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 June 30, 2003

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.)

805 SW Broadway, Suite 1200, Portland, Oregon 97205-3303
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(503) 821-5100**

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 ☒ No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-.2 of the Exchange Act).Yes ☒ No o

Indicate the number of shares outstanding of each of the issuer's classes of common stock: 104,607,444 shares of Common Stock, $1 par value, outstanding as of July 26, 2003.

Except as otherwise specified and unless the context otherwise requires, references to "LP", the "Company", "we", "us", and "our" refer to Louisiana-Pacific Corporation and its subsidiaries.

ABOUT FORWARD-LOOKING STATEMENTS

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

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

Factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, but are not limited to the following:

- changes in general economic conditions;
- changes in the cost and availability of capital;
- changes in the level of home construction activity;
- changes in competitive conditions and prices for our products;
- changes in the relationship between supply of and demand for building products, including the effects of industry-wide increases in manufacturing capacity;
- changes in the relationship between supply of and demand for raw materials, including wood fiber and resins, used in manufacturing our products;
- changes in the cost of and availability of energy, primarily natural gas, electricity and diesel fuel;
- changes in other significant operating expenses;
- changes in exchange rates between the US dollar and other currencies, particularly the Canadian dollar and the Chilean peso;
- changes in general and industry-specific environmental laws and regulations;
- changes in circumstances giving rise to environmental liabilities or expenditures;
- the resolution of product-related litigation and other legal proceedings; and
- acts of God or public authorities, war, civil unrest, fire, floods, earthquakes and other matters beyond our control.

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

ABOUT THIRD PARTY INFORMATION

In this report, we rely on and refer to information regarding industry data obtained from market research, publicly available information, industry publications, US government sources and other third parties. Although we believe the information is reliable, we cannot guarantee the accuracy or completeness of the information and have not independently verified it.

Item 1. Financial Statements.

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

	Quarter Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net Sales	$ 478.5	$ 432.3	$ 891.6	$ 821.5
OPERATING COSTS AND EXPENSES				
Cost of sales	376.9	339.0	712.9	639.4
Depreciation, amortization and cost of timber harvested	32.1	32.4	65.0	68.7
Selling and administrative	39.9	36.7	76.5	70.5
(Gain) loss on sale or impairment of long lived assets	(29.2)	(5.8)	(41.7)	(4.2)
Other operating credits and charges, net	25.4	1.5	25.4	(0.4)
Total operating costs and expenses	445.1	403.8	838.1	774.0
Income (loss) from operations	33.4	28.5	53.5	47.5
NON-OPERATING INCOME (EXPENSE)				
Foreign currency exchange gain (loss)	0.2	(0.8)	(1.7)	(1.1)
Interest expense	(22.3)	(24.4)	(45.2)	(48.2)
Interest income	8.0	7.8	15.8	15.7
Total non-operating income (expense)	(14.1)	(17.4)	(31.1)	(33.6)
Income (loss) before taxes, minority interest, and equity in earnings of unconsolidated affliates	19.3	11.1	22.4	13.9
Provision (benefit) for income taxes	10.0	4.3	11.1	8.4
Equity in (income) loss of unconsolidated affliates	0.4	(0.5)	0.4	(1.4)
Minority interest in net income (loss) of consolidated subsidiary	—	(0.2)	—	(0.7)
Income (loss) from continuing operations before cumulative effect of change in accounting principle	8.9	7.5	10.9	7.6
DISCONTINUED OPERATIONS				
Income (loss) from discontinued operations	(42.3)	(33.4)	(43.2)	(42.8)
Provision (benefit) for income taxes	(16.2)	(12.7)	(16.5)	(16.3)
Income (loss) from discontinued operations	(26.1)	(20.7)	(26.7)	(26.5)
Income (loss) before cumulative effect of change in accounting principle	(17.2)	(13.2)	(15.8)	(18.9)
Cumulative effect of change in accounting principle, net of tax	—	—	0.1	(3.8)
Net income (loss)	$ (17.2)	$ (13.2)	$ (15.7)	$ (22.7)
Net income (loss) per share of common stock:				
Income (loss) from continuing operations	$ 0.09	$ 0.07	$ 0.10	$ 0.07
Income (loss) from discontinued operations	(0.25)	(0.20)	(0.25)	(0.26)
Cumulative effect of change in accounting principle	—	—	—	(0.03)
Net Income (Loss) Per Share - Basic and Diluted	$ (0.16)	$ (0.13)	$ (0.15)	$ (0.22)
Average shares of common stock outstanding - Basic	104.6	104.6	104.6	104.6
- Diluted	105.1	104.7	104.9	104.6

The accompanying notes are an integral part of these unaudited financial statements.

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

	June 30, 2003	December 31, 2002
ASSETS		
Cash and cash equivalents	$ 158.0	$ 137.3
Receivables	139.3	99.3
Inventories	166.2	163.5
Prepaid expenses	14.4	11.3
Deferred income taxes	46.2	38.6
Current assets of discontinued operations	14.5	41.3
Total current assets	538.6	491.3
Timber and timberlands		
Forest licenses intangible assets	95.3	97.3
Deposits and other	15.4	15.1
Timber and timberlands held for sale	278.1	377.5
Total timber and timberlands	388.8	489.9
Property, plant and equipment	1,786.7	1,770.1
Accumulated depreciation	(981.0)	(928.6)
Net property, plant and equipment	805.7	841.5
Goodwill	276.7	276.7
Other intangible assets, net of amortization	26.9	29.9
Notes receivable from asset sales	403.9	403.9
Assets transferred under contractual arrangement	—	29.1
Restricted cash	92.8	46.8
Other assets	120.3	63.9
Long-term assets of discontinued operations	54.8	100.2
Total assets	$ 2,708.5	$ 2,773.2
LIABILITIES AND EQUITY		
Current portion of long-term debt	$ 1.1	$ 35.3
Accounts payable and accrued liabilities	215.7	211.1
Current portion of contingency reserves	40.0	20.0
Total current liabilities	256.8	266.4
Long-term debt, excluding current portion:		
Limited recourse notes payable	396.5	396.5
Other long-term debt	643.8	673.6
Total long-term debt, excluding current portion	1,040.3	1,070.1
Contingency reserves, excluding current portion	85.3	106.1
Liabilities transferred under contractual arrangement	—	15.3
Deferred income taxes and other	342.6	309.1
Commitments and contingencies		
Stockholders' equity:		
Common stock	116.9	116.9
Additional paid-in capital	447.8	446.8
Retained earnings	730.1	745.8
Treasury stock	(228.4)	(230.2)
Accumulated comprehensive loss	(82.9)	(73.1)
Total stockholders' equity	983.5	1,006.2
Total liabilities and equity	$ 2,708.5	$ 2,773.2

The accompanying notes are an integral part of these unaudited financial statements.

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

	Six Months Ended June 30,	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (15.7)	$ (22.7)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, amortization and cost of timber harvested	69.9	83.9
(Gain) loss on sale or impairment on long-lived assets	(24.8)	23.2

Other operating credits and charges, net	35.4	3.1
Unrealized loss on foreign currency	10.0	3.7
Increase in contingency reserves	8.4	2.2
Cash settlements of contingencies	(8.0)	(24.8)
Cumulative effect of change in accounting principle	(0.1)	6.3
Other adjustments	(3.0)	(10.6)
Increase in certain working capital components and deferred taxes	(24.8)	(3.2)
Net cash provided by operating activities	47.3	61.1
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property, plant and equipment additions	(25.9)	(15.5)
Proceeds from timber & timberland sales	54.1	1.1
Proceeds from asset sales	30.2	19.5
Increase in restricted cash from asset sales	(46.0)	—
Return of capital from unconsolidated subsidiary	27.1	—
Other investing activities, net	(1.8)	5.9
Net cash provided by investing activities	37.7	11.0
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net payments under revolving credit facilities	(30.0)	(32.0)
Long term borrowings	—	17.1
Repayment of long-term debt	(37.1)	(17.0)
Other financing activities, net	1.5	(4.2)
Net cash used in financing activities	(65.6)	(36.1)
EFFECT OF EXCHANGE RATE ON CASH:	1.3	0.1
Net increase in cash and cash equivalents	20.7	36.1
Cash and cash equivalents at beginning of period	137.3	61.6
Cash and cash equivalents at end of period	$ 158.0	$ 97.7

The accompanying notes are an integral part of these unaudited financial statements.

NOTES TO CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – BASIS FOR PRESENTATION

These accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, in the opinion of management, include all adjustments (consisting of normal recurring adjustments except other operating credits and charges, net and (gain) loss on sale or impairment of long lived assets referred to in Notes 13 and 14) necessary to present fairly, in all material respects, the consolidated financial position, results of operations and cash flows of LP and its subsidiaries for the interim periods presented. These consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in LP's Annual Report on Form 10-K for the year ended December 31, 2002.

