person consents are actually obtained therefor (it being understood that such consent shall not be a condition to Closing), a duly executed counterpart to an Assignment and Assumption of Lease for each of the leases of real or personal property to Redwood, LLC among the Purchased Assets, substantially in the form attached as Exhibit 3.2(c) (the "Assignment and Assumption of Lease");

(d) duly executed counterpart to an Assignment and Assumption Agreement, in the form of Exhibit 3.2(d) providing for the assignment to Buyer of the Contracts, as well as the intangible property to be assigned to Buyer under Section 2.2, and the assumption by Buyer of the Assumed Liabilities (the "Assignment and Assumption Agreement");

(e) certificates of the Secretaries of Louisiana-Pacific, LPS Corporation, Redwood, LLC and Samoa, Inc. (i) certifying to the attached Charter, Bylaws and board resolutions authorizing the execution, delivery and performance of this Agreement and the Ancillary Agreements, and (ii) attesting to the incumbency of officers executing this Agreement, the Ancillary Agreements and the certificates, agreements and transfer documents delivered by Louisiana-Pacific, LPS Corporation, Redwood, LLC or Samoa, Inc. at the Closing;

(f) certificate of duly authorized officer on behalf of each of Louisiana-Pacific, LPS Corporation and each of the Subsidiaries, dated the Closing Date, pursuant to which the applicable entity (i) certifies as to compliance with the conditions set forth in Article VII, and represents and warrants that all of the representations and warranties of the applicable entity are true and correct as of the Closing Date, except, in each case, (x) that representations or warranties made as of, or in respect of, only a specified date or period are true and correct in respect of or as of, such date or period, and (y) to the extent that any failure of such representations and warranties to be true and correct as aforesaid when taken in the aggregate would not have a Material Adverse Effect or (2) to the extent there has been an Allowed Pre-Signing Change or an Allowed Pre-Closing Change;

(g) copies of any third Person consents to assignment of Contracts that may have actually been obtained by Louisiana-Pacific through the Closing Date (it being understood and agreed that the obtaining of such consents shall not be a condition to Closing);

(h) the Ancillary Agreements, duly executed by Louisiana-Pacific, LPS Corporation, Redwood, LLC and Samoa, Inc., as applicable; and

(i) releases or the equivalent for all existing monetary Real Property Encumbrances which are not Permitted Liens affecting the Owned Real Property.

3.3 BUYER OBLIGATIONS AT CLOSING. At the Closing, Buyer and Simpson Investment, as applicable, shall deliver or cause to be delivered to Louisiana-Pacific:

(a) The Closing Cash Payment, by wire transfer of immediately available funds to Redwood LLC's account, as specified by Redwood, LLC in writing not less than five business days prior to the Closing Date;

(b) if applicable, a duly executed Note and related documentation;

(c) duly executed counterpart to the Assignment and Assumption Agreement;

(d) in the event that any necessary third Person consents are actually obtained therefor (it being understood that such consent shall not be a condition to Closing), a duly executed counterpart to each Assignment and Assumption of Lease;

(e) certificate of the Secretaries of Buyer and Simpson Investment (i) certifying to the attached Charter, Bylaws and board resolutions authorizing the execution, delivery and performance of this Agreement and the Ancillary Agreements, and (ii) attesting to the incumbency of Buyer's and Simpson Investment's officers executing this Agreement, the Ancillary Agreements and the certificates, agreements and transfer documents delivered by Buyer at the Closing;

(f) certificate of duly authorized officer on behalf of each of Buyer and Simpson Investment, dated the Closing Date, pursuant to which the applicable entity (i) certifies as to compliance with the conditions set forth in Article VIII and (ii) represents and warrants that all of the representations and warranties of the applicable entity are true and correct in all material respects as of the Closing Date;

(g) copies of applications for employment and initial and final letters offering employment to certain of the Business Employees pursuant to Section 11.1, substantially in the form of Exhibit 3.3(g); and

(h) the Ancillary Agreements, duly executed by Buyer, Simpson Investment or their Affiliates, as applicable.

ARTICLE IV  
REPRESENTATIONS AND WARRANTIES  
OF LOUISIANA-PACIFIC

Except as may be set forth in the Disclosure Schedule, except for any Allowed Pre-Signing Changes or Allowed Pre-Closing Changes and except with respect to Environmental Laws and Environmental Permits and all Liabilities thereunder (which representations and warranties and Liabilities related thereto are set forth exclusively in the Environmental Agreement), Louisiana-Pacific, LPS Corporation, Redwood, LLC and Samoa, Inc. each represent and warrant to Buyer, as relevant to each entity, as follows:

4.1 ORGANIZATION. Louisiana-Pacific, Samoa, Inc. and LPS Corporation are corporations duly organized, validly existing and in good standing under the laws of the state of

their incorporation and have full corporate power and corporate authority to own their respective assets and properties and to conduct their respective businesses as and where they are now being conducted. Louisiana-Pacific, LPS Corporation and Samoa, Inc. are qualified to transact business as foreign corporations in the State of California. Redwood, LLC is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has full limited liability company power and limited liability company authority to own its assets and properties and to conduct its business as and where it is now being conducted. Redwood, LLC is qualified to transact business as a foreign limited liability company in the State of California. By virtue of the nature of the properties owned or leased by Louisiana-Pacific, LPS Corporation, Redwood, LLC and Samoa, Inc. and the Business conducted by them, neither Louisiana-Pacific, LPS Corporation, Redwood, LLC nor Samoa, Inc. are required to qualify to transact business as a foreign corporation in any jurisdiction (other than California), except where the failure to be so qualified is not reasonably likely to result in a Material Adverse Effect.

4.2 AUTHORIZATION AND ENFORCEABILITY. Louisiana-Pacific, LPS Corporation, Redwood, LLC and Samoa, Inc. each has full corporate (or limited liability company, as applicable) power and corporate (or limited liability company, as applicable) authority to enter into this Agreement and the Ancillary Agreements to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby by Louisiana-Pacific, LPS Corporation, Redwood, LLC and Samoa, Inc., where relevant, (i) have been duly authorized by all necessary corporate (or limited liability company, as applicable) action on the part of Louisiana-Pacific, LPS Corporation, Redwood, LLC and Samoa, Inc., where relevant, and (ii) do not require approval of Louisiana-Pacific's stockholders. This Agreement and the Ancillary Agreements have been duly executed and delivered by Louisiana-Pacific, LPS Corporation, Redwood, LLC and Samoa, Inc., where relevant. This Agreement and the Ancillary Agreements each constitutes a legal, valid and binding obligation of Louisiana-Pacific, LPS Corporation, Redwood, LLC and Samoa, Inc., where relevant, enforceable against each such entity (to the extent they are parties to such agreements), respectively, in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

4.3 CONSENTS AND APPROVALS. Except for compliance with the notification filing and waiting period requirements of the HSR Act, no consent, waiver, approval, order or authorization of, notice to, or registration, declaration, designation, qualification or filing with, any Governmental Authority or third Person, domestic or foreign, is or has been required on the part of Louisiana-Pacific, LPS Corporation, Redwood, LLC or Samoa, Inc., where relevant, in connection with the execution and delivery of this Agreement or the Ancillary Agreements or the consummation by them of the transactions contemplated hereby or thereby, other than where the failure to obtain such consents, waivers, approvals, orders or authorizations or to make or effect such registrations, declarations, designations, qualifications or filings is not reasonably likely to (x) prevent or materially delay consummation of the transactions contemplated by this Agreement and the Ancillary Agreements, (y) prevent Louisiana-Pacific, LPS Corporation, Redwood, LLC or Samoa, Inc., where relevant, from performing their obligations under this Agreement and the Ancillary Agreements or (z) result in a Material Adverse Effect; provided,

however, that no representation or warranty is made herein as to whether such consents would be needed with respect to any contract, agreement, arrangement, purchase order, commitment, permit, license, order, approval or authorization other than those listed in Disclosure Schedule Sections 4.13 or 4.14 (it being understood that obtaining consents for the transfer of the items set forth on Disclosure Schedule Section 4.3 is not a condition to Closing), and no representation or warranty is made herein with respect to any actions that may be required from any Governmental Authority under or pursuant to the Lease.

4.4 NON-CONTRAVENTION. Neither the execution and delivery of this Agreement or the Ancillary Agreements by Louisiana-Pacific, LPS Corporation, Redwood, LLC or Samoa, Inc., where relevant, nor the consummation by them of the transactions contemplated hereby or thereby, will violate or conflict with (a) any provision of Louisiana-Pacific's, LPS Corporation's, Samoa, Inc.'s or Redwood LLC's Charter or Bylaws or (b) to Louisiana-Pacific's knowledge, any statute, law, regulation or Governmental Order to which Louisiana-Pacific, LPS Corporation or the Subsidiaries or the assets and properties of Louisiana-Pacific, LPS Corporation or the Subsidiaries are bound or subject, except, with respect to clause (b), for such violations and conflicts which may be required under or pursuant to the Lease or are not reasonably likely to (i) prevent or materially delay consummation of the transactions contemplated by this Agreement and the Ancillary Agreements, (ii) prevent Louisiana-Pacific from performing its obligations under this Agreement and the Ancillary Agreements, or (iii) result in a Material Adverse Effect.

4.5 FINANCIAL STATEMENTS. Disclosure Schedule Section 4.5 sets forth (a) the Balance Sheet and (b) certain financial information for the Business (together with the Balance Sheet, the "Financial Statements"). The Financial Statements have been prepared based on the applicable entries from Louisiana-Pacific's general ledger (but have not been prepared on the basis of generally accepted accounting principles), and were prepared based on the assumptions and caveats stated in Disclosure Schedule Section 4.5. The Books and Records of Louisiana-Pacific and its Affiliates from which the Financial Statements were prepared were complete and accurate in all material respects at the time of such preparation. The recognition of revenues and expenses in such Financial Statements is consistent in all material respects with the recognition policies followed by Louisiana-Pacific for its other internal unaudited financial statements.

4.6 ABSENCE OF CERTAIN CHANGES. During the period between the date of the Balance Sheet and the Agreement Date, (i) as otherwise contemplated by this Agreement or the Sansome Agreement, and (ii) specifically subject to the assumptions and caveats relating to the Financial Statements set forth in Disclosure Schedule Section 4.5, neither Louisiana-Pacific, LPS Corporation, Redwood, LLC nor Samoa, Inc. has:

(a) suffered any damage or destruction adversely affecting the Business or the tangible assets among the Real Property, the Samoa Personal Property and the Redwood Personal Property that has had or is reasonably likely to result in a Material Adverse Effect;

(b) made any change in the compensation levels of the senior executives of the Business, any changes in the manner in which other employees of the Business generally are compensated, or any provision of additional or supplemental benefits for employees of the



Business generally, except normal periodic increases or promotions effected in the ordinary course of business;

(c) engaged in any transaction with Louisiana-Pacific or any of its Affiliates other than in the ordinary course of business consistent with past practice;

(d) engaged in any sale or purchase of real estate with Louisiana-Pacific or any other real estate related transaction that would continue after the Closing Date;

(e) entered into any contract with Louisiana-Pacific or its Affiliates that would last after the Closing Date;

(f) borrowed any money or issued any bonds, debentures, notes or other corporate securities evidencing money borrowed, in each case, that will be an Assumed Liability; or

(g) engaged in any transaction outside of the ordinary course of business other than as contemplated in this Agreement or the Sansome Purchase Agreement; or

(h) agreed, whether in writing or otherwise, to take any action described in this Section 4.6.

#### 4.7 TITLE TO THE PERSONAL APROPERTY

(a) Except for Encumbrances which individually or in the aggregate are not reasonably likely to result in a Material Adverse Effect:

(i) Samoa, Inc. has good title to all of the personal property set forth on Disclosure Schedule Section 4.7(a)(i)-1 and has a valid leasehold interest in all of the personal property set forth on Disclosure Schedule Section 4.7(a)(i)-2, in each case, subject to Allowed Pre-Closing Changes (collectively, the "Samoa Personal Property");

(ii) Redwood, LLC has good title to all of the personal property set forth on Disclosure Schedule Section 4.7(a)(ii)-1 and has a valid leasehold interest in all of the personal property set forth on Disclosure Schedule Section 4.7(a)(ii)-2, in each case, subject to Allowed Pre-Closing Changes (collectively, the "Non-Timber Personal Property");

(iii) Redwood, LLC has good title to all of the personal property set forth on Disclosure Schedule Section 4.7(a)(iii)-1 and has a valid leasehold interest in all of the personal property set forth on Disclosure Schedule Section 4.7(a)(iii)-2, in each case, subject to Allowed Pre-Closing Changes (collectively, the "Timber Personal Property" and, together with the Non-Timber Personal Property, the "Redwood Personal Property"); and

(iv) Louisiana-Pacific has good title to the Balance Sheet Assets, subject to Allowed Pre-Closing Changes.

#### 4.8 REAL PROPERTY.

(a) Disclosure Schedule Section 4.8(a)-1 contains an accurate and complete list of each parcel of real property owned by Samoa, Inc. that is to be leased to Buyer pursuant to the Lease, subject to Allowed Pre-Closing Changes (the "Samoa Owned Real Property") and Disclosure Schedule Section 4.8(a)-2 contains an accurate and complete list of all leases of real property leased or subleased to Samoa, Inc. that are to be assumed by Buyer pursuant to this Agreement, subject to Allowed Pre-Closing Changes (the "Samoa Leased Real Property" and together with the Samoa Owned Real Property, the "Samoa Real Property").

(b) Disclosure Schedule Section 4.8(b)-1 lists certain non-timber real property owned by Redwood, LLC, subject to Allowed Pre-Closing Changes (the "Non-Timber Owned Real Property") and Disclosure Schedule Section 4.8(b)-2 lists certain non-timber leases of real property leased or subleased to Redwood, LLC, subject to Allowed Pre-Closing Changes (the "Non-Timber Leased Real Property" and together with the Non-Timber Owned Real Property, the "Non-Timber Real Property").

(c) Disclosure Schedule Section 4.8(c)-1 lists certain timber real property owned by Redwood, LLC, subject to Allowed Pre-Closing Changes (the "Timber Owned Real Property") and Disclosure Schedule Section 4.8(c)-2 lists certain leases of timber real property leased or subleased to Redwood, LLC, subject to Allowed Pre-Closing Changes (the "Timber Leased Real Property" and together with the Timber Owned Real Property, the "Timber Real Property").

(d) The Non-Timber Owned Real Property and the Timber Owned Real Property constitute all of the real property owned by Redwood, LLC other than the Owned Real Property as defined in the Sansome Purchase Agreement (collectively, after giving effect, in each case, to Allowed Pre-Closing Changes, the "Redwood Owned Real Property"). The Non-Timber Leased Real Property and the Timber Leased Real Property constitute all of the real property leased or subleased to Redwood, LLC other than the Leased Real Property as defined in the Sansome Purchase Agreement (collectively, after giving effect, in each case, to Allowed Pre-Closing Changes, the "Redwood Leased Real Property").

(e) The Samoa Owned Real Property and the Redwood Owned Real Property are collectively referred to herein as the "Owned Real Property." Each Subsidiary has good title to the Owned Real Property it purports to own, and at Closing, such Owned Real Property will be free and clear of any Encumbrance, other than Permitted Liens and other than Encumbrances which individually or in the aggregate are not reasonably likely to result in a Material Adverse Effect.

(f) The Samoa Leased Real Property and the Redwood Leased Real Property are collectively referred to herein as the "Leased Real Property." Originals or copies of such leases and subleases, which are accurate and complete, have been provided to Buyer (in accordance with the terms of the Confidentiality Agreement) for review.

(g) Disclosure Schedule Section 4.8(g) contains an accurate and complete list of all leases of Owned Real Property and subleases of Leased Real Property by Louisiana-Pacific

or the Subsidiaries to third Persons, subject, in each case, to Allowed Pre-Closing Changes. Originals or copies of such leases and subleases, which are accurate and complete, have been provided to Buyer (in accordance with the terms of the Confidentiality Agreement) for review.

(h) Disclosure Schedule Section 4.8(h) sets forth a map that generally identifies the area covered by the Real Property that Louisiana-Pacific will convey to Buyer hereunder.

4.9 INTELLECTUAL PROPERTY. There are no (a) patents anywhere in the world, (b) registered or unregistered trademarks, trade names or service marks or applications therefor anywhere in the world, (c) copyrights or applications therefor anywhere in the world, or (d) licenses relating to any of the foregoing, in each case used or held for use by Louisiana-Pacific, LPS Corporation, Redwood, LLC or Samoa, Inc., that, in each case, are exclusively related to the Business.

4.10 LITIGATION. There is no Action pending or, to the knowledge of Louisiana-Pacific, threatened against Louisiana-Pacific affecting the Business or against LPS Corporation or the Subsidiaries, where the amount or value in controversy is reasonably likely to exceed \$75,000, whether at law or in equity, or before or by any Governmental Authority, nor is there any material Governmental Order to which Louisiana-Pacific, the Subsidiaries or any of their properties or assets are subject or bound which affects the Business (other than any Governmental Order that may be applicable generally to the industry in which the Business operates).

#### 4.11 EMPLOYEE BENEFIT MATTERS

(a) Disclosure Schedule Section 4.11 sets forth a complete and accurate listing of the following: (i) the name, title, recognized hire date, current annual base salary rate (if salaried) or current hourly compensation rate (if hourly), of each employee of Louisiana-Pacific whose employment is exclusively dedicated to the Business (the "Business Employees"); (ii) each "Employee Benefit Plan," as such term is defined in Section 3(3) of ERISA, which is covered by any provision of ERISA and which is maintained by Louisiana-Pacific or any of its Affiliates for the benefit of the Business Employees; (iii) each other material fringe benefit plan, policy or arrangement currently maintained by Louisiana-Pacific or any of its Affiliates for the benefit of Business Employees that provides for pension, deferred compensation, bonuses, severance, employee insurance coverage or similar employee benefits; and (iv) an accurate and complete list of all employment, managerial, advisory, and consulting agreements, employee confidentiality agreements, and all other material agreements, policies, or arrangements maintained by Louisiana-Pacific for Business Employees. Louisiana-Pacific has delivered to Buyer copies (in accordance with the terms of the Confidentiality Agreement), which were accurate and complete as of the date so delivered, of all such documents and (if applicable) summary plan descriptions with respect to such plans, agreements and arrangements, or summary description(s) of any such plans, agreements or arrangements not otherwise in writing.

(b) To the knowledge of Louisiana-Pacific, each Employee Benefit Plan has been established and administered in all material respects in accordance with the material terms of ERISA and the applicable provisions of the Code.

#### 4.12 TAXES

(a) All material Tax Returns relating to any Taxes, which are required to be filed by Louisiana-Pacific, LPS Corporation and the Subsidiaries, with respect to the Business or the Purchased Assets, prior to the Closing Date, are correct and have been duly and timely filed, and all material Taxes that have become due pursuant to such Tax Returns have been fully paid prior to the Closing.

(b) There are (i) no actions or proceedings currently pending or, to Louisiana-Pacific's knowledge, threatened against LPS Corporation or the Subsidiaries, the Business, the Purchased Assets, the Samoa Leased Assets, or, with respect to the Purchased Assets or the Business, Louisiana-Pacific, by any Governmental Authority for the assessment or collection of Taxes; (ii) no audits or other examinations of any Tax Return is in progress nor have the Subsidiaries been notified of any request for examination; (iii) no claims for assessment or collection of taxes has been asserted against LPS Corporation, the Subsidiaries, the Business, the Purchased Assets, the Samoa Leased Assets, or, with respect to the Purchased Assets or the Business, Louisiana-Pacific, and (iv) no matters under discussion with any Governmental Authority regarding claims for assessment or collection of Taxes against LPS Corporation, the Subsidiaries, the Business, the Purchased Assets, the Samoa Leased Assets, or, with respect to the Purchased Assets or the Business, Louisiana-Pacific, and neither of the Subsidiaries nor Louisiana-Pacific has any reason to believe that any such claims for Taxes described in Section 4.12(a) will be asserted. There are no liens on any of the Purchased Assets that arose in connection with the failure (or alleged failure) to pay any Taxes. Neither LPS Corporation, the Subsidiaries nor, with respect to the Business or the Purchased Assets, Louisiana-Pacific, has made any tax elections regarding the Business outside of the ordinary course of the Business.

(c) None of Louisiana-Pacific, LPS Corporation, or the Subsidiaries is a "foreign person" within the meaning of Section 1445(b)(2) of the Code.

4.13 CONTRACTS AND COMMITMENTS. Disclosure Schedule Section 4.13 contains an accurate and complete list (except as modified by Allowed Pre-Closing Changes) of those Contracts which individually require total payments to or by Louisiana-Pacific or the Subsidiaries of at least \$100,000 annually or in any single payment of \$100,000 or more (collectively, the "Commitments"). To Louisiana-Pacific's knowledge, none of Louisiana-Pacific, either of the Subsidiaries or any of the other parties thereto is in default under any of the Commitments, which default is reasonably likely to result in a Material Adverse Effect.

4.14 NON-ENVIRONMENTAL PERMITS AND OTHER OPERATING RIGHTS. Disclosure Schedule Section 4.14 contains an accurate and complete list (except as may be modified by Allowed Pre-Closing Changes) of each permit, license, order, approval or authorization (i) required by any applicable law, statute, regulation or Governmental Order, or, to Louisiana-Pacific's knowledge, (ii) required by the property or contract rights of third Persons, in each case, that are necessary to permit the operation of the Business in the manner in which it is currently being conducted by Louisiana-Pacific, Redwood, LLC or Samoa, Inc., as applicable, and to permit the current occupancy of the Real Property, except where the failure to possess any such permit, license, order, approval or authorization is not reasonably likely to result in a Material Adverse Effect (collectively, the "Permits").

4.15 LABOR MATTERS. No Business Employee is covered under any collective bargaining or union or other employee association agreement. As it relates to the Business: (a) there is no unfair labor practice complaint against Louisiana-Pacific pending or, to the knowledge of Louisiana-Pacific, threatened before the National Labor Relations Board or any comparable state or local Governmental Authority, (b) there is no labor strike, slowdown or stoppage actually pending or, to the knowledge of Louisiana-Pacific, threatened against or directly affecting Louisiana-Pacific, (c) no grievance or any Action arising out of or under collective bargaining agreements is pending or, to the knowledge of Louisiana-Pacific, threatened against Louisiana-Pacific and (d) to the knowledge of Louisiana-Pacific, there are no representation petitions pending before the National Labor Relations Board or demands for representation recognition pending for any group of non-union employees from any labor organization, which, in the case of any of clauses (a), (b), (c) or (d), is reasonably likely to result in a Material Adverse Effect.

4.16 NO BROKERS. Except with respect to Louisiana-Pacific's engagement of SBC Warburg Dillon Read Inc., the fees and expenses of which will be paid by Louisiana-Pacific, none of Louisiana-Pacific, LPS Corporation, Redwood, LLC, Samoa, Inc. or any of their directors, officers or employees has employed any broker, finder or investment banker or incurred any Liability for any brokerage fees, commissions, finders' fees or similar fees in connection with the transactions contemplated by this Agreement.

4.17 ACQUISITION FOR INVESTMENT. Louisiana-Pacific, LPS Corporation and the Subsidiaries acknowledge that the Note will not be registered under the Securities Act of 1933, as amended, or qualified or registered under any state securities laws on the ground that no distribution or public offering of the Note is to be effected and that no public market now exists for the Note and that a public market may never exist therefor. Louisiana-Pacific, LPS Corporation and the Subsidiaries will not take any action or permit any action to be taken which would require Buyer to file, register or otherwise take steps to comply with the registration requirements of any federal or state securities laws.

#### ARTICLE V REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer and Simpson Investment represent and warrant to Louisiana-Pacific as follows:

5.1 ORGANIZATION. Each of Buyer and Simpson Investment, respectively, is a corporation duly organized, validly existing and in good standing under the laws of the State of Washington and has full corporate power and corporate authority to own its assets and properties and to conduct its business as and where it is now being conducted.

5.2 AUTHORIZATION AND ENFORCEABILITY. Each of Buyer and Simpson Investment, respectively, has full corporate power and corporate authority to enter into this Agreement and the Ancillary Agreements and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby by Buyer and Simpson Investment, respectively, have been duly authorized by all necessary

corporate action on the part of Buyer and Simpson Investment, respectively. This Agreement has been duly executed and delivered by Buyer and Simpson Investment, respectively. This Agreement constitutes, and upon the execution and delivery thereof by Buyer and Simpson Investment, respectively, the Ancillary Agreements will constitute, a legal, valid and binding obligation of Buyer and Simpson Investment, respectively, enforceable against Buyer and Simpson Investment, respectively, in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

5.3 CONSENTS AND APPROVALS. Except for compliance with the notification filing and waiting period requirements of the HSR Act, no consent, waiver, approval, order or authorization of, notice to, or registration, declaration, designation, qualification or filing with, any Governmental Authority or third Person, domestic or foreign, is or has been or will be required on the part of Buyer or Simpson Investment in connection with the execution and delivery of this Agreement or the Ancillary Agreements or the consummation by Buyer or Simpson Investment of the transactions contemplated hereby or thereby, other than where the failure to obtain such consents, waivers, approvals, orders or authorizations or to make or effect such registrations, declarations, designations, qualifications or filings is not reasonably likely to (x) prevent or materially delay consummation of the transactions contemplated by this Agreement and the Ancillary Agreements or (y) prevent Buyer or Simpson Investment from performing its obligations under this Agreement and the Ancillary Agreements.

5.4 NON-CONTRAVENTION. Neither the execution and delivery of this Agreement or the Ancillary Agreements, nor the consummation of the transactions contemplated hereby or thereby, will violate or conflict with (a) any provision of Buyer's or Simpson Investment's Charter or Bylaws or (b) to Buyer's knowledge, any statute, law, regulation or Governmental Order to which Buyer or Simpson Investment or the assets or properties of Buyer or Simpson Investment are bound or subject, except for such violations and conflicts which are not reasonably likely to (i) prevent or materially delay consummation of the transactions contemplated by this Agreement and the Ancillary Agreements or (ii) prevent Buyer or Simpson Investment from performing its obligations under this Agreement and the Ancillary Agreements.

5.5 ABILITY. Buyer and Simpson Investment know of no fact or circumstance that would impair their ability (or the ability of any of their Affiliates that are or will be obligated pursuant to this Agreement, the Ancillary Agreements or the Term Sheet) to consummate the transaction contemplated hereby.

5.6 NO BROKERS. Neither Buyer, Simpson Investment nor any of their directors, officers or employees has employed any broker, finder or investment banker or incurred any Liability for any brokerage fees, commissions, finders' fees or similar fees in connection with the transactions contemplated by this Agreement.

5.7 FINANCIAL STATEMENTS. Buyer and Simpson Investment have delivered to Louisiana-Pacific complete and accurate copies of the audited consolidated and combined (except not combined in the January 1, 1995 and January 2, 1994 statements) balance sheets as at December 28, 1997, December 29, 1996, December 31, 1995, January 1, 1995 and January 2,

1994 of Simpson Investment and the entities stated therein, and the audited consolidated statements of operations and cash flows for the twelve month periods specified therein, certified by Simpson Investment's independent public accountant. All such financial statements and balance sheets being referred to herein collectively as the "Buyer Financial Statements". The Buyer Financial Statements are true and correct and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods indicated. The Buyer Financial Statements present fairly the financial condition of the Buyer as of the respective dates and for the periods indicated.

5.8 ACQUISITION FOR OWN ACCOUNT. Buyer is purchasing the Purchased Assets for its own account.

5.9 HIGHLY CONFIDENT LETTER. Louisiana-Pacific, as a material inducement to entering into this transaction, has received that certain "highly confident" letter dated April 30, 1998 from BancAmerica Robertson Stephens. Buyer and Simpson Investment acknowledge that Louisiana-Pacific has advised Buyer that it is relying upon such letter. Neither Buyer nor Simpson Investment knows of any facts or circumstances that would adversely impact on the information and advice given in said letter, and represents that there has been no change in the Buyer's status that would adversely affect said information or advice.

#### ARTICLE VI CERTAIN COVENANTS

##### 6.1 ACCESS TO INFORMATION

(a) From the Agreement Date through the Closing Date, but subject to any rights of third Persons, upon reasonable notice, Louisiana-Pacific, LPS Corporation, Redwood, LLC and Samoa, Inc. shall (i) afford the officers, employees and authorized agents and representatives of Buyer reasonable access during normal business hours to the offices, properties and Books and Records of the Business and (ii) furnish to the officers, employees and authorized agents and representatives of Buyer such additional financial and operating data and other information regarding the assets and properties of the Business (or legible copies thereof) as Buyer may from time to time reasonably request; provided, however, that such investigation shall not unreasonably interfere with any of the businesses or operations of the Business or Louisiana-Pacific. Without limiting the generality of the foregoing, Louisiana-Pacific, LPS Corporation, Redwood, LLC and Samoa, Inc. shall cooperate fully with Buyer's investigation of such assets and properties and provide copies of such documents in its possession as Buyer may reasonably request to confirm the title to any and all properties or assets owned or leased by Louisiana-Pacific, LPS Corporation, Redwood, LLC or Samoa, Inc. and exclusively related to the Business.

(b) Notwithstanding subsection 6.1(a), and except for background environmental records reviews of any Governmental Authority, (i) Buyer shall not investigate any matter with any Governmental Authority having jurisdiction over any aspect of the Business or Louisiana-Pacific's assets or properties, unless and until the written consent of Louisiana-Pacific to the making of such investigation and contacting of any Governmental Authority has been received by Buyer, which consent shall not be unreasonably withheld or delayed, and (ii)

Buyer's right of examination and access pending the Closing with respect to environmental matters relating to the Real Property shall be limited to an examination of existing records and interviews with Louisiana-Pacific's personnel as authorized in writing by Louisiana-Pacific. In no event shall any physical testing of the Real Property for the presence of Hazardous Material take place unless and until Buyer has executed an access agreement, in the form attached as Exhibit 6.1(b), including a detailed description of the scope of the investigation and the work to be performed which is reasonably satisfactory to Louisiana-Pacific (whose permission shall not be unreasonably withheld or delayed), together with an appropriate agreement indemnifying Louisiana-Pacific for any Losses caused by Buyer resulting from such physical testing. Copies of all test results, reports and other information obtained by Buyer from its investigation (including all draft reports) shall be delivered to Louisiana-Pacific promptly after receipt by Buyer. At Buyer's request, Louisiana-Pacific shall enter into a joint defense agreement in reasonable form in order to maintain any privileges that may apply to such results, reports or information.

6.2 CONDUCT OF BUSINESS PENDING CLOSING. From the Agreement Date through the Closing Date, except as required or permitted by this Agreement or otherwise specifically consented to by Buyer in writing, after specific notice from Louisiana-Pacific, which consent shall not be unreasonably withheld or delayed:

(a) Louisiana-Pacific, LPS Corporation, and the Subsidiaries shall operate the Business only in its usual, regular and ordinary manner and substantially in the same manner as heretofore conducted. Louisiana-Pacific, LPS Corporation and the Subsidiaries shall use commercially reasonable efforts to (i) preserve the Business and (ii) keep available to Buyer the services of the Business Employees; and

(b) Louisiana-Pacific, LPS Corporation and the Subsidiaries shall not, with respect to the Business (except as otherwise provided by this Agreement), without the written consent of Buyer, which consent shall not be unreasonably withheld or delayed:

(i) incur, or assume or become subject to any additional material indebtedness for money borrowed or purchase money indebtedness, which will be an Assumed Liability, except in the ordinary course of business;

(ii) permit or allow any of the material assets or properties of the Business to be subject to any additional Encumbrance (other than Permitted Liens and, with respect to personal property, Encumbrances which individually or in the aggregate do not interfere materially with the operation of the Business) or sell, transfer, lease or otherwise dispose of any such assets or properties, except in the ordinary course of business;

(iii) grant any increase in salaries or commissions payable or to become payable to any Business Employee, except normal periodic increases in salaries and commissions in accordance with Louisiana-Pacific's existing compensation practices;



(iv) make any capital expenditure or commitment therefor for additions to property, equipment or facilities (other than road maintenance and reforestation expenditures and commitments) in excess of \$100,000 individually or in the aggregate;

(v) engage in any transaction with Louisiana-Pacific or any of its Affiliates other than in the ordinary course of business consistent with past practices;

(vi) engage in any sale or purchase of real estate with Louisiana-Pacific or any of its Affiliates or any other real estate related transaction that would continue after the Closing Date;

(vii) enter into any contract with Louisiana-Pacific or its Affiliates that would last after the Closing Date; or

(viii) agree, whether in writing or otherwise, to do any of the foregoing.

