SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q/A

Amendment No. 1 to
Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarterly Period Ended March 31, 1999
Commission File Number 1-7107

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

| | |
|---|---|
| DELAWARE | 93-0609074 |
| (State or other jurisdiction of incorporation or organization) | (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: 107,398,225 shares of Common Stock, $1 par value, outstanding as of April 30, 1999.

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

This amendment to Form 10-Q is filed in order to amend the following items: Item 2 of Part I-- Management's Discussion and Analysis of Financial Condition and Results of Operations; and Item 1 of Part II-- Legal Proceedings.

## PART I -- FINANCIAL INFORMATION

### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS AND RESULTS OF OPERATIONS.

Sales increased approximately 10% to $603.1 million in the first quarter of 1999 from $548.3 million in the first quarter of 1998, and L-P had net income in the first quarter of 1999 of $27.2 million ($.26 per share) compared to a net loss in the first quarter of 1998 of $25.1 million ($.23 per share). Improved market prices for oriented strand board (OSB) and plywood, the acquisition of ABT, and improved pulp operations were the primary factors for these increases in sales and earnings.

L-P operates in five segments: structural products; exterior products; industrial panel products; specialty and other products; and pulp. Structural products is the most significant segment, accounting for more than 50% of sales during the first quarter of both 1999 and 1998. L-P's results of operations are discussed separately for each segment below. Production volumes and industry product price trends are presented below in the tables captioned "Summary of Production Volumes" and "Industry Product Price Trends."

SELECTED SEGMENT DATA

| DOLLAR AMOUNTS IN MILLIONS | QUARTER ENDED MARCH 31, 1999 | QUARTER ENDED MARCH 31, 1998 | INCREASE (DECREASE) 99-98 |
|---|---|---|---|
| Sales: | | | |
| Structural products | $ 345.0 | $ 281.5 | +23% |
| Exterior products | 37.8 | 28.1 | +35 |
| Industrial panel products | 53.8 | 43.2 | +25 |
| Specialty and other products | 141.6 | 174.6 | -19 |
| Pulp | 24.9 | 20.9 | +19 |
| Total sales | $ 603.1 | $ 548.3 | +10 |
| Profit (loss): | | | |
| Structural products | $ 73.7 | $ 5.0 | +1,374% |
| Exterior products | 7.7 | 4.9 | +57 |
| Industrial panel products | 1.1 | .8 | +38 |
| Specialty and other products | (7.6) | (6.7) | -13 |

| | | | |
|---|---|---|---|
| Pulp | (5.8) | (11.6) | +50 |
| General corporate and other expense, net | (25.8) | (23.6) | -9 |
| Interest income (expense), net | .8 | (7.6) | +111 |
| Total profit (loss) | $ 44.1 | $ (38.8) | +214 |

STRUCTURAL PRODUCTS

The structural products segment consists of oriented strand board (OSB), plywood, lumber and engineered wood products (EWP). The significant growth in sales in the structural products segment in 1999 was primarily due to price increases in OSB and plywood offset by lower lumber prices.

OSB market price trends continued upward in 1999. OSB average selling prices increased 32% in the first quarter of 1999 compared to the first quarter of 1998. Robust U.S. housing markets have created strong demand for OSB and plywood. OSB sales volume increased approximately 14% in the first quarter of 1999 compared to the first quarter of 1998, due primarily to a net capacity increase.

Total plywood sales increased approximately 12% in the first quarter of 1999 compared to the first quarter of 1998. Plywood average selling prices increased approximately 21% reflecting the strong demand factors discussed above. Plywood volumes decreased approximately 7% in the same period. This decrease is primarily the result of a temporary shut-down at one of L-P's plywood manufacturing facilities and the allocation of additional veneer to laminated veneer lumber (LVL) production rather than to plywood production.