NOTE 2 - RECLASSIFICATIONS

Results of operations for interim periods are not necessarily indicative of results to be expected for an entire year. Certain prior period amounts have been reclassified to conform to the current period presentation. As a result of LP's divestiture plan announced in 2002 and modified in 2003, LP's previously reported consolidated financial statements have been restated to present the operations to be divested as discontinued operations separate from continuing operations in accordance with Statement of Financial Accounting Standard (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Additionally, as a result of the divestiture plan, LP modified its segment reporting under SFAS No. 131, "Disclosures about Segments of Enterprise and Related Information" to change structural framing products to engineered wood products (EWP) as a result of the presentation of a significant portion of the lumber operations as discontinued.

NOTE 3 – SECURITIZATION

LP sold timber and timberland during the second quarter of 2003 in various transactions for $25.4 million cash and $81.3 million notes receivable due in 2018 with variable interest rates. The notes receivable and related letters of credit were contributed by LP to a Qualified Special Purpose Entity (QSPE) and accounted for under SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." The QSPE pledged the notes receivable as security for $27.7 million of QSPE borrowings prior to the end of the quarter and $45.3 million of borrowings subsequent to the end of the quarter. The QSPE distributed $27.1 million of the borrowing proceeds to LP as a return of capital prior to the end of the quarter and $44.9 million after the end of the quarter. The principle amount of the QSPE's borrowings is equal to approximately 90% of the principal amount of the notes receivable contributed by LP to the QSPE. LP's retained interest, in the form of an investment in the QSPE, is classified in "Other assets" in the non-current assets in the accompanying condensed consolidated balance sheet as of June 30, 2003. We estimate fair value of the retained interests based upon the present value of expected future cash flows, which are subject to the prepayment risks, expected credit losses and interest rate risks of the contributed financial assets.

In accordance with SFAS NO. 140, the QSPE is not included in LP's consolidated financial statements and the assets pledged and liabilities of the QSPE are not reflected on LP's condensed consolidated balance sheet. The QSPE's assets have been removed from LP's control and are not available to satisfy claims of LP's creditors (except to the extent of LP's retained interest, if any, remaining after the claims of the QSPE's creditors are satisfied. In general, the creditors to the QSPE have no recourse to LP's assets, other than LP's retained interest. However, under certain circumstances, LP may be liable for certain liabilities of the QSPE in a maximum amount not to exceed 10% of the aggregate principal amount of the notes receivable pledged by the QSPE.

NOTE 4 – EARNINGS PER SHARE

Basic earnings per share are based on the weighted average number of shares of common stock outstanding. Diluted earnings per share are based upon the weighted average number of shares of common stock outstanding plus all potentially dilutive securities which were assumed to be converted into common shares at the beginning of the period under the treasury stock method. This method requires that the effect of potentially dilutive common stock equivalents (employee stock options and purchase plans) be excluded from the calculation of diluted earnings per

share for the years in which losses from continuing operations are reported because the effect is anti-dilutive. The following table sets forth the computation of basic and diluted earnings per share (in millions, except per share amounts):

Dollar and share amounts in millions	Quarter Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Numerator:				
Income attributed to common shares:				
Income from continuing operations	$ 8.9	$ 7.5	$ 10.9	$ 7.6
Income from discontinued operations	(26.1)	(20.7)	(26.7)	(26.5)
Cumulative effect of change in accounting principle	—	—	0.1	(3.8)
Net income (loss)	$ (17.2)	$ (13.2)	$ (15.7)	$ (22.7)
Denominator:				
Basic - weighted average common shares outstanding	104.6	104.6	104.6	104.6
Dilutive effect of employee stock plans	0.5	0.1	0.3	—
Diluted shares outstanding	105.1	104.7	104.9	104.6
Basic earnings per share:				
Income (loss) from continuing operations	$ 0.09	$ 0.07	$ 0.10	$ 0.07
Income (loss) from discontinued operations	(0.25)	(0.20)	(0.25)	(0.26)
Effect of change in accounting principle	—	—	—	(0.03)
Net income (loss)	$ (0.16)	$ (0.13)	$ (0.15)	$ (0.22)
Diluted earnings per share:				
Income (loss) from continuing operations	$ 0.09	$ 0.07	$ 0.10	$ 0.07
Income (loss) from discontinued operations	(0.25)	(0.20)	(0.25)	(0.26)
Effect of change in accounting principle	—	—	—	(0.03)
Net income (loss)	$ (0.16)	$ (0.13)	$ (0.15)	$ (0.22)

Stock options to purchase approximately 5.9 million shares at June 30, 2003 and 6.3 million shares at June 30, 2002 were not dilutive and, therefore, were not included in the computations of diluted income per common share amounts.

NOTE 5 – STOCK-BASED COMPENSATION

Stock options and other stock-based compensation awards are accounted for using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees,” and related interpretations. See Note 9 of the Notes to the financial statements included in Item 8 of LP’s Annual Report on Form 10-K for the year ended December 31, 2002 for further discussion of LP’s stock plans. The following table illustrates the effect on net income (loss) and loss per share if LP had applied the fair value recognition provisions of SFAS No. 123, “Accounting for Stock-Based Compensation,” to stock-based employee compensation.

Dollars amounts in millions, except per share amounts	Quarter Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net income (loss), as reported	$ (17.2)	$ (13.2)	$ (15.7)	$ (22.7)
Add: Stock-based employee compensation included in reported net income (loss), net of related income tax effects	0.7	0.3	1.1	0.4
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(1.3)	(1.3)	(2.6)	(2.5)
Pro forma net income (loss)	$ (17.8)	$ (14.2)	$ (17.2)	$ (24.8)
Net income (loss) per share—basic and diluted, as reported	$ (0.16)	$ (0.13)	$ (0.15)	$ (0.22)
Net income (loss) per share—basic and diluted, pro forma	$ (0.17)	$ (0.14)	$ (0.16)	$ (0.24)

NOTE 6 – INVENTORIES

Inventories are valued at the lower of cost or market. Inventory cost includes materials, labor and operating overhead. The LIFO (last-in, first-out) method is used for certain log and lumber inventories with remaining inventories valued at FIFO (first-in, first-out) or average cost. The major types of inventories (excluding discontinued operations) are as follows (work in process is not material):

Dollar amounts in millions	June 30, 2003	December 31, 2002
Logs	$ 26.4	$ 29.3
Other raw materials	28.8	29.0
Finished products	102.0	94.3

Supplies	10.8	12.7
LIFO reserve	(1.8)	(1.8)
Total	$ 166.2	$ 163.5
Inventory included in current assets of discontinued operations		
Logs	$ 18.1	$ 45.2
Other raw materials	3.2	5.1
Finished products	18.0	20.4
Supplies	2.3	3.9
LIFO reserve	(27.1)	(33.3)
Total	$ 14.5	$ 41.3

The preparation of interim financial statements requires the estimation of LP's year-end inventory quantities and costs for purposes of determining LIFO inventory adjustments. These estimates are revised quarterly and the estimated incremental change in the LIFO inventory reserve is expensed over the remainder of the year.

NOTE 7 - GOODWILL

Goodwill by operating segment is as follows:

Dollar amounts in millions

	OSB	Composite Wood Products	Plastic Building Products	Total
Balance as of December 31, 2002	$ 232.5	$ 33.6	$ 10.6	$ 276.7
Goodwill acquired	—	—	—	—
Impairments recorded	—	—	—	—
Balance as of June 30, 2003	$ 232.5	$ 33.6	$ 10.6	$ 276.7

NOTE 8 – INTANGIBLE ASSETS

LP has recorded intangible assets (other than goodwill) in its Condensed Consolidated Balance Sheets, as follows:

Dollar amounts in millions

	June 30, 2003	December 31, 2002
Forest licenses (recorded as part of Timber and Timberlands)	$ 95.3	$ 97.3
Forest licenses (recorded as part of Long-Term Assets of Discontinued Operations)	0.5	1.2
Goodwill associated with equity investment in GreenFiber	16.4	16.4
SFAS No. 87 pension intangible asset	7.5	9.0
Other intangible assets	3.0	4.5
	26.9	29.9
Total intangible assets	$ 122.7	$ 128.4

Included in the balance of timber and timberlands and long-term assets of discontinued operations are values allocated to Canadian forest licenses in the purchase price allocations for both Le Groupe Forex (Forex) and the assets of Evans Forest Products ($131 million at the dates of the acquisitions). These licenses have a life of twenty to twenty-five years and are renewable every five years. These licenses are amortized on a straight-line basis over the original life of the license. Activity during the first six months of 2003 was as follows:

Dollar amounts in millions	OSB	Engineered Wood Products	Other	Total
Balance as of December 31, 2002	$ 77.7	$ 15.8	$ 3.8	$ 97.3
Amortization during the year	(1.3)	(0.6)	(0.1)	(2.0)
Balance as of June 30, 2003	$ 76.4	$ 15.2	$ 3.7	95.30

Annual estimated amortization for each of the next five years is $4.8 million per year.