### 6.3 AUTHORIZATIONS

(a) Each party, as promptly as practicable after the Agreement Date, shall (i) deliver, or cause to be delivered, all notices and make, or cause to be made, all such declarations, designations, registrations, filings and submissions under all statutes, laws, regulations and Governmental Orders applicable to it as may be required for it to consummate the sale of the Purchased Assets and the assumption of the Assumed Liabilities and the other transactions contemplated hereby and by the Ancillary Agreements in accordance with the terms of this Agreement and the Ancillary Agreements; (ii) use commercially reasonable efforts to obtain, or cause to be obtained, all authorizations, approvals, orders, consents and waivers from all Persons necessary to consummate the foregoing; and (iii) use commercially reasonable efforts to take, or cause to be taken, all other actions necessary, proper or advisable in order for it to fulfill its respective obligations hereunder and to carry out the intentions of the parties expressed herein. The preceding sentence notwithstanding, (x) Louisiana-Pacific, LPS Corporation and the Subsidiaries shall have no obligation to take any action with respect to any contract, agreement, arrangement, purchase order, commitment, permit, license, order, approval or authorization other than those listed in Disclosure Schedule Sections 4.13 and 4.14 (it being understood that the obtaining of any consents necessary to transfer the Contracts and permits set forth on such Disclosure Schedule Sections is not a condition to Closing), (y) neither party shall have any obligation to waive any condition herein for its benefit or any performance hereunder by the other party, and (z) no actions shall be required to be undertaken with any Governmental Authority under or pursuant to the Lease.

(b) Each party shall use its commercially reasonable efforts to satisfy the conditions to Closing applicable to it in Article VII and Article VIII as soon as commercially practicable.

(c) Each party shall comply promptly with the notice and reporting requirements of the HSR Act.

(d) Each party shall comply substantially with any additional requests for information, including requests for production of documents and production of witnesses for

interviews or depositions, by the Antitrust Division of the United States Department of Justice, the United States Federal Trade Commission or the antitrust or competition law authorities of any other jurisdiction (whether U.S., foreign or multi-national) (the "Antitrust Authorities").

(e) Each party shall take all steps necessary other than divestiture of assets or payment of money to prevent the entry in any Action brought by an Antitrust Authority or any other Person of any Governmental Order which would prohibit, make unlawful or delay the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements.

(f) Each party shall cooperate in good faith with the Antitrust Authorities and undertake promptly any and all action required to complete lawfully the transactions contemplated by this Agreement and the Ancillary Agreements; provided, no party shall be required to comply with an Antitrust Authority's request to divest assets or pay money.

(g) Each party shall have prepared the appropriate documentation for filing under the HSR Act within five business days of the date hereof.

#### 6.4 BOOKS AND RECORDS

(a) Buyer and Louisiana-Pacific shall, at the request of the other party, make available to such other party from time to time on a reasonable basis the Books and Records in their or the Subsidiaries' possession. Such Books and Records shall be held by the party in possession thereof for seven years after the Closing Date, and the other party shall have the right, at its expense, to inspect and make copies of such Books and Records upon such party's request; provided, however, that (i) all such access and copying shall be done in such a manner so as not to unreasonably interfere with the normal conduct of the operations of the party requested to provide access to such Books and Records and (ii) the party requesting access to such Books and Records shall treat the same and the contents thereof as confidential and not disclose such Books and Records or the contents thereof to any Person except as required by applicable statute, law, regulation or Governmental Order. Without limiting the generality of the foregoing, the party in possession of Books and Records responsive to information or document requests from a Tax Authority shall provide such information and copies of all documents responsive to such requests to the other party within the deadline set forth in such information or document requests, but in no event later than two weeks from the date the party in possession of such Books and Records shall receive such information or document requests from the other party. In addition, after the Closing Date, at Louisiana-Pacific's request, Simpson Investment shall cause Buyer to, and Buyer shall, make available to Louisiana-Pacific and its Affiliates, employees, representatives and agents those employees of Buyer, as may be reasonably requested by Louisiana-Pacific in connection with any Action, including to provide testimony, to be deposed, to act as witnesses and to assist counsel; provided, however, that (x) such access to such employees shall not unreasonably interfere with the normal conduct of the operations of Buyer, and (y) Louisiana-Pacific shall reimburse Buyer for the out-of-pocket costs reasonably incurred by Buyer in making such employees available to Louisiana-Pacific. Buyer and Louisiana-Pacific shall not dispose of, and each party shall cause its Affiliates not to dispose of, any Books and Records without first offering to surrender such Books and Records to the other party.

(b) Except as otherwise agreed between Buyer and Louisiana-Pacific: All Privileged Documents shall be deemed to remain in the sole custody and control of Louisiana-Pacific regardless of the location in which they may be found. Louisiana-Pacific, LPS Corporation and the Subsidiaries have made a diligent attempt to remove all such Privileged Documents from the premises of the Business. In the event, after the Closing, Buyer discovers any such Privileged Documents in its possession, except as otherwise provided by applicable statute, law, regulation or Governmental Order, Buyer (i) shall hold them in strict confidence; (ii) shall not make any copies of them; (iii) shall not provide such Privileged Documents or copies thereof, or reveal the contents thereof, to any of their employees or agents, or to any other Person, including any Governmental Authority; and (iv) shall promptly return the same, and all copies thereof, to Louisiana-Pacific, except as otherwise provided by applicable statute, law, regulation or Governmental Order. In the event any request, demand or process is received by Buyer seeking any Privileged Documents, Buyer shall provide prompt notice thereof to Louisiana-Pacific, including therewith a copy of such request, demand or process, to enable Louisiana-Pacific or its Affiliates to timely assert any and all privileges against disclosure it may have with respect thereto or to seek an appropriate protective order. Receipt of any such request, demand or process shall not alter Buyer's obligations under this Agreement, including the obligation to promptly provide Louisiana-Pacific with Privileged Documents and all copies thereof. In no event shall Buyer take any action that it knows might have the effect of waiving any claim of legal privilege with respect to any Privileged Document which Louisiana-Pacific or its Affiliates may have.

6.5 LOUISIANA-PACIFIC MARKS. Buyer acknowledges and agrees with Louisiana-Pacific that Louisiana-Pacific has the absolute and exclusive proprietary right to all names, marks, trade names, trademarks and corporate symbols and logos used by Louisiana-Pacific or its Affiliates (including the Subsidiaries), including those names, marks, trade names, trademarks and corporate symbols and logos incorporating "L-P," "Louisiana-Pacific" and "Yes We Can" (collectively, the "Louisiana-Pacific Marks"), all rights to which and the goodwill represented thereby and pertaining thereto are being retained by Louisiana-Pacific. Within 30 days after the Closing Date, Simpson Investment shall cause Buyer to, and Buyer shall, and shall cause Buyer's Affiliates to cease using any Louisiana-Pacific Mark and remove from the assets, properties, stationary and literature of Buyer and Buyer's Affiliates any and all Louisiana-Pacific Marks; provided, however, that Buyer or its Affiliates shall be entitled to exhaust existing stocks of any office supplies located on the Real Property at Closing and any inventories among the Purchased Assets existing at Closing, so long as such inventories shall be sold within six months after the Closing. Thereafter, Buyer shall not, and shall cause its Affiliates not to, use any Louisiana-Pacific Mark in connection with the sale of any products or services or otherwise in the conduct of their business. In the event that Buyer breaches this Section 6.5, Louisiana-Pacific shall be entitled to specific performance of this Section 6.5 and to injunctive relief against further violations, as well as any other remedies at law or in equity available to Louisiana-Pacific.

6.6 TITLE INSURANCE. Prior to the Closing Date, Louisiana-Pacific shall reasonably cooperate with Buyer's efforts to obtain commitments and final policies for standard CLTA owner's fee title insurance policies, with respect to the Owned Real Property (the "Title Commitments") from First American Title Insurance Company (the "Title Company").

6.7 ACKNOWLEDGEMENTS BY BUYER. In order to induce Louisiana-Pacific to enter into and perform this Agreement and the Ancillary Agreements, Buyer acknowledges and agrees with Louisiana-Pacific as follows:

(a) To the knowledge of Buyer, Louisiana-Pacific's representations and warranties made in Article IV are true and correct. To the extent any representation or warranty of Louisiana-Pacific made herein is, to the knowledge of Buyer acquired prior to the Closing, untrue or incorrect with respect to a particular matter (other than if such knowledge is obtained by an update to the Disclosure Schedule pursuant to Section 6.10), and Buyer closes under this Agreement without promptly disclosing to Louisiana-Pacific in writing such knowledge prior to the Closing Date, Buyer shall have no rights under this Agreement or the Ancillary Agreements (unless the parties mutually agree upon an amendment thereto) by reason of such untruth or inaccuracy with respect to such matter; provided, that Louisiana-Pacific shall have the burden of proving such knowledge of Buyer.

(b) Buyer will be relying solely on its own investigation as to the Business and Louisiana-Pacific's representations and warranties set forth in Article IV, and except as otherwise expressly agreed in the Environmental Agreement, is assuming the risk that adverse physical, economic or other conditions or circumstances (including soils and groundwater conditions) may not have been revealed by such investigation.

(c) EXCEPT AS SET FORTH IN ARTICLE IV OF THIS AGREEMENT AND IN ARTICLE II OF THE ENVIRONMENTAL AGREEMENT, NONE OF LOUISIANA-PACIFIC OR ANY OF ITS AFFILIATES, EMPLOYEES, REPRESENTATIVES OR AGENTS MAKES OR HAS MADE ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION, WRITTEN OR ORAL, FURNISHED TO OR PREPARED AT THE REQUEST OF BUYER OR ANY OF ITS AFFILIATES, EMPLOYEES, REPRESENTATIVES OR AGENTS WITH RESPECT TO LOUISIANA-PACIFIC, LPS CORPORATION AND THE SUBSIDIARIES OR ANY OF THEIR BUSINESSES, ASSETS OR PROPERTIES.

(d) THE REPRESENTATIONS AND WARRANTIES SET FORTH IN ARTICLE IV OF THIS AGREEMENT AND IN ARTICLE II OF THE ENVIRONMENTAL AGREEMENT CONSTITUTE THE SOLE AND EXCLUSIVE REPRESENTATIONS AND WARRANTIES OF LOUISIANA-PACIFIC, LPS CORPORATION AND THE SUBSIDIARIES TO BUYER IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY. THERE ARE NO REPRESENTATIONS, WARRANTIES, COVENANTS, UNDERSTANDINGS OR AGREEMENTS, ORAL OR WRITTEN, IN RELATION THERETO BETWEEN THE PARTIES OTHER THAN THOSE INCORPORATED HEREIN. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN ARTICLE IV OF THIS AGREEMENT AND IN ARTICLE II OF THE ENVIRONMENTAL AGREEMENT, BUYER AND SIMPSON INVESTMENT DISCLAIM RELIANCE ON ANY REPRESENTATIONS OR WARRANTIES, EITHER EXPRESS OR IMPLIED, BY OR ON BEHALF OF LOUISIANA-PACIFIC, LPS CORPORATION, THE SUBSIDIARIES OR THEIR AFFILIATES, EMPLOYEES, REPRESENTATIVES OR AGENTS. BUYER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS PROVIDED IN ARTICLE II OF THE ENVIRONMENTAL AGREEMENT,

THERE ARE NO REPRESENTATIONS OR WARRANTIES OF LOUISIANA-PACIFIC, LPS CORPORATION OR THE SUBSIDIARIES WITH RESPECT TO THE CONDITION OF THE PROPERTIES OR ASSETS OF LOUISIANA-PACIFIC, LPS CORPORATION OR THE SUBSIDIARIES (INCLUDING THE REAL PROPERTY), COMPLIANCE BY LOUISIANA-PACIFIC, LPS CORPORATION OR THE SUBSIDIARIES WITH ENVIRONMENTAL LAWS AND ENVIRONMENTAL PERMITS OR THE PRESENCE OR RELEASES OF HAZARDOUS MATERIAL IN THE FIXTURES, SOILS, GROUNDWATER, SURFACE WATER OR AIR ON, UNDER OR ABOUT OR EMANATING FROM ANY OF THE PROPERTIES OR ASSETS OF LOUISIANA-PACIFIC, LPS CORPORATION OR THE SUBSIDIARIES (INCLUDING THE REAL PROPERTY).

6.8 PUBLIC ANNOUNCEMENTS. Neither Buyer, Louisiana-Pacific nor the representatives of either of them shall make any public announcement with respect to this Agreement, the Ancillary Agreements or the transactions contemplated hereby or thereby without the prior written consent of the other party hereto. The foregoing notwithstanding, any such public announcement may be made if required by applicable statute, law, regulation, Governmental Order or securities exchange rule, provided that the party required to make such public announcement shall confer with the other party concerning the timing and content of such public announcement before the same is made and any description of Buyer or its Affiliates shall be subject to prior notice to and consultation with Buyer and shall, without the consent of Buyer, only be made to the extent that Louisiana-Pacific reasonably believes required by law.

6.9 DISCLOSURE OF CONFIDENTIAL INFORMATION. Until the third anniversary of the Closing Date, Louisiana-Pacific shall, and shall cause its Affiliates to, hold in confidence, and not, without the prior written approval of Buyer, use for their own benefit or the benefit of any party other than Buyer or disclose to any Person other than Buyer (other than as required by applicable statute, law, regulation or Governmental Order) any confidential information relating to the Business, except such information as was publicly available prior to the Closing Date, and except for information necessary for Louisiana-Pacific to conduct its business and/or exercise its rights under this Agreement.

6.10 RIGHT TO UPDATE SCHEDULE. From time to time prior to the Closing, on its own initiative or after receipt of a written notice from Buyer pursuant to Section 6.7(a), Louisiana-Pacific shall update or amend its disclosure of any matter of which it has knowledge that is required to be set forth in any Exhibit, Schedule or the Disclosure Schedule. If Louisiana-Pacific believes in good faith that the information in any such update or amendment discloses any fact or circumstance that would have a Material Adverse Effect, then Louisiana-Pacific shall so notify Buyer in writing within five business days after the date on which Louisiana-Pacific notifies Buyer of the proposed update or amendment. If Louisiana-Pacific does so notify Buyer, within such five business day period, the parties shall attempt in good faith to negotiate an equitable resolution, by adjustment of the Purchase Price or otherwise. If the parties are unable to reach such a resolution within ten business days of Buyer's receipt of such notice, Buyer may terminate this Agreement by written notice to Louisiana-Pacific within five business days thereafter subject to Section 12.4. Except as the parties may otherwise expressly agree in writing effective as of the Closing, Buyer shall be deemed to have waived its right to make any claim for indemnification under this Agreement on the basis of any matter or matters

that Louisiana-Pacific asserts to constitute a Material Adverse Effect pursuant to the second sentence of this Section 6.10.

6.11 ASSIGNMENT OF INSURANCE PROCEEDS. The Humboldt-Trinity-Samoa Assets shall include the right to receive any casualty insurance proceeds related thereto and Louisiana-Pacific shall assign to Buyer the proceeds, if any, of all casualty insurance, including any business interruption insurance, payable by reason of fire, flood, riot, theft, Act of God or other casualty, with respect to the period beginning on the Agreement Date and ending on the Closing Date. Such right to receive casualty insurance proceeds shall be Buyer's sole right with respect to any damaged assets, other than pursuant to Section 7.5.

6.12 JOINT AND SEVERAL OBLIGATIONS. Simpson Investment shall be jointly and severally liable for all obligations of Buyer hereunder or under any Ancillary Agreement.

6.13 NO SHOP. Louisiana-Pacific shall not (and shall not cause or permit any of Louisiana-Pacific's Affiliates to) (1) solicit, initiate, or encourage the submission of any proposal or offer from any Person to acquire the Business, or any portion of the Purchased Assets (other than in the ordinary course of business or as otherwise allowed by this Agreement), or (2) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner, any effort or attempt by any Person to acquire or seek to acquire the Business or any portion of the Purchased Assets (other than in the ordinary course of business or as otherwise allowed by this Agreement). Louisiana-Pacific will notify Buyer and Simpson Investment promptly if any Person makes any proposal or offer with respect to any of the foregoing. Notwithstanding any of the foregoing, this Section 6.13 shall not be deemed to cover any inquiries, proposals, offers, contacts, discussions or matters with respect to Louisiana-Pacific as a whole (relating to mergers, acquisitions, or similar matters).

#### ARTICLE VII CONDITIONS TO THE OBLIGATIONS OF BUYER

The obligations of the Buyer to effect the transactions contemplated hereby shall be subject to the fulfillment or satisfaction, on or before the Closing Date, of each of the following conditions:

7.1 ACCURACY OF REPRESENTATIONS AND WARRANTIES. Subject to Section 12.4, all of the representations and warranties of Louisiana-Pacific, LPS Corporation, Redwood, LLC and Samoa, Inc. contained herein shall be true and correct as of the Agreement Date and as of the Closing with the same effect as though made at and as of the Closing Date, except, in either case, (a) that representations and warranties made as of, or in respect of, only a specified date or period shall be true and correct in respect of, or as of, such date or period, and (b) to the extent that any failure of such representations and warranties to be true and correct as aforesaid when taken in the aggregate would not have a Material Adverse Effect, or (c) to the extent there has been an Allowed Pre-Signing Change or an Allowed Pre-Closing Change.

7.2 PERFORMANCE. Louisiana-Pacific, LPS Corporation, Redwood, LLC and Samoa, Inc. shall have performed and complied in all material respects with all agreements and obligations required by this Agreement to be performed or complied with by it on or prior to the

Closing Date, except where the failure to so perform or comply when taken in the aggregate would not have a Material Adverse Effect. Without limiting the generality of the foregoing, Louisiana-Pacific shall have tendered to Buyer at the Closing each of the deliverables specified in Section 3.2.

7.3 TERMINATION OF HSR ACT WAITING PERIOD. Any waiting period (and any extension thereof) under the HSR Act applicable to the transactions contemplated hereby shall have expired or shall have been terminated.

7.4 ABSENCE OF GOVERNMENTAL ORDERS. No temporary or permanent Governmental Order shall be in effect that prohibits or makes unlawful consummation of the transactions contemplated hereby.

7.5 TIMBER CASUALTY. If, prior to Closing, any loss or damage resulting in substantial harm to the timber on 25% or more of the acreage comprising the Timber Real Property occurs due to fire, flood, riot, theft, act of God or other casualty, Buyer may elect to terminate this Agreement within 5 business days after Buyer learns of the occurrence of such casualty loss. If, prior to Closing, any loss or damage resulting in substantial harm to the timber on less than 25% of the acreage comprising the Timber Real Property occurs due to fire, flood, riot, theft, act of God or other casualty, Buyer may elect not to purchase, and shall not have any obligation to pay for, such damaged timber and the Purchase Price shall be reduced by an amount equal to the fair market value of such damaged timber immediately prior to such casualty loss.

7.6 LEGAL OPINION. Louisiana-Pacific shall have delivered the written legal opinion of Orrick, Herrington & Sutcliffe LLP or of the in-house legal counsel of Louisiana-Pacific, dated as of the Closing Date, in the form of Exhibit 7.6.

7.7 JOINT CONDITIONS. Each condition specified in ARTICLE vii of the Sansome Purchase Agreement, all of which are incorporated herein by this reference, shall have been satisfied or waived by Sansome.

7.8 NOTE. Unless Louisiana-Pacific elects to sell the Note Assets for cash pursuant to subsection 2.7(F) or elects Note Arrangement #2, the form of Note and related documentation pursuant to Section 2.8 shall be reasonably satisfactory to Buyer.

7.9 TITLE. Buyer shall have received from the Title Company a standard owner's title policy with respect to the Owned Real Property, subject to Permitted Liens and subject to Encumbrances which individually or in the aggregate are not reasonably likely to result in a Material Adverse Effect; provided that any requirements of Buyer with respect to extended coverages, surveys, title endorsements or similar matters are not required as a condition to Closing.

ARTICLE VIII  
CONDITIONS TO THE OBLIGATIONS OF LOUISIANA-PACIFIC

The obligations of Louisiana-Pacific, LPS Corporation, Redwood, LLC and Samoa, Inc. to effect the transactions contemplated hereby shall be subject to the fulfillment or satisfaction, on or before the Closing Date, of each of the following conditions:

8.1 ACCURACY OF REPRESENTATIONS AND WARRANTIES. The representations and warranties of Buyer and Simpson Investment contained herein shall be true and correct in all material respects at and as of the Closing Date with the same effect as though made at and as of the Closing Date.

8.2 PERFORMANCE. Buyer and Simpson Investment shall have performed and complied in all material respects with all agreements and obligations required by this Agreement to be performed or complied with by it on or prior to the Closing Date. Without limiting the generality of the foregoing, Buyer and Simpson Investment shall have tendered to Louisiana-Pacific at the Closing each of the deliverables specified in Section 3.3.

8.3 TERMINATION OF HSR ACT WAITING PERIOD. Any waiting period (and any extension thereof) under the HSR Act applicable to the transactions contemplated hereby shall have expired or shall have been terminated.

8.4 ABSENCE OF GOVERNMENTAL ORDERS. No temporary or permanent Governmental Order shall be in effect that prohibits or makes unlawful consummation of the transactions contemplated hereby.

8.5 LEGAL OPINION. Simpson Investment shall cause Buyer to, and Buyer shall, have delivered the written legal opinion of Lane Powell Spears Lubersky or the in-house legal counsel for Buyer, dated as of the Closing Date, in the form of Exhibit 8.5.

8.6 JOINT CONDITIONS. Each condition specified in ARTICLE viii of the Sansome Purchase Agreement, all of which are incorporated herein by this reference, shall have been satisfied or waived by Louisiana-Pacific.

8.7 NOTE. The form of Note and related documentation pursuant to Note Arrangement #1 shall be reasonably satisfactory to Louisiana-Pacific.

8.8 INDEMNITY OBLIGATION. Louisiana-Pacific, LPS Corporation and the Subsidiaries shall have determined that they do not have an aggregate indemnity obligation under this Agreement, the Ancillary Agreements and the Sansome Purchase Agreement and its Ancillary Agreements, in excess of \$10,000,000.

8.9 INSTALLMENT SALE TREATMENT. Louisiana-Pacific shall have determined in the exercise of its reasonable judgment that the sale of the Note Assets will qualify for tax deferred installment treatment as provided by Section 453 of the Code and would not be subject to the provisions of Section 453A of the Code.



ARTICLE IX  
INDEMNIFICATION

9.1 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. The representations and warranties of Louisiana-Pacific, LPS Corporation, Redwood, LLC and Samoa Inc. in Article IV and of Buyer and Simpson Investment in Article V (and as restated in the Officer's Certificates delivered pursuant to subsections 3.2(f) or 3.3(f)) shall survive for a period of two years from the Closing. If written notice of a claim has been given prior to the expiration of the applicable representations and warranties by a party in whose favor such representations and warranties have been made to the party that made such representations and warranties, then the relevant representations and warranties shall survive as to such claim, until the claim has been finally resolved.

9.2 INDEMNIFICATION BY LOUISIANA-PACIFIC. Except as otherwise limited by this Agreement, so long as Buyer shall have validly tendered to Louisiana-Pacific at the Closing each of the deliverables specified in Section 3.3 and the Closing has occurred, Louisiana-Pacific, LPS Corporation, Redwood, LLC and Samoa, Inc. shall indemnify, defend and hold harmless Buyer, Simpson Investment and their Affiliates, shareholders, officers, directors, employees, subsidiaries, successors and assigns (collectively, the "Buyer Indemnified Parties") from and against, and pay or reimburse the Buyer Indemnified Parties for, any and all losses, damages, claims, costs and expenses, interest, awards, judgments and penalties (including reasonable legal costs and expenses) actually suffered or incurred by them (hereinafter a "Buyer Loss") arising out of or resulting from:

(a) the inaccuracy of any representation or warranty of Louisiana-Pacific, LPS Corporation, Redwood, LLC or Samoa, Inc. set forth in Article V; provided that solely for purposes of this subsection 9.2(a), the accuracy of such representations and warranties shall be determined without giving effect to any limitations that are based on a Material Adverse Effect;

(b) any other breach or violation of this Agreement by Louisiana-Pacific; and

(c) any Retained Liability; provided, however, that for purposes of this subsection 9.2(c), Retained Liabilities shall not include any liabilities or obligations of Louisiana-Pacific, LPS Corporation, Redwood, LLC or Samoa, Inc. arising under or pursuant to Environmental Laws or Environmental Permits.

Any such payment shall be made in cash and treated by the parties hereto as an adjustment of the Purchase Price.

9.3 INDEMNIFICATION BY BUYER. Except as otherwise limited by this Agreement, Buyer, Simpson Investment and Simpson Samoa Company shall, and shall cause their Affiliates to, indemnify, defend and hold harmless Louisiana-Pacific and its Affiliates, shareholders, officers, directors, employees, subsidiaries, successors and assigns (collectively, the "Louisiana-Pacific Indemnified Parties") from and against, and pay or reimburse the Louisiana-Pacific Indemnified Parties for, any and all losses, damages, claims, costs and expenses, interest, awards, judgments and penalties (including reasonable legal costs and

expenses) actually suffered or incurred by them (hereinafter a "Louisiana-Pacific Loss") arising out of or resulting from:

(a) the inaccuracy of any representation or warranty of Buyer and Simpson Investment set forth in Article V or as restated in the Officer's Certificate delivered pursuant to subsection 3.2(f); provided that solely for purposes of this subsection 9.3(a), the accuracy of such representations and warranties shall be determined (i) without giving effect to any limitations that are based on a Material Adverse Effect or (ii) without regard to any disclosures by Buyer to Louisiana-Pacific pursuant to subsection 6.7(a) of this Agreement or to any disclosures by Louisiana-Pacific to Buyer pursuant to Section 6.10 of this Agreement (other than as to matters for which Buyer shall have been deemed to have waived its right to indemnification pursuant to the last sentence of Section 6.10 and other than matters that constitute Assumed Liabilities pursuant to subsection 2.5(f) of this Agreement;

(b) any other breach or violation of this Agreement by Buyer or Simpson Investment;

(c) any Assumed Liability; and

(d) Buyer's or Simpson Investment's or Simpson Samoa Company's hiring practices and decisions relating to Business Employees followed or effected before, on or after the Closing Date (including its fitness and drug/alcohol screening program) all only to the extent such hiring practices are in violation of applicable laws or the terms of this Agreement.

Any such payment shall be made in cash and treated by the parties hereto as an adjustment of the Purchase Price.

#### 9.4 GENERAL INDEMNIFICATION PROVISIONS

(a) For the purposes of this Section 9.4 and Section 9.5: the term "Indemnitee" shall refer to the Person or Persons indemnified, or entitled, or claiming to be entitled, to be indemnified, pursuant to the provisions of Section 9.2 or 9.3, as the case may be; the term "Indemnitor" shall refer to the Person having the obligation to indemnify pursuant to such provisions; and "Losses" shall refer to Louisiana-Pacific Losses or Buyer Losses, as the case may be.

(b) Within a reasonable time following the determination thereof, an Indemnitee shall give the Indemnitor notice of any matter which an Indemnitee has determined has given or could give rise to a right of indemnification under this Agreement (regardless of whether a claim for indemnification otherwise would be prohibited by subsection 9.5(a)), stating the amount of the Loss, if known, and method of computation thereof, all with reasonable particularity and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises. The obligations and Liabilities of an Indemnitor under this Article IX with respect to Losses arising from claims of any third Person that are subject to the indemnification provided for in this Article IX ("Third Party Claims") shall be governed by and contingent upon the following additional terms and conditions: If an Indemnitee shall receive notice of any Third Party Claim, the Indemnitee shall promptly give the Indemnitor notice of such Third Party Claim. Such notice shall be given and the Indemnitor

shall have the right to defend such Third Party Claim (as set forth below) even if indemnification of the Indemnitee with respect thereto otherwise would be prohibited by subsection 9.5(a). If the Indemnitor acknowledges in writing its obligation to indemnify the Indemnitee hereunder against any Losses that may result from such Third Party Claims (subject to the limitations set forth herein), then the Indemnitor shall be entitled, at its option, to assume and control the defense of such Third Party Claim at its expense and through counsel of its reasonable choice if it gives notice to the Indemnitee within 60 calendar days of the receipt of notice of such Third Party Claim from the Indemnitee of its intention to do so. In the event the Indemnitor exercises its right to undertake the defense against any such Third Party Claim as provided above, the Indemnitee shall cooperate with the Indemnitor in such defense and make available to the Indemnitor, at the Indemnitor's expense, all witnesses, pertinent records, materials and information in its possession or under its control relating thereto as is reasonably required by the Indemnitor. Similarly, in the event the Indemnitee is, directly or indirectly, conducting the defense against any such Third Party Claim, the Indemnitor shall cooperate with the Indemnitee in such defense and make available to it all such witnesses, records, materials and information in its possession or under its control relating thereto as is reasonably required by the Indemnitee. No such Third Party Claim, except the settlement thereof which involves the payment of money only (by a party or parties other than the Indemnitee) and for which the Indemnitee is released by the third party claimant and is totally indemnified by the Indemnitor, may be settled by the Indemnitor without the written consent of the Indemnitee. No Third Party Claim that is being defended in good faith by the Indemnitor shall be settled by the Indemnitee without the written consent of the Indemnitor.

#### 9.5 LIMITATIONS ON INDEMNIFICATION

(a) No claim or claims may be made against an Indemnitor for indemnification pursuant to either subsection 9.2(a) or subsection 9.3(a), as the case may be, unless the Losses of the Indemnitees with respect to such clauses shall exceed \$1,000,000 in the aggregate (the "Deductible"), in which case the Indemnitor shall be obligated to the Indemnitee only for the amount of the Loss in excess of the Deductible.

(b) In addition to the provisions and limitations as provided in (i) Section 9.1 with respect to the period of survival of representations and warranties and (ii) subsection 9.5(a) with respect to dollar amounts of Losses for which indemnification for breaches of representations and warranties is not available, no Indemnitor shall be liable for any Louisiana-Pacific Loss or Buyer Loss, as the case may be, to the extent such Louisiana-Pacific Losses (in the aggregate) or Buyer Losses (in the aggregate) relate to breaches of representations and warranties contained in Article IV or Aarticle V, as the case may be, and exceed an amount equal to \$25,000,000 in excess of the Deductible (in addition to amounts available separately for environmental indemnification under the Environmental Agreement).

(c) In addition, the Liability of any Indemnitor with respect to any Losses shall be determined on a basis that is net of the amount of any such Losses covered by insurance. Without limiting the generality of the foregoing, any claim made by Buyer arising out of or resulting from an alleged breach of any representation or warranty of Louisiana-Pacific, LPS Corporation, Redwood, LLC or Samoa, Inc. set forth in Section 4.8 shall be tendered first to the Title Company for recovery of any Buyer Losses.

(d) Notwithstanding any provision of this Agreement to the contrary, all claims for indemnification hereunder or otherwise by Buyer with respect to Buyer Losses arising out of or resulting from (i) the application of, or compliance with, any Environmental Law or Environmental Permit or (ii) the presence or Releases of any Hazardous Material in the fixtures, soils, groundwater, surface water or air, or on under or about, or emanating from, any of the properties or assets of Louisiana-Pacific, LPS Corporation or the Subsidiaries, shall be exclusively governed by the terms of the Environmental Agreement.

9.6 WAIVER AND RELEASE. Except as provided in this Agreement or in the Environmental Agreement, Buyer, on behalf of itself and any Buyer Indemnified Party, hereby forever waives, relieves, releases and discharges the Louisiana-Pacific Indemnified Parties and their successors and assigns from any and all rights, Liabilities, Actions (including future Actions) and Buyer Losses, whether known or unknown at the Closing Date, which any Buyer Indemnified Party has or incurs, or may in the future have or incur, arising out of or related to (a) the physical, environmental, economic or legal condition of the properties and assets currently or formerly used in the Business or operated, owned, leased, controlled, possessed, occupied or maintained by LPS Corporation, the Subsidiaries or Louisiana-Pacific and related to the Business or (b) any Assumed Liability, provided, that such waiver and release shall not apply with respect to acts or omissions of the Louisiana-Pacific Indemnified Parties after the Closing Date.

ARTICLE X  
TAX MATTERS

10.1 ALLOCATION OF PURCHASE PRICE. For income tax purposes, the parties shall treat the prepaid rent for the assets subject to the Lease as an amount paid for the purchase of such assets. Such amount together with the Purchase Price shall be allocated among the Humboldt-Trinity-Samoa Assets in accordance with Schedule 10.1. For income tax purposes, the parties shall treat the Note as the consideration for the Note Assets. The parties shall complete IRS Form 8594 consistent with the foregoing allocations and shall furnish each other with a copy of such form prepared in draft form within 60 days prior to the filing due date for such form. Within 60 days after the Closing Date, Redwood, LLC shall submit to Buyer detailed allocation schedules that are in all respects consistent with Schedule 10.1. No party shall file any Tax Return or take a position with any Governmental Body that is inconsistent with the foregoing allocations, unless Buyer has received an opinion of counsel (copy to Louisiana-Pacific) concluding that there is no reasonable basis for such position.