Lumber sales increased approximately 6% in the first quarter of 1999 compared to the first quarter of 1998. The increase in lumber sales resulted from an increase in volume of approximately 13% offset by a 6% decrease in average selling prices. The volume increase reflects a shift to a higher percentage of outside sales in 1999 compared to 1998 and a lower percentage of sales to the distribution business within L-P (part of the Specialty and other products segment).

Engineered wood products (EWP) include engineered I-Joists, LVL and hardwood veneer. Sales of EWP products increased significantly, primarily as a result of a marketing agreement to sell the products of an independent producer. Sales volumes also increased in this segment due to strong residential and commercial construction markets. The average selling prices of EWP products did not change significantly.

In the first quarter of 1999, profitability of the structural products segment increased significantly, largely as a result of price improvements for OSB and plywood and improvement in the efficiency of L-P's production facilities. Lower log costs in the southern region of the country contributed to the increase in plywood earnings. Log costs in the southern region of the country decreased approximately 9% in the first quarter of 1999 compared to the first quarter of 1998. Log costs in northern regions and Canada decreased approximately 3% compared to the prior-year period. Structural products profits also benefited in 1999 from the sale of unprofitable California operations in mid-1998.

EXTERIOR PRODUCTS

The exterior product segment consists of siding and related products such as soffit, facia and trim. In 1999, this segment includes new products from the purchase of ABT, including hardboard siding, vinyl siding and other products. Average sales prices of OSB-based exterior products increased slightly in the first quarter of 1999 compared to the first quarter of 1998, while volumes decreased about 8%. Total sales and profits increased in 1999 primarily due to the acquisition of ABT.

INDUSTRIAL PANEL PRODUCTS

The industrial panels segment consists of particleboard, medium density fiberboard (MDF) and hardboard and, in 1999, the laminated industrial panel products of ABT. The addition of the ABT's industrial panel products in 1999 is the primary reason for the increase in sales and profits in this segment.

SPECIALTY AND OTHER PRODUCTS

The specialty and other products segment includes distribution facilities, wood chips, coatings and chemicals, cellulose insulation, Ireland operations, Alaska operations, moldings and other products. In the first quarter of 1999, sales for this segment decreased 19% compared to the first quarter of 1998, primarily due to the sale of the assets of the Weather-Seal windows and doors division, Creative Point Inc. and two California distribution facilities, partially offset by sales of certain ABT products.

PULP

Pulp segment operations in the first quarter of 1999 continued to be impacted by the worldwide over-capacity in the pulp industry and the Asian market crisis, although pricing did improve late in the quarter as the Asian economy improved slightly. Total losses in the first quarter of 1999 decreased 50% compared to the first quarter of 1998 due to partial recovery of inventory market write-downs taken in previous periods and lower unit costs due to higher production volumes. L-P's pulp facilities took significant downtime in the first quarter of 1998. Sales increased primarily due to volume increases.

GENERAL CORPORATE EXPENSE, NET

General corporate expense increased primarily due to the addition of sales and marketing personnel as L-P has increased its focus on customers and additional costs for administrative infrastructure, including the conversion to new accounting and human resource systems.

INTEREST, NET

Cash from asset sales was used to repay loans and lines of credit in late 1998, reducing debt levels and interest expense into early 1999. Interest expense rose slightly late in the first quarter of 1999 and will continue to be higher in the future as a result of borrowings to finance the acquisition of ABT.

LEGAL AND ENVIRONMENTAL MATTERS

For a discussion of legal and environmental matters involving L-P and the potential impact thereof on L-P's financial position, results of operations and cash flows, see "Legal Proceedings" in Part II of this report.

OSB SIDING LITIGATION UPDATE

The following discussion updates, and should be read in conjunction with, the discussion of L-P's OSB siding litigation set forth in Item 7 of L-P's amended annual report on Form 10-K, Management's Discussion and Analysis of Financial Condition and Results of Operations, under the subheading "Legal Matters."