Additionally, LP has goodwill of $16.4 million associated with GreenFiber, an equity method investee. This amount is included in the line item "Other assets" on LP's condensed consolidated balance sheet as of June 30, 2003 and December 31, 2002.

NOTE 9 – BUSINESSES HELD FOR SALE AND DIVESTITURES

During 2002, LP announced that its board of directors had approved a plan to sell selected businesses and assets, including its plywood, commodity industrial panels, timber and timberlands, certain lumber mills, wholesale and distribution businesses, and included such businesses as discontinued operations. Although LP plans to divest its remaining fee timber assets, the operations associated with these assets are not reported as discontinued operations due to the nature of these assets. In 2003, LP announced further divestures of its remaining lumber mills as well as an interior hardboard panel operation.

Sales and operating income (loss) for these businesses are as follows:

Dollar amounts in millions	Quarter ended June 30,		Six Months ended June 30,	
	2003	2002	2003	2002
Sales	$ 87.5	$ 212.7	$ 189.1	$ 396.5
Income (loss) from discontinued operations	$ (42.3)	$ (33.4)	$ (43.2)	$ (42.8)

Included in income (loss) from discontinued operations for the quarter and six months ended June 30, 2003 is a gain of $6.2 million associated with the liquidation of certain LIFO inventories due to reduced log inventories at sites to be sold or closed.

In the first quarter of 2002, LP recorded a loss of $6.0 million associated with impairment charges on assets held for sale and a net gain of $2.2 million from business interruption insurance recoveries related to incidence at facilities that occurred in past years. Additionally, LP recorded a gain of $2.7 million to reflect the changes in the estimated fair value of several energy contracts since December 31, 2001.

In the second quarter of 2002, LP recorded a loss of $19.6 million associated with impairment charges on assets held for sale; a loss of $3.9 million on severance accrued as part of the recently announced divestiture plan; a loss of $6.4 million related to curtailment expense on a defined benefit pension plan associated with the expected divestitures; a gain of $0.6 million to reflect the changes in the estimated fair value of several energy contracts since March 31, 2002; and a net gain of $0.4 million from business interruption insurance recoveries related to incidents at facilities that occurred in past years.

In the first quarter of 2003, LP recorded a gain of $7.5 million on the sale of various assets previously held for sale and a loss of $0.5 million related to severance charges.

In the second quarter of 2003, LP recorded a loss of $2.5 million related to curtailment expense on a defined benefit pension plan associated with the expected divestitures; a loss of $15.0 million related to an operating lease associated with a mill that has been permanently closed (in accordance with SFAS No. 146 “Accounting for Costs Associated with Exit or Disposal Activities”); a loss of $1.4 million related to a timber contract associated with a closed mill; and impairment charges of $24.4 million on assets held for sale.

The assets of the discontinued operations included in the accompanying condensed consolidated balance sheets as of June 30, 2003 and December 31, 2002 are as follows:

Dollar amounts in millions	June 30, 2003	December 31, 2002
Inventories	$ 14.5	$ 41.3
Timber and Timberlands	6.8	6.3
Property, plant and equipment	140.1	231.3
Accumulated depreciation	(92.1)	(137.4)
Net, property, plant and equipment	48.0	93.9
Total long-term assets of discontinued operations	54.8	100.2
Total assets of discontinued operations	$ 69.3	$ 141.5

NOTE 10 – INCOME TAXES

The preparation of interim financial statements requires the estimation of LP’s effective income tax rates based on estimated annual amounts of taxable income and expenses by income component for the year. This rate is applied to year-to-date income or loss at the end of each quarter. For the six months ended June 30, 2003, the primary differences between the statutory rate on continuing operations and the calculated rate relates to differences associated with non-deductible foreign currency exchange losses on certain inter-company debt that is denominated in Canadian dollars.

The components and associated estimated effective income tax rates applied to each period are as follows:

Dollar amounts in millions	Quarter Ended June 30,			
	2003		2002	
	Tax Provision	Tax Rate	Tax Provision	Tax Rate
Continuing operations	$ 10.0	53%	$ 4.3	36%
Discontinued operations	(16.2)	38%	(12.7)	38%
	$ (6.2)	26%	$ (8.4)	39%

	Six Months Ended June 30,			
	2003		2002	
	Tax Provision	Tax Rate	Tax Provision	Tax Rate
Continuing operations	$ 11.1	50%	$ 8.4	53%
Discontinued operations	(16.5)	38%	(16.3)	38%
Cumulative effect of accounting change	0.1	38%	(2.5)	38%
	$ (5.3)	26%	$ (10.4)	31%

NOTE 11 – REVOLVING CREDIT AGREEMENTS

In February 2003, LP amended its secured revolving credit facility to facilitate its divestiture and debt reduction plan. Among other things, this amendment extended the expiration date to July 2004 from January 2004 and adjusted the covenant requiring minimum levels of earnings, before interest, taxes, depreciation, depletion and amortization (EBITDDA), as defined.

NOTE 12 – COMPREHENSIVE INCOME

Components of comprehensive income (loss) for the periods include:

Dollar amounts in millions	Quarter Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net income (loss)	$ (17.2)	$ (13.2)	$ (15.7)	$ (22.7)
Foreign currency translation adjustment	0.8	(0.1)	0.7	(0.8)
Minimum pension liability adjustment	(11.2)	—	(11.2)	—
Net gain (loss) on derivative instruments designated and qualifying as cash flow hedge instrument	(0.4)	—	0.6	—
Other	—	—	0.1	(0.1)
Change in accumulated comprehensive loss	(10.8)	(0.1)	(9.8)	(0.9)
Comprehensive income (loss)	$ (28.0)	$ (13.3)	$ (25.5)	$ (23.6)

NOTE 13 – OTHER OPERATING CREDITS AND CHARGES, NET

The major components of "Other operating credits and charges, net" in the Condensed Consolidated Statements Of Income for the quarter and six months ended June 30 are reflected in the table below and are described in the paragraphs following the table:

Dollar amounts in millions	Quarter Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Additions to product related contingency reserves	$ (6.7)	$ —	$ (6.7)	$ —
Additions to environmental contingency reserves	(2.7)	—	(2.7)	—
Insurance recoveries	—	—	—	1.9
Loss related to assets and liabilities transferred under contractual arrangement	(16.0)	—	(16.0)	—
Severance charges	—	(1.5)	—	(1.5)
	$ (25.4)	$ (1.5)	$ (25.4)	$ 0.4

In the first quarter of 2002, LP recorded a net gain of $1.9 million ($1.1 million after taxes, or $0.01 per diluted share) from business interruption insurance recoveries related to incidents at facilities that occurred in past years.

In the second quarter of 2002, LP recorded a loss of $1.5 million ($0.9 million after tax, or $.01 per share) on severance accrued as part of the divestiture plan.

In the second quarter of 2003, LP recorded a loss of $16.0 million ($9.8 million after taxes, or $0.15 per share) related to assets and liabilities transferred under contractual arrangement due to the increase in a valuation allowance associated with notes receivable from Samoa Pacific Cellulose, LLC (see Footnote 18 for further discussion); a loss of $6.7 million ($4.1 million after taxes, or $0.04 per share) from increases in product related contingency reserves associated with the nationwide siding class action settlement and a loss of $2.7 million ($1.6 million after taxes, or $0.01 per diluted share) associated with an increase in environmental reserves at our Ketchikan Pulp Company operations.

NOTE 14 – (GAINS) LOSSES ON SALE OR IMPAIRMENT OF LONG-LIVED ASSETS

The major components of "Gain (loss) on sale or impairment of long-lived assets" in the Condensed Consolidated Statements Of Income for the quarter and six months ended June30 are reflected in the table below and are described in the paragraphs following the table:

Dollar amounts in millions	Quarter Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Gain on sales of timber	$ 29.3	$ —	$ 41.8	$ —
Gain (loss) on other long-lived assets	(0.1)	7.1	(0.1)	7.1
Impairment charges on fixed assets	—	(1.3)	—	(2.9)
	$ 29.2	$ 5.8	$ 41.7	$ 4.2

In the first quarter of 2002, LP recorded a loss of $1.6 million ($1.0 million after taxes, or $0.01 per diluted share) associated with impairment charges on assets held.

In the second quarter of 2002, LP recorded a loss of $1.3 million ($0.8 million after taxes, or $0.01 per diluted share) associated with impairment charges on assets held and a gain of $7.1 million ($4.3 million after taxes, or $0.04 per diluted share) on the sale of certain assets.

In the first quarter of 2003, LP recorded a gain of $12.5 million ($7.7 million after taxes, or $0.07 per diluted share) associated with the sale of a portion of LP's timberlands as part of LP's divestiture plan.

In the second quarter of 2003, LP recorded a gain of $29.3 million ($17.9 million after taxes, or $0.17 per diluted share) associated with the sale of a portion of LP's timberlands as part of LP's divestiture plan and a loss of $0.1 million ($0.1 million after taxes, or $0.00 per diluted share) associated with the sale of certain other assets.