10.2 CERTAIN TAXES.

(a) Except to the extent reflected in the adjustment to the Purchase Price pursuant to subsection 2.7(d), all real property Taxes, personal property Taxes and similar ad valorem obligations that are due or become due without acceleration with respect to the Purchased Assets or the Business for tax periods within which the Closing Date occurs (collectively, the "Apportioned Obligations") shall be apportioned between Redwood, LLC, Samoa, Inc. and Buyer as of the Closing Date based on the number of days in any such period falling on or before the Closing Date, on the one hand, and after the Closing Date, on the other hand (it being understood that Buyer is responsible for the portion of each such Apportioned Obligation attributable to the number of days after the Closing Date in the relevant tax period,

which is July 1 through June 30). Each party shall cooperate in assuring that Apportioned Obligations that are due and payable on or prior to the Closing Date are billed directly to and paid by Redwood, LLC and Samoa, Inc., and that Apportioned Obligations that are due and payable after the Closing Date shall be billed directly to and paid by Buyer. In the event that any refund, rebate or similar payment is received by Buyer, Samoa, Inc. or Redwood, LLC for any real property Taxes, personal property Taxes or similar ad valorem obligations that are Apportioned Obligations and which payment pertains to the tax period in which the Closing Date falls, such payment shall be apportioned between Redwood, LLC, Samoa, Inc. and Buyer on the basis of each party's respective ownership of the taxed asset during the applicable tax period. In the event that it is determined subsequent to the Closing Date that additional real property Taxes, personal property Taxes or similar ad valorem obligations that are Apportioned Obligations are required to be paid for the applicable tax period in which the Closing Date falls, such additional taxes will be apportioned between Redwood, LLC, Samoa, Inc. and Buyer on the basis of each party's respective ownership of the taxed asset during the applicable tax period.

(b) Louisiana-Pacific shall pay and indemnify, defend, protect and hold harmless Buyer on an after-Tax basis from and against any Taxes imposed upon Buyer or on the Business, the Samoa Leased Assets or the Purchased Assets as a result of any inaccuracy in the representation contained in Section 4.12 or Buyer being a transferee of the Business, the Purchased Assets or the Samoa Leased Assets and only to the extent that such Taxes are attributable to a period on or before or simultaneous with the Closing (other than Taxes expressly borne by Buyer pursuant to Section 13.1).

(c) Notwithstanding any other provision contained in this Agreement (including Section 9.5), any obligation arising out of this Section 10.2 shall survive until expiration of the applicable statute of limitations for any such Tax obligations.

10.3 BUYER'S COOPERATION IN A SECTION 1031 EXCHANGE. If so requested by Louisiana-Pacific or Redwood, LLC, Buyer agrees to cooperate with Louisiana-Pacific and Redwood, LLC in any manner reasonably necessary to complete an exchange under Section 1031 of the Code and any state and local counterpart provision with respect to the Purchased Assets at no additional cost or liability to Buyer; provided, that Louisiana-Pacific or Redwood, LLC also elects to have the Purchase Price paid in cash pursuant to Section 2.7(f) and reimburse Buyer for any placement fee obligation that it has previously incurred or paid for a Note Arrangement, in each case, to the extent the Note Arrangement is no longer necessary.

#### ARTICLE XI EMPLOYEES AND EMPLOYEE BENEFIT PLANS

11.1 EMPLOYMENT. As of the Agreement Date, Louisiana-Pacific shall provide Buyer reasonable access to the Business and the Business Employees in order for Buyer to evaluate its hiring needs and inform the Business Employees of its hiring practices, provided that (i) Buyer shall not unreasonably interfere with Louisiana-Pacific's operation of the business, (ii) all written communications to Business Employees by Buyer shall be subject to Louisiana-Pacific's advance approval, (iii) Louisiana-Pacific shall have the right to designate a representative(s) to be present at any meeting between Buyer and any Business Employee and (iv) Buyer shall comply with all applicable employment and other laws in connection with

interviews, discussions and hiring practices. During the period between the Agreement Date and Closing, Buyer shall accept applications from any and all Business Employees who choose to apply, and shall ensure that any such Business Employee whose application is considered shall have consented in writing to Buyer's communication to Louisiana-Pacific of the results of any drug/alcohol screening administered by Buyer as part of the application process. Buyer shall evaluate such applications, and shall make offers of employment to those Business Employees whose application is acceptable to Buyer and for whom Buyer has an employment need. Each such offer shall be at a base rate of compensation not less than 85% of the base rate of compensation paid to each such Business Employee by Louisiana-Pacific as reflected on Disclosure Schedule Section 4.11, and shall be conditioned on the Business Employee satisfying Buyer's pre-employment requirements for fitness and drug/alcohol screening. Buyer shall retract offers made to Business Employees who do not satisfy Buyer's pre-employment requirements, without notifying Louisiana-Pacific of the retraction or the reason for such retraction, unless such reason is the Business Employee's failure to pass Buyer's drug/alcohol screening. Ten days prior to Closing, Buyer shall notify Louisiana-Pacific of the names of each Business Employee to whom a final offer of employment is made (the "Designated Employees"). Each Designated Employee who accepts Buyer's offer of employment and becomes an employee of Buyer at Closing shall be referred to herein as a "Hired Employee."

11.2 SEVERANCE REIMBURSEMENT. In connection with this transaction, Louisiana-Pacific shall amend its Facility Closure Policy (or, at its option, shall establish a new facility closure or similar policy) to extend application of its terms to Hired Employees who are terminated by Buyer within 120 days after Closing for reasons other than good cause. Buyer shall reimburse Louisiana-Pacific for 50% of any sums, within 15 days of notification to Buyer, paid by Louisiana-Pacific greater than \$250,000 and less than \$1,350,000 for severance payments or benefit continuation for retiree health, retiree life and Accidental Death and Dismemberment benefits ("Benefit Continuation") under Louisiana-Pacific's Facility Closure Policy to Business Employees arising as a result of the termination of such Business Employees' employment with Louisiana-Pacific in connection with the transaction contemplated by this Agreement, or with Buyer during the 120-day period following the Closing; and 100% of any sums paid by Louisiana-Pacific in excess of \$1,350,000 for severance payments or Benefit Continuation under Louisiana-Pacific's Facility Closure Policy to Business Employees arising as a result of the termination of such Business Employees' employment with Louisiana-Pacific in connection with the transaction contemplated by this Agreement, or with Buyer during the 120-day period following the Closing; provided, that the total maximum amount that Buyer is obligated under this Agreement to reimburse Louisiana-Pacific for sums paid by Louisiana-Pacific for retiree health benefit continuation is \$65,000 in the aggregate.

11.3 SERVICE RECOGNITION. For each Hired Employee, Buyer shall recognize the years of service such Hired Employee had with Louisiana-Pacific, as disclosed in Disclosure Schedule Section 4.11 ("Louisiana-Pacific Service"), for certain specific purposes only, as follows: a) for accrual of vacation and sick leave under the terms of Buyer's vacation and sick leave policies, if any, b) for eligibility and vesting purposes only (but not for benefit accrual) under Buyer's qualified pension and 401(k) plans, c) for enrollment and participation in Buyer's health and welfare plans other than Buyer's retiree medical, retiree life insurance and severance plans, and d) after 120 days following Closing for eligibility under Buyer's severance plan. The service recognition detailed herein shall continue in effect as long as a Hired Employee is

employed by Buyer in a salaried or non-union hourly position. Any Hired Employee hired by Buyer for a union position or transferred by Buyer into a union position shall have Louisiana-Pacific Service recognized by Buyer for the purposes detailed herein only if such recognition is bargained with and accepted by the applicable union.

11.3 ACCRUED AND UNUSED VACATION. At Closing, or as soon as practical thereafter, Louisiana-Pacific shall cash out each Hired Employee's accrued and unused vacation by paying to each a sum equal to the liability of Louisiana-Pacific for the days or hours of accrued and unused vacation of such Hired Employee.

11.5 CROSS-INDEMNITY FOR CERTAIN WORKERS' COMPENSATION CLAIMS. Notwithstanding anything to the contrary in this Agreement, except for breaches of representations and warranties under Article IV, the rights and obligations of Louisiana-Pacific and Buyer, as between each other, with respect to claims by Hired Employees based on occupational injury, illness or death, before and/or after the Closing Date ("Workers' Compensation Claims") shall be governed by this Section 11.5 and not the general indemnification provisions of Article IX. As between themselves, without conferring any benefit on third persons: (i) Louisiana-Pacific shall indemnify, defend, and hold Buyer harmless against any Workers' Compensation Claims that are incurred by Hired Employees prior to the Closing Date or that relate to injuries incurred by Hired Employees prior to the Closing Date; (ii) Buyer shall indemnify, defend, and hold Louisiana-Pacific harmless against any Workers' Compensation Claims that are incurred by Hired Employees on or after the Closing Date or that relate to injuries incurred by Hired Employees on or after the Closing Date; and (iii) notwithstanding clauses (i) and (ii): with respect to any Workers' Compensation Claims that arise out of continuing work place exposures both before and after the Closing Date (a) the respective liabilities of Louisiana-Pacific and Buyer shall be apportioned in accordance with the clear and convincing evidence that such Workers' Compensation Claim was caused before and after Closing Date respectively, and (b) to the extent that there is not clear and convincing evidence to apportion the respective liabilities of Louisiana-Pacific and Buyer to periods before and after the Closing Date in accordance with clause (a): (I) Louisiana-Pacific shall indemnify, defend and hold Buyer harmless against Louisiana-Pacific's Formula Percentage (as defined below) of such Workers' Compensation claims and (II) Buyer shall indemnify, defend and hold Louisiana-Pacific harmless against Buyer's Formula Percentage of such Workers' Compensation Claims. As used in this Section 11.5, "Formula Percentage" means a percentage calculated for any Workers' Compensation Claim by dividing the number of years (rounded to the nearest whole year) of employment in the "relevant activity" (as hereinafter defined) by the claimant with the indemnitor under this Section 11.5 by the total number of years (rounded to the nearest whole year) of employment in the "relevant activity" by the claimant with both Buyer and Louisiana-Pacific. As used in this Section 11.5, the term "relevant activity" means the activity that caused the occupational injury, illness or death upon which the Workers' Compensation Claim is based. Louisiana-Pacific and Buyer hereby mutually waive as to each other all rights of subrogation based on payments to workers hereunder and all rights of employer immunity or limitation of liability based on federal, state or local laws.

11.6 VESTING IN LOUISIANA-PACIFIC'S ESOT. Louisiana-Pacific shall cause its Employee Stock Ownership Trust to recognize each Hired Employee to be fully vested in his or her account balance in such Plan as of Closing.

11.7 WARN ACT. Buyer shall be responsible for all Liabilities, if any, under the Worker Adjustment and Retraining Notification Act (the "WARN Act"), including any obligations to provide notices, payments or benefits required under the WARN Act and any Liabilities for penalties resulting from violation of any requirement of the WARN Act, which arise in connection with the transactions contemplated by this Agreement as a result of the actions or inactions of Buyer after the Closing Date. Louisiana-Pacific shall be responsible for all Liabilities, if any, under the WARN Act, including any obligations to provide notices, payments or benefits required under the WARN Act and any Liabilities for penalties resulting from violation of any requirement of the WARN Act which arise in connection with the transactions contemplated by this Agreement as a result of the actions or inactions of Louisiana-Pacific on or prior to the Closing Date.

11.8 EMPLOYEE TRANSITION ADMINISTRATION. Within 21 days following the date of this Agreement, Louisiana-Pacific shall provide to Buyer all employee data reasonably necessary to allow Buyer to establish payroll and other employee benefit systems in advance of its hiring of any Business Employees pursuant to this Agreement. In the event that the Closing occurs sooner than 60 days from the Agreement Date, and Buyer has not established such employee benefit systems, Louisiana-Pacific shall cooperate with Buyer to provide transition payroll services to Hired Employees for such reasonable time (not to exceed the number of days by which the Closing has occurred sooner than 60 days from the Agreement Date) as it takes Buyer to finalize such arrangements for which Buyer shall reimburse Louisiana-Pacific, within 15 days after notification to Buyer, the reasonable cost of such transition services. In addition, Louisiana-Pacific and Simpson Investment shall cause Buyer to, and Buyer shall, each make its appropriate employees and reasonable information available to the other at such reasonable times prior to and after the Closing Date as may be necessary for the proper administration by the other of any and all matters relating to employee benefits and worker's compensation claims affecting their employees.

#### ARTICLE XII TERMINATION

12.1 TERMINATION. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of Buyer and Louisiana-Pacific; or

(b) by either Buyer or Louisiana-Pacific, if the Closing shall not have occurred by July 15, 1998 (the "Deadline Date") (provided that the Deadline Date shall be extended to August 15, 1998 if either of the conditions set forth in Sections 7.3 or 7.4 shall not have been satisfied by July 15, 1998, or if Louisiana-Pacific makes the election under Section 2.9); provided, however, that the right to terminate this Agreement pursuant to this subsection shall not be available to any party or parties whose failure to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur prior to such date; or

(c) by Buyer, pursuant to Sections 7.5 or 6.10, or upon the breach of any of the representations and warranties of Louisiana-Pacific contained herein or in the Environmental



Agreement or the failure by Louisiana-Pacific to perform and comply with any of the agreements and obligations required by this Agreement or the Environmental Agreement to be performed or complied with by Louisiana-Pacific, provided that such breach or failure is reasonably likely to result in a Material Adverse Effect and is not cured within 20 days of Louisiana-Pacific's receipt of a written notice from Buyer that such a breach or failure has occurred; or

(d) by Louisiana-Pacific, upon the breach in any material respect of any of the representations and warranties of Buyer contained herein or upon the breach in any material respect of any of the representations of Sansome contained in the Sansome Purchase Agreement, or the failure by Buyer to perform and comply in any material respect with any of the agreements and obligations required by this Agreement or the Environmental Agreement to be performed or complied with by Buyer, or the failure of Sansome to perform and comply in any material respect with any of the agreements and obligations required by the Sansome Purchase Agreement to be performed or complied with by Sansome, provided that any such breach or failure is not cured within 20 days of Buyer's or Sansome's, as the case may be, receipt of a written notice from Louisiana-Pacific that such a breach or failure has occurred.

12.2 WRITTEN NOTE. In order to terminate this Agreement pursuant to Section 12.1, the party so acting shall give written notice of such termination to the other party, specifying the grounds thereof.

12.3 EFFECYT OF TERMINATION. In the event of the termination of this Agreement in accordance with Section 12.1, this Agreement (other than Sections 2.10, 6.8 and 13.1, which shall survive the termination hereof) shall become void and have no effect, with no liability on the part of any party or its Affiliates, directors, officers, employees, shareholders or agents in respect thereof. The Confidentiality Agreement shall continue in full force and effect notwithstanding the termination of this Agreement for any reason.

12.4 CURE RIGHT. Notwithstanding anything to the contrary contained in this Agreement, in the event of any breach of Louisiana-Pacific's, LPS Corporation's, Redwood, LLC's or Samoa, Inc.'s representations, warranties or covenants (set forth herein or in any Ancillary Agreement) or in the event of any notice of termination given pursuant to Sections 7.5 or 6.10 prior to the Closing, Louisiana-Pacific, at its sole discretion, shall have 20 days to cure such breach or agree in writing to reimburse Buyer for any actual and reasonable costs associated with such breach or matters resulting in such termination notice promptly payable at the time such costs are incurred; if Louisiana-Pacific does so cure or offer to reimburse Buyer, Buyer shall have no rights to terminate this Agreement or have any further claims against Louisiana-Pacific or its Affiliates with respect to such breach or matters resulting in such termination notice. In such events, Buyer shall have the right to delay the Closing up to 30 days from the date of such cure or agreement to reimburse.

ARTICLE XIII  
GENERAL PROVISIONS

13.1 EXPENSES, TAXES, ETC. Except as otherwise provided herein, each party will pay all fees and expenses incurred by it in connection with this Agreement and the transactions contemplated hereby; provided, however, that all

sales, use, documentary, stamp and excise Taxes and all transfer, filing, escrow, notary, title insurance premiums and endorsements, recordation and similar Taxes and fees (including all real estate transfer Taxes and conveyance and recording fees, if any) incurred in connection with this Agreement and the transactions contemplated hereby will be borne 50% by Buyer and 50% by Redwood, LLC; provided further that all such fees and expenses incurred by Louisiana-Pacific or LPS Corporation in connection with the transfer of assets to Redwood, LLC prior to the Agreement Date shall be borne solely by Louisiana-Pacific or LPS Corporation, and any Tax refunds in respect of such transfers shall inure solely to the benefit of Louisiana-Pacific or LPS Corporation.

13.2 NOTICES. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or mailed if delivered personally or mailed by registered or certified mail (postage prepaid, return receipt requested), or sent by facsimile transmission, (confirmation received) to the parties at the following addresses and facsimile transmission numbers (or at such other address or number for a party as shall be specified by like notice), except that notices after the giving of which there is a designated period within which to perform an act and notices of changes of address or number shall be effective only upon receipt:

(a) if to Louisiana-Pacific, Redwood, LLC, Samoa, Inc. or LPS Corporation:

111 S.W. Fifth Avenue  
U.S. Bancorp Tower  
Portland, Oregon 97204  
Attention: Mark A. Suwyn  
Facsimile No.: (503) 796-0322  
Telephone No.: (503) 221-0800

with a copy to:

Louisiana-Pacific Corporation  
111 S.W. Fifth Avenue  
U.S. Bancorp Tower  
Portland, Oregon 97204  
Attention: Office of General Counsel  
Facsimile No.: (503) 796-0105  
Telephone No.: (503) 796-0302

and an additional copy to:

Orrick, Herrington & Sutcliffe LLP  
Old Federal Reserve Bank Building  
400 Sansome Street  
San Francisco, California 94111  
Attention: Richard D. Harroch, Esq.  
Lowell D. Ness, Esq.  
Facsimile No.: (415) 773-5759  
Telephone No.: (415) 392-1122

(b) if to Buyer:

Simpson Timber Company  
1201 Third Avenue, Suite 4900  
Seattle, Washington 98101-3045  
Attention: President  
Facsimile No.: (206) 224-5060  
Telephone No.: (206) 224-5000

with a copy to:

Simpson Timber Company  
1201 Third Avenue, Suite 4900  
Seattle, Washington 98101-3045  
Attention: Legal Department  
Facsimile No.: (206) 224-5059  
Telephone No.: (206) 224-5000

13.3 DISCLOSURE SCHEDULE. The Disclosure Schedule shall be divided into sections corresponding to the sections and subsections of this Agreement. Disclosure of any fact or item in any section of the Disclosure Schedule shall, should the existence of the fact or item or its contents be relevant to any other section of the Disclosure Schedule, be deemed to be disclosed with respect to that other section or subsection of the Disclosure Schedule whether or not any explicit cross-reference appears therein. Disclosure of any matter in the Disclosure Schedule shall not be deemed to imply that such matter is or is not material. Disclosure of any matter in the Disclosure Schedule shall not constitute an admission or raise any inference that such matter constitutes a violation of law or an admission of Liability or facts supporting Liability.

#### 13.4 INTERPRETATION

(a) When a reference is made in this Agreement to Sections, subsections, Schedules or Exhibits, such reference shall be to a Section, subsection, Schedule or Exhibit to this Agreement unless otherwise indicated. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." The table of contents and the headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "herein" and "hereby" and similar references mean, except where a specific Section or Article reference is expressly indicated, the entire Agreement rather than any specific Section or Article. Except as otherwise expressly provided herein, all monetary amounts referenced in this Agreement shall mean U.S. dollars.

(b) Any references in this Agreement to the "best knowledge" or "knowledge" of Louisiana-Pacific or to matters "known" to Louisiana-Pacific, shall mean the actual knowledge without inquiry or investigation (other than reviewing this Agreement) of only the Persons listed on Schedule 13.4(b)-1. Any references in this Agreement to the "best knowledge" or "knowledge" of Buyer shall mean the actual knowledge without inquiry or investigation

(other than reviewing this Agreement) of only the Persons listed on Schedule 13.4(b)-2. Anything herein to the contrary notwithstanding, no Person listed on any of such schedules shall have any personal Liability with respect to any of the matters set forth in this Agreement or any representation or warranty herein being or becoming untrue, inaccurate or incomplete.

13.5 SEVERABILITY. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the greatest extent possible.

13.6 ASSIGNMENT. Between the Agreement Date and the Closing Date, no party hereto shall assign this Agreement by operation of law or otherwise without the prior written consent of the other parties hereto unless the assignor, together with the assignee, remains liable hereunder. The sale of more than 50% of the stock or ownership interest in Buyer or Louisiana-Pacific prior to the Closing Date shall constitute an assignment of this Agreement for purposes of this Section. Any attempted assignment in violation of this Section shall be deemed null and void.

13.7 NO THIRD-PARTY BENEFICIARIES. This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein expressed or implied shall give or be construed to give to any Person, other than the parties hereto and such assigns, any legal or equitable rights hereunder.

13.8 AMENDMENT. This Agreement may not be amended or modified except by an instrument in writing signed by all of the parties hereto.

#### 13.9 NO OTHER REMEDIES

(a) Any and all remedies herein expressly conferred upon a party hereby are deemed exclusive of any other remedy conferred hereby or by law or equity on such party; provided, however, that any party hereto shall have the right to seek specific performance of the obligations of another party hereto under this Agreement if all of the conditions to the obligations of such party seeking specific performance set forth in Article VII or Article VIII, as the case may be, have been satisfied. In particular, except as provided in Sections 2.10 and 6.5, the remedies provided by Article IX for Losses shall be exclusive of any other rights or remedies available to a party against another party, either at law or in equity, in relation to any breach, default or nonperformance of any representation, warranty, covenant, agreement or undertaking made or entered into by such other party pursuant to this Agreement, any agreement executed pursuant to this Agreement or the transactions contemplated hereby. Notwithstanding any provision hereof or of the Ancillary Agreements, no party hereto shall be liable hereunder or under the Ancillary Agreements to any Buyer Indemnified Party or Louisiana-Pacific Indemnified Party for any incidental or consequential damages, or loss of profits, or

opportunities, or any exemplary or punitive damages, regardless of the circumstances from which such damages arose.

(b) No Action for termination or rescission, or claiming repudiation, of this Agreement or any agreement executed pursuant to this Agreement may be brought or maintained by any party against another party following the Closing Date no matter how severe, grave or fundamental any such breach, default or nonperformance may be by one party, except in the event of actual fraud in a material respect. Accordingly, the parties hereby expressly waive and forego any and all rights they may possess to bring any such Action.

(c) With regard to Section 2.10, Section 9.6, this Section 13.9 and Section 13.13, each party hereto acknowledges that it has read and is familiar with, and hereby waives the benefit of, the provisions of California Civil Code Section 1542, which is set forth below:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

13.10 FURTHER ASSURANCES. Each party agrees to cooperate fully with the other parties and to execute such further instruments, documents and agreements and to give such further written assurances as may be reasonably requested by any other party to evidence and reflect the transactions described herein and contemplated hereby and to carry into effect the intents and purposes of this Agreement.

13.11 MUTUAL DRAFTING. This Agreement is the product of the parties hereto and each provision hereof has been subject to the mutual consultation, negotiation and agreement of the parties hereto and shall not be construed for or against any party hereto.

13.12 GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California (without giving effect to its choice of law principles).

13.13 JURISDICTION; WAIVER OF JURY TRIAL. Subject to the arbitration provisions set forth in Schedule 2.7(d), the parties hereby irrevocably and unconditionally consent to submit to the exclusive jurisdiction of the courts of the State of California and of the United States of America located in San Francisco, California for any action, suit or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby (and the parties shall not commence any action, suit or proceeding relating thereto except in such courts), and further agree that service of any process, summons, notice or document by registered mail shall be effective service of process for any action, suit or proceeding in any such court. The parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby, in the courts of the State of California or the United States of America located in San Francisco, California, and hereby further irrevocably and unconditionally waive and agree not to plead or to claim in any such court that any such action, suit or proceeding brought in any such court has

been brought in an inconvenient forum. The parties hereby further irrevocably and unconditionally waive any right to a jury trial in any such court.

13.14 INTEREST. At such time as it shall have been conclusively determined that one party owes a sum certain of money to another party hereunder (other than pursuant to Sections 9.2 or 9.3), the obligated party shall pay interest on the amount due from the date determined due until the date paid, at a floating rate equal to the prime rate of Bank of America, NT & SA, as publicly announced and in force from time to time.

13.15 COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same instrument.

13.16 ENTIRE AGREEMENT. This Agreement, together with all schedules and exhibits hereto and the Disclosure Schedule, and the documents and instruments and other agreements among the parties delivered at the Closing pursuant to Article III, including the Ancillary Agreements, constitute the entire agreement and supersede all prior agreements and undertakings, both written and oral (including, in particular, the Confidential Information Memorandum prepared by SBC Warburg Dillon Read Inc. which has been superseded by Buyer's subsequent due diligence), other than the Confidentiality Agreement, with respect to the subject matter hereof and are not intended to confer upon any other Person any rights or remedies hereunder, except as otherwise expressly provided herein.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

LOUISIANA-PACIFIC CORPORATION,  
a Delaware corporation

By: /s/ Curtis M. Stevens  
Name: Curtis M. Stevens  
Title: Vice President, Treasurer  
& Chief Financial Officer

LPS CORPORATION,  
a Delaware corporation

By: /s/ Curtis M. Stevens  
Name: Curtis M. Stevens  
Title: Treasurer

L-P REDWOOD, LLC,  
a Delaware limited liability company

By: /s/ Curtis M. Stevens  
Name: Curtis M. Stevens  
Title: Treasurer

LOUISIANA-PACIFIC SAMOA, INC.,  
an Oregon corporation

By: /s/ Curtis M. Stevens  
Name: Curtis M. Stevens  
Title: Treasurer

SIMPSON TIMBER COMPANY,  
a Washington corporation

By: /s/ Charles F. Pollnou  
Name: Charles F. Pollnou, Jr.  
Title: Vice President and Chief  
Financial Officer

SIMPSON INVESTMENT COMPANY,  
a Washington corporation

By: /s/ Charles F. Pollnou  
Name: Charles F. Pollnou, Jr.  
Title: Vice President and Chief  
Financial Officer

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PURCHASE AGREEMENT

BY AND BETWEEN

LOUISIANA-PACIFIC CORPORATION,  
A DELAWARE CORPORATION,

LPS CORPORATION,  
AN OREGON CORPORATION,

L-P REDWOOD, LLC,  
A DELAWARE LIMITED LIABILITY COMPANY,

AND

SANSOME FOREST PARTNERS, L.P.,  
A DELAWARE LIMITED PARTNERSHIP

DATED AS OF MAY 1, 1998

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PURCHASE AGREEMENT

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\* The Exhibits and Schedules to the Purchase Agreement have been omitted pursuant to Item 601(2) of Regulations S-K. The registrant will furnish supplementally a copy of any omitted exhibit or schedule to the Commission upon request.

PURCHASE AGREEMENT

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## PURCHASE AGREEMENT

PURCHASE AGREEMENT, dated as of May 1, 1998, by and among Louisiana-Pacific Corporation, a Delaware corporation ("Louisiana-Pacific"), LPS Corporation, an Oregon corporation and wholly-owned subsidiary of Louisiana-Pacific ("LPS Corporation"), L-P Redwood, LLC, a Delaware limited liability company and wholly-owned subsidiary of LPS Corporation ("Redwood, LLC"), and Sansome Forest Partners, L.P., a Delaware limited partnership ("Buyer").

### RECITALS

A. Louisiana-Pacific owns and operates a timber harvesting, milling, wood treatment and distribution business located in Mendocino and Sonoma counties and in Riverside, California, in part through Redwood, LLC.

B. Louisiana-Pacific and LPS Corporation desire to cause Redwood, LLC to sell and assign to Buyer, and Buyer desires to purchase and assume from Redwood, LLC, certain of the assets and liabilities of Redwood, LLC, as provided in this Agreement.

C. Louisiana-Pacific desires to sell to Buyer, and Buyer desires to purchase from Louisiana-Pacific certain assets from Louisiana-Pacific, as provided in this Agreement.

D. Louisiana-Pacific and LPS Corporation desire to assign to Buyer, and Buyer desires to assume from Louisiana-Pacific and LPS Corporation certain liabilities of Louisiana-Pacific and LPS Corporation, as provided in this Agreement.

E. Concurrently with the Closing hereunder, Louisiana-Pacific, LPS Corporation, Redwood, LLC and Louisiana-Pacific Samoa, Inc., an Oregon corporation ("Samoa, Inc."), desire to sell and assign certain assets and liabilities to Simpson Timber Company, a Washington corporation ("Simpson"), pursuant to a Purchase Agreement, dated the date hereof, among Louisiana-Pacific, LPS Corporation, Redwood, LLC, Samoa, Inc., Simpson and Simpson's parent, Simpson Investment Company, a Washington corporation (the "Simpson Purchase Agreement").

In consideration of the premises and the respective representations, warranties and agreements herein contained, the parties hereto hereby agree as follows:

### ARTICLE I DEFINITIONS

1.1 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such definitions to be equally applicable to both the singular and plural forms of the terms defined):

"Action" means any claim, action, suit, audit, assessment or arbitration, or any proceeding, in each case by or before any Governmental Authority.

"Affiliate" has the meaning set forth in Rule 12b-2 of the regulations under the Securities Exchange Act of 1934, as amended.

"Affiliated Group" means any affiliated group within the meaning of Code ss.1504(a) or any similar group defined under a similar provision of state, local or foreign law.

"Agreement" means this PURCHASE AGREEMENT, including all schedules and exhibits hereto and the Disclosure Schedule, as such agreement may be further amended from time to time as herein provided.

"Agreement Date" means the date hereof.

"Allowed Pre-Signing Changes" means changes relating to the Business or to the Mendocino-Sonoma-Riverside Assets individually or collectively that occur between the date of the Balance Sheet and the Agreement Date and which do not result in the inaccuracy in any material respect of the representations and warranties in Section 4.6.

"Allowed Pre-Closing Changes" means any changes relating to the Business or to the Mendocino-Sonoma-Riverside Assets individually or collectively that occur between the Agreement Date and the Closing Date that do not result in a breach or violation in any material respect of Section 0.

"Ancillary Agreements" means the Environmental Agreement, the Note and the Supply Agreements.

"Balance Sheet" means the unaudited balance sheet for the Business as at March 7, 1998 set forth in Disclosure Schedule Section 4.5.

"Books and Records" means all of the following to the extent pertaining to the conduct of the Business: books, records, manuals and other materials, accounting books and records, general ledger, files, computer tapes, advertising matter, catalogues, price lists, correspondence, mailing lists, lists of customers and suppliers, distribution lists, photographs, production data, sales and promotional materials and records, purchasing materials and records, personnel records, credit records, manufacturing and quality control records and procedures, blueprints, research and development files, data and laboratory books, patent disclosures, media materials and plates, sales order files, litigation files related to litigation that Buyer is assuming hereunder and other documentation concerning the Real Property, the Personal Property, the Contracts and the Permits, including, to the extent available, originals of timber harvest plans, vehicle titles and licenses; provided however, that any of the foregoing that relate to other businesses of Louisiana-Pacific or its Affiliates shall not be deemed to be covered by the definition of "Books and Records" but copies of the portions thereof that relate to the Business shall be made available to Buyer.

"Business" means, collectively, the businesses conducted by Louisiana-Pacific through Redwood, LLC prior to the Closing Date to the extent related to the Mendocino-Sonoma-Riverside Assets subject to Allowed Pre-Closing Changes.

"Bylaws" means a company's bylaws, code of regulations or equivalent document.

"Charter" means a company's articles of association, articles of incorporation, certificate of incorporation or equivalent organizational documents.



"Code" means the Internal Revenue Code of 1986 and any successor statute thereto, as amended.

"Confidentiality Agreement" means the letter agreement, dated November 19, 1997, between Louisiana-Pacific and Buyer.

"Contracts" means all contracts, agreements and commitments described on Schedule 1.1.

"Data Processing Transfer and Services Agreement" means the Data Processing Transfer and Services Agreement, in the form attached as Exhibit 1.1-1.

"Disclosure Schedule" means the Disclosure Schedule with respect to this Agreement and the Environmental Agreement, dated as of the date hereof, delivered to Buyer by Louisiana-Pacific and forming a part of this Agreement and the Environmental Agreement.

"Encumbrance" means any interest (including any security interest), pledge, mortgage, lien, charge, adverse claim or other right of third Persons.

"Environmental Agreement" means the Environmental Agreement, in the form attached as Exhibit 1.1-2.

"Environmental Laws" means all federal, state and local laws, regulations, ordinances, codes, policies, Governmental Orders and consent decrees, and any judicial interpretations thereof, relating to pollution or protection of the environment and natural resources, including the Endangered Species Act (as defined in the Environmental Agreement) and those relating to emissions, discharges, Releases or threatened Releases of Hazardous Material into the environment (including ambient air, surface water, groundwater or land), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation or handling of Hazardous Material. As used herein, Environmental Laws means only those Environmental Laws as amended and in effect on the Agreement Date.

"Environmental Permits" means all permits, approvals, agreements with Governmental Authorities, identification numbers, licenses and other authorizations required under or issued pursuant to any applicable Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Governmental Authority" means any federal, state, municipal or local government, governmental authority, regulatory or administrative agency, governmental commission, department, board, bureau, agency or instrumentality, court, tribunal, arbitrator or arbitral body.