Through the first three months of 1999, claimants have continued to file claims under the National Settlement at a steady pace while the rate of claims filed under the Florida Settlement has decreased. L-P is making a concerted effort to maximize the level of participation in the Second Fund, including participation by claimants who filed eligible claims during the first three months of 1999. However, L-P will not be able to assess the impact of the Second Fund on its total siding liability until several steps are completed after the December 31, 1999 deadline for the submission of claims eligible to participate in the Second Fund has passed, including the verification and calculation of individual claim amounts and the opportunity for each claimant to opt out of the Second Fund after they have been informed of their pro rata settlement amount. L-P's management does not expect to have all the information necessary to make its decision until some time in the second or third quarter of 2000.

As of March 31, 1999, approximately 231,000 requests had been received for claim forms for the National Settlement and the Florida Settlement compared to 215,000 at December 31, 1998. Approximately 146,000 completed claim forms have been received compared to 138,000 at December 31, 1998. The average payment amount for settled claims as of March 31, 1999 and December 31, 1998 is approximately $5,100. The total number of completed claim forms pending (not settled) as of March 31, 1999 was approximately 52,000 (approximately 56,000 at December 31, 1998) with approximately 71,000 claims settled (approximately 61,000 at December 31, 1998) and approximately 23,000 claims dismissed (approximately 21,000 at December 31, 1998). Dismissal of claims is typically the result of claims for product not produced by L-P or claims that lack sufficient information or documentation after repeated efforts to correct those deficiencies. The average payment amount for claims settled after March 31, 1999 may be significantly impacted by the Second Fund.

The accruals for OSB siding claims relating to both the National Settlement and the Florida Settlement, including related legal costs, settlement administration costs, claims of persons who opted-out of the settlements and residual warranty claims, have been analyzed and accounted for collectively. The activity in the combined accruals for the first three months of 1999 is as follows (does not include accruals for ABT hardboard siding matters):

| | IN MILLIONS |
|---|---|
| Balance at December 31, 1998 | $ 323.9 |
| Accruals made during the period | -- |
| Payments | (66.0) |
| Insurance recoveries | -- |
| Balance at March 31, 1999 | $ 257.9 |

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operations was $11 million in the first quarter of 1999 compared to $43 million used in operations in the first quarter of 1998. The increase in cash provided by operations resulted primarily from improved operating results and tax refunds. Partially offsetting these increases, L-P made $64 million in litigation-related payments during the first quarter of 1999 compared to $16 million in the first quarter of 1998.

Net cash used in investing activities was $232 million in the first quarter of 1999 compared to net cash used in investing activities of $32 million in the first quarter of 1998. L-P used $209 million of funds to acquire ABT in February 1999. Capital expenditures in property, plant, equipment and timber decreased in the first quarter of 1999 compared to the same period in 1998 primarily because L-P did not have any new mills under construction. L-P has announced plans to build several wood-processing facilities in Canada, including an OSB plant, and is building an OSB plant in Chile.

In the first quarter of 1999, L-P borrowed $165 million, primarily to finance the acquisition of ABT. Borrowings in the first quarter of 1998 were primarily used to fund operations.

L-P expects to be able to meet its cash requirements through cash from operations, existing cash balances, existing credit facilities and access to the capital markets. Cash and cash equivalents totalled $43 million at March 31, 1999 compared to $127 million at December 31, 1998. L-P has a $300 million revolving credit facility available through January 2002, under which L-P had $65 million of borrowings outstanding at March 31, 1999. L-P also had $100 million of borrowings under a new uncommitted bank credit facility outstanding at March 31, 1999. L-P has filed a shelf registration statement for the sale of up to $500 million of debt securities to be offered from time to time in one or more series. The proceeds from the sale of such securities are anticipated to be used by L-P for general corporate purposes, which may include repayment of debt (including debt incurred in connection with the acquisition of ABT).