NOTE 15 – OTHER INFORMATION

The description of certain legal and environmental matters involving LP set forth in Part II of this report under the caption "Legal Proceedings" is incorporated herein by reference.

NOTE 16 - CUMULATIVE EFFECT OF ACCOUNTING CHANGES

In June of 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This statement addresses financial accounting and reporting obligations associated with the retirement of tangible long-lived assets and the associated retirement costs. SFAS No. 143 was effective for LP beginning January 1, 2003. As part of this implementation, LP recognized a gain of $0.2 million (before taxes). This change was primarily associated with the treatment of the monitoring costs on closed landfills and timber reforestation obligations associated with LP's timber licenses in Canada.

During the first quarter of 2002, LP implemented SFAS No. 142, "Goodwill and other intangible assets." As part of the initial implementation, LP determined that $6.3 million (before taxes) of goodwill reported in the Engineered Wood Products business was impaired as of January 1, 2002 based upon the net present value of the estimated future cash flows.

These charges were recorded in the line item "cumulative effect of change in accounting principles" as of January 1, 2003 and 2002.

NOTE 17 – SELECTED SEGMENT DATA

Operating Results:

Dollar amounts in millions	Quarter Ended June 30,			Six Months Ended June 30,		
	2003	2002	% change	2003	2002	% change
Net sales:						
OSB	$ 229.2	$ 194.8	18	$ 423.5	$ 383.6	10
Composite Wood Products	100.8	101.8	(1)	189.5	188.1	1
Plastic Building Products	57.6	43.7	32	100.2	73.8	36
Engineered Wood Products	72.8	67.8	7	137.3	121.3	13
Pulp	—	0.6	(100)	—	0.7	(100)
Other	25.6	40.1	(36)	52.4	84.0	(38)
Less: Intersegment sales	(7.5)	(16.5)	(55)	(11.3)	(30.0)	(62)
	$ 478.5	$ 432.3	11	$ 891.6	$ 821.5	9
Operating profit (loss):						
OSB	$ 37.1	$ 25.0	48	$ 50.9	$ 48.1	6
Composite Wood Products	10.5	17.6	(40)	20.2	28.4	(29)
Plastic Building Products	6.1	1.3	369	9.3	2.0	365
Engineered Wood Products	(1.1)	2.0	(155)	(2.1)	4.3	(149)
Pulp	—	(2.3)	100	—	(3.6)	100
Other	(1.0)	1.9	(153)	2.3	5.7	(60)
Other operating credits and charges, net	(25.4)	(1.5)	(1593)	(25.4)	0.4	(6450)
Gain (loss) on sale or impairment of long-lived assets	29.2	5.8	403	41.7	4.2	893
General corporate and other expenses, net	(21.8)	(22.1)	1	(45.1)	(43.1)	(5)
Interest income (expense), net	(14.3)	(16.6)	14	(29.4)	(32.5)	10
Income (loss) before taxes, minority interest and equity in earnings of unconsolidated subsidiary	$ 19.3	$ 11.1	74	$ 22.4	$ 13.9	61

Depreciation, Amortization and Cost of Timber Harvested (continuing operations)

Dollar amounts in millions	Quarter Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
OSB	$ 17.3	$ 18.0	$ 36.0	$ 38.9
Composite Wood Products	4.3	4.1	8.4	8.1
Plastic Building Products	1.9	1.6	3.6	2.9
Engineered Wood Products	3.6	4.1	7.6	8.3
Pulp	—	—	—	—
Other	2.2	2.1	4.2	5.2
Non segment related	2.8	2.5	5.2	5.3
	$ 32.1	$ 32.4	$ 65.0	$ 68.7

NOTE 18 – POTENTIAL IMPAIRMENTS

LP continues to review several mills and projects for potential impairments. Management currently believes that it has adequate support for the carrying value of each of these assets based upon the anticipated cash flows that result from our estimates of future demand, pricing and production costs assuming certain levels of planned capital expenditures. However, should the markets for LP's products deteriorate from June 30, 2003 levels or should LP decide to invest capital in alternative projects, it is possible that LP will be required to record further impairment charges.

LP also reviews from time to time possible dispositions of various assets in light of current and anticipated economic and industry conditions, our strategic plan and other relevant circumstances. Because a determination to dispose of particular assets can require management to estimate the net sales proceeds and transaction structure expected to be realized upon such disposition, which may be less than the estimated undiscounted future net cash flows associated with such assets prior to such determination, LP may be required to record impairment charges in connection with decisions to dispose of assets.

As part of the sale of LP's Samoa, California pulp mill to Samoa Pacific Cellulose LLC (SPC), there are several contingent liabilities (primarily concerning environmental remediation) associated with these operations that, under certain circumstances, could become LP's liabilities. LP has not fully recorded an accrual for these liabilities, as LP does not believe it is probable that these liabilities will be incurred. However it is possible that LP may be required to record such an accrual in the future. SPC has continued to generate significant losses and is currently attempting to implement a reorganization plan. Subsequent to quarter end, LP received a notice of foreclosure from one of SPC's significant creditors. LP does not know all of the details of any such plan or foreclosure, but it is possible that such reorganization or foreclosure, if implemented, could be detrimental to LP's position regarding these contingent liabilities.

LP's Canadian subsidiaries have arrangements with various Canadian provincial governments which give its subsidiaries the right to harvest a volume of wood off public land from defined forest areas under supply and management agreements, long-term pulpwood agreements and various other timber licenses. Total timber under license in British Columbia (BC) is located on 7,900,000 acres. In March of 2003, the BC government announced major changes to the provincial timber license structure. These included a 20% reduction in the harvesting rights for holders of long-term licenses and the introduction of an auction based timber system. This will not affect LP's softwood timber licenses associated with its OSB facilities in BC. Although this legislation has been enacted, the regulations that will establish the new timber pricing system and basis for the 20% timber license reduction have not yet been published. As a result, LP is unable to predict what effects these changes will have on future operations. The BC government has acknowledged that licensees will be fairly compensated for the reduction in harvesting rights and the costs associated with the related improvements (including roads and bridges).

As part of the acquisition of the assets of Evans Forest Products in 1999, LP allocated a portion of the purchase price to these timber licenses based upon the present value of the difference between the cost of the timber under licenses and the timber purchased on the open market as of the date of acquisition. As a result of the change in the enacted timber license structure and integral relationship between these licenses and the acquired operations, LP will be required to complete an impairment test, once the compensation has been determined, on these operations to determine what, if any, impairment is required.

NOTE 19 – CONTINGENCIES

LP is involved in various legal proceedings incidental to LP's business and is subject to a variety of environmental and pollution control laws and regulations in all jurisdictions that we operate. LP maintains reserves for these various contingencies as follows:

Dollar amounts in millions	**June 30, 2003**	**December 31, 2002**
Environmental reserves	$ 22.8	$ 25.7
OSB siding reserves	41.6	39.0
Hardboard siding reserves	48.8	49.6
Other	12.1	11.8
Total contingencies	125.3	126.1
Current portion contingencies	(40.0)	(20.0)
Long term portion contingencies	$ 85.3	$ 106.1

OSB and Hardboard Siding Reserves

LP has established reserves relating to certain liabilities associated with products manufactured which were the subjects of nationwide class action lawsuits. These settlement agreements relate to a nationwide class action suit involving OSB Siding manufactured by LP and installed prior to January 1, 1996 and a nationwide class action suit involving hardboard siding manufactured or sold by corporations acquired by LP in 1999 and installed prior to May 15, 2000, were approved by the applicable courts in 1996 and 2000, respectively. LP continues to have payment and other obligations under the nationwide OSB and hardboard siding settlements. These settlements are discussed in detail in Note 12 of the Notes to financial statements included in Item 8 of LP's Annual Report on Form 10-K for the year ended December 31, 2002.

NOTE 20 – GUARANTEES AND INDEMNIFICATIONS

LP is party to contracts in which LP agrees to indemnify third parties for certain liabilities that arise out of or relate to the subject matter of the contract. In some cases, this indemnity extends to related liabilities arising out of the negligence of the indemnified parties, but usually excludes any liabilities caused by gross negligence or willful misconduct. LP cannot estimate the potential amount of future payments under these agreements until events arise that would trigger the liability.

Additionally, in connection with certain sales of assets and divestures of businesses, LP has agreed to indemnify the buyer and related parties for certain losses or liabilities incurred by the buyer or such related parties with respect to 1) the representations and warranties made to the buyer by LP in connection with the sales and 2) liabilities related to the pre-closing operations of the assets sold. Indemnities related to pre-closing operations generally include environmental liabilities, tax liabilities and other liabilities not assumed by the buyer.