"Governmental Order" means any order, writ, rule, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"Hazardous Material" means any substance, pollutant, material or waste which is regulated under any Environmental Law, including any such materials regulated as hazardous or

toxic substances or material, and asbestos, petroleum and any fraction or product of crude oil or petroleum.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, Section 7A of the Clayton Act, 15 U.S.C. ss. 18A, and the regulations promulgated thereunder.

"IRS" means the U.S. Internal Revenue Service.

"Liabilities" means any and all debts, liabilities and obligations of any nature whatsoever, whether accrued or fixed, absolute or contingent, mature or unmatured or determined or indeterminable.

"Material Adverse Effect" means any event(s) with respect to, change(s) in, effect(s) on, or state of facts affecting, the Purchased Assets arising or existing on or prior to the Closing Date that, individually or in the aggregate, would have an adverse effect (based on the Business as it was conducted by Louisiana-Pacific and its Affiliates prior to the Closing Date) (i) on the net income of the Business equal to \$500,000 per year, which effect is reasonably likely to continue on an annual basis for at least five years after the Closing Date, or (ii) on the net assets of the Business equal to \$10,000,000 or more. For purposes of the conditions to Closing set forth in Sections 7.1, 7.2, 8.1 and 8.2, and the Officer's Certificates delivered pursuant to subsections 3.2(f) and 3.3(f), the determination of whether a breach of a representation and warranty or covenant of this Agreement shall be deemed to give rise to a Material Adverse Effect, shall be determined on a cumulative basis by adding the effect of the breach of any such representation and warranty or covenant to the effect of all other breaches of representations and warranties and covenants of this Agreement for each of the applicable period or periods to which each of such representations, warranties or covenants relate, in all cases before applying the limitations set forth in the preceding sentence, and then determining whether, for any of the applicable periods, such aggregate sum exceeds the threshold set forth in the preceding sentence. For purposes of this definition of Material Adverse Effect, the effect of any matter as to any past period shall be determined based on its actual effect, and its effect as to any future period shall be determined based on the effect that such matter is reasonably likely to have.

"Mendocino-Sonoma-Riverside Assets" means the Real Property, the Personal Property, the Contracts and the Permits, but excluding the assets and properties designated as "excluded" on Disclosure Schedule Sections 4.8(g) and 4.18.

"Note" means the promissory note to be delivered, at Louisiana-Pacific's election, pursuant to Section 2.6(c).

"Permitted Liens" means any (a) mechanics', carriers', workers' and other similar liens arising in the ordinary course of business and which in the aggregate are not substantial in amount, and do not interfere with the present use of the assets of the Business; (b) liens for current Taxes and assessments, both general and special, and other governmental charges not yet due and payable as of the Closing; (c) usual and customary non-monetary real property Encumbrances; (d) liens securing those Liabilities relating to the Business that are to become the responsibility of Buyer or any subsidiary or Affiliate thereof as of the Closing in accordance with the terms of this Agreement; (e) all land use restrictions (including

environmental, endangered species and wetlands), building and zoning codes and ordinances, and other laws, ordinances, regulations, rules, orders, licenses or determinations of any Governmental Authority, now or hereafter enacted, made or issued by any such Governmental Authority affecting the Real Property; (f) all easements (including conservation easements and public trust easements), rights-of-way, road use agreements, covenants, conditions, restrictions, reservations, licenses, agreements and other matters of record; (g) all encroachments, overlaps, overhangs, unrecorded easements, variations in area or measurement, rights of parties in possession, lack of access or any other matters not of record which would be disclosed by an accurate survey or physical inspection of the Real Property; (h) all electric power, telephone, gas, sanitary sewer, storm sewer, water and other utility lines, pipelines, service lines and facilities of any nature on, over or under the Real Property, and all licenses, easements, rights-of-way and other agreements relating thereto; (i) all existing public and private roads and streets (whether dedicated or undedicated) including all rights of the public to use such roads and streets, and all railroad lines and rights-of-way affecting the Real Property; (j) prior reservations or conveyances of mineral rights or mineral leases of every kind and character; (k) water rights (whether asserted by any Governmental Authority or private party); (l) other imperfections of title, easements and encumbrances, if any; and (m) with respect to any asset of the Business that consists of a leasehold or other possessory interest in real property, all Encumbrances, covenants, imperfections in title, easements, restrictions and other title matters (whether or not the same are recorded) to which the underlying fee estate in such real property is subject which were not created or incurred by Louisiana-Pacific, LPS Corporation or Redwood, LLC; all of which clauses (a) through (m) do not interfere materially with the operation of that portion of the Business of the type currently conducted by Louisiana-Pacific or its Affiliates on such property.

"Person" shall include any individual, trustee, firm, corporation, partnership, limited liability company, Governmental Authority or other entity, whether acting in an individual, fiduciary or any other capacity.

"Privileged Documents" means all documents (and compilations of documents completed by, for or on behalf of counsel) that are subject to any legal privilege, including the attorney-client privilege or the attorney work product protection, which relate to any Action involving Louisiana-Pacific or its Affiliates or other Liability for which Louisiana-Pacific or its Affiliates may be responsible.

"Real Property" means collectively, the real property, fee or leasehold, together with all improvements, fixtures and easements appurtenant thereto, set forth on Disclosure Schedule Sections 4.8(a)-1, 4.8(a)-2, 4.8(b)-1 and 4.8(b)-2.

"Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment (including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Material).

"Riverside Lease" means that certain Lease; dated March 1, 1997, by and between Louisiana-Pacific and John Hancock Mutual Life Insurance Company with respect to the distribution center located in Riverside, California.

"Supply Agreements" means the Supply Agreements, in the form attached hereto as Exhibit 1.1-3.

"Tax" means any federal, state, local, or foreign income, gross receipts, license, payroll, parking, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Sec. 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated tax, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not, including such item for which Liability arises as a transferee or successor-in-interest, including Liability therefor as a transferee or successor-in-interest.

"Tax Return" means any return, declaration, report, claim for refund, information return or statement relating to Taxes, including any schedules or attachments thereto, and including any amendment thereof.

1.2 OTHER DEFINED TERMS. In addition to the terms defined in Section 1.1, certain other terms are defined elsewhere in this Agreement and, whenever such terms are used in this Agreement, they shall have their respective defined meanings. A table of such terms appears after the table of contents.

## ARTICLE II PURCHASE AND SALE OF ASSETS

2.1 SALE OF CERTAIN ASSETS BY REDWOOD, LLC. Subject to the terms and conditions herein set forth and in consideration of the payment of the Purchase Price, at the Closing Louisiana-Pacific and LPS Corporation shall cause Redwood, LLC to sell, assign, transfer and deliver to Buyer (or its permitted assigns pursuant to Section 13.6), and Buyer (or its permitted assigns pursuant to Section 13.6) shall purchase from Redwood, LLC, all of Redwood, LLC's right, title and interest, existing as of the Closing, in and to the Mendocino-Sonoma-Riverside Assets subject only to Allowed Pre-Signing Changes and Allowed Pre-Closing Changes, but excluding the Humboldt-Trinity-Samoa Assets (as defined in the Simpson Purchase Agreement) (together with the Balance Sheet Assets defined below, the "Purchased Assets").

2.2 SALE OF CERTAIN OTHER ASSETS. Subject to the terms and conditions herein set forth and in consideration of the payment of the Purchase Price, at the Closing, Louisiana-Pacific and Redwood, LLC shall sell, assign, transfer and deliver to Buyer (or its permitted assigns pursuant to Section 13.6) and Buyer (or its permitted assigns pursuant to Section 13.6) shall accept and acquire from Louisiana-Pacific and Redwood, LLC, all of the current assets of the Business as reflected on the Balance Sheet (other than cash or cash equivalents), subject only to Allowed Pre-Signing Changes and Allowed Pre-Closing Changes (the "Balance Sheet Assets").

2.3 NO ASSIGNMENT IN CERTAIN CIRCUMSTANCES. Notwithstanding any provision (other than Section 7.8) in this Agreement to the contrary, this Agreement shall not constitute an agreement to sell, convey, assign, transfer or deliver any interest in any instrument, commitment, contract, lease, license, permit or other agreement or arrangement or any claim, right or benefit arising thereunder or resulting therefrom to the extent that such a transfer or an

attempt to make such a transfer without the authorization, approval, consent or waiver (collectively, "Approval") of a third Person would constitute a breach or violation thereof, or affect adversely the rights of Buyer, Louisiana-Pacific or Redwood, LLC thereunder, or constitute a Material Adverse Effect; and any such transfer to Buyer that requires the Approval of a third Person shall be made subject to such Approval being obtained. Louisiana-Pacific shall, unless Buyer otherwise directs Louisiana-Pacific in writing with respect to certain Approvals, use its commercially reasonable efforts to obtain any such Approval prior to the Closing Date, and Buyer shall cooperate therewith. In the event that any such Approval is not obtained on or prior to the Closing Date, Louisiana-Pacific shall, for a period of six months thereafter, continue to use its commercially reasonable efforts to obtain any such Approval and cooperate with Buyer in any reasonable and lawful arrangement to provide that Buyer or Buyer's designee shall receive all of Louisiana-Pacific's right, title and interest in any Contract with respect to which such Approval is required, including performance by Louisiana-Pacific, as agent; provided, however, that Louisiana-Pacific shall not be obligated to commence or prosecute any Action or pay any amount to any third Person other than any consent or assignment fees expressly set forth in the Contracts, which shall be paid by Louisiana-Pacific.

2.4 ASSUMED LIABILITIES. Except as provided in Section 2.5, at the Closing, Buyer shall assume and agree to thereafter perform when due and discharge, without any recourse to Louisiana-Pacific, LPS Corporation, Redwood, LLC or any of their Affiliates, the following liabilities and obligations of Louisiana-Pacific, LPS Corporation and Redwood, LLC, as applicable (the "Assumed Liabilities"):

(a) Accounts Payable. Any Liability for those accounts payable of Louisiana-Pacific or Redwood, LLC arising out of the operation of the Business to the extent (i) reflected on the Balance Sheet or (ii) arising from Allowed Pre-Signing Changes or Allowed Pre-Closing Changes, all of which Liabilities will be reflected in the adjustment to the Purchase Price as set forth in subsection 2.6(d).

(b) Contract Advances. Any Liability or credit owing from Louisiana-Pacific or Redwood, LLC for deposits, prepayments or advances paid to Louisiana-Pacific or Redwood, LLC with respect to the Contracts to the extent (i) reflected on the Balance Sheet or (ii) arising from Allowed Pre-Signing Changes or Allowed Pre-Closing Changes, all of which Liabilities will be reflected in the adjustment to the Purchase Price as set forth in subsection 2.6(d).

(c) Other Balance Sheet Liabilities. In addition to the foregoing, any other Liabilities of Louisiana-Pacific or Redwood, LLC arising out of the operation of the Business to the extent (i) reflected on the Balance Sheet or (ii) arising from Allowed Pre-Signing Changes or Allowed Pre-Closing Changes, all of which Liabilities will be reflected in the adjustment to the Purchase Price as set forth in subsection 2.6(d); provided, however, that (other than the capital lease liabilities set forth thereon) Buyer shall not assume any long-term liabilities set forth on the Balance Sheet or other long-term liabilities that would otherwise be included in a balance sheet for matters occurring after the date of the Balance Sheet and before the Closing Date.

(d) Contract Obligations. Any Liability for obligations that first become due to be performed on or after the Closing Date under the Contracts, and any additional contracts, agreements or commitments entered into by Louisiana-Pacific or Redwood, LLC to the extent entry into such additional contracts, agreements or commitments is permitted as an Allowed Pre-

Closing Change but only to the extent that any required Approval for assignment and assumption of such Contracts or additional contracts has been obtained, or to the extent Buyer is otherwise receiving the economic benefits under such Contracts or additional contracts.

(e) Product Liability. Any Liability for bodily injury or property damage arising from occurrences on or after the Closing as a result of any alleged or actual defects in products of the Business designed, manufactured or assembled by or on behalf of Louisiana-Pacific or Redwood, LLC, other than such Liability relating to a product shipped or sold or service rendered by Louisiana-Pacific or Redwood, LLC or their Affiliates prior to the Closing.

(f) Litigation Matters. Any Liability arising with respect to matters disclosed to Buyer in Disclosure Schedule Section 4.10 for the Purchase Agreement delivered to Buyer on the Agreement Date, as well as those Liabilities arising with respect to matters arising after the Agreement Date and disclosed to Buyer on a supplement to Disclosure Schedule Section 4.10 delivered to Buyer on or prior to the Closing Date pursuant to Section 6.11, to the extent the amount or value in controversy with respect to such new matters shall not be reasonably likely to exceed \$75,000 individually or \$500,000 in the aggregate.

(g) Schedule of Additional Assumed Liabilities. Any additional Liabilities of Louisiana-Pacific or Redwood, LLC to the extent set forth on Schedule 2.4, including the reforestation and other obligations described therein.

2.5 RETAINED LIABILITIES. All liabilities and obligations of Louisiana-Pacific, LPS Corporation and Redwood, LLC other than those specifically set forth in Section 2.4 (the "Retained Liabilities") shall remain the responsibility of Louisiana-Pacific, except as provided in the Environmental Agreement, and shall not be assumed by Buyer pursuant to this Agreement. The Retained Liabilities shall not include the specific liabilities set forth in Section 2.4 but shall otherwise include the following liabilities:

(a) Benefit Plans. Any Liability (including liabilities for taxes, penalties, excise taxes, claims incurred and benefits accrued, to any Person, including the IRS, the Department of Labor, the Pension Benefit Guaranty Corporation, any employee, plan participant or beneficiary) with respect to any "employee benefit plan" maintained, administered or contributed to by Louisiana-Pacific or any trade or business (whether or not incorporated) that is a member of a "controlled group" of which Louisiana-Pacific is a member or under "common control" with Louisiana-Pacific (within the meaning of Section 414(b) and (c) of the Code), but excluding (i) any Liability for which Buyer is, or would become, liable in the absence of the transaction contemplated hereby and (ii) any Liabilities expressly assumed by Buyer in Section 2.4. As used in this subsection, the term "employee benefit plan" means "employee benefit plan" as defined in Section 3(3) of ERISA, including any multiemployer plan as defined in Section 3(37) of ERISA, and any bonus, deferred compensation, performance compensation, stock purchase, stock option, stock appreciation, salary continuation, sick leave, holiday pay, fringe benefit, personnel policy, reimbursement program, incentive, insurance, welfare or similar plan, program, policy or arrangement, whether or not disclosed under Disclosure Schedule Section 4.11.

(b) Schedule of Additional Retained Liabilities. Any additional Liabilities of Louisiana-Pacific or Redwood, LLC to the extent set forth on Schedule 2.5(b).

2.6 Purchase Price and Payment; Deposit.

(a) On or before the Agreement Date, Buyer shall have paid to Redwood, LLC in cash, 3% of the Purchase Price (\$7,200,000) (the "Deposit"). If Buyer terminates this Agreement pursuant to subsections 12.1(a), 12.1(b) or 12.1(c), or if Louisiana-Pacific terminates this Agreement pursuant to subsection 12.1(a) or 12.1(b), Louisiana-Pacific shall cause Redwood, LLC to, and Redwood, LLC shall, promptly return the Deposit to Buyer. At Closing, the Deposit shall be applied as a credit against the Purchase Price as set forth in subsection 2.6(b).

(b) Subject to the terms and conditions herein set forth, and in consideration of the sale, assignment, transfer and delivery to Buyer (or its permitted assigns pursuant to Section 13.6) of the Purchased Assets not otherwise referred to in subsection 2.6(c), Buyer shall, or shall cause its permitted assigns pursuant to Section 13.6 to, pay to Redwood, LLC in cash, at the Closing, TWO HUNDRED FORTY MILLION DOLLARS (\$240,000,000) (the "Cash Amount"), less the amount of the Deposit, for a total cash payment at Closing of TWO HUNDRED THIRTY TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS AND NO CENTS (\$232,800,000) (the "Closing Cash Payment").

(c) Subject to the terms and conditions herein set forth, and in consideration of the sale, assignment, transfer and delivery to Buyer (or its permitted assigns pursuant to Section 13.6) of the Timber Personal Property and the Timber Real Property, plus any similar assets acquired by Redwood, LLC after the Agreement Date, less any similar assets disposed of by Redwood, LLC after such date, in each case to the extent such subsequent acquisition or disposition is permitted as an Allowed Pre-Closing Change (collectively, the "Note Assets"), Redwood, LLC may elect, not later than 30 days prior to the Closing Date, to require Buyer to, and in such event, Buyer shall, or shall cause Timber Business LLC to, deliver to Redwood, LLC at Closing, the Note, substantially in the form attached hereto as Exhibit 2.6(c), with a maturity date of 15 years and a principal amount of ONE HUNDRED FORTY EIGHT MILLION ONE HUNDRED SIXTY TWO THOUSAND DOLLARS AND NO CENTS (\$148,162,000) in lieu of receiving such amount in cash at the Closing. The Cash Amount, without offset for the principal amount of the Note, if any (as such aggregate amount may be adjusted in accordance with subsection 2.6(d)), are referred to herein as the "Purchase Price."

(d) To take into account various changes in working capital from the Agreement Date to the Closing Date, the Purchase Price shall be subject to adjustment after the Closing as set forth in Schedule 2.6(d).

(e) In the event the Note is required to be delivered hereunder, under no circumstances shall Buyer (or its permitted assigns pursuant to Section 13.6) withhold payment under the Note or offset or adjust the principal, premium, if any, or interest payments under the Note whether by reason of Buyer's assertion of claims for amounts owing to Buyer (or its permitted assigns pursuant to Section 13.6) from Louisiana-Pacific, LPS Corporation or Redwood LLC as a result of Louisiana-Pacific's, LPS Corporation's or Redwood LLC's breach of representations and warranties or covenants hereunder or their indemnification obligations hereunder, or otherwise.

2.7 NOTE ARRANGEMENT. In the event that Redwood, LLC requires delivery of the Note pursuant to subsection 2.6(c) (the "Note Arrangement"):

(a) Buyer shall, or if Timber Business LLC executes the Note, shall cause Timber Business LLC to, pledge cash collateral at the Closing equal to the full amount of the principal of the Note for the entire term of the Note, in exchange for a stand-by letter of credit, or other arrangement that is obtainable and acceptable to Louisiana-Pacific under which the obligations of Buyer are guaranteed (the "Credit Enhancement Arrangement"). Redwood, LLC shall be the sole beneficiary of the Credit Enhancement Arrangement, but shall not have a lien upon or other security interest in such cash collateral.

(b) Buyer or Timber Business LLC, as applicable, shall be responsible for its own fees and costs for providing the cash to be deposited as collateral, and Louisiana-Pacific or Redwood, LLC shall be responsible for any other costs or expenses associated with the Credit Enhancement Arrangement.

(c) The interest rate on the Note shall be equal to the interest received by Buyer on the cash collateral for the Credit Enhancement Arrangement.

2.8 LIQUIDATED DAMAGES. IN THE EVENT THE CLOSING AND THE CONSUMMATION OF EITHER THE TRANSACTION CONTEMPLATED HEREBY OR THE TRANSACTION CONTEMPLATED BY THE SIMPSON PURCHASE AGREEMENT SHALL NOT OCCUR FOR ANY REASON OTHER THAN DUE TO A TERMINATION OF THIS AGREEMENT BY BUYER OR BY SIMPSON PURSUANT TO SUBSECTIONS 12.1(a), 12.1(b) OR 12.1(c), OR BY LOUISIANA-PACIFIC PURSUANT TO SUBSECTION 12.1(a) OR 12.1(b), REDWOOD, LLC SHALL HAVE THE RIGHT TO (i) RETAIN THE DEPOSIT (TOGETHER WITH ATTORNEYS' FEES AND EXPENSES AS SPECIFIED BELOW) AS LIQUIDATED DAMAGES AND NOT AS A PENALTY (THE PARTIES HERETO ACKNOWLEDGE THAT LOUISIANA-PACIFIC'S AND REDWOOD, LLC'S DAMAGES AS A RESULT OF SUCH FAILURE TO CLOSE ARE NOT CAPABLE OF EXACT ASCERTAINMENT AND THAT SAID LIQUIDATED DAMAGES, TOGETHER WITH ANY ATTORNEYS' FEES AND EXPENSES INCURRED BY LOUISIANA-PACIFIC OR REDWOOD, LLC IN CONNECTION WITH THIS AGREEMENT, ARE A FAIR AND REASONABLE ESTIMATE OF THE NET DETRIMENT THAT LOUISIANA-PACIFIC AND REDWOOD, LLC WOULD SUFFER IN THE EVENT OF SUCH FAILURE TO CLOSE) OR (ii) EXERCISE ITS RIGHTS UNDER SECTION 13.9. THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO REDWOOD, LLC PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671. REDWOOD, LLC AND BUYER HEREBY WAIVE THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 3389.

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Buyer's Initials

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Redwood, LLC's Initials

2.9 CASH. Notwithstanding any provision in this Agreement to the contrary, nothing herein shall constitute an agreement to sell cash, bank accounts or cash equivalents (the



exclusion of which will be reflected in the adjustment to Purchase Price as provided in subsection 2.6(d)).

2.10 DISCLAIMER. Except as otherwise expressly set forth in Article IV of this Agreement or in Article II of the Environmental Agreement, Louisiana-Pacific, LPS Corporation, and Redwood, LLC expressly disclaim any representations or warranties of any kind or nature, express or implied, as to the condition, title, value or quality of the assets (including the Real Property the Personal Property and the Balance Sheet Assets) or properties currently or formerly used, operated, owned, leased, controlled, possessed, occupied or maintained by Louisiana-Pacific or its Affiliates (including Redwood, LLC) and Louisiana-Pacific, LPS Corporation, and Redwood, LLC SPECIFICALLY DISCLAIM ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO SUCH ASSETS OR PROPERTIES, OR ANY PART THEREOF, OR AS TO THE WORKMANSHIP THEREOF, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, IT BEING UNDERSTOOD THAT SUCH ASSETS AND PROPERTIES ARE BEING ACQUIRED "AS IS, WHERE IS" ON THE CLOSING DATE, AND IN THEIR PRESENT CONDITION, WITH ALL FAULTS, AND (WITHOUT LIMITING THE GENERALITY OF THE FOREGOING) WITHOUT ANY EXPRESS OR IMPLIED WARRANTY OR REPRESENTATION AS TO THE VOLUME, AGE CLASS, SPECIES OR MERCHANTABILITY OF ANY OF THE TIMBERLANDS SOLD TO BUYER HEREUNDER, OR AS TO THE ACREAGE, TAX STATUS, LEGAL ACCESS, OPERATIONS, ENCROACHMENTS, PHYSICAL CONDITION, ZONING OR ANY OTHER ASPECT OF SUCH TIMBERLANDS, AND THAT BUYER SHALL RELY ON ITS OWN EXAMINATION AND INVESTIGATION THEREOF.

### ARTICLE III CLOSING

3.1 CLOSING. Subject to the fulfillment or waiver of the conditions precedent set forth in Articles VII and VIII, the consummation of the purchase and sale of the Purchased Assets and assumption of the Assumed Liabilities (the "Closing") shall take place at the offices of Orrick, Herrington & Sutcliffe LLP, Old Federal Reserve Bank Building, 400 Sansome Street, San Francisco, California, effective as of 12:01 a.m., local time, (a) on June 22, 1998 (provided, that, in the event the HSR Act condition in Section 7.3 shall have been met, Louisiana-Pacific may elect to close early upon 21 days written notice to Buyer, subject to other extension options set forth herein), or (b) at such other date, time or place as the parties hereto may agree upon in writing. The date and effective time of the Closing are referred to herein as the "Closing Date."

3.2 LOUISIANA-PACIFIC OBLIGATIONS AT CLOSING. At the Closing, Louisiana-Pacific, LPS Corporation and Redwood, LLC, as appropriate, shall deliver or cause to be delivered to Buyer or its permitted assigns designated by Buyer pursuant to Section 13.6:

(a) one or more duly executed grant deeds from Redwood, LLC, subject to Permitted Liens, in form and content reasonably satisfactory to Buyer, conveying (i) to the Timber Business LLC fee title to the real property owned by Redwood, LLC among the Purchased Assets and designated by Louisiana-Pacific as timber business real property pursuant to Section 6.13, (ii) to the Distribution Business LLC fee title to the real property owned by

Redwood, LLC among the Purchased Assets and designated by Louisiana-Pacific as distribution business real property pursuant to Section 6.13, and (iii) to the Wood Treatment Business LLC fee title to the real property owned by Redwood, LLC among the Purchased Assets and designated by Louisiana-Pacific as wood treatment business real property pursuant to Section 6.13, together with any real property transfer tax declarations for each grant deed as may be required by the applicable county recorder's office;

(b) duly executed Bill of Sale from Redwood, LLC transferring and conveying to the Timber Business LLC, the Distribution Business LLC, and the Wood Treatment Business LLC (using the same allocation method as set forth in subsection 3.2(a)), all of the personal property owned by Redwood, LLC or Louisiana-Pacific, as applicable, among the Purchased Assets and the Books and Records existing on the Closing Date;

(c) in the event that any necessary third Person consents or Approvals are actually obtained therefor (it being understood that, except as expressly provided in Section 7.8 such consent or Approval shall not be a condition to Closing), a duly executed counterpart to an Assignment and Assumption of Lease for each of the leases of real property or personal property to Redwood, LLC among the Purchased Assets, substantially in the form attached as Exhibit 3.2(c) (the "Assignment and Assumption of Lease");

(d) duly executed counterpart to Assignment and Assumption Agreements, in the forms of Exhibit 3.2(d)-1 or 3.2(d)-2, as applicable or providing for the assignment to the Timber Business LLC, the Distribution Business LLC, and the Wood Treatment Business LLC (using the same allocation method as set forth in subsection 3.2(a)) of the Contracts, as well as the intangible property to be assigned to Buyer under Section 2.2, and providing for the assumption by Buyer (or its permitted assigns pursuant to Section 13.6) of the Assumed Liabilities (the "Assignment and Assumption Agreement");

(e) certificates of the Secretaries of Louisiana-Pacific, LPS Corporation and Redwood, LLC (i) certifying to the attached Charter, Bylaws and board resolutions authorizing the execution, delivery and performance of this Agreement and the Ancillary Agreements, and (ii) attesting to the incumbency of officers executing this Agreement, the Ancillary Agreements and the certificates, agreements and transfer documents delivered by Louisiana-Pacific, LPS Corporation or Redwood, LLC at the Closing;

(f) certificate of duly authorized officer on behalf of each of Louisiana-Pacific, LPS Corporation and Redwood, LLC, dated the Closing Date, pursuant to which the applicable entity (i) certifies as to compliance with the conditions set forth in Article VII, and (ii) represents and warrants that all of the representations and warranties of the applicable entity are true and correct as of the Closing Date, except, in each case, (x) that representations or warranties made as of, or in respect of, only a specified date or period are true and correct in respect of or as of, such date or period, and (y) to the extent that any failure of such representations and warranties to be true and correct as aforesaid when taken in the aggregate would not have a Material Adverse Effect or (z) to the extent there has been an Allowed Pre-Signing Change or an Allowed Pre-Closing Change;

(g) copies of any third Person Approvals or consents to assignment of Contracts that may have actually been obtained by Louisiana-Pacific through the Closing Date (it

being understood that, except as expressly provided in Section 7.8 such consent or Approval shall not be a condition to Closing);

(h) the Ancillary Agreements, duly executed by Louisiana-Pacific, LPS Corporation and Redwood, LLC, as applicable; and

(i) releases or the equivalent for all existing monetary Real Property Encumbrances which are not Permitted Liens affecting the Owned Real Property.

3.3 BUYER OBLIGATIONS AT CLOSING. At the Closing, Buyer shall deliver or cause to be delivered to Louisiana-Pacific:

(a) the Closing Cash Payment (net of the principal amount of the Note, if any), by wire transfer of immediately available funds to Redwood, LLC's account, as specified by Redwood, LLC in writing not less than five business days prior to the Closing Date;

(b) if applicable, a duly executed Note and related documentation;

(c) duly executed counterpart to the Assignment and Assumption Agreement;

(d) in the event that any necessary third Person consents are actually obtained therefor (it being understood that, except as expressly provided in Section 7.8 such consent shall not be a condition to Closing), a duly executed counterpart to each Assignment and Assumption of Lease;

(e) certificate of the Secretary of Buyer's general partner (i) certifying to the attached Charter, Bylaws and board resolutions authorizing the execution, delivery and performance of this Agreement and the Ancillary Agreements, and (ii) attesting to the incumbency of Buyer's and its general partner's officers executing this Agreement, the Ancillary Agreements and the certificates, agreements and transfer documents delivered by Buyer at the Closing;

(f) certificate of duly authorized officer on behalf of Buyer, dated the Closing Date, pursuant to which Buyer (i) certifies as to compliance with the conditions set forth in Article VIII and (ii) represents and warrants that all of the representations and warranties of Buyer are true and correct in all material respects as of the Closing Date;

(g) copies of letters formally offering employment to all of the Business Employees pursuant to Section 11.1, in the form of Exhibit 3.3(g);

(h) the Ancillary Agreements, duly executed by Buyer; and

(i) the documents contemplated by Section 13.6.

ARTICLE IV  
REPRESENTATIONS AND WARRANTIES  
OF LOUISIANA-PACIFIC

Except as may be set forth in the Disclosure Schedule, except for any Allowed Pre-Signing Changes or Allowed Pre-Closing Changes, and except with respect to Environmental Laws and Environmental Permits and all Liabilities thereunder (which representations and warranties and Liabilities related thereto are set forth exclusively in the Environmental Agreement), Louisiana-Pacific, LPS Corporation and Redwood, LLC, as relevant to each entity, each represent and warrant to Buyer as follows:

4.1 ORGANIZATION. Louisiana-Pacific and LPS Corporation are corporations duly organized, validly existing and in good standing under the laws of the state of their incorporation and have full corporate power and corporate authority to own their respective assets and properties and to conduct their respective businesses as and where they are now being conducted. Louisiana-Pacific and LPS Corporation are qualified to transact business as foreign corporations in the State of California. Redwood, LLC is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has full limited liability company power and limited liability company authority to own its assets and properties and to conduct its business as and where it is now being conducted. Redwood, LLC is qualified to transact business as a foreign limited liability company in the State of California. By virtue of the nature of the properties owned or leased by Louisiana-Pacific, LPS Corporation and Redwood, LLC and the Business conducted by them, neither Louisiana-Pacific, LPS Corporation nor Redwood, LLC are required to qualify to transact business as a foreign corporation in any jurisdiction (other than California), except where the failure to be so qualified is not reasonably likely to result in a Material Adverse Effect.

4.2 AUTHORIZATION AND ENFORCEABILITY. Louisiana-Pacific, LPS Corporation and Redwood, LLC each has full corporate (or limited liability company, as applicable) power and corporate (or limited liability company, as applicable) authority to enter into this Agreement and the Ancillary Agreements to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby by Louisiana-Pacific, LPS Corporation and Redwood, LLC (i) have been duly authorized by all necessary corporate (or limited liability company, as applicable) action on the part of Louisiana-Pacific, LPS Corporation and Redwood, LLC and (ii) do not require approval of Louisiana-Pacific's stockholders. This Agreement and the Ancillary Agreements have been duly executed and delivered by Louisiana-Pacific, LPS Corporation and Redwood, LLC. This Agreement and the Ancillary Agreements each constitutes a legal, valid and binding obligation of Louisiana-Pacific, LPS Corporation and Redwood, LLC, enforceable against each such entity (to the extent they are parties to such agreements), respectively, in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

4.3 CONSENTS AND APPROVALS. Except for compliance with the notification filing and waiting period requirements of the HSR Act, no consent, waiver, approval, order or

authorization of, notice to, or registration, declaration, designation, qualification or filing with, any Governmental Authority or third Person, domestic or foreign, is or has been required on the part of Louisiana-Pacific, LPS Corporation or Redwood, LLC in connection with the execution and delivery of this Agreement or the Ancillary Agreements or the consummation by them of the transactions contemplated hereby or thereby, other than where the failure to obtain such consents, waivers, approvals, orders or authorizations or to make or effect such registrations, declarations, designations, qualifications or filings is not reasonably likely to (x) prevent or materially delay consummation of the transactions contemplated by this Agreement and the Ancillary Agreements, (y) prevent Louisiana-Pacific, LPS Corporation or Redwood, LLC from performing their obligations under this Agreement and the Ancillary Agreements or (z) result in a Material Adverse Effect; provided, however, that no representation or warranty is made herein as to whether such consents would be needed with respect to any contract, agreement, arrangement, purchase order, commitment, permit, license, order, approval or authorization other than those listed in Disclosure Schedule Sections 4.13 or 4.14 (it being understood that obtaining consents for the transfer of the items set forth on Disclosure Schedule Section 4.3 is not a condition to Closing).