Changes in L-P's balance sheet from December 31, 1998 to March 31, 1999, including increases of $77 million in accounts receivable, $60 million in inventories, $111 million in net property, plant and equipment and $75 million in goodwill, resulted primarily from the consolidation of ABT and L-P for financial reporting purposes. The increase of $137 million in current liabilities resulted primarily from the consolidation of ABT and an increase in the current portion of contingency reserves to reflect the expected payment, in the first quarter of 2000, of the second fund relating to L-P's nationwide class action siding litigation settlement.

Contingency reserves, which represent an estimate of future cash needs for various contingencies (primarily payments for siding litigation settlements), totalled $323 million at March 31, 1999, of which $205 million is estimated to be payable within one year. As with many accounting estimates, there is inherent uncertainty concerning the reliability and precision of these estimates. The amounts ultimately paid in resolving these contingencies could exceed the current reserves by a material amount. Contingency reserves decreased in 1999 due to the continued implementation of the early payment program relating to L-P's nationwide class action siding litigation settlement. Litigation-related payments totalled $64 million for the first quarter of 1999.

YEAR 2000 COMPLIANCE

The Year 2000 problem refers to a worldwide issue relating to a flaw in many computer programs and computer applications embedded in equipment and other devices. In many existing software and hardware applications, two digits were used to represent the year, such as "99" for "1999." If not corrected, these applications may interpret "00" to be the year 1900 rather than 2000, producing erroneous data or, at worst, failing altogether. L-P recognizes the Year 2000 problem as a serious issue. Accordingly, L-P now considers the potential impact of the Year 2000 in connection with all in-house application development and purchases of third-party software. In the fall of 1997, L-P undertook a formal project to address its Year 2000 exposure and readiness. As discussed separately under the caption "ABT" below, ABT undertook a similar project prior to being acquired by L-P.

All of L-P's business groups, operations and corporate functions are covered by the Year 2000 project. The project team is staffed by full-time employees, contractors and consultants as appropriate. The project is continuously monitored by a management steering committee and L-P's internal auditors to ensure that proper methodology is being followed, that adequate controls are in place and that appropriate steps are being taken to limit risk. In addition, periodic reports are made to senior management, the finance and audit committee and the board of directors.

The project is divided into three primary areas: (1) information systems; (2) manufacturing systems/building infrastructure; and (3) business partners (including suppliers and customers).

INFORMATION SYSTEMS. L-P's information systems include such common business applications as payroll, human resources, sales order entry, inventory management, finance and accounting. L-P's Year 2000 project phases for information systems include: inventorying and prioritizing all information systems; assessing the Year 2000 readiness of such systems; remediating such systems (through conversion, upgrades, replacement or risk-managed acceptance of non-compliant items); testing; and developing and implementing contingency plans, to the extent determined to be appropriate, for each mission critical system. The inventory and assessment phases for L-P's information systems have been completed. L-P has replaced its basic payroll, human resources and most accounting applications with off-the-shelf packages, the initial implementation of which was completed as of January, 1999. Approximately 23% of L-P's other business critical information systems require further remediation through system upgrades and/or replacements. The remediation of most of these systems is expected to be completed by June 30, 1999, and the remediation of all of these systems is scheduled for completion by September 30, 1999. Testing and contingency planning are underway and are scheduled to be completed by November 30, 1999.

MANUFACTURING SYSTEMS/BUILDING INFRASTRUCTURE. With respect to L-P's manufacturing systems and BUILDING infrastructure, the Year 2000 project is focused on surveying and, where necessary, remediating all computer-controlled and/or embedded devices used in L-P's manufacturing processes or in building infrastructure (such as the heating and air conditioning systems, security access and alarm systems, telephones, and office equipment used in L-P's offices and plants). The Year 2000 project phases for manufacturing systems and building infrastructure include: inventorying items that are exposed to Year 2000 issues; assessing the Year 2000 readiness of such items; remediating such items (through conversion, upgrades, replacement, or risk-managed acceptance of non-compliant items), testing; and developing and implementing contingency plans, to the extent determined to be appropriate, for each business group and facility location. The inventory phase for L-P's manufacturing systems and building infrastructure has been completed. More than 96% of the inventoried systems have been assessed for Year 2000 readiness, with completion of this phase scheduled for May 1999. Approximately 5% of L-P's manufacturing systems and building infrastructure assessed to date have been determined to require remediation. Most of the required remediation is expected to be completed by June 30, 1999 and all required remediation is scheduled to be completed by September 30, 1999. Testing and contingency planning are underway and are scheduled to be completed by November 30, 1999.