Indemnities related to the pre-closing operations of sold assets normally do not represent added liabilities for LP, but simply serve to protect the buyer from potential liability associated with the obligations that existed at the time of the sale. These liabilities are accrued for those pre-closing obligations that are considered probable and reasonably estimable. We have not accrued any additional amounts as a result of the indemnity agreements summarized below, which resulted from significant asset sales and divestures in recent years.

- In connection with various sales of LP's timberlands, LP has agreed to indemnify the various buyers with respect to losses resulting from breaches of limited representations and warranties contained in these agreements. These indemnities, which LP believes are significantly narrow, generally are not capped at a maximum potential liability and do not expire.

- In connection with the exchange of LP's Texas and Louisiana plywood mills and a medium density fiberboard (MDF) mill to Georgia Pacific Corporation in 2002, LP agreed to indemnify Georgia Pacific Corporation for certain losses resulting from breaches of LP's representations and warranties contained in the exchange agreement. LP is not required to pay under this indemnification obligation until claims against LP, on a cumulative basis exceed $500,000. Upon exceeding this $500,000 threshold, LP is generally required to provide indemnification for any losses in excess of $500,000, up to a limit of $15 million. This indemnification expires in September of 2007.

- In connection with the sale of LP's particleboard mill at Missoula, MT to Roseburg Forest Products Co., LP provided a five-year indemnity for unknown environmental claims, capped at the purchase price of $17.7 million with a $1,000,000 deductible. This indemnification expires in February of 2008.

- In connection with the sale of LP's particleboard mill in Arcata, CA to Hambro Forest Products, LP has provided a 7-year indemnity without a cap for any claims arising out of the bone yard and an uncapped 1-year indemnity for remediation in James Creek beginning upon receipt of a No Further Action Letter (NFA) from state regulators. The remediation work has been completed and the NFA is expected shortly. The 7-year bone yard indemnity will expire in July of 2009.

- In connection with LP Canada Pulp Ltd's sale of its pulp mill in Chetwynd, BC, Canada to Tembec, Ltd, LP guaranteed the indemnity for breach of warranties and representations and liabilities arising out of pre-closing operations for an indefinite period for liabilities and for 2 years for breaches of representations and warranties with a cumulative cap of $20 million Canadian. Environmental liabilities are excluded as insurance was procured and is in place.

- In connection with the sale of LP's pulp mill in Samoa, California in 2001, LP agreed to indemnify SPC for certain environmental issues arising out of the pre-closing operations, certain third party claims and claims related to exposure to asbestos by third parties. This indemnification is without a dollar limit for an indefinite period of time. LP also agreed to indemnify SPC for six years related to potential government imposed requirements for changes to the waste treatment process that is limited to $4.6 million. For all other items, the indemnity is for 5 years (or 3 years for specific breach of representations and warranties of the agreement) with a deductible of $100,000 capped at the purchase price. Additionally, LP has guaranteed a contractual liability for lease payments and a potential restoration of the certain California tidelands, should this be required by various state agencies. Under certain circumstances, LP may have the ability to offset the amount owed under these indemnities against amounts owed to it by SPC.

LP will record a liability related to specific indemnification when future payment is probable and the amount is reasonably estimable.

NOTE 21 – PENSION CURTAILMENT

During the second quarter of 2003, LP recorded a $2.5 million curtailment expense on its US defined benefit pension plans related to the expected divestitures of the lumber and interior hardboard operations. During the second quarter of 2002, LP recorded a similar charge of $6.4 million ($2.0 million of which was reversed in the third quarter of 2002) related to the expected divestitures of the lumber, plywood, industrial panels and other businesses. The amount was estimated by the plan's actuaries and is recorded in the discontinued operations section of LP's consolidated statements of income.

The discount rate used to calculate the curtailment charge at June 30, 2003 was 5.75%, compared to a discount rate used at the date of our last annual valuation on October 31, 2002 of 6.75%. The use of a lower discount rate caused an increase in the actuarial value of the obligations of the plans. Therefore, LP was required to record an accumulated comprehensive loss of $18.3 million ($11.2 million after taxes) and a corresponding increase of $15.2 million in pension liabilities and a decrease of $3.1 million in the intangible pension asset.

It is also possible that LP will be required to record a pension settlement expense for the same pension plan. LP will be required to record additional expense under the settlement provisions of SFAS No. 88 "Employers Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and For Termination Benefits," only if lump sum payouts to participants exceed the service and interest costs of the plan. LP cannot currently predict the timing and amounts of such lump sum payouts and therefore has not recorded additional settlement expense. The plan's actuaries have estimated that the expense related to a settlement could be $8 million or more. The actual expense will depend on the timing and amounts of lump sum payouts.

NOTE 22 – SUBSEQUENT EVENTS

On July 8, 2003, LP announced it had entered into a definitive agreement to sell approximately 465,000 acres of timberland located in southeastern Texas. Molpus Woodlands Group, a timberland investment management organization based in Jackson, Miss., on behalf of an institutional investor, will manage the timberland. The transaction has an estimated net sales price of $285 million, subject to adjustments prior to closing, and is expected to close in the fourth quarter of 2003.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

CRITICAL ACCOUNTING POLICIES

Presented in Note 1 of Notes to financial statements included in item 8 in our Annual Report on Form 10-K for the year ended December 31, 2002 is the discussion of our significant accounting policies. While it is important to review and understand all of these policies when reading our financial statements, there are several policies that we have adopted and implemented from among acceptable alternatives that could lead to different financial results had another policy been chosen:

Inventory valuation. We use the LIFO (last-in, first-out) method for most log and lumber inventories with the remaining inventories valued at FIFO (first-in, first-out) or average cost. Our inventories would have been approximately $28.9 million higher if the LIFO inventories were valued at average cost.

Timber and timberlands. We use an accounting method for fee timber that amortizes timber costs over the total fiber available during the estimated growth cycle as volume is harvested. Timber carrying costs, such as costs of reforestation and forest management, are expensed as incurred. Additionally, included in the balance of timber and timberlands, are values allocated to Canadian forest licenses in the purchase price allocations for both Le Groupe Forex (Forex) and the assets of Evans Forest Products (Evans). The allocations were based upon the present value of the difference between the cost of the timber under licenses and the timber purchased on the open market as of the date of acquisition.

Property, plant and equipment. We principally use the units of production method of depreciation for machinery and equipment that amortizes the cost of machinery and equipment over the estimated units that will be produced during its estimated useful life.

Stock options. We have chosen to report our stock-based compensation using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees” under which no compensation cost for stock options is recognized for stock options granted at or above fair market value. As permitted, we apply only the disclosure provisions of Statement of Financial Accounting Standards (SFAS) No. 123, “Accounting for Stock-Based Compensation” which establishes a fair value approach to measuring compensation expense related to employee stock compensation plans. Had compensation expense for our stock-based compensation plans been determined based upon the fair value at the grant dates under those plans consistent with SFAS No. 123, our net income would have been lower or net loss would have been greater.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Throughout the preparation of the financial statements, we employ significant estimates and judgments in the selection and application of accounting principles and methods. For 2003, these significant accounting estimates and judgments include:

Legal Contingencies. Our estimates of our loss contingencies for legal proceedings are based on various judgments and assumptions regarding the potential resolution or disposition of the underlying claims and associated costs. With respect to siding claims subject to our nationwide class action settlements, these judgments and assumptions primarily relate to the extent and terms on which claims may be resolved through means other than those provided for in the settlement; and the costs associated with the administration of the settlement and the resolution of disputes and other legal matters. In making judgments and assumptions regarding legal contingencies for ongoing class action settlements, we consider, among other things, discernible trends in the rate of claims asserted and related damage estimates, information obtained through consultation with statisticians and economists, including statistical analyses of potential outcomes based on experience to date, the experience of third parties who have been subject to product-related claims judged to be comparable and our potential ability to resolve claims for less than their calculated value under the applicable settlement. Due to the numerous variables associated with these judgments and assumptions, both the precision and reliability of the resulting estimates of the related loss contingencies are subject

to substantial uncertainties. We regularly monitor our estimated exposure to these contingencies and, as additional information becomes known, may change our estimates significantly.

Environmental Contingencies. Our estimates of our loss contingencies for environmental matters are also based on various judgments and assumptions. These estimates typically reflect judgments and assumptions relating to the probable nature, magnitude and timing of required investigation, remediation and/or monitoring activities and the probable cost of these activities, and in some cases reflect judgments and assumptions relating to the obligation or willingness and ability of third parties to bear a proportionate or allocated share of the cost of these activities, including third parties who purchased assets from us subject to environmental liabilities. In making these judgments and assumptions we consider, among other things, the activity to date at particular sites, information obtained through consultation with applicable regulatory authorities and third-party consultants and contractors and our historical experience at other sites that are judged to be comparable. Due to the numerous variables associated with these judgments and assumptions, and the effects of changes in governmental regulation and environmental technologies, both the precision and reliability of the resulting estimates of the related contingencies are subject to substantial uncertainties. We regularly monitor our estimated exposure to environmental loss contingencies and, as additional information becomes known, may change our estimates significantly. At January 1, 2003, liabilities associated with closing, capping and monitoring landfills are accounted for as asset retirement obligations in accordance with SFAS No. 143.