4.4 NON-CONTRAVENTION. Neither the execution and delivery of this Agreement or the Ancillary Agreements by Louisiana-Pacific, LPS Corporation or Redwood, LLC nor the consummation by them of the transactions contemplated hereby or thereby, will violate or conflict with (a) any provision of Louisiana-Pacific's, LPS Corporation's or Redwood LLC's Charter or Bylaws or (b) to Louisiana-Pacific's knowledge, any statute, law, regulation or Governmental Order to which Louisiana-Pacific, LPS Corporation or Redwood, LLC or the assets and properties of Louisiana-Pacific, LPS Corporation or Redwood, LLC are bound or subject, except, with respect to clause (b), for such violations and conflicts which are not reasonably likely to (i) prevent or materially delay consummation of the transactions contemplated by this Agreement and the Ancillary Agreements, (ii) prevent Louisiana-Pacific from performing its obligations under this Agreement and the Ancillary Agreements, or (iii) result in a Material Adverse Effect.

4.5 FINANCIAL STATEMENTS. Disclosure Schedule Section 0 sets forth (a) the Balance Sheet and (b) certain financial information for the Business (together with the Balance Sheet, the "Financial Statements"). The Financial Statements have been prepared based on the applicable entries from Louisiana-Pacific's general ledger (but have not been prepared on the basis of generally accepted accounting principles), and were prepared based on the assumptions and caveats stated in Disclosure Schedule Section 4.5. The Books and Records of Louisiana-Pacific and its Affiliates from which the Financial Statements were prepared were complete and accurate in all material respects at the time of such preparation. The recognition of revenues and expenses in such Financial Statements is consistent in all material respects with the recognition policies followed by Louisiana-Pacific for its other internal unaudited financial statements. Disclosure Schedule Section 4.5(a) sets forth certain information concerning past timberland capitalized expenditures and cut rate, which is true and correct in all material respects.

4.6 ABSENCE OF CERTAIN CHANGES. During the period between the date of the Balance Sheet and the Agreement Date, (i) as otherwise contemplated by this Agreement or the Simpson Agreement, and (ii) specifically subject to the assumptions and caveats relating to the Financial Statements set forth in Disclosure Schedule Section 4.5, neither Louisiana-Pacific, LPS Corporation nor Redwood, LLC has:

(a) suffered any damage or destruction adversely affecting the Business or the tangible assets among the Real Property, and the Personal Property that has had or is reasonably likely to result in a Material Adverse Effect;

(b) made any change in the compensation levels of the senior executives of the Business, any changes in the manner in which other employees of the Business generally are compensated, or any provision of additional or supplemental benefits for employees of the Business generally, except normal periodic increases or promotions effected in the ordinary course of business;

(c) engaged in any transaction with Louisiana-Pacific or any of its Affiliates other than in the ordinary course of business consistent with past practice;

(d) engaged in any sale or purchase of real estate with Louisiana-Pacific or any other real estate related transaction that would continue after the Closing Date;

(e) entered into any contract with Louisiana-Pacific or its Affiliates that would last after the Closing Date;

(f) borrowed any money or issued any bonds, debentures, notes or other corporate securities evidencing money borrowed, in each case, that will be an Assumed Liability;

(g) engaged in any transaction outside of the ordinary course of business other than as contemplated in this Agreement or the Simpson Purchase Agreement; or

(h) agreed, whether in writing or otherwise, to take any action described in this Section 4.6.

#### 4.7 TITLE TO THE PERSONAL PROPERTY.

(a) Except for Encumbrances which individually or in the aggregate are not reasonably likely to result in a Material Adverse Effect:

(i) Redwood, LLC has good title to all of the personal property set forth on Disclosure Schedule Section 4.7(a)(i)-1 and has a valid leasehold interest in all of the personal property set forth on Disclosure Schedule Section 4.7(a)(i)-2, in each case, subject to Allowed Pre-Closing Changes (collectively, the "Non-Timber Personal Property");

(ii) Redwood, LLC has good title to all of the personal property set forth on Disclosure Schedule Section 4.7(a)(ii)-1 and has a valid leasehold interest in all of the personal property set forth on Disclosure Schedule Section 4.7(a)(ii)-2, in each case, subject to Allowed Pre-Closing Changes (collectively, the "Timber Personal Property" and, together with the Non-Timber Personal Property, the "Redwood Personal Property"); and

(iii) Louisiana-Pacific has good title to the Balance Sheet Assets, subject to Allowed Pre-Closing Changes.

#### 4.8 REAL PROPERTY.

(a) Disclosure Schedule Section 4.8(a)-1 lists certain non-timber real property owned by Redwood, LLC, subject to Allowed Pre-Closing Changes (the "Non-Timber Owned Real Property") and Disclosure Schedule Section 4.8(a)-2 lists certain non-timber leases of real property leased or subleased to Redwood, LLC, subject to Allowed Pre-Closing Changes (the "Non-Timber Leased Real Property" and together with the Non-Timber Owned Real Property, the "Non-Timber Real Property").

(b) Disclosure Schedule Section 4.8(b)-1 lists certain timber real property owned by Redwood, LLC, subject to Allowed Pre-Closing Changes (the "Timber Owned Real Property") and Disclosure Schedule Section 4.8(b)-2 lists certain leases of timber real property leased or subleased to Redwood, LLC, subject to Allowed Pre-Closing Changes (the "Timber Leased Real Property" and together with the Timber Owned Real Property, the "Timber Real Property").

(c) The Non-Timber Owned Real Property and the Timber Owned Real Property constitute all of the real property owned by Redwood, LLC other than the Owned Real Property as defined in the Simpson Purchase Agreement (collectively, after giving effect, in each case, to Allowed Pre-Closing Changes, the "Owned Real Property"). The Non-Timber Leased Real Property and the Timber Leased Real Property constitute all of the real property leased or subleased to Redwood, LLC other than the Leased Real Property as defined in the Simpson Purchase Agreement (collectively, after giving effect, in each case, to Allowed Pre-Closing Changes, the "Leased Real Property").

(d) Redwood, LLC has good title to the Owned Real Property it purports to own, and at Closing, such Owned Real Property will be free and clear of any Encumbrance, other than Permitted Liens and Encumbrances which individually or in the aggregate are not reasonably likely to result in a Material Adverse Effect.

(e) Originals or copies of all of the leases and subleases among the Leased Real Property, which are accurate and complete, have been provided to Buyer (in accordance with the terms of the Confidentiality Agreement) for review.

(f) Disclosure Schedule Section 4.8(f) contains an accurate and complete list of all leases of Owned Real Property and subleases of Leased Real Property by Louisiana-Pacific or Redwood, LLC to third Persons, subject, in each case, to Allowed Pre-Closing Changes. Originals or copies of such leases and subleases, which are accurate and complete, have been provided to Buyer (in accordance with the terms of the Confidentiality Agreement) for review.

(g) Disclosure Schedule Section 4.8(g) sets forth a map that sets forth the location of all the timberlands owned by Redwood, LLC that will be conveyed to Buyer hereunder, except for the Real Property to be conveyed under the Simpson Agreement. Based solely on information obtained from the real property tax bills received by Louisiana-Pacific and prepared by the respective county assessor's office, the acreage comprising the Timber Real Property is approximately 235,000 acres.

(h) To Louisiana-Pacific's knowledge, with respect to the Non-Timber Owned Real Property, there are no encroachments, overlaps, overhangs, unrecorded easements,

boundary line disputes, rights of parties in possession, or lack of access which would otherwise be disclosed by an accurate "as-built" survey of the Non-Timber Owned Real Property, which individually, or in the aggregate, interfere materially with the operation of that portion of the Business currently conducted on any such Non-Timber Owned Real Property.

4.9 INTELLECTUAL PROPERTY. There are no (a) patents anywhere in the world, (b) registered or unregistered trademarks, trade names or service marks or applications therefor anywhere in the world, (c) copyrights or applications therefor anywhere in the world, or (d) licenses relating to any of the foregoing, in each case used or held for use by Louisiana-Pacific, LPS Corporation or Redwood, LLC, that, in each case, are exclusively related to the Business.

4.10 LITIGATION. There is no Action pending or, to the knowledge of Louisiana-Pacific, threatened against Louisiana-Pacific affecting the Business or against LPS Corporation or Redwood, LLC, where the amount or value in controversy is reasonably likely to exceed \$75,000, whether at law or in equity, or before or by any Governmental Authority (other than matters set forth on Schedule 2.5(b)), nor is there any material Governmental Order to which Louisiana-Pacific, LPS Corporation or Redwood, LLC or any of their properties or assets are subject or bound which affect the Business (other than any Governmental Order that may be applicable generally to the industry in which the Business operates).

#### 4.11 EMPLOYEE BENEFIT MATTERS.

(a) Disclosure Schedule Section 4.11 sets forth a complete and accurate listing of the following: (i) the name, title, recognized hire date, current annual base salary rate (if salaried) or current hourly compensation rate (if hourly), accrued and unused vacation days (if salaried) or hours (if hourly) of each employee of Louisiana-Pacific whose employment is exclusively dedicated to the Business (the "Business Employees"); (ii) each "Employee Benefit Plan," as such term is defined in Section 3(3) of ERISA, which is covered by any provision of ERISA and which is maintained by Louisiana-Pacific or any of its Affiliates for the benefit of the Business Employees; (iii) each other material fringe benefit plan, policy or arrangement currently maintained by Louisiana-Pacific or any of its Affiliates for the benefit of Business Employees, including those that provide for pension, deferred compensation, bonuses, severance, employee insurance coverage or similar employee benefits; and (iv) an accurate and complete list of all employment, managerial, advisory, and consulting agreements, employee confidentiality agreements, and all other material agreements, policies, or arrangements maintained by Louisiana-Pacific for Business Employees. Louisiana-Pacific has delivered to Buyer copies (in accordance with the terms of the Confidentiality Agreement), which were accurate and complete as of the date so delivered, of all such documents and (if applicable) summary plan descriptions with respect to such plans, agreements and arrangements, or summary description(s) of any such plans, agreements or arrangements not otherwise in writing.

(b) To the knowledge of Louisiana-Pacific, each Employee Benefit Plan has been established and administered in all material respects in accordance with the material terms of ERISA and the applicable provisions of the Code.



#### 4.12 TAXES.

(a) All material Tax Returns relating to any Taxes, which are required to be filed by Redwood, LLC, LPS Corporation and Louisiana-Pacific, with respect to the Business or the Purchased Assets, prior to the Closing Date, are correct and have been duly and timely filed, and all material Taxes that have become due pursuant to such Tax Returns have been fully paid prior to the Closing.

(b) There are (i) no actions or proceedings currently pending or, to Louisiana-Pacific's knowledge, threatened against Redwood, LLC or LPS Corporation, the Business, the Purchased Assets, or, with respect to the Purchased Assets or the Business, Louisiana-Pacific, by any Governmental Authority for the assessment or collection of Taxes; (ii) no audits or other examinations of any return is in progress nor has Redwood, LLC been notified of any request for examination; (iii) no claims for assessment or collection of taxes has been asserted against LPS Corporation, Redwood, LLC, the Business, the Purchased Assets, or, with respect to the Purchased Assets or the Business, Louisiana-Pacific; and (iv) no matters under discussion with any Governmental Authority regarding claims for assessment or collection of Taxes against LPS Corporation, Redwood, LLC, the Business, the Purchased Assets, or, with respect to the Purchased Assets or the Business, Louisiana-Pacific, and neither Redwood, LLC nor Louisiana-Pacific has any reason to believe that any such claims for Taxes described in Section 4.12(a) will be asserted. There are no liens on any of the Purchased Assets that arose in connection with the failure (or alleged failure) to pay any Taxes. Neither LPS Corporation nor, with respect to the Business or the Purchased Assets, Louisiana-Pacific, has made any tax elections regarding the Business outside of the ordinary course of the Business.

(c) None of Louisiana-Pacific, LPS Corporation or Redwood, LLC is a "foreign person" within the meaning of ss.1445(b)(2) of the Code.

4.13 CONTRACTS AND COMMITMENTS. Disclosure Schedule Section 4.13 contains an accurate and complete list (except as modified by Allowed Pre-Closing Changes), of those Contracts which individually require total payments to or by Louisiana-Pacific or Redwood, LLC of at least \$100,000 annually or in any single payment of \$100,000 or more (collectively, the "Commitments"). To Louisiana-Pacific's knowledge, none of Louisiana-Pacific, Redwood, LLC or the other parties thereto is in default under any of the Commitments, which default is reasonably likely to result in a Material Adverse Effect.

4.14 NON-ENVIRONMENTAL PERMITS AND OTHER OPERATING RIGHTS. Disclosure Schedule Section 4.14 contains an accurate and complete list (except as modified by Allowed Pre-Closing Changes), of each permit, license, order, approval or authorization (i) required by any applicable law, statute, regulation or Governmental Order, or, to Louisiana-Pacific's knowledge, (ii) required by the property or contract rights of third Persons, in each case, that are necessary to permit the operation of the Business in the manner in which it is currently being conducted by Louisiana-Pacific or Redwood, LLC, as applicable, and to permit the current occupancy of the Real Property, except where the failure to possess any such permit, license, order, approval or authorization is not reasonably likely to result in a Material Adverse Effect (collectively, the "Permits").

4.15 LABOR MATTERS. No Business Employee is covered under any collective bargaining agreement. As it relates to the Business: (a) there is no unfair labor practice complaint against Louisiana-Pacific pending or, to the knowledge of Louisiana-Pacific, threatened before the National Labor Relations Board or any comparable state or local Governmental Authority, (b) there is no labor strike, slowdown or stoppage actually pending or, to the knowledge of Louisiana-Pacific, threatened against or directly affecting Louisiana-Pacific, (c) no grievance or any Action arising out of or under collective bargaining agreements is pending or, to the knowledge of Louisiana-Pacific, threatened against Louisiana-Pacific and (d) to the knowledge of Louisiana-Pacific, there are no representation petitions pending before the National Labor Relations Board or demands for representation recognition pending for any group of non-union employees from any labor organization, which, in the case of any of clauses (a), (b), (c) or (d), is reasonably likely to result in a Material Adverse Effect.

4.16 NO BROKERS. Except with respect to Louisiana-Pacific's engagement of SBC Warburg Dillon Read Inc., the fees and expenses of which will be paid by Louisiana-Pacific, none of Louisiana-Pacific, LPS Corporation, Redwood, LLC or their directors, officers or employees has employed any broker, finder or investment banker or incurred any Liability for any brokerage fees, commissions, finders' fees or similar fees in connection with the transactions contemplated by this Agreement.

4.17 ACQUISITION FOR INVESTMENT. Louisiana-Pacific, LPS Corporation and Redwood, LLC acknowledge that the Note will not be registered under the Securities Act of 1933, as amended, or qualified or registered under any state securities laws on the ground that no distribution or public offering of the Note is to be effected and that no public market now exists for the Note and that a public market may never exist therefor. Louisiana-Pacific, LPS Corporation and Redwood, LLC will not take any action or permit any action to be taken which would require Buyer to file, register or otherwise take steps to comply with the registration requirements of any federal or state securities laws.

4.18 USE OF THE ASSETS. The Mendocino-Sonoma-Riverside Assets, together with assets under the Simpson Purchase Agreement that may have been used by Louisiana-Pacific, constitute substantially all of the assets used by Louisiana-Pacific in the conduct of the Business, excluding assets or services described in the assumptions and caveats with respect to the Financial Statements set forth in Disclosure Schedule Section 4.5; and excluding assets that may have been obtained or disposed of in the ordinary course of business.

ARTICLE V  
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Louisiana-Pacific as follows:

5.1 ORGANIZATION. Buyer is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware and has full partnership power and partnership authority to own its assets and properties and to conduct its business as and where it is now being conducted. Buyer's general partner is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has full corporate power and corporate authority to own its assets and properties and to conduct its business as and where it is now being conducted.

5.2 AUTHORIZATION AND ENFORCEABILITY. Buyer has full partnership power and partnership authority to enter into this Agreement and the Ancillary Agreements and to consummate the transactions contemplated hereby and thereby. Buyer's general partner has full corporate power and corporate authority to enter into this Agreement and the Ancillary Agreements and to consummate the transactions contemplated hereby and thereby on behalf of Buyer. The execution and delivery of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby by Buyer and by Buyer's general partner have been duly authorized by all necessary partnership action on the part of Buyer and all necessary corporate action on the part of Buyer's general partner. This Agreement has been duly executed and delivered by Buyer. This Agreement constitutes, and upon the execution and delivery thereof by Buyer, the Ancillary Agreements will constitute, a legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

5.3 CONSENTS AND APPROVALS. Except for compliance with the notification filing and waiting period requirements of the HSR Act, no consent, waiver, approval, order or authorization of, notice to, or registration, declaration, designation, qualification or filing with, any Governmental Authority or third Person, domestic or foreign, is or has been or will be required on the part of Buyer in connection with the execution and delivery of this Agreement or the Ancillary Agreements or the consummation by Buyer of the transactions contemplated hereby or thereby, other than where the failure to obtain such consents, waivers, approvals, orders or authorizations or to make or effect such registrations, declarations, designations, qualifications or filings is not reasonably likely to (x) prevent or materially delay consummation of the transactions contemplated by this Agreement and the Ancillary Agreements or (y) prevent Buyer from performing its obligations under this Agreement and the Ancillary Agreements.

5.4 NON-CONTRAVENTION. Neither the execution and delivery of this Agreement or the Ancillary Agreements, nor the consummation of the transactions contemplated hereby or thereby, will violate or conflict with (a) any provision of Buyer's Charter or partnership agreement or (b) to Buyer's knowledge, any statute, law, regulation or Governmental Order to which Buyer or the assets or properties of Buyer are bound or subject, except for such violations and conflicts which are not reasonably likely to (i) prevent or materially delay consummation of the transactions contemplated by this Agreement and the Ancillary Agreements or (ii) prevent Buyer from performing its obligations under this Agreement and the Ancillary Agreements.

5.5 ABILITY. Buyer knows of no fact or circumstance that would impair its ability, or the ability of its assignees pursuant to Section 13.6, to consummate the transaction contemplated hereby.

5.6 NO BROKERS. Neither Buyer nor any of its directors, officers or employees has employed any broker, finder or investment banker or incurred any Liability for any brokerage fees, commissions, finders' fees or similar fees in connection with the transactions contemplated by this Agreement.

5.7 NET WORTH. Buyer's net worth, based on generally accepted U.S. accounting principles, will be at least \$60,000,000 immediately prior to the Closing.

5.8 ACQUISITION FOR OWN ACCOUNT. The entity that executes the Note will be purchasing the Note Assets for its own account.

ARTICLE VI  
CERTAIN COVENANTS

6.1 ACCESS TO INFORMATION.

(a) From the Agreement Date through the Closing Date, but subject to any rights of third Persons, upon reasonable notice, Louisiana-Pacific, LPS Corporation and Redwood, LLC shall (i) afford the officers, employees and authorized agents and representatives of Buyer reasonable access during normal business hours to the offices, properties and Books and Records of the Business and (ii) furnish to the officers, employees and authorized agents and representatives of Buyer such additional financial and operating data and other information regarding the assets and properties of the Business (or legible copies thereof) as Buyer may from time to time reasonably request; provided, however, that such investigation shall not unreasonably interfere with any of the businesses or operations of the Business or Louisiana-Pacific. Without limiting the generality of the foregoing, Louisiana-Pacific, LPS Corporation and Redwood, LLC shall cooperate fully with Buyer's investigation of such assets and properties and provide copies of such documents in its possession as Buyer may reasonably request to confirm the title to any and all properties or assets owned or leased by Louisiana-Pacific, LPS Corporation or Redwood, LLC and exclusively related to the Business.

(b) Notwithstanding subsection 6.1(a), and except for background environmental records reviews of any Governmental Authority, (i) Buyer shall not investigate any matter with any Governmental Authority having jurisdiction over any aspect of the Business or Louisiana-Pacific's assets or properties, unless and until the written consent of Louisiana-Pacific to the making of such investigation and contacting of any Governmental Authority has been received by Buyer, which consent shall not be unreasonably withheld or delayed, and (ii) Buyer's right of examination and access pending the Closing with respect to environmental matters relating to the Real Property shall be limited to an examination of existing records and interviews with Louisiana-Pacific's personnel as authorized in writing by Louisiana-Pacific. In no event shall any physical testing of the Real Property for the presence of Hazardous Material take place unless and until Buyer has executed an access agreement, in the form of Exhibit 6.1(b), including a detailed description of the scope of the investigation and the work to be performed which is reasonably satisfactory to Louisiana-Pacific (whose permission shall not be unreasonably withheld or delayed), together with an appropriate agreement indemnifying Louisiana-Pacific for any Losses caused by Buyer resulting from such physical testing. Copies of all test results, reports and other information obtained by Buyer from its investigation (including all draft reports) shall be delivered to Louisiana-Pacific promptly after receipt by Buyer. At Buyer's request, Louisiana-Pacific shall enter into a joint defense agreement in reasonable form in order to maintain any privileges that may apply to such results, reports or information.

6.2 CONDUCT OF BUSINESS PENDING CLOSING. From the Agreement Date through the Closing Date, except as required or permitted by this Agreement or otherwise specifically consented to by Buyer in writing, after specific notice from Louisiana-Pacific, which consent shall not be unreasonably withheld or delayed:

(a) Redwood, LLC shall operate the Business only in its usual, regular and ordinary manner and substantially in the same manner as heretofore conducted. Louisiana-Pacific, LPS Corporation and Redwood, LLC shall use commercially reasonable efforts to (i) preserve the Business and (ii) keep available to Buyer the services of the Business Employees; and

(b) Louisiana-Pacific, LPS Corporation and Redwood, LLC shall not, with respect to the Business (except as otherwise provided by this Agreement or the Simpson Agreement), without the written consent of Buyer, which consent shall not be unreasonably withheld or delayed:

(i) incur, or assume or become subject to any additional material indebtedness for money borrowed or purchase money indebtedness, that will be an Assumed Liability, except in the ordinary course of business;

(ii) permit or allow any of the material assets or properties of the Business to be subject to any additional Encumbrance (other than Permitted Liens and, with respect to personal property, Encumbrances which individually or in the aggregate do not interfere materially with the operation of the Business) or sell, transfer, lease or otherwise dispose of any such assets or properties, except in the ordinary course of business;

(iii) grant any increase in salaries or commissions payable or to become payable to any Business Employee, except normal periodic increases in salaries and commissions reflected on Disclosure Schedule Section 4.11 and made in accordance with Louisiana-Pacific's existing compensation practices;

(iv) make any capital expenditure or commitment therefor for additions to property, equipment or facilities (other than road maintenance and reforestation expenditures and commitments) in excess of \$100,000 individually or in the aggregate;

(v) engage in any transaction with Louisiana-Pacific or any of its Affiliates other than in the ordinary course of business consistent with past practices;

(vi) engage in any sale or purchase of real estate with Louisiana-Pacific or any of its Affiliates or any other real estate related transaction that would continue after the Closing Date;

(vii) enter into any contract with Louisiana-Pacific or its Affiliates that would last after the Closing Date; or

(viii) agree, whether in writing or otherwise, to do any of the foregoing.

### 6.3 AUTHORIZATIONS.

(a) Each party promptly as practicable after the Agreement Date, shall (i) deliver, or cause to be delivered, all notices and make, or cause to be made, all such declarations, designations, registrations, filings and submissions under all statutes, laws, regulations and Governmental Orders applicable to it as may be required for it to consummate the sale of the Purchased Assets and the assumption of the Assumed Liabilities and the other transactions contemplated hereby and by the Ancillary Agreements in accordance with the terms of this Agreement and the Ancillary Agreements; (ii) use commercially reasonable efforts to obtain, or cause to be obtained, all authorizations, approvals, orders, consents and waivers from all Persons necessary to consummate the foregoing; and (iii) use commercially reasonable efforts to take, or cause to be taken, all other actions necessary, proper or advisable in order for it to fulfill its respective obligations hereunder and to carry out the intentions of the parties expressed herein. The preceding sentence notwithstanding, (x) Louisiana-Pacific, Redwood, LLC and LPS Corporation shall have no obligation to take any action with respect to any contract, agreement, arrangement, purchase order, commitment, permit, license, order, approval or authorization other than those listed in Disclosure Schedule Sections 4.13 and 4.14 (it being understood that the obtaining of any consents necessary to transfer the Contracts and permits set forth on such Disclosure Schedule Sections is not a condition to Closing) and (y) neither party shall have any obligation to waive any condition herein for its benefit or any performance hereunder by the other party.

(b) Each party shall use its commercially reasonable efforts to satisfy the conditions to Closing applicable to it in Article VII and Article VIII as soon as commercially practicable.

(c) Each party shall comply promptly with the notice and reporting requirements of the HSR Act.

(d) Each party shall comply substantially with any additional requests for information, including requests for production of documents and production of witnesses for interviews or depositions, by the Antitrust Division of the United States Department of Justice, the United States Federal Trade Commission or the antitrust or competition law authorities of any other jurisdiction (whether U.S., foreign or multi-national) (the "Antitrust Authorities").

(e) Each party shall take all steps necessary other than divestiture of assets or payment of money to prevent the entry in any Action brought by an Antitrust Authority or any other Person of any Governmental Order which would prohibit, make unlawful or delay the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements.

(f) Each party shall cooperate in good faith with the Antitrust Authorities and undertake promptly any and all action required to complete lawfully the transactions contemplated by this Agreement and the Ancillary Agreements; provided, no party shall be required to comply with an Antitrust Authority's request to divest assets or pay money.

(g) Each party shall have prepared the appropriate documentation for filing under the HSR Act within five business days of the date hereof.

#### 6.4 BOOKS AND RECORDS.

(a) Buyer and Louisiana-Pacific shall, at the request of the other party, make available to such other party from time to time on a reasonable basis the Books and Records in their or Redwood, LLC's possession. Such Books and Records shall be held by the party in possession thereof for seven years after the Closing Date, and the other party shall have the right, at its expense, to inspect and make copies of such Books and Records upon such party's request; provided, however, that (i) all such access and copying shall be done in such a manner so as not to unreasonably interfere with the normal conduct of the operations of the party requested to provide access to such Books and Records and (ii) the party requesting access to such Books and Records shall treat the same and the contents thereof as confidential and not disclose such Books and Records or the contents thereof to any Person except as required by applicable statute, law, regulation or Governmental Order. Without limiting the generality of the foregoing, the party in possession of Books and Records responsive to information or document requests from a Tax Authority shall provide such information and copies of all documents responsive to such requests to the other party within the deadline set forth in such information or document requests, but in no event later than two weeks from the date the party in possession of such Books and Records shall receive such information or document requests from the other party. In addition, after the Closing Date, at Louisiana-Pacific's request, Buyer shall make available to Louisiana-Pacific and its Affiliates, employees, representatives and agents those employees of Buyer, as may be reasonably requested by Louisiana-Pacific in connection with any Action, including to provide testimony, to be deposed, to act as witnesses and to assist counsel; provided, however, that (x) such access to such employees shall not unreasonably interfere with the normal conduct of the operations of Buyer, and (y) Louisiana-Pacific shall reimburse Buyer for the out-of-pocket costs reasonably incurred by Buyer in making such employees available to Louisiana-Pacific. Buyer and Louisiana-Pacific shall not dispose of, and Buyer shall cause Redwood, LLC not to dispose of, any Books and Records without first offering to surrender such Books and Records to the other party.

(b) Except as otherwise agreed between Buyer and Louisiana-Pacific: All Privileged Documents shall be deemed to remain in the sole custody and control of Louisiana-Pacific regardless of the location in which they may be found. Louisiana-Pacific, LPS Corporation and Redwood, LLC have made a diligent attempt to remove all such Privileged Documents from the premises of the Business. In the event, after the Closing, Buyer discovers any such Privileged Documents in its possession, except as otherwise provided by applicable statute, law, regulation or Governmental Order, Buyer (i) shall hold them in strict confidence; (ii) shall not make any copies of them; (iii) shall not provide such Privileged Documents or copies thereof, or reveal the contents thereof, to any of their employees or agents, or to any other Person, including any Governmental Authority; and (iv) shall promptly return the same, and all copies thereof, to Louisiana-Pacific, except as otherwise provided by applicable statute, law, regulation or Governmental Order. In the event any request, demand or process is received by Buyer seeking any Privileged Documents, Buyer shall provide prompt notice thereof to Louisiana-Pacific, including therewith a copy of such request, demand or process, to enable Louisiana-Pacific or its Affiliates to timely assert any and all privileges against disclosure it may have with respect thereto or to seek an appropriate protective order. Receipt of any such request, demand or process shall not alter Buyer's obligations under this Agreement, including the obligation to promptly provide Louisiana-Pacific with Privileged Documents and all copies thereof. In no event shall Buyer take any action which might have the effect of waiving any

claim of legal privilege with respect to any Privileged Document which Louisiana-Pacific or its Affiliates may have.

6.5 LOUISIANA-PACIFIC MARKS. Buyer acknowledges and agrees with Louisiana-Pacific that Louisiana-Pacific has the absolute and exclusive proprietary right to all names, marks, trade names, trademarks and corporate symbols and logos used by Louisiana-Pacific or its Affiliates (including Redwood, LLC), including those names, marks, trade names, trademarks and corporate symbols and logos incorporating "L-P," "Louisiana-Pacific" and "Yes We Can" (collectively, the "Louisiana-Pacific Marks"), all rights to which and the goodwill represented thereby and pertaining thereto are being retained by Louisiana-Pacific. Within 30 days after the Closing Date, Buyer shall and shall cause Buyer's Affiliates to cease using any Louisiana-Pacific Mark and remove from the assets, properties, stationary and literature of Buyer and Buyer's Affiliates any and all Louisiana-Pacific Marks; provided, however, that Buyer or its Affiliates shall be entitled to exhaust existing stocks of any office supplies located on the Real Property at Closing and any inventories among the Purchased Assets existing at Closing, so long as such inventories shall be sold within six months after the Closing Date. Thereafter, Buyer shall not, and shall cause Buyer's Affiliates not to, use any Louisiana-Pacific Mark in connection with the sale of any products or services or otherwise in the conduct of their business. In the event that Buyer breaches this Section 6.5, Louisiana-Pacific shall be entitled to specific performance of this Section 6.5 and to injunctive relief against further violations, as well as any other remedies at law or in equity available to Louisiana-Pacific.

6.6 TITLE INSURANCE. Prior to the Closing Date, Louisiana-Pacific shall reasonably cooperate with Buyer's efforts to obtain commitments and final policies for standard CLTA owner's fee title insurance policies, with respect to the Owned Real Property (the "Title Commitments"), from First American Title Insurance Company (the "Title Company").

6.7 SEPARATION OF WOOD TREATMENT FACILITY. To Louisiana-Pacific's knowledge, which knowledge for purposes of this Section 6.7 only is based solely on a review by Roger Krueger, Forester of Louisiana-Pacific, of the legal description and informal site inspection of the portion of the Non-Timber Owned Real Property comprised of the wood treating plant located in Ukiah, California (the "Wood Treatment Facility") on approximately 8.88 acres of real property more fully described on Disclosure Schedule 6.7 (the "Wood Treatment Facility Property"), the primary wood treating operations and facilities of the Wood Treatment Facility are situated within the Wood Treatment Facility Property. Louisiana-Pacific agrees that it shall reasonably cooperate with Buyer's efforts to verify that the Wood Treatment Facility Property is a valid and lawfully created parcel and that the primary wood treating operations and facilities of the Wood Treatment Facility are situated within the Wood Treatment Facility Property. Louisiana-Pacific agrees that it shall also reasonably cooperate with Buyer's efforts to obtain a 116.7 endorsement from the Title Company insuring Buyer that the Wood Treatment Facility Property constitutes a separate legal parcel in compliance with the California Subdivision Map Act. In the event Buyer reasonably determines that the Wood Treatment Facility Property is not a valid and lawfully created parcel or that the primary wood treating operations and facilities of the Wood Treatment Facility are not situated within the Wood Treatment Facility Property and, therefore, a boundary line adjustment or other legal subdivision (a "Legal Division") of the Non-Timber Owned Real Property used in connection with the primary wood treating operations of the Wood Treatment Facility would be necessary, Louisiana-Pacific agrees to reasonably cooperate with Buyer's efforts to obtain the requisite



Legal Division whether such Legal Division is obtained prior to or following the Closing. The parties acknowledge and agree, however, that the separate conveyance of the Wood Treatment Facility Property or the issuance of a 116.7 endorsement are not a condition to Closing.

6.8 ACKNOWLEDGEMENTS BY BUYER. In order to induce Louisiana-Pacific to enter into and perform this Agreement and the Ancillary Agreements, Buyer acknowledges and agrees with Louisiana-Pacific as follows:

(a) To the knowledge of Buyer, Louisiana-Pacific's representations and warranties made in Article IV are true and correct. To the extent any representation or warranty of Louisiana-Pacific made herein is, to the knowledge of Buyer acquired prior to the Closing, untrue or incorrect with respect to a particular matter (other than if such knowledge is obtained by an update to the Disclosure Schedule pursuant to Section 6.11), and Buyer closes under this Agreement without promptly disclosing to Louisiana-Pacific in writing such knowledge prior to the Closing Date, Buyer shall have no rights under this Agreement or the Ancillary Agreements (unless the parties mutually agree upon an amendment thereto) by reason of such untruth or inaccuracy with respect to such matter; provided, that Louisiana-Pacific shall have the burden of proving such knowledge of Buyer.