BUSINESS PARTNERS. L-P also faces the risk of business disruption from outside business partners, which may have information systems, manufacturing systems or infrastructure that are not Year 2000 compliant. In this regard, L-P's Year 2000 project includes identifying and prioritizing L-P's major business partners (primarily suppliers of raw materials and essential services such as utilities and transportation and significant customers), assessing their Year 2000 readiness and developing contingency plans where appropriate. The identification and prioritization phases have been completed and L-P has requested that all of its major business partners respond to a survey eliciting information as to their Year 2000 readiness. Of the approximately 40% of the business partners that have responded to the survey, none have disclosed significant readiness issues. L-P plans to reiterate its request for information from all critical business partners that have not responded to the survey by July 31, 1999 and to monitor the Year 2000 readiness of its most critical business partners throughout 1999. If L-P's efforts in this regard cause it to believe that significant risk is present, L-P will seek to identify alternate business partners and to develop contingency plans to address potential business disruptions prior to December 1999.

COSTS. The total expense associated with L-P's Year 2000 project is presently estimated to be approximately $5.5 million, of which approximately $1.3 million had been incurred by March 31, 1999. These costs are being expensed as incurred and are not expected to have a material effect on L-P's financial position or results of operations. These costs do not include expenses and capital costs associated with replacing systems which L-P would have replaced regardless of Year 2000 issues, including a new human resources information system and a new core financial system.

MOST REASONABLY LIKELY WORST-CASE SCENARIO. The occurrence of unscheduled downtime at L-P's facilities resulting from internal or third-party system failures could have an adverse effect on L-P's business, results of operations and cash flows. In this regard, L-P believes that its dependence on third parties for critical services such as telecommunications, energy, water and other utilities, financial services and transportation poses the greatest risk. L-P is seeking to assess the Year 2000 readiness of all mission critical systems and business partners and to develop appropriate contingency plans. These plans may include identifying alternative systems and suppliers and assisting major customers who may be affected by Year 2000 issues. However, there can be no assurance that L-P will not experience unscheduled downtime, business disruptions or other adverse consequences of the Year 2000 problem.

ABT. ABT implemented a project to address its Year 2000 exposure and readiness prior to its acquisition by L-P. ABT's Year 2000 project is generally similar in scope and structure to L-P's Year 2000 project. Most of the required remediation of ABT's systems and building infrastructure is expected to be completed by June 30, 1999 and all required remediation is scheduled to be completed by September 30, 1999. L-P has substantially completed the process of integrating ABT's Year 2000 project into L-P's Year 2000 project. However, the discussion of L-P's Year 2000 project contained in this report does not address ABT's information systems, manufacturing systems, building infrastructure, business partners or Year 2000 project.

ADDITIONAL CONSIDERATIONS. Despite the extensive efforts of L-P's project team, it is likely that some unexpected problems associated with the Year 2000 issue will arise. In addition, the costs and completion dates for L-P's Year 2000 project discussed herein are based on management's estimates, which were derived using numerous assumptions regarding future events, including continued availability of certain resources, remediation plans of business partners and other factors. There can be no assurance that these estimates will be achieved and actual results could differ significantly from L-P's current expectations.

LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES
SUMMARY OF PRODUCTION VOLUMES

| | QUARTER ENDED MARCH 31, | |
|---|---|---|
| | 1999 | 1998 |
| Oriented strand board panels and siding, million square feet 3/8" basis | 1,152 | 1,015 |
| Softwood plywood, Million square feet 3/8" basis | 223 | 231 |
| Lumber, million board feet | 260 | 286 |
| Industrial panel products* (particleboard, medium density fiberboard and hardboard), million square feet 3/4" basis | 142 | 144 |
| Engineered I-Joists, Million lineal feet | 24 | 22 |
| Laminated Veneer Lumber (LVL), Thousand cubic feet | 1,749 | 1,631 |
| Pulp, thousand short tons | 95 | 50 |

- --------

* Excludes ABT products.

INDUSTRY PRODUCT PRICE TRENDS

| | OSB<br>N. CENTRAL 7/16" BASIS 24/16 SPAN RATING | PLYWOOD<br>SOUTHERN PINE 1/2" BASIS CDX 3 PLY | LUMBER<br>FRAMING LUMBER COMPOSITE PRICES | PARTICLEBOARD<br>INLAND INDUSTRIAL 3/4" BASIS |
|---|---|---|---|---|
| Annual Average | | | | |
| 1993 | $ 236 | $ 282 | $ 394 | $ 258 |
| 1994 | 265 | 302 | 405 | 295 |
| 1995 | 245 | 303 | 337 | 290 |
| 1996 | 184 | 258 | 398 | 276 |
| 1997 | 142 | 265 | 417 | 262 |
| 1998 | 205 | 284 | 349 | 259 |
| 1998 First Quarter Average | 158 | 266 | 368 | 253 |
| 1998 Fourth Quarter Average | 176 | 301 | 340 | 255 |
| 1998 First Quarter Average | 259 | 329 | 394 | 254 |

Source: Random Lengths

# PART II - OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS.

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

### Environmental Proceedings

In March 1995, L-P's subsidiary, Ketchikan Pulp Company ("KPC"), entered into agreements with the federal government to resolve violations of the Clean Water Act and the Clean Air Act that occurred at KPC's pulp mill during the late 1980's and early 1990's. These agreements were subsequently approved by the U.S. District Court for the District of Alaska. In addition to civil and criminal penalties that were paid in 1995, KPC agreed to undertake certain remedial and pollution-control projects. These projects included (i) capital projects for spill containment and water treatment plant upgrades estimated to cost approximately $13.4 million (of which approximately $7.5 million had been spent at March 31, 1999) and (ii) non-capital projects relating to the investigation and remediation of Ward Cove, a body of water adjacent to the mill site, estimated to cost approximately $6.3 million (of which approximately $1.8 million had been spent at March 31, 1999). As a result of the closure of the mill in May 1997, KPC's obligations with respect to the capital projects have been suspended through January 2000, and KPC is in the process of seeking permanent relief from those obligations. KPC's obligations with respect to the Ward Cove investigation and remediation have not been affected by the closure of the mill.

In June 1997, KPC entered into an agreement with the State of Alaska and the U.S. Environmental Protection Agency (the "EPA") to investigate and, if necessary, clean up the former mill site. KPC has completed the investigative portion of this project and commenced work on the clean-up portion of this project, which is expected to be completed in mid-1999. Total costs associated with this project are estimated to be approximately $2.7 million, of which approximately $2.6 million had been spent at March 31, 1999.

KPC has completed the closure of a landfill near Thorne Bay, Alaska, pursuant to an agreement with the U.S. Forest Service (the "USFS"). Costs of the project totaled approximately $6.5 million. KPC is also continuing to monitor leachate from the landfill in order to evaluate whether treatment of the leachate is necessary.

Certain L-P plant sites have, or are suspected of having, substances in the ground or in the groundwater underlying the sites that are considered pollutants. Where the pollutants were caused by previous owners of the property, L-P is vigorously pursuing those parties through legal channels as well as insurance coverage under all applicable policies.

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 noncompliance. In some instances, 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. Based on the information currently available, management believes that any fines, penalties or other losses resulting from the matters discussed above will not have a material adverse effect on the consolidated financial position or results of operations of L-P.