Impairment of Long-Lived Assets. We review the long-lived assets held and used by us (primarily property, plant and equipment and timber and timberlands) for impairment when events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. Identifying these events and changes in circumstances, and assessing their impact on the appropriate valuation of the affected assets under accounting principles generally accepted in the US, requires us to make judgments, assumptions and estimates. In general, on assets held and used, impairments are recognized when the book values exceed our estimate of the undiscounted future net cash flows associated with the affected assets. The key assumptions in estimating these cash flows include future production volumes and pricing of commodity products and future estimates of expenses to be incurred. Our assumptions regarding pricing are based upon the average pricing over the commodity cycle (generally five years) due to the inherent volatility of commodity product pricing. These prices are estimated from information gathered from industry research firms, research reports published by investment analysts and other published forecasts. Our estimates of expenses are based upon our long-range internal planning models and our expectation that we will continue to reduce product costs that will offset inflationary impacts.

When impairment is indicated, the book values of the assets to be held and used are written down to their estimated fair value that is generally based upon discounted future cash flows. Assets to be disposed of are written down to their estimated fair value, less estimated sales costs. Consequently, a determination to dispose of particular assets can require us to estimate the net sales proceeds expected to be realized upon such disposition, which can be less than the estimated undiscounted future net cash flows associated with such assets prior to such determination, and thus require a write down of such assets. In situations where we have experience in selling assets of a similar nature, we may estimate net sales proceeds on the basis of that experience. In other situations, we may hire independent appraisers to estimate net sales proceeds. Due to the numerous variables associated with our judgments and assumptions relating to the valuation of assets in these circumstances, and the effects of changes in circumstances affecting these valuations, both the precision and reliability of the resulting estimates of the related impairment charges are subject to substantial uncertainties and, as additional information becomes known, we may change our estimates significantly.

Asset Retirement Obligations. As required by SFAS No. 143, we changed our method of accounting for certain asset retirement obligations as of January 1, 2003. The net impact of this change was not material. We included the costs of closing, capping and monitoring landfills, the costs of reforestation associated with certain of our Canadian timber supply agreements and the costs of potential requirements to remove certain assets in our asset retirement obligations. In certain cases, we used a weighted-average probability of several alternative scenarios. We did not include costs to remediate unintentional environmental contamination, whether caused by third parties or us, as these liabilities are accounted for under SFAS No. 5 and SOP 96-1.

Goodwill. As discussed in Note 1 of the Notes to the financial statements included in item 8 of LP's Annual Report on Form 10-K, we adopted SFAS No. 142, "Goodwill and Other Intangible Assets" on January 1, 2002. Under this

standard, goodwill and other intangible assets that are deemed to have an indefinite-life are no longer amortized. However, these indefinite life assets are tested for impairment on an annual basis, and otherwise when indicators of impairment are determined to exist, by applying a fair value based test. The process of evaluating the potential impairment of goodwill is highly subjective and requires significant judgments at many points during the analysis. In testing for potential impairment, the estimated fair value of the reporting unit, as determined based upon cash flow forecasts, is compared to the book value of the reporting unit. The key assumptions in estimating these cash flows include future production volumes and pricing of commodity products and future estimates of expenses to be incurred. Our assumptions regarding pricing are based upon the average pricing over the commodity cycle (generally five years) due to the inherent volatility of commodity product pricing. These prices are estimated from information gathered from industry research firms, research reports published by investment analysts and other published forecasts. Our estimates of expenses are based upon our long-range internal planning models and our expectation that we will continue to reduce product costs that will offset inflationary impacts.

Due to the numerous variables associated with our judgments and assumptions relating to the valuation of assets in these circumstances, and the effects of changes in circumstances affecting these valuations, both the precision and reliability of the resulting estimates of the related impairment charges, if any, are subject to substantial uncertainties and, as additional information becomes known, we may change our estimates significantly.

Deferred Taxes. We record deferred tax assets, including net operating loss and other carryover amounts, and deferred tax liabilities. The amounts that we record for these assets, including any related valuation allowances, and liabilities are based upon various judgments, assumptions and estimates, including judgments regarding the tax rates that will be applicable to the deferred tax amounts, the likelihood that we will generate sufficient taxable income or gain to utilize deferred tax assets prior to their expiration, potential future tax liability relating to audits by taxing authorities and the indefinite reinvestment of foreign earnings. Due to the numerous variables associated with our judgments, assumptions and estimates relating to the valuation of our deferred tax assets and liabilities, and the effects of changes in circumstances affecting these valuations, both the precision and reliability of the resulting estimates are subject to substantial uncertainties and, as additional information becomes known, we may change our estimates significantly.

Pension Plans. Most of our US employees and many of our Canadian employees participate in defined benefit pension plans sponsored by LP. We account for the consequences of our sponsorship of these plans in accordance with accounting principles generally accepted in the US, which require us to make actuarial assumptions that are used to calculate the related assets, liabilities and expenses recorded in our financial statements. While we believe we have a reasonable basis for these assumptions, which include assumptions regarding long-term rates of return on plan assets, life expectancies, rates of increase in salary and wage levels, rates at which future values should be discounted to determine present values and other matters, the amounts of our pension related assets, liabilities and expenses recorded in our financial statements would differ if we used other assumptions. The amount of the additional minimum pension liability, recorded in Accumulated Comprehensive Loss on our consolidated balance sheet, is based on a comparison of the accumulated benefit obligation to the market value of plan assets on our valuation date of October 31 or an interim valuation date, when applicable.

RESULTS OF OPERATIONS

Our net loss for the second quarter of 2003 was $17.2 million, or $0.16 per diluted share, on sales of $478.5 million, compared to the second quarter 2002 net loss of $13.2 million, or $0.13 per diluted share, on sales of $432.2 million. For the second quarter of 2003, income from continuing operations was $8.9 million, or $0.09 per share compared to income from continuing operations of $7.5 million, or $0.07 per share for the second quarter of 2002. For the six month ended June 30, 2003, our net loss was $15.7 million, or $0.15 per diluted share, on sales of $891.6 million, compared to the six month period ended June 30, 2002 net loss of $22.7 million, or $0.22 per diluted share, on sales of $821.5 million. For the six months ended June 30, 2003, income from continuing operations before cumulative effect of change in accounting prinicple was $10.9 million, or $0.10 per share compared to income from continuing operations before cumulative effect of change in accounting principle of $7.6 million, or $0.07 per share for the six month period ended June 30, 2002. All sales figures are from continuing operations only.

We operate in four segments: Oriented Strand Board (OSB), Composite Wood Products, Plastic Building Products and Engineered Wood Products. In prior periods, we also operated a Pulp segment. OSB is the most significant segment, accounting for more than 40% of sales during the first six months of 2003 and 2002. Our results of

operations are discussed below for each of these segments separately as well as for the "other" category which comprises other products that are not individually significant.

OSB is a commodity product for which sales prices fluctuate daily based on market factors over which we have little or no control. We cannot predict whether the prices of OSB products will remain at current levels, or will increase or decrease in the future, because supply and demand are influenced by many factors, only two of which are the cost and availability of raw materials. We are not able to determine to what extent, if any, we will be able to pass any future increase in the price of raw materials on to customers through product price increases.

Demand for the majority of our products is subject to seasonal and cyclical fluctuations over which we have no control. The level of residential construction and repair and remodel activities, which are subject to fluctuations due to changes in economic conditions, interest rates, population growth and other factors, heavily influences the demand for our building products. These cyclical fluctuations in demand are unpredictable and may have a substantial influence on our results of operations.

OSB

Our OSB segment manufactures and distributes commodity OSB structural panels.

	Quarter Ended June 30,			Six Months Ended June 30,		
	2003	2002	Change	2003	2002	Change
Sales	$ 229.2	$ 194.8	18%	$ 423.5	$ 383.6	10%
Operating profits	$ 37.1	$ 25.0	48%	$ 50.9	$ 48.1	6%

	Quarter Ended June 30 2003 versus 2002		Six Months Ended June 30 2003 versus 2002	
	Average Net Selling Price	Unit Shipments	Average Net Selling Price	Unit Shipments
Commodity OSB	23%	(4)%	15%	(4)%

OSB prices increased for the second quarter and six months ended June 30, 2003 as compared to the corresponding periods of 2002 due to strengthening market demand, structural panel downtime taken by several competitors during the first quarter of 2003 and slightly better weather in certain key construction markets in the country.

Compared to the second quarter and the six months ended June 30, 2002, the primary factors for increased operating profits was the increase in sales prices, which was partially offset by an increase in operating costs of 18% for the quarter and 16% for the six month period of 2003. The increase in operating costs was primarily due to increased wood, resin and energy costs and reductions in volume associated with the Chambord, Quebec mill strike as well as weather-related log outages at several mills. Additionally, because of the strengthening Canadian dollar, operating results at our Canadian OSB mills were negatively affected due to increased Canadian dollar denominated costs when translated into US dollars.