(b) Buyer will be relying solely on its own investigation as to the Business and Louisiana-Pacific's representations and warranties set forth in Article IV, and except as otherwise expressly agreed in the Environmental Agreement, is assuming the risk that adverse physical, economic or other conditions or circumstances (including soils and groundwater conditions) may not have been revealed by such investigation.

(c) EXCEPT AS SET FORTH IN ARTICLE IV OF THIS AGREEMENT AND IN ARTICLE II OF THE ENVIRONMENTAL AGREEMENT, NONE OF LOUISIANA-PACIFIC OR ANY OF ITS AFFILIATES, EMPLOYEES, REPRESENTATIVES OR AGENTS MAKES OR HAS MADE ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION, WRITTEN OR ORAL, FURNISHED TO OR PREPARED AT THE REQUEST OF BUYER OR ANY OF ITS AFFILIATES, EMPLOYEES, REPRESENTATIVES OR AGENTS WITH RESPECT TO LOUISIANA-PACIFIC, LPS CORPORATION, REDWOOD, LLC OR ANY OF THEIR BUSINESSES, ASSETS OR PROPERTIES.

(d) THE REPRESENTATIONS AND WARRANTIES SET FORTH IN ARTICLE IV OF THIS AGREEMENT AND IN ARTICLE II OF THE ENVIRONMENTAL AGREEMENT CONSTITUTE THE SOLE AND EXCLUSIVE REPRESENTATIONS AND WARRANTIES OF LOUISIANA-PACIFIC, LPS CORPORATION AND REDWOOD, LLC TO BUYER IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY. THERE ARE NO REPRESENTATIONS, WARRANTIES, COVENANTS, UNDERSTANDINGS OR AGREEMENTS, ORAL OR WRITTEN, IN RELATION THERETO BETWEEN THE PARTIES OTHER THAN THOSE INCORPORATED HEREIN AND THEREIN. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN ARTICLE IV OF THIS AGREEMENT AND IN ARTICLE II OF THE ENVIRONMENTAL AGREEMENT, BUYER DISCLAIMS RELIANCE ON ANY REPRESENTATIONS OR WARRANTIES, EITHER EXPRESS OR IMPLIED, BY OR ON BEHALF OF LOUISIANA-PACIFIC, LPS CORPORATION, REDWOOD, LLC OR THEIR

AFFILIATES, EMPLOYEES, REPRESENTATIVES OR AGENTS. BUYER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS PROVIDED IN ARTICLE II OF THE ENVIRONMENTAL AGREEMENT, THERE ARE NO REPRESENTATIONS OR WARRANTIES OF LOUISIANA-PACIFIC, LPS CORPORATION OR REDWOOD, LLC WITH RESPECT TO THE CONDITION OF THE PROPERTIES OR ASSETS OF LOUISIANA-PACIFIC, LPS CORPORATION OR REDWOOD, LLC (INCLUDING THE REAL PROPERTY), COMPLIANCE BY LOUISIANA-PACIFIC, LPS CORPORATION OR REDWOOD, LLC WITH ENVIRONMENTAL LAWS AND ENVIRONMENTAL PERMITS OR THE PRESENCE OR RELEASES OF HAZARDOUS MATERIAL IN THE FIXTURES, SOILS, GROUNDWATER, SURFACE WATER OR AIR ON, UNDER OR ABOUT OR EMANATING FROM ANY OF THE PROPERTIES OR ASSETS OF LOUISIANA-PACIFIC, LPS CORPORATION OR REDWOOD, LLC (INCLUDING THE REAL PROPERTY).

6.9 PUBLIC ANNOUNCEMENTS. Neither Buyer, Louisiana-Pacific nor the representatives of either of them shall make any public announcement with respect to this Agreement, the Ancillary Agreements or the transactions contemplated hereby or thereby without the prior written consent of the other party hereto. The foregoing notwithstanding, any such public announcement may be made if required by applicable statute, law, regulation, Governmental Order or securities exchange rule, provided that the party required to make such public announcement shall confer with the other party concerning the timing and content of such public announcement before the same is made and any description of Buyer or its Affiliates shall be subject to prior notice to and consultation with Buyer, and shall, without the consent of Buyer, only be made to the extent that Louisiana-Pacific reasonably believes required by law.

6.10 DISCLOSURE OF CONFIDENTIAL INFORMATION. Until the third anniversary of the Closing Date, Louisiana-Pacific shall, and shall cause its Affiliates to, hold in confidence, and not, without the prior written approval of Buyer, use for their own benefit or the benefit of any party other than Buyer or disclose to any Person other than Buyer (other than as required by applicable statute, law, regulation or Governmental Order) any confidential information relating to the Business, except such information as was publicly available prior to the Closing Date, and except for information necessary for Louisiana-Pacific to conduct its business and/or exercise its rights under this Agreement.

6.11 RIGHT TO UPDATE DISCLOSURE SCHEDULE. From time to time prior to the Closing, on its own initiative or after receipt of a written notice from Buyer pursuant to Section 0, Louisiana-Pacific shall update or amend its disclosure of any matter of which it has knowledge that is required to be set forth in any Exhibit, Schedule or the Disclosure Schedule (other than an update or amendment that involves the deletion of any matter or description set forth in Schedule 0 as delivered at the Agreement Date). If Louisiana-Pacific believes in good faith that the information in any such update or amendment discloses any fact or circumstance that would have a Material Adverse Effect, then Louisiana-Pacific shall so notify Buyer in writing within five business days after the date on which Louisiana-Pacific notifies Buyer of the proposed update or amendment. If Louisiana-Pacific does so notify Buyer, within such five business day period, the parties shall attempt in good faith to negotiate an equitable resolution, by adjustment of the Purchase Price or otherwise. If the parties are unable to reach such a resolution within ten business days of Buyer's receipt of such notice, Buyer may terminate this Agreement by written notice to Louisiana-Pacific within five business days thereafter subject to Section 0. Except as the parties may otherwise expressly agree in

writing, effective as of the Closing, Buyer shall be deemed to have waived its right to make any claim for indemnification under this Agreement on the basis of any matter or matters that Louisiana-Pacific asserts to constitute a Material Adverse Effect pursuant to the second sentence of this Section 6.11.

6.12 ASSIGNMENT OF INSURANCE PROCEEDS. The Mendocino-Sonoma-Riverside Assets shall include the right to receive any casualty insurance proceeds related thereto and Louisiana-Pacific shall assign to Buyer the proceeds, if any, of all casualty insurance, including any business interruption insurance, payable by reason of fire, flood, riot, theft, Act of God or other casualty, with respect to the period beginning on the Agreement Date and ending on the Closing Date. Such right to receive casualty insurance proceeds shall be Buyer's sole right with respect to any damaged assets, other than pursuant to Section 7.5.

6.13 REVISION TO DISCLOSURE SCHEDULE. Louisiana-Pacific, at least 15 days prior to the Closing Date shall provide to Buyer, based on Buyer's reasonable specifications, revised Schedules and Disclosure Schedule Sections of the Mendocino-Sonoma-Riverside Assets describing which such assets relate primarily to (a) the timber business, (b) the wood treatment business or (c) the distribution business; provided that such revision shall not be deemed to modify or affect any representations or warranties contained herein.

6.14 CERTAIN ADJUSTMENTS.

(a) On or prior to the Closing Date, Louisiana-Pacific shall obtain equipment being used under the contracts by and between Louisiana-Pacific and Nolan Enterprises or its Affiliates, with a value or an agreement to buy equipment for use in the Ukiah sawmill yard at a discount to fair market value, of at least \$1,000,000 for conveyance to Buyer at the Closing, as is with all faults. In lieu of transferring such equipment to Buyer, Louisiana-Pacific shall have the option of deducting \$1,000,000 from the Purchase Price, which deduction shall be allocated among the Purchased Assets as reasonably determined by Louisiana-Pacific.

(b) On or prior to the Closing Date, Louisiana-Pacific shall either (1) expend at least \$1,000,000 for capital related matters connected with roads associated with the Purchased Assets, or (2) reduce the Purchase Price by an amount equal to the difference between \$1,000,000 and the amount Louisiana-Pacific shall have actually spent for such capital related matters during such period. Any such reduction of the Purchase Price shall be allocated among the Purchased Assets as reasonably determined by Louisiana-Pacific.

(c) On or prior to the Closing Date, Louisiana-Pacific shall either (1) obtain the Approval of the lessor for the assignment of Louisiana-Pacific's rights and obligations for the leased vehicles set forth on Disclosure Schedule Section 4.7(a)(i)-2 (the "Vehicles") pursuant to the lease agreement with PACCAR Leasing Corporation provided that the outstanding principal amount due for such Vehicles under such lease shall be added to the Adjusted Working Capital baseline amount set forth in paragraph (iv) of Schedule 2.6(d), or (2) if Louisiana-Pacific is unable to obtain such Approval, it shall purchase such Vehicles and thereby discharge all obligations under such lease and convey the Vehicles to Buyer or its permitted assigns free and clear of all liens, claims and encumbrances pursuant to Section 2.2.

6.15 NO SHOP. Louisiana-Pacific shall not (and shall not cause or permit any of Louisiana-Pacific's Affiliates to) (1) solicit, initiate, or encourage the submission of any proposal or offer from any Person to acquire the Business, or any portion of the Purchased Assets (other than in the ordinary course of business or as otherwise allowed by this Agreement), or (2) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner, any effort or attempt by any Person to acquire or seek to acquire the Business or any portion of the Purchased Assets (other than in the ordinary course of business or as otherwise allowed by this Agreement). Louisiana-Pacific will notify Buyer promptly if any Person makes any proposal or offer with respect to any of the foregoing. Notwithstanding any of the foregoing, this Section 6.15 shall not be deemed to cover any inquiries, proposals, offers, contacts, discussions or matters with respect to Louisiana-Pacific as a whole (relating to mergers, acquisitions, or similar matters).

6.16 CERTAIN UPDATE. Louisiana-Pacific shall use its good faith commercially reasonable efforts to advise Buyer in writing on the Closing Date of the following information: (1) the then current employees of the Business and other matters set forth on Disclosure Schedule Section 4.11 and (2) the sale or other disposal since the Agreement Date of any Non-Timber Personal Property whose value is in excess of \$25,000 where there has not been a replacement of at least comparable value.

ARTICLE VII  
CONDITIONS TO THE OBLIGATIONS OF BUYER

The obligations of the Buyer to effect the transactions contemplated hereby shall be subject to the fulfillment or satisfaction, on or before the Closing Date, of each of the following conditions:

7.1 ACCURACY OF REPRESENTATIONS AND WARRANTIES. Subject to Section 12.4, all of the representations and warranties of Louisiana-Pacific, LPS Corporation and Redwood, LLC contained herein shall be true and correct as of the Agreement Date and as of the Closing with the same effect as though made at and as of the Closing Date, except, in either case, (a) that representations and warranties made as of, or in respect of, only a specified date or period shall be true and correct in respect of, or as of, such date or period, and (b) to the extent that any failure of such representations and warranties to be true and correct as aforesaid when taken in the aggregate would not have a Material Adverse Effect, or (c) to the extent there has been an Allowed Pre-Signing Change or an Allowed Pre-Closing Change.

7.2 PERFORMANCE. Louisiana-Pacific, LPS Corporation and Redwood, LLC shall have performed and complied in all material respects with all agreements and obligations required by this Agreement to be performed or complied with by it on or prior to the Closing Date, except where the failure to so perform or comply when taken in the aggregate would not have a Material Adverse Effect. Without limiting the generality of the foregoing, Louisiana-Pacific shall have tendered to Buyer at the Closing each of the deliverables specified in Section 3.2.

7.3 TERMINATION OF HSR ACT WAITING PERIOD. Any waiting period (and any extension thereof) under the HSR Act applicable to the transactions contemplated hereby shall have expired or shall have been terminated.

7.4 ABSENCE OF GOVERNMENTAL ORDERS. No temporary or permanent Governmental Order shall be in effect that prohibits or makes unlawful consummation of the transactions contemplated hereby.

7.5 TIMBER CASUALTY. If, prior to Closing, any loss or damage resulting in substantial harm to the timber on 25% or more of the acreage comprising the Timber Real Property occurs due to fire, flood, riot, theft, act of God or other casualty, Buyer may elect to terminate this Agreement within 5 business days after Buyer learns of the occurrence of such casualty loss. If, prior to Closing, any loss or damage resulting in substantial harm to the timber on less than 25% of the acreage comprising the Timber Real Property occurs due to fire, flood, riot, theft, act of God or other casualty, Buyer may elect not to purchase, and shall not have any obligation to pay for, such damaged timber and the Purchase Price shall be reduced by an amount equal to the fair market value of such damaged timber immediately prior to such casualty loss.

7.6 LEGAL OPINION. Louisiana-Pacific shall have delivered the written legal opinion of Orrick, Herrington & Sutcliffe LLP or of the in-house legal counsel of Louisiana-Pacific, dated as of the Closing Date, in the form of Exhibit 7.6.

7.7 JOINT CONDITIONS. Each condition specified in Article VII of the Simpson Purchase Agreement, all of which are incorporated herein by this reference, shall have been satisfied or waived by Simpson.

7.8 CONSENT TO ASSIGNMENT. The landlord under the Riverside Lease shall have consented in writing to the assignment of the Riverside Lease to Buyer, or if such consent has not been obtained, Louisiana-Pacific shall have agreed to indemnify Buyer for the actual reasonable out-of-pocket costs incurred as a result of the failure to have obtained such consent.

7.9 NOTE. In the event Redwood, LLC elects to require delivery of the Note, the Note Arrangement shall be reasonably satisfactory to Buyer.

7.10 TITLE. Buyer shall have received from the Title Company a standard owner's title policy in favor of Buyer with respect to the Owned Real Property subject to Permitted Liens and subject to Encumbrances which individually or in the aggregate are not reasonably likely to result in Material Adverse Effect; provided that any requirements of Buyer with respect to extended coverages, title endorsements, surveys, or similar matters are not required as a condition of the Closing.

ARTICLE VIII  
CONDITIONS TO THE OBLIGATIONS OF LOUISIANA-PACIFIC

The obligations of Louisiana-Pacific, LPS Corporation and Redwood, LLC to effect the transactions contemplated hereby shall be subject to the fulfillment or satisfaction, on or before the Closing Date, of each of the following conditions:

8.1 ACCURACY OF REPRESENTATIONS AND WARRANTIES. The representations and warranties of Buyer contained herein shall be true and correct in all material respects at and as of the Closing Date with the same effect as though made at and as of the Closing Date.

8.2 PERFORMANCE. Buyer shall have performed and complied in all material respects with all agreements and obligations required by this Agreement to be performed or complied with by it on or prior to the Closing Date. Without limiting the generality of the foregoing, Buyer shall have tendered to Louisiana-Pacific at the Closing each of the deliverables specified in Section 3.3.

8.3 TERMINATION OF HSR ACT WAITING PERIOD. Any waiting period (and any extension thereof) under the HSR Act applicable to the transactions contemplated hereby shall have expired or shall have been terminated.

8.4 ABSENCE OF GOVERNMENTAL ORDERS. No temporary or permanent Governmental Order shall be in effect that prohibits or makes unlawful consummation of the transactions contemplated hereby.

8.5 LEGAL OPINION. Buyer shall have delivered the written legal opinion of Altheimer & Gray, counsel for Buyer, dated as of the Closing Date, in the form of Exhibit 8.5.

8.6 JOINT CONDITIONS. Each condition specified in Article VIII of the Simpson Purchase Agreement, all of which are incorporated herein by this reference, shall have been satisfied or waived by Louisiana-Pacific.

8.7 INDEMNITY OBLIGATION. Louisiana-Pacific, LPS Corporation and Redwood, LLC shall have reasonably determined that they do not have an aggregate indemnity obligation under this Agreement in excess of \$10,000,000.

8.8 INSTALLMENT SALE TREATMENT. If Louisiana-Pacific makes the election pursuant to Section 2.7, Louisiana-Pacific shall have determined in the exercise of its reasonable judgment that the sale of the Note Assets will qualify for tax deferred installment treatment as provided by Section 453 of the Code and would not be subject to the provisions of Section 453A of the Code.

#### ARTICLE IX INDEMNIFICATION

9.1 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. The representations and warranties of Louisiana-Pacific, LPS Corporation and Redwood, LLC in Article IV and of Buyer in Article V (and as restated in the Officer's Certificates delivered pursuant to subsections 3.2(f) or 3.3(f)) shall survive for a period of two years from the Closing. If written notice of a claim has been given prior to the expiration of the applicable representations and warranties by a party in whose favor such representations and warranties have been made to the party that made such representations and warranties, then the relevant representations and warranties shall survive as to such claim, until the claim has been finally resolved.

9.2 INDEMNIFICATION BY LOUISIANA-PACIFIC. Except as otherwise limited by this Agreement, so long as Buyer shall have validly tendered to Louisiana-Pacific at the Closing each of the deliverables specified in Section 3.3 and the Closing has occurred, Louisiana-Pacific, LPS Corporation and Redwood, LLC shall indemnify, defend and hold harmless Buyer and its Affiliates, shareholders, officers, directors, employees, subsidiaries, successors and assigns (collectively, the "Buyer Indemnified Parties") from and against, and pay or reimburse the Buyer

Indemnified Parties for, any and all losses, damages, claims, costs and expenses, interest, awards, judgments and penalties (including reasonable legal costs and expenses) actually suffered or incurred by them (hereinafter a "Buyer Loss") arising out of or resulting from:

(a) the inaccuracy of any representation or warranty of Louisiana-Pacific, LPS Corporation or Redwood, LLC set forth in Article IV or as restated in the Officer's Certificate delivered pursuant to subsection 3.2(f); provided that solely for purposes of this subsection 9.2(a), the accuracy of such representations and warranties shall be determined (i) without giving effect to any limitations that are based on a Material Adverse Effect or (ii) without regard to any disclosures by Buyer to Louisiana-Pacific pursuant to subsection 6.8(a) of this Agreement or to any disclosures by Louisiana-Pacific to Buyer pursuant to Section 6.11 of this Agreement (other than as to matters for which Buyer shall have been deemed to have waived its right to indemnification pursuant to the last sentence of Section 6.11 and other than matters that constitute Assumed Liabilities pursuant to subsection 2.4(f) of this Agreement);

(b) any other breach or violation of this Agreement by Louisiana-Pacific; and

(c) any Retained Liability; provided, however, that for purposes of this subsection 9.2(c), Retained Liabilities shall not include any liabilities or obligations of Louisiana-Pacific, LPS Corporation or Redwood, LLC arising under or pursuant to Environmental Laws or Environmental Permits.

Any such payment shall be made in cash and treated by the parties hereto as an adjustment of the Purchase Price.

9.3 INDEMNIFICATION BY BUYER. Except as otherwise limited by this Agreement, Buyer shall, and shall cause Buyer's Affiliates to which it assigns its rights or delegates its duties pursuant to Section 13.6 to, indemnify, defend and hold harmless Louisiana-Pacific and its Affiliates, shareholders, officers, directors, employees, subsidiaries, successors and assigns (collectively, the "Louisiana-Pacific Indemnified Parties") from and against, and pay or reimburse the Louisiana-Pacific Indemnified Parties for, any and all losses, damages, claims, costs and expenses, interest, awards, judgments and penalties (including reasonable legal costs and expenses) actually suffered or incurred by them (hereinafter a "Louisiana-Pacific Loss") arising out of or resulting from:

(a) the inaccuracy of any representation or warranty of Buyer set forth in Article V; provided that solely for purposes of this subsection 9.3(a), the accuracy of such representations and warranties shall be determined without giving effect to any limitations that are based on a Material Adverse Effect;

(b) any other breach or violation of this Agreement by Buyer;

(c) any Assumed Liability; and

(d) Buyer's or Buyer's Affiliates' hiring practices and decisions followed or effected before, on or after the Closing Date, including its drug testing program, all only to the extent such hiring practices are in violation of applicable laws or the terms of this Agreement.

Any such payment shall be made in cash and treated by the parties hereto as an adjustment of the Purchase Price.

#### 9.4 GENERAL INDEMNIFICATION PROVISIONS.

(a) For the purposes of this Section 9.4 and Section 9.5: the term "Indemnitee" shall refer to the Person or Persons indemnified, or entitled, or claiming to be entitled, to be indemnified, pursuant to the provisions of Section 9.2 or 9.3, as the case may be; the term "Indemnitor" shall refer to the Person having the obligation to indemnify pursuant to such provisions; and "Losses" shall refer to Louisiana-Pacific Losses or Buyer Losses, as the case may be.

(b) Within a reasonable time following the determination thereof, an Indemnitee shall give the Indemnitor notice of any matter which an Indemnitee has determined has given or could give rise to a right of indemnification under this Agreement (regardless of whether a claim for indemnification otherwise would be prohibited by subsection 9.5(a)), stating the amount of the Loss, if known, and method of computation thereof, all with reasonable particularity and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises. The obligations and Liabilities of an Indemnitor under this Article IX with respect to Losses arising from claims of any third Person that are subject to the indemnification provided for in this Article IX ("Third Party Claims") shall be governed by and contingent upon the following additional terms and conditions: If an Indemnitee shall receive notice of any Third Party Claim, the Indemnitee shall promptly give the Indemnitor notice of such Third Party Claim. Such notice shall be given and the Indemnitor shall have the right to defend such Third Party Claim (as set forth below) even if indemnification of the Indemnitee with respect thereto otherwise would be prohibited by subsection 9.5(a). If the Indemnitor acknowledges in writing its obligation to indemnify the Indemnitee hereunder against any Losses that may result from such Third Party Claims (subject to the limitations set forth herein), then the Indemnitor shall be entitled, at its option, to assume and control the defense of such Third Party Claim at its expense and through counsel of its reasonable choice if it gives notice to the Indemnitee within 60 calendar days of the receipt of notice of such Third Party Claim from the Indemnitee of its intention to do so. In the event the Indemnitor exercises its right to undertake the defense against any such Third Party Claim as provided above, the Indemnitee shall cooperate with the Indemnitor in such defense and make available to the Indemnitor, at the Indemnitor's expense, all witnesses, pertinent records, materials and information in its possession or under its control relating thereto as is reasonably required by the Indemnitor. Similarly, in the event the Indemnitee is, directly or indirectly, conducting the defense against any such Third Party Claim, the Indemnitor shall cooperate with the Indemnitee in such defense and make available to it all such witnesses, records, materials and information in its possession or under its control relating thereto as is reasonably required by the Indemnitee. No such Third Party Claim, except the settlement thereof which involves the payment of money only (by a party or parties other than the Indemnitee) and for which the Indemnitee is released by the third party claimant and is totally indemnified by the Indemnitor, may be settled by the Indemnitor without the written consent of the Indemnitee. No Third Party Claim that is being defended in good faith by the Indemnitor shall be settled by the Indemnitee without the written consent of the Indemnitor.



#### 9.5 LIMITATIONS ON INDEMNIFICATION.

(a) No claim or claims may be made against an Indemnitor for indemnification pursuant to either subsection 9.2(a) or subsection 9.3(a), as the case may be, unless the Losses of the Indemnitees with respect to such clauses shall exceed \$1,000,000 in the aggregate (the "Deductible"), in which case the Indemnitor shall be obligated to the Indemnitee only for the amount of the Loss in excess of the Deductible.

(b) In addition to the provisions and limitations as provided in (i) Section 9.1 with respect to the period of survival of representations and warranties and (ii) subsection 9.5(a) with respect to dollar amounts of Losses for which indemnification for breaches of representations and warranties is not available, no Indemnitor shall be liable for any Louisiana-Pacific Loss or Buyer Loss, as the case may be, to the extent such Louisiana-Pacific Losses (in the aggregate) or Buyer Losses (in the aggregate) relate to breaches of representations and warranties contained in Article IV or Article V, as the case may be, and exceed an amount equal to \$25,000,000 in excess of the Deductible (in addition to amounts available separately for environmental indemnification under the Environmental Agreement).

(c) In addition, the Liability of any Indemnitor with respect to any Losses shall be determined on a basis that is net of the amount of any such Losses covered by insurance. Without limiting the generality of the foregoing, any claim made by Buyer arising out of or resulting from an alleged breach of any representation or warranty of Louisiana-Pacific, LPS Corporation or Redwood, LLC set forth in Section 4.8 shall be tendered first to the Title Company for recovery of any Buyer Losses.

(d) Notwithstanding any provision of this Agreement to the contrary, all claims for indemnification hereunder or otherwise by Buyer with respect to Buyer Losses arising out of or resulting from (i) the application of, or compliance with, any Environmental Law or Environmental Permit or (ii) the presence or Releases of any Hazardous Material in the fixtures, soils, groundwater, surface water or air, or on under or about, or emanating from, any of the properties or assets of Louisiana-Pacific, LPS Corporation or Redwood, LLC, shall be exclusively governed by the terms of the Environmental Agreement.

9.6 WAIVER AND RELEASE. Except as provided in this Agreement or in the Environmental Agreement, Buyer, on behalf of itself and any Buyer Indemnified Party, hereby forever waives, relieves, releases and discharges the Louisiana-Pacific Indemnified Parties and their successors and assigns from any and all rights, Liabilities, Actions (including future Actions) and Buyer Losses, whether known or unknown at the Closing Date, which any Buyer Indemnified Party has or incurs, or may in the future have or incur, arising out of or related to (a) the physical, environmental, economic or legal condition of the properties and assets currently or formerly used in the Business or operated, owned, leased, controlled, possessed, occupied or maintained by LPS Corporation, Redwood, LLC or Louisiana-Pacific and related to the Business or (b) any Assumed Liability; provided, that such waiver and release shall not apply with respect to acts or omissions of the Louisiana-Pacific Indemnified Parties after the Closing Date.

ARTICLE X  
TAX MATTERS

10.1 ALLOCATION OF PURCHASE PRICE. For income tax purposes, the parties shall allocate the Purchase Price among the Mendocino-Sonoma-Riverside Assets in accordance with Schedule 10.1. For income tax purposes, the parties shall treat the Note as the consideration for the Note Assets. The parties shall complete IRS Form 8594 consistent with the foregoing allocations and shall furnish each other with a copy of such form prepared in draft form within 60 days prior to the filing due date for such form. Within 60 days after the Closing Date, Redwood, LLC shall submit to Buyer detailed allocation schedules that are in all respects consistent with Schedule 10.1. No party shall file any Tax Return or take a position with any Governmental Body that is inconsistent with the foregoing allocations, unless Buyer has received an opinion of counsel (copy to Louisiana-Pacific) concluding that there is no reasonable basis for such position.

10.2 CERTAIN TAXES.

(a) Except to the extent reflected in the adjustment to the Purchase Price pursuant to subsection 2.6(d), all real property Taxes, personal property Taxes and similar ad valorem obligations that are due or become due without acceleration with respect to the Purchased Assets or the Business for tax periods within which the Closing Date occurs (collectively, the "Apportioned Obligations") shall be apportioned between Redwood, LLC and Buyer as of the Closing Date based on the number of days in any such period falling on or before the Closing Date, on the one hand, and after the Closing Date, on the other hand (it being understood that Buyer is responsible for the portion of each such Apportioned Obligation attributable to the number of days after the Closing Date in the relevant tax period, which is July 1 through June 30). Each party shall cooperate in assuring that Apportioned Obligations that are due and payable on or prior to the Closing Date are billed directly to and paid by Redwood, LLC, and that Apportioned Obligations that are due and payable after the Closing Date shall be billed directly to and paid by Buyer. In the event that any refund, rebate or similar payment is received by Buyer or Redwood, LLC for any real property Taxes, personal property Taxes or similar ad valorem obligations that are Apportioned Obligations and which payment pertains to the tax period in which the Closing Date falls, such payment shall be apportioned between Redwood, LLC and Buyer on the basis of each party's respective ownership of the taxed asset during the applicable tax period. In the event that it is determined subsequent to the Closing Date that additional real property Taxes, personal property Taxes or similar ad valorem obligations that are Apportioned Obligations are required to be paid for the applicable tax period in which the Closing Date falls, such additional taxes will be apportioned between Redwood, LLC and Buyer on the basis of each party's respective ownership of the taxed asset during the applicable tax period.

(b) Louisiana-Pacific shall indemnify and hold harmless Buyer from and against any Taxes imposed upon Buyer solely as a result of its being a transferee of the Business or the Purchased Assets and only to the extent that such Taxes are attributable to a period before the Closing Date.

(c) Notwithstanding any other provision contained in this Agreement (including Section 9.5), any obligation arising out of this Section 10.2 shall survive until expiration of the applicable statute of limitations for any such Tax obligations.

10.3 BUYER'S COOPERATION IN A SECTION 1031 EXCHANGE. If so requested by Louisiana-Pacific or Redwood, LLC, Buyer agrees to cooperate with Louisiana-Pacific and Redwood, LLC in any manner reasonably necessary to complete an exchange under Section 1031 of the Code and any state and local counterpart provision with respect to the Purchased Assets at no additional cost or liability to Buyer.

ARTICLE XI  
EMPLOYEES AND EMPLOYEE BENEFIT PLANS

11.1 EMPLOYMENT. Within 10 days prior to the Closing Date, to be effective as of the Closing Date, Buyer shall offer to employ, or to cause Buyer's Affiliates to offer to employ, all of the Business Employees, each at a rate of compensation not less than the annual base salary rate (if salaried) or current hourly compensation rate (if hourly) set forth on Disclosure Schedule Section 4.11, within 50 miles of such Business Employee's principal place of employment with Louisiana-Pacific immediately prior to the Closing Date, and with no substantial reduction in the responsibilities or duties that applied to such Business Employee in his or her position at Louisiana-Pacific immediately prior to the Closing Date. The Buyer's offer of employment to each Business Employee in accordance with this Section 11.1 may be conditioned upon such Business Employee's passing a drug test administered in compliance with applicable law and upon such Business Employee being actively employed by Louisiana-Pacific or its Affiliates on the Closing Date (i.e., being actively at work or on vacation or excused absence for a period not expected by Louisiana-Pacific to be of long duration; provided that such leave does not expire later than 30 days after the Closing Date or such longer period required by law). Buyer shall, and shall cause Buyer's Affiliates to, count the service recognized by Louisiana-Pacific of each Business Employee as reflected on Disclosure Schedule Section 4.11, under Buyer's and Buyer's Affiliates' vacation policies and welfare benefit plans applicable to such Business Employee. In addition, Buyer shall, and shall cause Buyer's Affiliates to, count such service in determining each Business Employee's eligibility to participate in, each Business Employee's vested percentage in, and each Business Employee's eligibility for retirement subsidies under, each of Buyer's and Buyer's Affiliates' employee benefit plans (as defined in Section 3(3) of ERISA) applicable to such Business Employee.

11.2 EMPLOYEE TRANSITION ADMINISTRATION. Within 21 days following the date of this Agreement, Louisiana-Pacific shall provide to Buyer all employee data reasonably necessary to allow Buyer to establish payroll and other employee benefit systems in advance of its hiring of any Business Employees pursuant to this Agreement. In addition, Louisiana-Pacific and Buyer shall each make its appropriate employees and reasonable information available to the other at such reasonable times prior to and after the Closing Date as may be necessary for the proper administration by the other of any and all matters relating to employee benefits and worker's compensation claims affecting their employees. After the Agreement Date and before the Closing Date, Louisiana-Pacific shall provide Buyer with reasonable access to the Business Employees; provided that (i) such access shall not interfere with Louisiana-Pacific's business operations, (ii) all communications to Business Employees by Buyer shall be subject to Louisiana-Pacific's advance approval, (iii) Louisiana-Pacific shall have the right to designate a

representative(s) to be present at any meeting between Buyer and any Business Employee, and (iv) Buyer shall comply with all applicable employment and other laws in connection with interviews, discussions and hiring practices.

11.3 VACATION. Buyer shall grant to each of the Business Employees hired by Buyer pursuant to this Agreement vacation days or hours determined under the Louisiana-Pacific vacation program applicable to each such employee as of the Closing Date and reflected on Disclosure Schedule Section 4.11. The vacation days or hours granted by Buyer hereunder shall be provided under a program no more restrictive than the vacation policy of Louisiana-Pacific in effect on the Agreement Date.

11.4 VESTING. Louisiana-Pacific shall cause its Employee Stock Ownership Trusts to recognize each Business Employee to be fully vested in his or her account balance in such Plan as of Closing.