Colorado Criminal Proceedings

In June 1995, a federal grand jury returned an indictment in the U.S. District Court for the District of Colorado against L-P in connection with alleged environmental violations, as well as alleged fraud in connection with the submission of unrepresentative oriented strand board (OSB) product samples to an industry product certification agency, by L-P's Montrose (Olathe), Colorado OSB plant. In connection with entering a guilty plea as to certain criminal violations in May 1998, (i) L-P agreed to pay total penalties of $37 million (including making $500,000 in charitable contributions), of which $12 million was paid in 1998, and was sentenced to five years of probation and (ii) all remaining charges against L-P were dismissed. Under the terms of the original agreement, the $25 million balance of the fine assessed against L-P, which is secured by a statutory lien, was payable in three equal annual installments, together with accrued interest, beginning July 1, 2000. However, in April 1999, the court approved a modification to the agreement, which now provides for the payment of this balance, without interest, on June 1, 1999.

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

OSB Siding Matters

L-P has been named as a defendant in numerous class action and nonclass action proceedings, brought on behalf of various persons or purported classes of persons (including nationwide classes in the United States and Canada) who own or 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 U.S. 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, is entitled to receive from the settlement fund established under the agreement a payment equal to the replacement cost (determined by a third-party construction cost estimator and currently estimated to be in the range of $2.20 to $6.40 per square foot depending on the type of product and geographic location) of damaged siding, reduced by a specific adjustment (of up to 65 percent) based on the age of the siding. Class members who previously submitted or resolved claims under any other warranty or claims program of L-P may be entitled to receive the difference between the amount payable under the settlement agreement and the amount previously paid. The extent of damage to OSB siding at each claimant's property is determined by an independent adjuster in accordance with a specified protocol. Settlement payments are not subject to adjustment for improper maintenance or installation.

A claimant who is dissatisfied with the amount to be paid under the settlement may elect to pursue claims against L-P in a binding arbitration seeking compensatory damages without regard to the amount of payment calculated under the settlement protocol. A claimant who elects to pursue an arbitration claim must prove his entitlement to damages under any available legal theory, and L-P may assert any available defense, including defenses that otherwise had been waived under the settlement agreement. If the arbitrator reduces the damage award otherwise payable to the claimant because of a finding of improper installation, the claimant may pursue a claim against the contractor/builder to the extent the award was reduced.

The settlement requires L-P to contribute $275 million to the settlement fund in seven annual installments payable during the period from 1996 through 2002 in the following amounts: $100 million; $55 million; $40 million; $30 million; $20 million; $15 million; and $15 million. As of March 31, 1999, L-P had funded the first three installments. L-P also had funded a significant portion of the last four installments through the Early Payment Program discussed below. The estimated cumulative total of approved claims under the settlement, as calculated under the terms of the settlement (without giving effect, in the case of unpaid claims, to discounted settlements under the Early Payment Program), exceeded $550 million at March 31, 1999. In these circumstances, unless L-P makes an additional contribution of $50 million to the settlement fund by August 2001, the settlement will terminate as to all claims in excess of $275 million that remain unpaid. In addition, unless L-P makes a second additional contribution of $50 million to the settlement fund by August 2002, the settlement will terminate as to all claims in excess of $325 million that remain unpaid. If L-P makes both of these additional contributions, the settlement would continue in effect until at least August 2003, at which time L-P would be required to make an election with respect to all unpaid claims that were filed prior to December 31, 2002. If, in August 2003, L-P elects to pay pursuant to the settlement all approved claims that remain unpaid at that time, 50% of the unpaid claims must be paid by August 2004 and the remaining 50% must be paid by August 2005. If L-P elects not to pay the unpaid claims pursuant to the settlement, the settlement will terminate with respect to such unpaid claims and all unpaid claimants will be free to pursue their individual remedies from and after August 2003.