COMPOSITE WOOD PRODUCTS

Our composite wood products segment produces and markets wood siding and related accessories, specialty hardboard products and specialty OSB.

	Quarter Ended June 30,			Six Months Ended June 30,		
	2003	2002	Change	2003	2002	Change
Sales	$ 100.8	$ 101.8	-1%	$ 189.5	$ 188.1	1%
Operating profits	$ 10.5	$ 17.6	-40%	$ 20.2	$ 28.4	-29%

	Quarter Ended June 30 2003 versus 2002		Six Months Ended June 30 2003 versus 2002	
	Average Net Selling Price	Unit Shipments	Average Net Selling Price	Unit Shipments
OSB-based exterior products	0%	11%	0%	15%
Commodity OSB	26%	(7)%	15%	5%
Hardboard	(8)%	(4)%	8%	(11)%

For both the second quarter and the six month period ended June 30, 2003, sales volume continued to increase in our OSB-based exterior products due to increased market penetration and brand awareness. Volumes in our hardboard siding and doorskin business declined due to reduced demand in one of our key markets and slackening demand elsewhere. Sales prices in the OSB-based exterior products remained flat over the comparable period. Selling prices increased in the hardboard siding and doorskin business primarily due to changing product mixes for the six month period. However due to additional warranty reserves (deduction from sales) accrued in the second quarter of 2003, average net sales prices for the second quarter of 2003 as compared to the same period of 2002 were lower.

During the second quarter and six month period ended June 30 of both 2003 and 2002, one of our specialty OSB facilities also produced commodity OSB. This commodity OSB volume declined over the second quarter of 2002 due to increased capacity utilization to produce OSB-based exterior products as a result of higher demand, however, commodity OSB volume increased over the six month period ended June 30, 2002 primarily due to increased production from our Chilean facility to produce OSB-based exterior products. See the discussion in OSB above for a discussion of changes in commodity OSB pricing.

Overall, the decline in operating results for our composite wood products segment for the second quarter and six month period ended June 30, 2003 compared to the same periods in the prior year primarily due to increased operating costs including higher wood, resin and energy costs. Also, the higher warranty reserve required in our hardboard business negatively impacted profitability. These increases in costs were partially offset by an increase in sales volume of our OSB-based siding and increased pricing in our commodity OSB products.

PLASTIC BUILDING PRODUCTS

Our plastic building products segment produces and markets vinyl siding and related accessories, plastic mouldings and composite decking.

	Quarter Ended June 30,			Six Months Ended June 30,		
	2003	2002	Change	2003	2002	Change
Sales	$ 57.6	$ 43.7	32%	$ 100.2	$ 73.8	36%
Operating profits	$ 6.1	$ 1.3	369%	$ 9.3	$ 2.0	365%

	Quarter Ended June 30 2003 versus 2002		Six Months Ended June 30 2003 versus 2002	
	Average Net Selling Price	Unit Shipments	Average Net Selling Price	Unit Shipments
Vinyl	7%	13%	8%	10%
Moulding	(4)%	(3)%	(2)%	(5)%
Decking	26%	83%	26%	167%

In our vinyl siding business, sales prices increased for the quarter and six month period ended June 30, 2003 as compared to the same periods in the prior year due to a new sales program with a significant new customer that started in the later part of 2002 which positively impacted the sales mix and a general price increase implemented to

offset a portion of the increased cost of certain raw materials. Sales volume increased for the period due to increased market share.

In our mouldings product line, we saw a slight decline in unit shipments for the quarter and six month period ended June 30, 2003 as compared to the same periods in the prior year due to slower retail activity in the home centers. Sales prices declined slightly due to competitive pricing pressure.

Operating results for our composite decking business improved significantly for the quarter and six month period ended June 30, 2003 over comparable periods in the prior year. Sales prices increased as a result of a general price increase instituted as of January 1, 2003 for all our decking products. Our sales and production volumes also increased significantly as a result of continued marketing efforts to gain new customers that allowed us to run both of our decking facilities in 2003, while our Meridian plant was shutdown for a portion of 2002.

The results of operations in this segment improved significantly for the quarter and the six month period ended June 30, 2003 as compared to the same periods of the prior year due to improved selling prices and volumes in our composite decking products, while the increased production volumes reduced our per unit costs. The resulting improvements were partially offset by increased resin costs, the primary raw material for many of the products in this segment, increased energy costs and the impact of the strengthening Canadian dollar.

ENGINEERED WOOD PRODUCTS

Our engineered wood products segment manufactures and distributes engineered wood products (EWP), including laminated veneer lumber (LVL), I-Joists and other related products.

	Quarter Ended June 30,			Six Months Ended June 30,		
	2003	2002	Change	2003	2002	Change
Sales	$ 72.8	$ 67.8	7%	$ 137.3	$ 121.3	13%
Operating profits (losses)	$ (1.1)	$ 2.0	-155%	$ (2.1)	$ 4.3	-149%

	Quarter Ended June 30 2003 versus 2002		Six Months Ended June 30 2003 versus 2002	
	Average Net Selling Price	Unit Shipments	Average Net Selling Price	Unit Shipments
LVL	5%	36%	2%	33%
I-joists	(5)%	3%	(5)%	5%

For the quarter and six months ended June 30, 2003, as compared to the same periods in 2002, I-Joists experienced a reduction in sales prices due to increased industry capacity while LVL showed an slight increase. Sales volumes for both product lines showed an increase for all periods due to the addition of several new distributors and an expanded presence with large builders.

The results of operations of our EWP segment declined primarily due to increases in raw material and operating costs as well as the impact of the strengthening Canadian dollar on the Canadian dollar denominated operating costs of our EWP facilities in British Columbia.

PULP

During 2002, we completed our exit of the pulp market with the sale of our remaining pulp mill in October of 2002.

OTHER PRODUCTS

Our other products category includes sales associated with plywood operations, wood chips, our OSB operation in Ireland (which we sold in April 2002), timber and timberlands not associated with other segments or businesses to

be divested and other minor products and services. Sales were significantly lower, with lower operating results for the second quarter and six months ended June 30, 2003 as compared to the same periods of 2002. The reduction in sales was primarily attributable to the sale of the Ireland operation in first quarter of 2002 and the elimination of our plywood sales operations. Sales of logs from our timberlands increased significantly as we sold our logs to external customers that previously were transferred to our plywood operations that we divested in the third quarter of 2002.

GENERAL CORPORATE AND OTHER EXPENSE, NET

For the second quarter of 2003 as compared to 2002, general corporate expenses were relatively flat. For the six month period ended June 30, 2003 as compared to the comparable period in 2002, general corporate expense increased 5%. General corporate and other expenses primarily consist of corporate overhead such as wages and benefits for corporate personnel, professional fees, insurance and other expenses. The increase in the first six months of 2003 was primarily related to higher professional fees, insurance costs and increased marketing spending.

INTEREST, NET

Interest expense in the second quarter and six month period ended June 30, 2003 was slightly lower than the comparable periods in 2002 due to lower interest rates on variable debt and a lower average amount of debt outstanding.

DISCONTINUED OPERATIONS

Included in discontinued operations for the second quarter and six months ended June 30, 2003 and 2002 are the results of the operations of mills that have been or are to be divested under our divesture plan. For the second quarter of 2003, these operations include lumber mills, an interior hardboard operation and a veneer mill. For the six month period ended June 30, 2003, these operations also include one remaining industrial panels facility. For the first and second quarters of 2002, these operations included our US plywood, lumber and industrial panels mills, interior hardboard operations, wholesale operations and distribution facilities.

Overall, these operations improved for the second quarter and six month period ended June 30, 2003 as compared to the same periods in 2002. This improvement is primarily related to timing of the sale, transfer or permanent closure of facilities that were unprofitable. Additionally, during the second quarter of 2003, we recognized a gain of $6.2 million associated with the liquidation of certain LIFO inventories due to reduced log inventories at sites to be sold or closed.

Included in the operating losses of discontinued operations for the second quarter of 2002, are $19.6 million of impairment charges on assets held for sale; a loss of $3.9 million on severance accrued as part of the divestiture plan; a loss of $6.4 million related to curtailment expense on a defined benefit pension plan associated with the expected divestitures; a gain of $0.6 million to reflect the changes in the estimated fair value of several energy contracts between June 30,2002 and March 31, 2002; and a net gain of $0.4 million from business interruption insurance recoveries related to incidents at facilities that occurred in past years.

In addition to the above, during the six month period ended June 30, 2002, we recorded a loss of $6.0 million associated with impairment charges on assets held for sale and a net gain of $2.2 million from business interruption insurance recoveries related to incidence at facilities that occurred in past years. Additionally, we recorded a gain of $2.7 million to reflect the changes in the estimated fair value of several energy contracts since December 31, 2001.