11.5 CROSS-INDEMNITY FOR CERTAIN WORKERS COMPENSATION CLAIMS. Notwithstanding anything to the contrary in this Agreement, except for breaches of representations and warranties under Article IV, the rights and obligations of Louisiana-Pacific and Buyer, as between each other, with respect to claims by Business Employees who accept Buyer's offer of employment ("Hired Employees") based on occupational injury, illness or death, before and/or after the Closing Date ("Workers' Compensation Claims") shall be governed by this Section 11.5 and not the general indemnification provisions of Article IX. As between themselves, without conferring any benefit on third Persons: (i) Louisiana-Pacific shall indemnify, defend, and hold Buyer harmless against any Workers' Compensation Claims that are incurred by Hired Employees prior to the Closing Date or that relate to injuries incurred by Hired Employees prior to the Closing Date; (ii) Buyer shall indemnify, defend, and hold Louisiana-Pacific harmless against any Workers' Compensation Claims that are incurred by Hired Employees on or after the Closing Date or that relate to injuries incurred by Hired Employees on or after the Closing Date; and (iii) notwithstanding clauses (i) and (ii): with respect to any Workers' Compensation Claims that arise out of continuing work place exposures both before and after the Closing Date (a) the respective liabilities of Louisiana-Pacific and Buyer shall be apportioned in accordance with the clear and convincing evidence that such Workers' Compensation Claim was caused before and after Closing Date, respectively, and (b) to the extent that there is not clear and convincing evidence to apportion the respective liabilities of Louisiana-Pacific and Buyer to periods before and after the Closing Date in accordance with clause (a): (I) Louisiana-Pacific shall indemnify, defend and hold Buyer harmless against Louisiana-Pacific's Formula Percentage (as defined below) of such Workers' Compensation Claims and (II) Buyer shall indemnify, defend and hold Louisiana-Pacific harmless against Buyer's Formula Percentage of such Workers' Compensation Claims. As used in this Section 11.5, "Formula Percentage" means a percentage calculated for any Workers' Compensation Claim by dividing the number of years (rounded to the nearest whole year) of employment in the "relevant activity" (as hereinafter defined) by the claimant with the indemnitor under this Section 11.5 by the total number of years (rounded to the nearest whole year) of employment in the "relevant activity" by the claimant with both Buyer and Louisiana-Pacific. As used in this Section 11.5, the term "relevant activity" means the activity that caused the occupational injury, illness or death upon which the Workers' Compensation Claim is based. Louisiana-Pacific and Buyer hereby mutually waive as to each other all rights of subrogation based on payments to

workers hereunder and all rights of employer immunity or limitation of liability based on federal, state or local laws.

ARTICLE XII  
TERMINATION

12.1 TERMINATION. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of Buyer and Louisiana-Pacific; or

(b) by either Buyer or Louisiana-Pacific, if the Closing shall not have occurred by July 15, 1998 (the "Deadline Date") (provided that the Deadline Date shall be extended to August 15, 1998 if either of the conditions set forth in Sections 7.3 or 7.4 shall not have been satisfied by July 15, 1998); provided, however, that the right to terminate this Agreement pursuant to this subsection shall not be available to any party or parties whose failure to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur prior to such date; or

(c) by Buyer, pursuant to Sections 7.5 or 6.11, or upon the breach of any of the representations and warranties of Louisiana-Pacific contained herein or in the Environmental Agreement or the failure by Louisiana-Pacific to perform and comply with any of the agreements and obligations required by this Agreement or the Environmental Agreement to be performed or complied with by Louisiana-Pacific, provided that such breach or failure is reasonably likely to result in a Material Adverse Effect and is not cured within 20 days of Louisiana-Pacific's receipt of a written notice from Buyer that such a breach or failure has occurred; or

(d) by Louisiana-Pacific, upon the breach in any material respect of any of the representations and warranties of Buyer contained herein or upon the breach in any material respect of any of the representations of Simpson contained in the Simpson Purchase Agreement, or the failure by Buyer to perform and comply in any material respect with any of the agreements and obligations required by this Agreement or the Environmental Agreement to be performed or complied with by Buyer, or the failure of Simpson to perform and comply in any material respect with any of the agreements and obligations required by the Simpson Purchase Agreement to be performed or complied with by Simpson, provided that any such breach or failure is not cured within 20 days of Buyer's or Simpson's, as the case may be, receipt of a written notice from Louisiana-Pacific that such a breach or failure has occurred.

12.2 WRITTEN NOTICE. In order to terminate this Agreement pursuant to Section 12.1, the party so acting shall give written notice of such termination to the other party, specifying the grounds thereof.

12.3 EFFECT OF TERMINATION. In the event of the termination of this Agreement in accordance with Section 12.1, this Agreement (other than Sections 2.8, 6.9 and 13.1, which shall survive the termination hereof) shall become void and have no effect, with no liability on the part of any party or its Affiliates, directors, officers, employees, shareholders or agents in respect thereof. The Confidentiality Agreement shall continue in full force and effect notwithstanding the termination of this Agreement for any reason.

12.4 CURE RIGHT. Notwithstanding anything to the contrary contained in this Agreement, in the event of any breach of Louisiana-Pacific's, LPS Corporation's or Redwood, LLC's representations, warranties or covenants (set forth herein or in any Ancillary Agreement) or in the event of any notice of termination given pursuant to Sections 7.5 or 6.11 prior to the Closing, Louisiana-Pacific, at its sole discretion, shall have 20 days to cure such breach or agree in writing to reimburse Buyer for any actual and reasonable costs associated with such breach or matters resulting in such termination notice; promptly payable at the time such costs are incurred; if Louisiana-Pacific does so cure or offer to reimburse Buyer, Buyer shall have no rights to terminate this Agreement or have any further claims against Louisiana-Pacific or its Affiliates with respect to such breach or matters resulting in such termination notice. In such events, Buyer shall have the right to delay the Closing up to 30 days from the date of such cure or agreement to reimburse.

ARTICLE XIII  
GENERAL PROVISIONS

13.1 EXPENSES, TAXES, ETC. Except as otherwise provided herein, each party will pay all fees and expenses incurred by it in connection with this Agreement and the transactions contemplated hereby; provided, however, that all sales, use, documentary, stamp and excise Taxes and all transfer, filing, escrow, notary, title insurance premiums and endorsements, recordation and similar Taxes and fees (including all real estate transfer Taxes and conveyance and recording fees, if any) incurred in connection with this Agreement and the transactions contemplated hereby will be borne 50% by Buyer and 50% by Redwood, LLC; provided further that all such fees and expenses incurred by Louisiana-Pacific or LPS Corporation in connection with the transfer of assets to Redwood, LLC prior to the Agreement Date shall be borne solely by Louisiana-Pacific or LPS Corporation, and any Tax refunds in respect of such transfers shall inure solely to the benefit of Louisiana-Pacific or LPS Corporation.

13.2 NOTICES. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or mailed if delivered personally or mailed by registered or certified mail (postage prepaid, return receipt requested), or sent by facsimile transmission, (confirmation received) to the parties at the following addresses and facsimile transmission numbers (or at such other address or number for a party as shall be specified by like notice), except that notices after the giving of which there is a designated period within which to perform an act and notices of changes of address or number shall be effective only upon receipt:

- (a) if to Louisiana-Pacific, Redwood, LLC or LPS Corporation:

111 S.W. Fifth Avenue  
U.S. Bancorp Tower  
Portland, Oregon 97204  
Attention: Mark A. Suwyn  
Facsimile No.: (503) 796-0322  
Telephone No.: (503) 221-0800

with a copy to:

Louisiana-Pacific Corporation  
111 S.W. Fifth Avenue  
U.S. Bancorp Tower  
Portland, Oregon 97204  
Attention: Office of General Counsel  
Facsimile No.: (503) 796-0105  
Telephone No.: (503) 796-0302

and an additional copy to:

Orrick, Herrington & Sutcliffe LLP  
Old Federal Reserve Bank Building  
400 Sansome Street  
San Francisco, California 94111  
Attention: Richard D. Harroch, Esq.  
                  Lowell D. Ness, Esq.  
Facsimile No.: (415) 773-5759  
Telephone No.: (415) 392-1122

(b) if to Buyer:

Sansome Forest Partners, L.P.  
One Maritime Plaza, Suite 1300  
San Francisco, CA 94111  
Attention: Alexander Dean  
Facsimile No.: (415) 288-0549  
Telephone No.: (415) 392-3600

with a copy to:

Alzheimer & Gray  
10 South Wacker Drive  
Chicago, Illinois 60606  
Attention: Phillip Gordon  
Facsimile No.: (312) 715-4800  
Telephone No.: (312) 715-4010

13.3 DISCLOSURE SCHEDULE. The Disclosure Schedule shall be divided into sections corresponding to the sections and subsections of this Agreement. Disclosure of any fact or item in any section of the Disclosure Schedule shall, should the existence of the fact or item or its contents be relevant to any other section of the Disclosure Schedule, be deemed to be disclosed with respect to that other section or subsection of the Disclosure Schedule whether or not any explicit cross-reference appears therein. Disclosure of any matter in the Disclosure Schedule shall not be deemed to imply that such matter is or is not material. Disclosure of any matter in the Disclosure Schedule shall not constitute an admission or raise any inference that such matter constitutes a violation of law or an admission of Liability or facts supporting Liability.

#### 13.4 INTERPRETATION.

(a) When a reference is made in this Agreement to Sections, subsections, Schedules or Exhibits, such reference shall be to a Section, subsection, Schedule or Exhibit to this Agreement unless otherwise indicated. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." The table of contents and the headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "herein" and "hereby" and similar references mean, except where a specific Section or Article reference is expressly indicated, the entire Agreement rather than any specific Section or Article. Except as otherwise expressly provided herein, all monetary amounts referenced in this Agreement shall mean U.S. dollars.

(b) Any references in this Agreement to the "best knowledge" or "knowledge" of Louisiana-Pacific or to matters "known" to Louisiana-Pacific, shall mean the actual knowledge without inquiry or investigation (other than reviewing this Agreement) of only the Persons listed on Schedule 13.4(b)-1. Any references in this Agreement to the "best knowledge" or "knowledge" of Buyer shall mean the actual knowledge without inquiry or investigation (other than reviewing this Agreement) of only the Persons listed on Schedule 13.4(b)-2. Anything herein to the contrary notwithstanding, no Person listed on any of such schedules shall have any personal Liability with respect to any of the matters set forth in this Agreement or any representation or warranty herein being or becoming untrue, inaccurate or incomplete.

13.5 SEVERABILITY. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the greatest extent possible.

13.6 ASSIGNMENT. Between the Agreement Date and the Closing Date, no party hereto shall assign this Agreement by operation of law or otherwise without the prior written consent of the other parties hereto unless the assignor, together with the assignee (subject to the last proviso that starts "provided, however," in the following sentence), remains liable hereunder. The sale of more than 50% of the stock or ownership interest in Buyer shall constitute an assignment of this Agreement for purposes of this Section; provided, that Buyer may assign any or all of its rights and obligations, before or immediately, prior to the Closing to three newly formed limited liability companies that are wholly owned by Buyer, so long as the three new entities formed to hold the assets, liabilities and contracts designated by Louisiana-Pacific as the distribution business assets, liabilities and contracts (the "Distribution Business LLC"), the timber business assets, liabilities and contracts (the "Timber Business LLC") and the wood treatment business assets, liabilities and contracts (the "Wood Treatment Assets") (the "Wood Treatment Business LLC") on the list delivered pursuant to Section 6.13 shall agree to be jointly and severally liable in a manner reasonably satisfactory to Louisiana-Pacific for the obligations of Buyer hereunder; provided, however, that the total aggregate combined liability of



Buyer, the Distribution Business LLC and the Timber Business LLC arising from or relating to the Wood Treatment Assets or the Wood Treatment Business LLC and any liabilities, obligations and costs related thereto shall not exceed \$10,000,000. Any attempted assignment in violation of this Section shall be deemed null and void.

13.7 NO THIRD-PARTY BENEFICIARIES. This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein expressed or implied shall give or be construed to give to any Person, other than the parties hereto and such assigns, any legal or equitable rights hereunder.

13.8 AMENDMENT. This Agreement may not be amended or modified except by an instrument in writing signed by all of the parties hereto.

13.9 NO OTHER REMEDIES.

(a) Any and all remedies herein expressly conferred upon a party hereby are deemed exclusive of any other remedy conferred hereby or by law or equity on such party; provided, however, that any party hereto shall have the right to seek specific performance of the obligations of another party hereto under this Agreement if all of the conditions to the obligations of such party seeking specific performance set forth in Article VII or Article VIII, as the case may be, have been satisfied. In particular, except as provided in Sections 2.8, 6.5 and 11.5, the remedies provided by Article IX for Losses shall be exclusive of any other rights or remedies available to a party against the other party, either at law or in equity, in relation to any breach, default or nonperformance of any representation, warranty, covenant, agreement or undertaking made or entered into by such other party pursuant to this Agreement, any agreement executed pursuant to this Agreement or the transactions contemplated hereby. Notwithstanding any provision hereof or of the Ancillary Agreements, no party hereto shall be liable hereunder or under the Ancillary Agreements to any Buyer Indemnified Party or Louisiana-Pacific Indemnified Party for any incidental or consequential damages, or loss of profits, or opportunities, or any exemplary or punitive damages, regardless of the circumstances from which such damages arose.

(b) No Action for termination or rescission, or claiming repudiation, of this Agreement or any agreement executed pursuant to this Agreement may be brought or maintained by any party against another party following the Closing Date no matter how severe, grave or fundamental any such breach, default or nonperformance may be by one party, except in the event of actual fraud in a material respect. Accordingly, the parties hereby expressly waive and forego any and all rights they may possess to bring any such Action.

(c) With regard to Section 2.8, Section 9.6, this Section 13.9 and Section 13.13, each party hereto acknowledges that it has read and is familiar with, and hereby waives the benefit of, the provisions of California Civil Code Section 1542, which is set forth below:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

13.10 FURTHER ASSURANCES. Each party agrees to cooperate fully with the other parties and to execute such further instruments, documents and agreements and to give such further written assurances as may be reasonably requested by any other party to evidence and reflect the transactions described herein and contemplated hereby and to carry into effect the intents and purposes of this Agreement.

13.11 MUTUAL DRAFTING. This Agreement is the product of the parties hereto and each provision hereof has been subject to the mutual consultation, negotiation and agreement of the parties hereto and shall not be construed for or against any party hereto.

13.12 GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California (without giving effect to its choice of law principles).

13.13 JURISDICTION; WAIVER OF JURY TRIAL. Subject to the arbitration provisions set forth in Schedule 2.6(d), the parties hereby irrevocably and unconditionally consent to submit to the exclusive jurisdiction of the courts of the State of California and of the United States of America located in San Francisco, California for any action, suit or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby (and the parties shall not commence any action, suit or proceeding relating thereto except in such courts), and further agree that service of any process, summons, notice or document by registered mail shall be effective service of process for any action, suit or proceeding in any such court. The parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby, in the courts of the State of California or the United States of America located in San Francisco, California, and hereby further irrevocably and unconditionally waive and agree not to plead or to claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. The parties hereby further irrevocably and unconditionally waive any right to a jury trial in any such court.

13.14 INTEREST. At such time as it shall have been conclusively determined that one party owes a sum certain of money to another party hereunder (other than pursuant to Sections 9.2 or 9.3), the obligated party shall pay interest on the amount due from the date determined due until the date paid, at a floating rate equal to the prime rate of Bank of America, NT & SA, as publicly announced and in force from time to time.

13.15 COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same instrument.

13.16 ENTIRE AGREEMENT. This Agreement, together with all schedules and exhibits hereto and the Disclosure Schedule, the documents and instruments and other agreements among the parties delivered at the Closing pursuant to Article III, including the Ancillary Agreements, and the Data Processing Transfer and Services Agreement, constitute the entire agreement and supersede all prior agreements and undertakings, both written and oral (including, in particular, the Confidential Information Memorandum prepared by SBC Warburg Dillon Read Inc. which has been superseded by Buyer's subsequent due diligence), other than

the Confidentiality Agreement, with respect to the subject matter hereof and are not intended to confer upon any other Person any rights or remedies hereunder, except as otherwise expressly provided herein.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

LOUISIANA-PACIFIC CORPORATION,  
a Delaware corporation

By: /s/ Curtis M. Stevens  
Name: Curtis M. Stevens  
Title: Vice President, Treasurer  
and Chief Financial Officer

LPS CORPORATION,  
a Delaware corporation

By: /s/ Curtis M. Stevens  
Name: Curtis M. Stevens  
Title: Treasurer

L-P REDWOOD, LLC,  
a Delaware limited liability company

By: /s/ Curtis M. Stevens  
Name: Curtis M. Stevens  
Title: Treasurer

SANSOME FOREST PARTNERS, L.P.,  
a Delaware limited partnership

By: SD GENPAR, INC.,  
a California corporation, its  
general partner

By: /s/ Alexander L. Dean, Jr.  
Name: Alexander L. Dean, Jr.  
Title: President

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BYLAWS OF  
LOUISIANA-PACIFIC CORPORATION

ARTICLE I. STOCKHOLDERS' MEETINGS

Section 1. Annual Meeting. The annual meeting of the stockholders shall be held on the first Friday in the month of May in each year at 10:30 a.m. or at such other time or date in April or May of each year as shall be fixed by the Board of Directors, for the election of directors and the transaction of such other business as may properly come before the meeting. If the date fixed for the annual meeting shall be a legal holiday in the place of the meeting, the meeting shall be held on the next succeeding business day.

Section 2. Special Meetings. Special meetings of the stockholders for any proper purposes, unless otherwise provided by the law of Delaware, may be called by the Chairman or pursuant to resolution of the Board of Directors and shall be called by the Chairman at the request in writing of a majority of the directors. Business transacted at a special meeting of stockholders shall be confined to the purpose or purposes of the meeting as stated in the notice of the meeting.

Section 3. Place of Meetings. Meetings of the stockholders may be held at such places, within or without the State of Delaware, as the Board of Directors or the officer calling the same shall specify in the notice of such meeting.

Section 4. Notice of Meeting. Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall, unless otherwise prescribed by statute, be given not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the Chairman, the President, the Secretary, or other persons calling the meeting, to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation. When a meeting is adjourned to another time or place, notice of the adjourned meeting need not be given provided that the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, the adjournment is for no more than thirty days, and after the adjournment no new record date is fixed for the adjourned meeting. Notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting if all the conditions of the proviso in the preceding sentence are not met. At an adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting.

Section 5. Quorum. A majority of the outstanding shares of the Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a

meeting of stockholders except as otherwise provided by statute or in the Certificate of Incorporation. If less than a majority of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The stockholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 6. Organization. At each meeting of the stockholders the Chairman, or in his absence or inability to act, the President, or in the absence or inability to act of the Chairman and the President, a Vice President, or in the absence of all the foregoing, any person chosen by a majority of those stockholders present shall act as chairman of the meeting. The Secretary, or, in his absence or inability to act, the Assistant Secretary or any person appointed by the chairman of the meeting, shall act as secretary of the meeting and keep the minutes thereof.

Section 7. Conduct of Business. The Board of Directors shall have authority to determine from time to time the procedures governing, and the rules of conduct applicable to, annual and special meetings of the stockholders. Except as otherwise determined by the Board of Directors prior to the meeting, the chairman of any stockholders meeting shall determine the order of business and shall have authority in his discretion to adjourn such meeting and to determine the procedures governing such meeting and to regulate the conduct thereat, including, without limitation, imposing restrictions on the persons (other than stockholders of the Corporation or their duly appointed proxies) who may attend any such stockholders meeting, determining whether any stockholder or any proxy may be excluded from any stockholders meeting based upon any determination by the chairman in his sole discretion that any such person has unduly disrupted or is likely to disrupt the proceedings thereat and specifying the circumstances in which any person may make a statement or ask questions at any stockholders meetings.

Section 8. Voting. Except as otherwise provided by statute, the Certificate of Incorporation, or any certificate duly filed pursuant to Section 151 of the Delaware General Corporation Law, each stockholder shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders for each share of capital stock held of record by him on the date fixed by the Board of Directors as the record date for the determination of the stockholders who shall be entitled to notice of and to vote at such meeting; or if such record date shall not have been so fixed, then at the close of business on the day next preceding the day on which notice thereof shall be given. Except as otherwise provided by statute, these Bylaws, or the Certificate of Incorporation, any corporate action to be taken by vote of the stockholders shall be authorized by a majority of the total votes, or when stockholders are required to vote by class by a majority of the votes of the appropriate class, cast at a meeting of stockholders by the holders of shares present in person or represented by proxy and

entitled to vote on such action. Unless required by statute, or determined by the chairman of the meeting to be advisable, the vote on any question need not be by written ballot and may be by such other means as the chairman deems advisable under the circumstances. On a vote by written ballot, each ballot shall be signed by the stockholder voting, or by his proxy, if there be such proxy, and shall state the number of shares voted.

Section 9. Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for him by a proxy signed by such stockholder or his attorney-in-fact. No proxy shall be valid after the expiration of three years from the date thereof, unless otherwise provided in the proxy.

Section 10. List of Stockholders. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 11. Inspectors. The Board of Directors may, in advance of any meeting of stockholders, appoint one or more inspectors to act at such meeting or any adjournment thereof. If the inspectors shall not be so appointed or if any of them shall fail to appear or act, the chairman of the meeting may appoint inspectors. The inspectors shall determine the number of shares outstanding and the voting power of each, the number of shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes or ballots, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes or ballots, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the chairman of the meeting or any stockholder entitled to vote thereat, the inspectors shall make a report in writing of any challenge, request or matter determined by them and shall execute a certificate of any fact found by them. No director or candidate for the office of director shall act as inspector of an election of directors. Inspectors need not be stockholders.

Section 12. Denial of Action by Consent of Stockholders. No action required to be taken or which may be taken at any annual or special meeting of the stockholders of the Corporation may be taken without a meeting, and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.



Section 13. Nominations for Director. Nominations for election to the Board of Directors may be made by the Board of Directors or by any stockholder of record entitled to vote for the election of directors. Any stockholder entitled to vote for the election of directors may nominate at a meeting persons for election as directors only if written notice of such stockholder's intent to make such nomination is given, either by personal delivery or by certified mail, postage prepaid, addressed to the Chairman at the Corporation's executive offices not later than (i) with respect to an election to be held at an annual meeting of stockholders, 60 days prior to the date of such meeting (provided that if such annual meeting of stockholders is held on a date other than the first Friday in May, such written notice must be given within 10 days after the first public disclosure of the date of the annual meeting, including, without limitation, disclosure of the meeting date set forth in any document or exhibit thereto filed by the Corporation with the Securities and Exchange Commission), and (ii) with respect to an election to be held at a special meeting of stockholders for the election of directors, the close of business on the seventh day following the date on which notice of such meeting is first given to stockholders. Each such notice shall set forth: (a) the name and address, as they appear on the Corporation's stock ledger, of the stockholder who intends to make the nomination and the name and address of each person to be nominated; (b) a representation that such stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear at the meeting in person or by proxy to nominate the person or persons specified in the notice as directors; (c) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or person (naming such person or persons) pursuant to which the nomination or nominations are to be made by such stockholder; (d) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission were such nominee to be nominated by the Board of Directors; and (e) the consent of each proposed nominee to serve as a director of the Corporation if so elected. The chairman of any meeting of stockholders to elect directors may refuse to permit the nomination of any person to be made without compliance with the foregoing procedure.

Section 14. Notice of Stockholder Business. At any annual meeting of the stockholders held after May 6, 1988, only such business shall be conducted as shall have been brought before the meeting (a) by or at the direction of the Board of Directors or (b) by any stockholder of record of the Corporation who complies with the notice procedures set forth in this Section 14. For business to be properly brought before an annual meeting by any such stockholder, the stockholder must give written notice thereof to the Chairman, either by personal delivery or by certified mail, postage prepaid, addressed to the Chairman at the Corporation's executive offices not less than 60 nor more than 90 days in advance of such meeting (provided that if such annual meeting of stockholders is held on a date other than the first Friday in May, such written notice must be given within 10 days after the first public disclosure of the date of the annual meeting, including, without limitation, disclosure of the meeting date set forth in

any document or exhibit thereto filed by the Corporation with the Securities and Exchange Commission). Each such notice shall set forth as to each matter the stockholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address as they appear on the Corporation's stock ledger, of the stockholder proposing such business, (c) a representation that such stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear at the meeting in person or by proxy to propose such business, and (d) any material interest of such stockholder in the proposed business. The chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that any such business was not properly brought before the meeting and in accordance with the provisions of this Section 14, and if he should so determine, he shall so declare to the meeting and such business not properly brought before the meeting shall not be transacted.

## ARTICLE II. BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors.

Section 2. Number, Classification, Election and Qualification. The number of directors of the Corporation shall be ten, but, by vote of a majority of the entire Board of Directors or amendment of these Bylaws, the number thereof may be increased or decreased to such greater or lesser number (not less than three) as may be so provided. At the first election of directors by the stockholders, the directors shall be divided into three classes; the term of office of those of the first class to expire at the first annual meeting thereafter; of the second class at the second annual meeting thereafter; and of the third class at the third annual meeting thereafter. At each annual election held after such classification and election, directors shall be elected to succeed those whose terms expire, each such newly elected director to hold office for a term of three years and until his successor is elected or until his death, resignation, retirement or removal. Except as otherwise provided by statute or these Bylaws, directors shall be elected at the annual meeting of the stockholders, and the persons receiving a plurality of the votes cast at such election shall be elected, provided that a quorum is present at the meeting. Directors need not be stockholders.

Section 3. Place of Meetings. Meetings of the Board of Directors may be held at such place, within or without the State of Delaware, as the Board of Directors may from time to time determine or as shall be specified in the notice or waiver of notice of such meeting.

Section 4. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of stockholders for the purpose of electing officers and

the transaction of other business. The Board of Directors may provide by resolution the time and place, either within or without the State of Delaware, for holding of additional regular meetings without other notice than such resolution.

Section 5. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman, President or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Delaware, as the place for holding any special meeting of the Board of Directors called by them.

Section 6. Notice. Notice of any special meeting shall be given personally or by telephone to each director at least twenty-four hours before the time at which the meeting is to be held or shall be mailed to each director, postage prepaid, at his residence or business address at least three days before the day on which the meeting is to be held; provided that, in the case of any special meeting to be held by conference telephone or similar communications equipment, notice of such meeting may be given personally or by telephone to each director not less than six hours before the time at which the meeting is to be held. Except as otherwise specifically provided in these Bylaws, neither the business to be transacted at, nor the purpose of any regular or special meeting of the Board of Directors need be specified in the notice of the meeting.

Section 7. Quorum and Manner of Acting. A majority of the entire Board of Directors shall be present in person at any meeting of the Board of Directors in order to constitute a quorum for the transaction of business at such meeting, except that one-third of the entire Board of Directors present in person at a meeting shall constitute a quorum if the Chairman is present at the meeting. Except as otherwise specifically required by statute or the Certificate of Incorporation, the vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum at any meeting of the Board of Directors, a majority of the directors present or, if no director be present, the Secretary may adjourn such meeting to another time and place. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called. Except as provided in Article III of these Bylaws, the directors shall act only as a board of directors and the individual directors shall have no power as such.

Section 8. Organization. At each meeting of the Board of Directors, the Chairman (or, in his absence or inability to act, the President, or in his absence or inability to act, another director chosen by a majority of the directors present) shall act as chairman of the meeting. The Secretary (or, in his absence or inability to act, any person appointed by the chairman) shall act as secretary of the meeting and keep the minutes thereof.

Section 9. Resignations. Any director of the Corporation may resign at any time by giving written notice of his resignation to the Board of Directors or Chairman or the President or the Secretary. Any such resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon its receipt; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 10. Vacancies and Newly Created Directorships. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and any director so chosen shall hold office until the next election of the class for which such director has been chosen and until his successor is elected and qualified, or until his earlier resignation or removal. When one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in this section in the filling of other vacancies.

Section 11. Removal of Directors. All or any number of the directors may be removed at any time, but only for cause and only by the affirmative vote of the holders of at least 75 percent of the outstanding Common Stock of the Corporation at a meeting of the stockholders expressly called for that purpose. A vacancy in the Board of Directors caused by any such removal may be filled by such stockholders at such meeting, or if the stockholders shall fail to fill such vacancy, as in these Bylaws provided.

Section 12. Compensation. The Board of Directors shall have authority to fix the compensation, including fees and reimbursement of expenses, of directors for services to the Corporation in any capacity, provided, no such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 13. Board and Committee Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 14. Board and Committee Telephonic Meetings. A director or a member of a committee designated by the Board of Directors may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at the meeting.

Section 15. Mandatory Retirement Age. The date upon which a director shall retire from service as a director of this Corporation shall be the date of the next annual meeting of stockholders following the date the director attains age 70 and no person who has attained the age of 70 shall become a nominee for election as a director of the Corporation. Any director who, on February 1, 1997, has already attained age 70 shall retire at the end of his or her then current term of office.

#### ARTICLE III. EXECUTIVE AND OTHER COMMITTEES

Section 1. Executive and Other Committees. The Board of Directors may, designate one or more committees, each committee to consist of two or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In addition, in the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the Delaware General Corporation Law to be submitted to stockholders for approval or (ii) adopting, amending or repealing these Bylaws. Each committee shall keep written minutes of its proceedings and shall report such minutes to the Board of Directors when required. All such proceedings shall be subject to revision or alteration by the Board of Directors, provided, however, that third parties shall not be prejudiced by such revision or alteration.

Section 2. General. A majority of any committee may determine its action and establish the time, place and procedure for its meetings, unless the Board of Directors shall otherwise provide. Notice of such meetings shall be given to each member of the committee in the manner provided for in Article II, Section 6 or as the Board of Directors may otherwise provide. The Board of Directors shall have power at any time to fill vacancies in, to change the membership of, or to dissolve any such committee. Nothing herein shall be deemed to prevent the Board of Directors from appointing one or more committees consisting in whole or in part of persons who are not directors of the Corporation; provided, however, that no such committee shall have or may exercise any authority of the Board of Directors.

#### ARTICLE IV. EXCEPTIONS TO NOTICE REQUIREMENTS

Section 1. Waiver of Notice. Whenever notice is required to be given under these Bylaws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice.

Section 2. Unlawful Notice. Whenever notice is required to be given under these Bylaws to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice has been duly given.

#### ARTICLE V. OFFICERS

Section 1. Number, Election and Qualification. The elected officers of the Corporation shall be a Chairman, a President, one or more Vice Presidents (one or more of whom may be designated Executive Vice President or Senior Vice President), a Secretary, and a Treasurer. Such officers shall be elected from time to time by the Board of Directors, each to hold office until the meeting of the Board of Directors following the next annual meeting of the stockholders and until his successor is elected and qualified, or until his earlier resignation or removal. The Board of Directors may from time to time appoint such other officers (including a Chairman of the Executive Committee, a Controller and one or more Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers and Assistant Controllers), and such agents, as may be necessary or desirable for the business of the Corporation. Such other officers and agents shall have such duties as may be prescribed by the Board of Directors and shall hold office during the pleasure of the Board of Directors. Any two or more offices may be held by the same person. From and after the distribution by G-P of the stock it presently holds in the Corporation, no person who is serving as an officer or director of G-P shall concurrently serve as an officer of the Corporation.

Section 2. Resignations. Any officer of the Corporation may resign at any time by giving written notice of his resignation to the Board of Directors, the Chairman, the President or the Secretary. Any such resignation shall take effect at the time specified

therein or, if the time when it shall become effective shall not be specified therein, immediately upon its receipt; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3. Removal. Any officer or agent of the Corporation may be removed either with or without cause, at any time, by the Board of Directors, except that a vote of a majority of the entire Board of Directors shall be necessary for the removal of an elected officer. Such removal shall be without prejudice to the contractual rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 4. Vacancies. A vacancy in any office may be filled for the unexpired portion of the term of the office which shall be vacant, in the manner prescribed in these Bylaws for the regular election or appointment of such office.

Section 5. Chairman. The Chairman shall be the chief executive officer of the Corporation, and shall have general direction over the management of its business, properties and affairs. The Chairman shall preside, when present, at all meetings of the stockholders and of the Board of Directors and, in the absence of the Chairman of the Executive Committee, at all meetings of the Executive Committee. He shall have general power to execute bonds, deeds and contracts in the name of the Corporation and to affix the corporate seal; to sign stock certificates; and to remove or suspend such employees or agents as shall not have been elected or appointed by the Board of Directors. In the absence or disability of the Chairman, his duties shall be performed and his powers shall be exercised by the President.

Section 6. President. The President shall be the chief operating officer of the Corporation and, subject to the direction of the Board of Directors and the Chairman, he shall have general direction over the operations of the Corporation. He shall have general power to execute bonds, deeds and contracts in the name of the Corporation and to affix the corporate seal; and to sign stock certificates.

Section 7. Vice Presidents. The several Vice Presidents shall perform all such duties and services as shall be assigned to or required of them from time to time, by the Board of Directors or the President, respectively, and unless their authority be expressly limited shall act in the order of their election in the place of the President, exercising all his powers and performing his duties, during his absence or disability. The Board of Directors however, may from time to time designate the relative positions of the Vice Presidents of the Corporation and assign to any one or more of them such particular duties as the Board of Directors may think proper.

Section 8. Secretary. The Secretary shall attend to the giving of notice of all meetings of stockholders and of the Board of Directors and shall record all of the proceedings of such meetings in a book to be kept for that purpose. He shall have charge of the corporate seal and have authority to attest any and all instruments or writings to which the same may be affixed. He shall keep and account for all books,

documents, papers and records of the Corporation, except those which are hereinafter directed to be in charge of the Treasurer. He shall have authority to sign stock certificates and shall generally perform all the duties usually appertaining to the office of secretary of a corporation. In the absence of the Secretary, an Assistant Secretary or Secretary pro tempore shall perform his duties.