If L-P makes all 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 siding, except for claims arising under their existing 25-year limited warranty after termination of the settlement agreement. The settlement agreement does not cover consequential damages resulting from damage to OSB Inner-Seal siding or damage to utility grade OSB siding (sold without any express warranty), either of which could create additional claims. In addition to payments to the settlement fund, L-P was required to pay fees of class counsel in the amount of $26.25 million, as well as expenses of administering the settlement fund and inspecting properties for damage and certain other costs. 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, as of March 31, 1999, approximately $5.9 million remained of the $195 million paid into the fund to date (all of which is presently dedicated to the payment of expenses or held in reserve).

On October 26, 1998, L-P announced an agreement to offer early payments to eligible claimants who have submitted valid and approved claims under the original settlement agreement (the "Early Payment Program") and to establish an additional $125 million fund to pay all other approved claims that are filed before December 31, 1999 (the "Second Fund").

The Early Payment Program applies to all claimants who are entitled to be paid from the $80 million of mandatory contributions to the settlement fund that remain to be made under the settlement agreement, and to all claimants who otherwise would be paid from the proceeds of the two optional $50 million contributions to the settlement fund that L-P may elect to make under the settlement agreement. The early payments from the $80 million of mandatory contributions are discounted at a rate of 9% per annum calculated from their original payment dates (1999-2002) to the date the early payment offer was made. The early payments from the two $50 million optional contributions are discounted at a rate of 12% per annum calculated from 2001 and 2002, respectively, to the date the early payment offer was made. Claimants may accept or reject the discounted early payments in favor of remaining under the original settlement, but may not arbitrate the amount of their early payments. For purposes of determining whether L-P has made any mandatory or optional contribution to the settlement fund as of the respective due date therefor, L-P will receive credit for the undiscounted amount of such contribution to which the discounted amount thereof paid pursuant to the Early Payment Program is attributable. At March 31, 1999, approximately $130.3 million in Early Payment Program checks had been mailed and $117.3 million had been cashed in settlement claims, while approximately $3.0 million in such checks remained to be mailed. Giving effect only to Early Payment Program checks that had actually been cashed, L-P had effectively satisfied a cumulative total of approximately $350.5 million of its mandatory and optional contributions to the settlement fund at March 31, 1999.

The $125 million Second Fund represents an alternative source of payment for all approved claims not eligible for the Early Payment Program and all new claims filed before December 31, 1999. In early 2000, claimants electing to participate in the Second Fund will be offered a pro rata share of the fund in complete satisfaction of their claims, which they may accept or reject in favor of remaining under the original settlement. Claimants who accept their pro rata share may not file additional claims under the settlement or arbitrate the amount of their payments. Claimants who elect not to participate in the Second Fund remain bound by the terms of the original settlement. If L-P is dissatisfied with the number of claimants who elect to be paid from the Second Fund, L-P may refuse to proceed with funding at its sole option. In that event, the Second Fund will be canceled and all the claimants who had elected to participate in it will be governed by the original settlement.

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

ABT Hardboard Siding Matters

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

L-P, the ABT Entities and the Abitibi Entities have also been named as defendants in a putative class action proceeding filed in the Circuit Court of Jackson County, Missouri on April 22, 1999 and brought on behalf of a purported class of persons in Missouri who own or have purchased hardboard siding manufactured by the defendants. In general, the plaintiffs in this proceeding have alleged breaches of warranty, fraud, misrepresentation, negligence, strict liability and other theories related to alleged defects, deterioration or other failure of such hardboard siding, and seek restitution, punitive damages, attorneys' fees and other relief. L-P and the ABT Entities intend to defend this proceeding vigorously.

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

Other Proceedings

LP 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 consolidated financial position or results of operations of L-P.

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

Date: February 15, 2000 By /s/ Gary C. Wilkerson

Gary C. Wilkerson
Vice President and General Counsel

Date: February 15, 2000 By /s/ Curtis M. Stevens

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