Section 9. Treasurer. The Treasurer shall have the care and custody of all moneys, funds and securities of the Corporation, and shall deposit or cause to be deposited all funds of the Corporation in and with such depositaries as shall, from time to time, be designated by the Board of Directors or by such officers of the Corporation as may be authorized by the Board of Directors to make such designation. He shall have power to sign stock certificates; to indorse for deposit or collection, or otherwise, all checks, drafts, notes, bills of exchange or other commercial paper payable to the Corporation, and to give proper receipts or discharges therefor. He shall keep all books of account relating to the business of the Corporation, and shall render a statement of the Corporation's financial condition whenever required so to do by the Board of Directors, the chairman or the President. In the absence of the Treasurer, the Board of Directors shall appoint an Assistant Treasurer to perform his duties.

Section 10. Additional Powers and Duties. In addition to the foregoing enumerated duties and powers, the several officers of the Corporation shall perform such other duties and exercise such further powers as may be provided by these Bylaws or as the Board of Directors may from time to time determine or as may be assigned to them by any competent superior officer.

Section 11. Compensation. The compensation of the officers of the Corporation for their services as such officers shall be fixed from time to time by the Board of Directors. An officer of the Corporation shall not be prevented from receiving compensation by reason of the fact that he is also a director of the Corporation, but any such officer who shall also be a director shall not have any vote in the determination of the amount of compensation paid to him.

#### ARTICLE VI. INDEMNIFICATION

Section 1. General. The Corporation shall, to the full extent permitted by Section 145 of the Delaware General Corporation Law, as amended from time to time, indemnify all persons whom it may indemnify pursuant thereto against all expenses (including, without limitation, attorneys' fees), judgments, fines (including excise taxes) and amounts paid in settlement (collectively, "Losses") incurred in connection with any action, suit, or proceeding, whether threatened, pending, or completed (collectively, "Proceedings") to which such person was or is a party or is threatened to be made a party by reason of the fact that such person is or was a director, officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture,



trust, or other enterprise; provided, however, that the Corporation shall indemnify any such person seeking indemnification in connection with a Proceeding initiated by such person only if such Proceeding was authorized by the Board of Directors of the Corporation.

Section 2. Employee Benefit or Welfare Plan Fiduciary Liability. In addition to any indemnification pursuant to Section 1 of this Article, but subject to the express exclusions set forth in Section 3 of this Article, the Corporation shall indemnify any natural person who is or was serving at the direction or request of the Corporation in a fiduciary capacity with respect to an employee benefit or welfare plan covering one or more employees of the Corporation or of an affiliate of the Corporation, or who is or was performing any service or duty on behalf of the Corporation with respect to such a plan, its participants or beneficiaries, against all Losses incurred by such person in connection with any Proceeding arising out of or in any way connected with such service or performance, to the extent such Losses are insurable under applicable law but are not covered by collectible insurance or indemnified pursuant to Section 1 of this Article. This Section is intended to provide a right to indemnification as permitted by Section 145(f) of the Delaware General Corporation Law.

Section 3. Persons Not to be Indemnified Under Section 2. No indemnification shall be made under Section 2 of this Article to any person (other than an employee of the Corporation or of an affiliate of the Corporation) who was or is acting as a lawyer, accountant, actuary, investment adviser or arbitrator with respect to an employee benefit or welfare plan against any expense, judgment, fine or amount paid in settlement incurred by such person in connection with any action, suit or proceeding arising out of or in any way connected with his actions in such capacity. No indemnification shall be made under Section 2 of this Article to any person determined (in the manner prescribed by Section 145(d) of the Delaware General Corporation Law) to have participated in, or to have had actual knowledge of and have failed to take appropriate action with respect to, any violation of any of the responsibilities, obligations or duties imposed upon fiduciaries by the Employee Retirement Income Security Act of 1974 or amendments thereto or by the common or statutory law of the United States of America or any state or jurisdiction therein, knowing such in either case to have been a violation of such responsibilities, obligations or duties.

Section 4. Advances of Expenses. Except as limited by the other provisions of this Section, the Corporation shall pay promptly (and in any event within 60 days of receipt of the written request of the person who may be entitled to such payment) all expenses (including but not limited to attorneys' fees) incurred in connection with any Proceeding by any person who may be entitled to indemnification under Sections 1 or 2 of this Article in advance of the final disposition of such Proceeding. Notwithstanding the foregoing, any advance payment of expenses on behalf of a director or officer of the Corporation shall be, and if the Board of Directors so elects, any advance payment of expenses on behalf of any other person who may be entitled to indemnification under Sections 1 or 2 of this Article may be, conditioned upon the receipt by the

Corporation of an undertaking by or on behalf of such director, officer, or other person to repay the amount advanced in the event that it is ultimately determined that such director, officer, or person is not entitled to indemnification; provided that such advance payment of expenses shall be made without regard to the ability to repay the amounts advanced. Notwithstanding the foregoing, no advance payment of expenses shall be made by the Corporation if a determination is reasonably and promptly made by a majority vote of directors who are not parties to such Proceeding, even though less than a quorum, or if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, that, based upon the facts known to such directors or counsel at the time such determination is made following due inquiry, (a) in the case of a person who may be entitled to indemnification under Section 1, such person did not act in good faith and in a manner that such person reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal proceeding, such person had reasonable cause to believe his conduct was unlawful, or (b) in the case of a person who may be entitled to indemnification under Section 2, such person is not entitled to indemnification under the standard set forth in the second sentence of Section 3. Nothing in this Article VI shall require any such determination to be made as a condition to making any advance payment of expenses, unless the Board of Directors so elects.

Section 5. Mandatory Indemnification in Certain Circumstances. To the extent that a director, officer, employee, or agent has been successful on the merits or otherwise in the defense of any Proceeding referred to Section 1 or Section 2 of this Article, or in the defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 6. Right to Indemnification upon Application; Procedure upon Application. Any indemnification under Sections 1 or 2 shall be made promptly, and in any event within 60 days of receipt of the written request of the person who may be entitled thereto following the conclusion of such person's participation in any Proceeding or which indemnity is sought, unless with respect to such written request, a determination is reasonably and promptly made by a majority vote of directors who are not parties to the Proceeding, even though less than a quorum, or if there are no such directors, or if such directors so direct, by independent legal counsel that, based upon the facts known to such directors or counsel at the time such determination is made following due inquiry, (a) in the case of a person who may be entitled to indemnification under Section 1, such person did not act in good faith and in a manner that such person reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal proceeding, such person had reasonable cause to believe his conduct was unlawful, or (b) in the case of a person who may be entitled to indemnification under Section 2, such person is not entitled to indemnification under the standard set forth in the second sentence of Section 3.

Section 7. Enforcement of Rights. The right to indemnification or to an advance of expenses as granted by this Article shall be enforceable by any person entitled thereto in any court of competent jurisdiction, if the Board of Directors or independent legal counsel denies the claim, in whole or in part, or if no disposition of such claim is made within 100 days of receipt by the Board of Directors of such person's written request for indemnification or an advance of expenses. Such person's expenses (including but not limited to attorneys' fees) incurred in connection with successfully establishing his right to indemnification or an advance of expenses, in whole or in part, in any such proceedings shall also be indemnified by the Corporation.

Section 8. Bylaws as Contract; Non-Exclusivity. All rights to indemnification and advances or expenses under this Article shall be deemed to be provided by a contract between the Corporation and each person entitled thereto. Any repeal or modification of these Bylaws shall not impair or diminish any rights or obligations existing at the time of such repeal or modification. The rights granted by this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification or an advance of expenses may be entitled under any bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. The rights granted by this Article VI shall extend to the estate, heirs or legal representatives of any person entitled to indemnification or an advance of expenses hereunder who is deceased or incompetent.

#### ARTICLE VII. STOCK AND TRANSFER OF STOCK

Section 1. Stock Certificates. Every holder of stock in this Corporation shall be entitled to have a certificate, in such form as shall be approved by the Board of Directors, certifying the number of shares of stock of this Corporation owned by him signed by or in the name of this Corporation by the Chairman, or the President or a Vice President, and by the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer. Any of or all the signatures on the certificate may be facsimiles. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may nevertheless be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 2. Transfer of Shares. Transfers of Shares of stock of the Corporation shall be made on the stock records of the Corporation only upon authorization by the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary or with a transfer agent, and on surrender of the certificate or certificates for such shares properly indorsed or accompanied by a duly executed stock transfer power and the payment of all taxes thereon. Except as otherwise provided by law, the Corporation shall be entitled to

recognize the exclusive right of a person in whose name any share or shares stand on the record of stockholders as the owner of such share or shares for all purposes, including, without limitation, the rights to receive dividends or other distributions, and to vote as such owner, and the Corporation may hold any such stockholder of record liable for calls and assessments and the Corporation shall not be bound to recognize any equitable or legal claim to or interest in any such share or shares on the part of any other person whether or not it shall have express or other notice thereof. Whenever any transfer of shares shall be made for collateral security, and not absolutely, such fact shall be stated in the entry of the transfer if, when the certificates are presented for transfer, both the transferor and transferee request the Corporation to do so.

Section 3. Regulations, Transfer Agents and Registrars. The Board of Directors may make such additional rules and regulations, not inconsistent with these Bylaws, as it may deem expedient concerning the issue, transfer and registration of certificates for shares of stock of the Corporation. It may appoint and change from time to time one or more transfer agents and one or more registrars and may require all certificates for shares of stock to bear the signatures of any of them.

Section 4. Replacement of Certificates. In the event of the loss, theft, mutilation or destruction of any certificate for shares of stock of the Corporation, a duplicate thereof may be issued and delivered to the owner thereof, provided he makes a sufficient affidavit setting forth the material facts surrounding the loss, theft, mutilation or destruction of the original certificates and gives a bond to the Corporation, in such sum limited or unlimited, and in such form and with such surety as the Board of Directors may authorize indemnifying the Corporation, its officers and, if applicable, its transfer agents and registrars, against any losses, costs and damages suffered or incurred by reason of such loss, theft, mutilation or destruction of the original certificate and replacement thereof.

Section 5. Fixing of Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE VIII. FISCAL YEAR

The fiscal year of the Corporation shall be the calendar year.

ARTICLE IX. SEAL

The Board of Directors shall provide a corporate seal, which shall be in such form as the Board of Directors shall determine.

ARTICLE X. AMENDMENTS

These Bylaws may be amended or repealed, or new Bylaws may be adopted, at any annual or special meeting of the stockholders, by the affirmative vote of the holders of at least 75 percent of the outstanding Common Stock of the Corporation; provided, however, that the notice of such meeting shall have been given as provided in these Bylaws, which notice shall mention that amendment or repeal of these Bylaws, or the adoption of new Bylaws, is one of the purposes of such meeting. These Bylaws may also be amended or repealed or new Bylaws may be adopted, by the Board of Directors by the vote of two-thirds of the entire Board of Directors.

LOUISIANA-PACIFIC CORPORATION  
1992 NON-EMPLOYEE DIRECTOR STOCK OPTION PLAN

(Restated as of May 3, 1998)

1. PURPOSE. The continued growth and success of Louisiana-Pacific Corporation (the "Corporation") are dependent upon the efforts of members of the Corporation's board of directors (the "Board of Directors"). Those members of the Board of Directors who are not employees of Corporation or any of its subsidiaries ("Non-Employee Directors") are not eligible to participate in the stock option and other stock incentive plans maintained for employees of the Corporation. The purpose of this 1992 Non-Employee Director Stock Option Plan (the "Plan") is to provide an incentive to Non-Employee Directors to remain as members of the Board of Directors and also to afford them the opportunity to acquire, or increase, stock ownership in the Corporation in order that they may have a direct proprietary interest in its success. Options granted under the Plan shall be nonqualified options which are not intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code.

2. STOCK. The stock subject to options granted under the Plan shall be shares of the Corporation's authorized but unissued, or reacquired, \$1 par value common stock ("Common Stock"). The total number of shares of Common Stock with respect to which options may be granted shall not exceed in the aggregate 1,200,000, provided that such aggregate number of shares shall be subject to adjustment in accordance with the provisions of paragraph 6(g). In the event that any outstanding option under the Plan shall be canceled or terminate or expire prior to the end of the period during which options may be granted under the Plan, the shares of Common Stock allocable to the unexercised portion of such option may be made the subject of additional options granted under the Plan.

3. ADMINISTRATION. The Plan shall be administered by the Board of Directors which shall have full power and authority, subject to the provisions of the Plan, to adopt, amend, and rescind rules and regulations for carrying out the Plan. The interpretation and decision of the Board of Directors with regard to any question arising under the Plan shall be final and conclusive. No member of the Board of Directors shall be liable for any action taken or determination made in good faith with

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respect to the Plan or to any options granted pursuant to the Plan.

4. ELIGIBILITY. The persons eligible to receive options under the Plan are the Non-Employee Directors of the Corporation.

5. GRANT OF OPTIONS.

(a) INITIAL GRANT. Each person who is an Non-Employee Director on June 15, 1992, automatically shall be granted, as of June 15, 1992, an option to purchase 22,500 shares of Common Stock, subject to the terms and conditions described in paragraph 6.

(b) NEW NON-EMPLOYEE DIRECTORS. Each person who becomes a Non-Employee Director after June 15, 1992, automatically shall be granted, as of the date such person becomes a Non-Employee Director, an option to purchase 22,500 shares of Common Stock (45,000 shares after May 18, 1993), subject to the terms and conditions described in paragraph 6.

(c) SUBSEQUENT GRANTS. Each Non-Employee Director who has been granted an option under paragraphs 5(a) or 5(b) who remains as a Non-Employee Director on the fifth anniversary of the date such option was granted (the "Anniversary") automatically shall be granted, as of such Anniversary, an option to purchase 45,000 shares of Common Stock, subject to the terms and condition described in paragraph 6.

6. TERMS AND CONDITIONS OF OPTIONS. Each option granted pursuant to the Plan shall be subject to the following terms and conditions:

(a) PAYMENT. Upon exercise of an option, in whole or in part, the option price for shares to which the exercise relates may be made, at the election of the optionee, either in cash or by delivering to the Corporation shares of Common Stock having a Fair Market Value (as defined below) equal to the option price, or any combination of cash and Common Stock having a combined value equal to the option price. Shares of Common Stock may not be used in payment or partial payment unless an option is being exercised for at least 2,000 shares. Payment in shares of Common Stock shall be made by delivering to the Corporation certificates, duly endorsed for transfer, representing shares of

Common Stock having an aggregate Fair Market Value on the date of exercise equal to that portion of the option price which is to be paid in Common Stock. The Fair Market Value of a share of Common Stock on the date of exercise shall be deemed to be the closing price per share of Common Stock on the New York Stock Exchange on

the date of exercise or, if no sale of Common Stock shall have been made on that Exchange on that date, on the next preceding business day on which there was a sale of such stock on that Exchange. Whenever payment of the option price would require delivery of a fractional share, the optionee shall deliver the next lower whole number of shares of Common Stock and a cash payment shall be made by the optionee for the balance of the option price.

(b) OPTION PRICE. On and after May 3, 1998, the option price per share for each option granted under the Plan shall be 100 percent of the Fair Market Value per share on the date the option was granted.

(c) TERM OF OPTION. Each option shall expire ten years from the date the option is granted, unless the option is terminated earlier in accordance with the Plan.

(d) DATE OF EXERCISE. Unless an option is terminated or the time of its exercisability is accelerated in accordance with the Plan, each option may be exercised in whole or in part from time to time to purchase shares as follows:

Each option shall not be exercisable until the first anniversary of the date the option was granted. On such first anniversary, the option shall become exercisable as to 20 percent of the shares covered by the option, and on each of the second through the fifth such anniversaries, the option shall become exercisable as to an additional 20 percent of the shares covered by the option. However, no option shall be exercisable in part with respect to a number of shares fewer than 100.

(e) ACCELERATION OF EXERCISABILITY. Notwithstanding the limitations on exercisability pursuant to paragraph 6(d), an option shall become immediately and fully exercisable:

(i) In the event of the death of the optionee Non-Employee Director; or

(ii) Upon the later of (A) the occurrence of a "Change in Control" (as defined below) of the Corporation or (B) six months after the date of grant; or

(iii) On the date an optionee Non-Employee Director retires pursuant to Section 15 of the bylaws of



the Corporation; provided, however, that this paragraph 6(e)(iii) shall only apply to an additional 20 percent of the shares covered by such Non-Employee Director's option.

For purposes of the Plan, a change of control shall be deemed to occur if (x) any person or group, together with its affiliates and associates (other than the Corporation or any of its subsidiaries or employee benefit plans), acquires direct or indirect beneficial ownership of 20 percent or more of the then outstanding shares of Common Stock or commences a tender or exchange offer for 30 percent or more of the then outstanding shares of Common Stock, or (y) the Corporation is to be liquidated or dissolved. The terms "group," "affiliates," "associates" and "beneficial ownership" shall have the meanings ascribed to them in the rules and regulations promulgated under the Exchange Act.

(f) CONTINUATION AS A DIRECTOR. Notwithstanding the option term provided in paragraph 6(c), in the event that an optionee Non-Employee Director ceases to be a member of the Board of Directors:

(i) By reason of death, the estate, personal representative, or beneficiary of the Non-Employee Director shall have the right to exercise the option at any time within 12 months from the date of death and the option shall terminate as of the last day of such 12-month period; or

(ii) By reason of the retirement of an optionee Non-Employee Director pursuant to Section 15 of the bylaws of the Corporation, the Non-Employee Director's option shall remain exercisable, to the extent it had become exercisable on the date of said retirement, for a period of 24 months following the date of said retirement and the option shall terminate as of the last day of such 24-month period; or

(iii) For any other reason, the Non-Employee Director's option shall remain exercisable, to the extent it had become exercisable on the date the optionee ceased to be a member of the Board of Directors (the "Termination Date"), for a period of three months following the Termination Date and the option shall terminate as of the last day of such three-month period.

(g) RECAPITALIZATION. In the event of any change in capitalization which affects the Common Stock, whether by stock dividend, stock distribution, stock split, subdivision or

combination of shares, merger or consolidation or otherwise, such proportionate adjustments, if any, as the Board of Directors in its good faith discretion deems appropriate to reflect such change shall be made with respect to the total number of shares of Common Stock in respect of which options may be granted under the Plan, the number of shares covered by each outstanding option, and the exercise price per share under each such option; however, any fractional shares resulting from any such adjustment shall be eliminated.

A dissolution of the Corporation, or a merger or consolidation in which the Corporation is not the resulting or surviving corporation (or in which the Corporation is the resulting or surviving corporation but becomes a subsidiary of another corporation), shall cause every option outstanding hereunder to terminate concurrently with consummation of any such dissolution, merger or consolidation, except that the resulting or surviving corporation (or, in the event the Corporation is the resulting or surviving corporation but has become a subsidiary of another corporation, such other corporation) may, in its absolute and uncontrolled discretion, tender an option or options to purchase its shares on terms and conditions, both as to number of shares and otherwise, which will substantially preserve the rights and benefits of any option then outstanding hereunder.

In the event of a change in the Corporation's presently authorized Common Stock which is limited to a change of all its presently authorized shares with par value into the same number of shares with a different par value or into the same number of shares without par value, the shares resulting from any such change shall be deemed to be Common Stock within the meaning of this Plan.

(h) TRANSFERABILITY. No option shall be assignable or transferable other than by will or the laws of descent and distribution. During an optionee's lifetime, only he or his guardian or legal representative may exercise any such option or right.

(i) RIGHTS AS A STOCKHOLDER. An optionee Non-Employee Director shall have no rights as a stockholder with respect to shares covered by the option until the date of the issuance or transfer of the shares to him and only after such shares are fully paid. Except as provided in paragraph 6(g), no adjustment shall be made for dividends or other rights for which the record date is prior to the date of such issuance or transfer.

(j) PROVISION FOR TAXES. It shall be a condition to the Corporation's obligation to issue or reissue shares of Common Stock upon exercise of any option that the optionee pay, or make provision satisfactory to the Corporation for payment of, any

federal and state income and other taxes which the Corporation is obligated to withhold or collect with respect to the issue or reissue of such shares.

(k) OPTION AGREEMENT. Each option shall be evidenced by an option agreement substantially in the form attached to the Plan as Appendix A.

7. EFFECTIVE DATE AND TERM OF PLAN. Options shall be granted pursuant to the Plan from time to time beginning June 15, 1992, the date of adoption of the Plan by the Board of Directors. The Plan shall continue in effect until options have been granted covering all available shares of Common Stock as specified in paragraph 2 or until the Plan is terminated by the Board of Directors, whichever is earlier, except as provided below.

The Plan shall be subject to approval by the affirmative vote of the holders of at least a majority of the securities of the Corporation present, or represented by proxy, and entitled to vote at a meeting (to be duly held in accordance with the applicable laws of the state of Delaware) for which proxies are solicited substantially in accordance with rules and regulations, if any, as are then in effect under Section 14(a) of the Exchange Act, which approval must occur within twelve months after said date of adoption of the Plan by the Board of Directors. Options granted pursuant to the Plan prior to such approval shall be subject to such approval.

8. AMENDMENT OR TERMINATION. The Board of Directors may alter, amend, suspend or terminate the Plan at any time. However, the Plan shall not be amended more often than once every six months other than amendments to comport with changes in income tax laws or the requirements of Rule 16b-3 under the Exchange Act. Amendments to the Plan shall be subject to stockholder approval to the extent required to comply with any exemption to the short swing profit provisions of Section 16(b) of the Exchange Act pursuant to rules and regulations promulgated thereunder or with the rules and regulations of any securities exchange on which the Common Stock is listed. Expiration or termination of the Plan shall not affect outstanding options except as provided in paragraph 7. The Board of Directors may also modify the terms and conditions of any outstanding option, subject to the consent of the optionee and consistent with the provisions of the Plan.

9. APPLICATION OF PROCEEDS. The proceeds received by the Corporation from the sale of Common Stock pursuant to options shall be available for general corporate purposes.

10. NO OBLIGATION TO EXERCISE OPTION. The granting of an option shall impose no obligation upon the optionee to exercise the same, in whole or in part.

11. RESTRICTIONS ON EXERCISE. Any provision of the Plan to the contrary notwithstanding, no option granted pursuant to the Plan shall be exercisable at any time, in whole or in part, (i) prior to the shares of Common Stock subject to the option being authorized for listing on the New York Stock Exchange, or (ii) if issuance and delivery of the shares of Common Stock subject to the option would be in violation of any applicable laws or regulations.

LOUISIANA-PACIFIC CORPORATION  
1992 NON-EMPLOYEE DIRECTOR STOCK OPTION PLAN

OPTION AGREEMENT

Date of Option Grant: -----, 199-

Louisiana-Pacific Corporation  
a Delaware corporation  
111 S.W. Fifth Avenue  
Portland, OR 97204 ("Corporation")

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-----  
-----  
----- ("Optionee")

Corporation maintains the Louisiana-Pacific Corporation 1992 Non-Employee Director Stock Option Plan (the "Plan"). A copy of the Plan is attached hereto as Exhibit A and is incorporated by reference in this Agreement. Capitalized terms not otherwise defined in this Agreement have the meanings given them in the Plan.

The Plan is administered by the Board for the benefit of Non-Employee Directors of Corporation.

The parties agree as follows:

1. GRANT OF OPTION.  
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Subject to the terms and conditions of this Agreement and the Plan, Corporation grants, as of the date of option grant set forth above, to the Optionee a stock option (the "Option") to purchase 45,000 shares of Corporation's Common Stock at \$----- per share.

2. TERMS OF OPTION.  
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The option shall be subject to all the terms and conditions set forth in the Plan.

3. CONDITIONS PRECEDENT.  
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The Option is subject to stockholder approval pursuant to paragraph 7 of the Plan. Corporation will use its best efforts to obtain approval of the Plan and the Option by any state or federal agency or authority that Corporation determines has jurisdiction. If Corporation determines that any required approval cannot be obtained, the Option shall terminate on notice to the Optionee to that effect.

4. SUCCESSORSHIP.

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Subject to restrictions on transferability set forth in the Plan, this Agreement shall be binding upon and benefit the parties, their successors and assigns.

5. NOTICES.

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Any notices under the Option shall be in writing and shall be effective when actually delivered personally or through Corporation interoffice mail service, or, if mailed, when deposited as registered or certified mail directed to the address of Corporation's records or to such other address as a party may certify by notice to the other party. Notices to Corporation shall be sent to the Treasurer of Corporation at Corporation's address set forth above, or at such other address as Corporation, by written notice to Optionee, may designate from time to time.

CORPORATION:

LOUISIANA-PACIFIC CORPORATION

-----  
Vice President, Treasurer  
and Chief Financial Officer

-----  
Secretary

OPTIONEE:

-----

CHANGE OF CONTROL

EMPLOYMENT AGREEMENT

AGREEMENT by and between Louisiana-Pacific Corporation, a Delaware corporation (the "Company"), and ----- (the "Executive"), dated as of the 25th day of January, 1998.

The Board of Directors of the Company (the "Board"), has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change of Control and to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control, and to provide the Executive with compensation and benefits arrangements upon a Change of Control which ensure that the compensation and benefits expectations of the Executive will be satisfied and which are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Certain Definitions.

(a) The "Effective Date" shall mean the first date during the Change of Control Period (as defined in Section 1(b)) on which a Change of Control (as defined in Section 2) occurs. Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs and if the Executive's employment with the Company is terminated prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or anticipation of a Change of Control, then for all purposes of this Agreement the "Effective Date" shall mean the date immediately prior to the date of such termination of employment.

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(b) The "Change of Control Period" shall mean the period commencing on the date hereof and ending on the third anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Change of Control Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company shall give notice to the Executive that the Change of Control Period shall not be so extended.

2. Change of Control. For the purpose of this Agreement, a "Change of Control" shall mean:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 2; or

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall 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 by the Company of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another entity (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, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% 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 the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 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 the Company of a complete liquidation or dissolution of the Company.

3. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the third anniversary of such date (the "Employment Period").

4. Terms of Employment.

(a) Position and Duties.

(i) During the Employment Period, (A) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned to the Executive at any time during the 120-day period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or any office or location less than 25 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to

the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation.

(i) Base Salary. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid at a monthly rate, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term "affiliated companies" shall include any company controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. In addition to Annual Base Salary, the Executive shall be awarded, for each fiscal year ending during the Employment Period, an annual bonus (the "Annual Bonus") in cash at least equal to the Executive's target bonus under the Company's annual incentive plans for the fiscal year in which the Effective Date occurs (or, if no target bonus has been set for such fiscal year, the Executive's target bonus for the immediately preceding fiscal year (the "Target Bonus")). Each such Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus.

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans,

practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(iv) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(v) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally

at any time thereafter with respect to other peer executives of the Company and its affiliated companies. (vi) Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services, payment of club dues, and, if applicable, use of an automobile and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vii) Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its affiliated companies at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(viii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

#### 5. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of

Disability set forth below), it may give to the Executive written notice in accordance with Section 12(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(b) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause. For purposes of this Agreement, "Cause" shall mean:

(i) The willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Executive has not substantially performed the Executive's duties, or

(ii) The willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done,

by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" shall mean:

(i) The assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 4(a) of this Agreement, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) Any failure by the Company to comply with any of the provisions of Section 4(b) of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) The Company's requiring the Executive to be based at any office or location other than as provided in Section 4(a)(i)(B) hereof or the Company's requiring the Executive to travel on Company business to a substantially greater extent than required immediately prior to the Effective Date;

(iv) Any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement; or

(v) Any failure by the Company to comply with and satisfy Section 11 (c) of this Agreement.

For purposes of this Section 5(c), any good faith determination of "Good Reason" made by the Executive shall be conclusive. Anything in this Agreement to the contrary notwithstanding, a termination by the Executive for any reason during the 30-day period immediately following the first anniversary of the Effective Date shall be deemed to be a termination for Good Reason for all purposes of this Agreement.

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 12(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the date on which the Company notifies the Executive of such termination and (iii) if the Executive's employment is terminated by reason of death or Disability, the date of death of the Executive or the Disability Effective Date, as the case may be.



6. Obligations of the Company upon Termination.

(a) Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or Disability or the Executive shall terminate employment for Good Reason:

(i) The Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

A. The sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the Target Bonus and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

B. The amount equal to the product of (1) three and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Target Bonus; and

C. An amount equal to the difference between (a) the aggregate benefit under the Company's qualified defined benefit retirement plans (collectively, the "Retirement Plan") and any excess or supplemental defined benefit retirement plans in which the Executive participates (collectively, the "SERP") which the Executive would have accrued (whether or not vested) if the Executive's employment had continued for three years after the Date of Termination and (b) the actual vested benefit, if any, of the Executive under the Retirement Plan and the SERP, determined as of the Date of Termination (with the foregoing amounts to be computed on an actuarial present value basis, based on the assumption that the Executive's compensation in each of the three years following such termination would have been that required by Section 4(b)(i) and Section 4(b)(ii), and using actuarial assumptions

no less favorable to the Executive than the most favorable of those in effect for purposes of computing benefit entitlements under the Retirement Plan and the SERP at any time from the day before the Effective Date) through the Date of Termination;

(ii) For three years after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 4(b)(iv) of this Agreement if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies and their families, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility, and for purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until three years after the Date of Termination and to have retired on the last day of such period;

(iii) The Company shall, at its sole expense as incurred, provide the Executive with outplacement services the scope and provider of which shall be selected by the Executive in the Executive's sole discretion; and

(iv) To the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 6(b) shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and affiliated companies to the estates and beneficiaries of peer executives of the Company and such affiliated companies under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its affiliated companies and their beneficiaries.

(c) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 6(c) shall include, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and its affiliated companies to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and its affiliated companies and their families.

(d) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) the Annual Base Salary through the Date of Termination, (y) the amount of any compensation previously deferred by the Executive, and (z) Other Benefits, in each case to the extent theretofore unpaid. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

7. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 12(f), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. Full Settlement; Legal Fees. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and except as specifically provided in Section 6(a)(ii), such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any

contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability or entitlement under, any provision of this Agreement or any guarantee of performance thereof (whether such contest is between the Company and the Executive or between either of them and any third party, and including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code").

#### 9. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment, award, benefit or distribution by the Company (or any of its affiliated entities) or by any entity which effectuates a Change of Control (or any of its affiliated entities) to or for the benefit of the Executive (whether pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 9) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any corresponding provisions of state or local tax laws, or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. The payment of a Gross-Up Payment under this Section 9(a) shall not be conditioned upon the Executive's termination of employment. Notwithstanding the foregoing provisions of this Section 9(a), if it shall be determined that the Executive is entitled to a Gross-Up Payment, but that the portion of the Payments that would be treated as "parachute payments" under Section 280G of the Code does not exceed 110% of the greatest amount (the "Safe Harbor Amount") that could be paid to the Executive such that the receipt of Payments would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to the Executive and the amounts payable

under this Agreement shall be reduced so that the Payments, in the aggregate, are reduced to the Safe Harbor Amount. The reduction of the amounts payable hereunder, if applicable, shall be made by first reducing the payments under Section 6(a)(i)(B), unless an alternative method of reduction is elected by the Executive. For purposes of reducing the Payments to the Safe Harbor Amount, only amounts payable under this Agreement (and no other Payments) shall be reduced. If the reduction of the amounts payable under this Agreement would not result in a reduction of the Payments to the Safe Harbor Amount, no amounts payable under this Agreement shall be reduced pursuant to this Section 9(a).

(b) Subject to the provisions of Section 9(c), all determinations required to be made under this Section 9, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Deloitte & Touche LLP or such other certified public accounting firm as may be designated by the Executive (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 9, shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 9(c) and the Executive thereafter is required to make a payment of any Excise Tax,

the Accounting Finn shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) Give the Company any information reasonably requested by the Company relating to such claim,

(ii) Take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) Cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) Permit the Company to participate in any proceedings relating to such claim; provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 9(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax

claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 9(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

10. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or



become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

#### 11. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

#### 12. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

If to the Company: Louisiana-Pacific Corporation  
111 SW Fifth Avenue, #4200  
Portland, Oregon 97204  
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 5(c)(i)-(v) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, prior to the Effective Date, the Executive's employment may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement. From and after the Effective Date this Agreement shall supersede any other agreement between the parties

with respect to the subject matter hereof, including, without limitation, the right of the Executive to participate in any severance plan of the Company or otherwise receive severance benefits from the Company during the Employment Period.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused this Agreement to be executed in its name on its behalf, all as of the day and year first above written.

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[Executive]

LOUISIANA-PACIFIC CORPORATION

By-----

This schedule contains summary financial information extracted from Consolidated Summary Financial Statements and Notes included in this Form 10-Q and is qualified in its entirety by reference to such financial statements.

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 MAR-31-1998  
 3-MOS  
 DEC-31-1998

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	168,800
	(2,400)
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	615,600
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328,600	
	630,800
0	
	0
	117,000
	1,136,600
2,587,100	
	548,300
	548,300
	500,300
	577,400
	0
	0
	9,700
	(38,800)
	(12,500)
(25,100)	
	0
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	(25,100)
	(.23)
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