Included in the operating losses of discontinued operations for the second quarter of 2003, are a loss of $2.5 million related to curtailment expense on defined benefit pension plans associated with the expected divestitures; a loss of $15.0 million related to an operating lease of a mill that has been permanently closed; a loss of $1.4 million related to a timber contract associated with a closed mill; and impairment charges of $24.4 million on assets held for sale.

In addition to the above, during the six month period ended June 30, 2003, we recorded a gain of $7.5 million on the sale of various assets previously held for sale (primarily our Missoula particleboard facility) and a loss of $0.5 million related to severance charges.

INCOME TAXES

Income (loss) before taxes for the quarter and six month periods ended June 30, 2003 and 2002 were as follows:

	Quarter Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Continuing operations	$ 18.9	$ 11.8	$ 22.0	$ 16.0
Discontinued operations	(42.3)	(33.4)	(43.2)	(42.8)
Cumulative effect of change in accounting principle	—	—	0.2	(6.3)
	(23.4)	(21.6)	(21.0)	(33.1)
Total tax provision (benefit)	(6.2)	(8.4)	(5.3)	(10.4)
Net income (loss)	$ (17.2)	$ (13.2)	$ (15.7)	$ (22.7)

Accounting standards require that the estimated effective income tax rate (based upon estimated annual amounts of taxable income and expense) by income component for the year be applied to year-to-date income or loss at the end of each quarter. The primary difference between the combined statutory federal, state and provincial rate (38%) on continuing operations and the calculated rate relates to a difference associated with certain non deductible foreign currency exchange gains and losses on inter-company debt which is denominated in Canadian dollars.

The components and associated estimated effective income tax rates applied to the second quarter and six month periods ended June 30, 2003 and 2002 are as follows:

	Quarter Ended June 30,			
	2003		2002	
	Tax Provision	Tax Rate	Tax Provision	Tax Rate
Continuing operations	$ 10.0	53%	$ 4.3	36%
Discontinued operations	(16.2)	38%	(12.7)	38%
Cumulative effect of accounting change	—	—	—	—
	$ (6.2)	26%	$ (8.4)	39%

	Six Months Ended June 30,			
	2003		2002	
	Tax Provision	Tax Rate	Tax Provision	Tax Rate
Continuing operations	$ 11.1	50%	$ 8.4	53%
Discontinued operations	(16.5)	38%	(16.3)	38%
Cumulative effect of accounting change	0.1	38%	(2.5)	38%
	$ (5.3)	26%	$ (10.4)	31%

CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES

We adopted Statement of Financial Accounting Standards No. 143, “Accounting for Asset Retirement Obligations,” as of January 1, 2003. This statement addresses the financial accounting and reporting obligations associated with the retirement of tangible long-lived assets and the associated retirement costs. This statement requires us to record both an initial asset and a liability for the fair value of estimated costs of legal obligations associated with the retirement of long-lived assets. The initial assets are depreciated over the expected useful life of the asset. Upon adoption of this statement, we changed our accounting for landfill closure and monitoring costs, reforestation obligations associated with certain timber licenses in Canada and other assets. Implementation of this standard resulted in income of $0.2 million (or $0.1 million after taxes of $0.1 million) as the fair value of the liabilities as calculated under SFAS No. 143 was lower than previously recorded liabilities. This impact was recorded as a “cumulative effect of change in accounting principle” as of January 1, 2003.

LP adopted Statement of Financial Accounting Standards No. 142, “Goodwill and other Intangible Assets,” as of January 1, 2002. As of January 1, 2002, we discontinued amortization of goodwill. We determined that $6.3 million (or $3.8 million after taxes of $2.5 million) of goodwill recorded in the Engineered Wood Products business was impaired as of January 1, 2002 and this amount was recorded net of income tax effects as a “cumulative effect of change in accounting principle” as of January 1, 2002.

DEFINED BENEFIT PENSION PLANS

We maintain several qualified and non-qualified defined benefit pension plans in the US and Canada that cover a substantial portion of our employees. We account for all of these plans and provide aggregated disclosures about these plans in the Notes to our financial statements as required by SFAS No. 87 “Employers’ Accounting for Pensions”, SFAS No. 88 “Employers’ Accounting and Settlement and Curtailments of Defined Benefit Plans and for Termination Benefits” and SFAS No. 132 “Employers’ Disclosures about Pensions and Other Post Retirement Benefits”. Our total defined benefit pension expense for 2002 was approximately $18.9 million, including a $4.4 million curtailment expense due to divestiture activity, compared to pension expense in 2001 of $14.6 million. We estimate that our defined benefit pension expense for 2003 will be approximately $17 million including a $2.5 million curtailment charge. We contributed $27.1 million to our defined benefit pension plans in 2002. We estimate that we will contribute approximately $30 million to these plans in 2003. As of June 30, 2003, we have contributed $16.1 million to these plans. A significant actuarial loss existed at the end of 2002. The amortization of this unrecognized loss will make up approximately 30% of our 2003 pension expense.

LEGAL AND ENVIRONMENTAL MATTERS

For a discussion of legal and environmental matters involving us and the potential impact thereof on our financial position, results of operations and cash flows, see Items 3 and 7 in our Annual Report on Form 10-K for the year ended December 31, 2002, Note 12 to the financial statements contained therein which is incorporated herein by reference and Item 1, Legal Proceedings, in Part II of this report.

OSB SIDING LITIGATION UPDATE

The following discussion should be read in conjunction with the discussion of our OSB siding litigation set forth in Note 12 of Notes to the financial statements included in item 8 of LP’s Annual Report on Form 10-K for the year ended December 31, 2002.

Cumulative statistics as of the dates stated below under the National and Florida Settlements are as follows:

	June 30, 2003	December 31, 2002
Requests for claims forms	331,000	331,000
Completed claims received	213,000	213,000
Completed claims pending	14,000	16,000
Claims dismissed	39,000	39,000
Claims settled	160,000	158,000

The average payment amount for settled claims as of June 30, 2003 and December 31, 2002 was approximately $3,500. Excluding claims satisfied on a discounted basis pursuant to the Second Settlement Fund and Alternative Payment Program, the average payment amount for settled claims as of June 30, 2003 and December 31, 2002 was $5,100. Dismissal of claims is typically the result of claims for product not produced by LP or claims that lack sufficient information or documentation after repeated efforts to correct those deficiencies. Claimants had through December 31, 2002 to submit claims and consequently no claims were submitted in the first six months of 2003.

On April 3, 2003, we announced a program under which we invited each holder of a valid claim to submit, on a voluntary basis, an offer stating the amount (expressed as a percentage of the face amount of the claim) the claimant would be willing to accept, on a current basis, in satisfaction of his or her claim. We committed to accept all valid offers up to 35.87%, and reserved the right to accept or reject offers in excess of 35.87%. The deadline for offers to be submitted under the program (based upon postmark dates) was April 30, 2003.

On June 27, 2003, we made the decision to accept all offers made to us for 80% or less of the face amount of the claim. In accordance with this decision, we sent acceptance letters and a check to those who responded under this program. For those who responded with an offer greater than 80%, we rejected their offer but alternatively enclosed a check equal to 80% of the face value of the claim. Should a claimant choose to cash the check, this action will discharge all future liability to LP for such claim. Additionally, we made the decision to send a letter and a check equal to 80% of the face value of the claim to all claimants who failed to respond to our April offer. As of the date of this report, we are not in a position to determine, with certainty, the aggregate amount of claims that will be settled by these actions. However, based on our best estimates, we accrued an additional $6.7 million to cover our estimate of all future costs associated with the National Settlement.

HARDBOARD SIDING LITIGATION UPDATE

The following discussion updates should be read in conjunction with the discussion of our hardboard siding litigation set forth in Note 12 of Item 8 of the Notes to the financial statements included in LP’s Annual Report on Form 10-K for the year ended December 31, 2002.

Cumulative statistics under hardboard settlements are as follows:

	June 30, 2003	December 31, 2002
Requests for claims	29,000	25,600
Completed claims received	16,500	13,200
Completed claims pending	2,600	2,000
Claims dismissed	4,900	3,900
Claims settled	9,000	7,300

The average payment amount for settled claims as of June 30, 2003 and December 31, 2002 was approximately $1,400 and $1,500. Dismissal of claims is typically the result of claims for product not produced by LP or predecessor companies or claims that lack sufficient information or documentation after repeated efforts to correct those deficiencies.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operations was $47.3 million in the first six months of 2003 compared to $61.1 million in the same period of 2002. The decrease in cash provided by operations resulted primarily from increases in working capital during 2003 as compared to the same period of 2002.

Net cash provided by investing activities was $37. 7 million in the first six months of 2003 compared to $11.0 million in the first six months of 2002. Capital expenditures for property, plant and equipment increased for the first six months of 2003 compared to the same period in 2002 primarily for necessary capital projects and capital required by our joint venture established for an I-Joist facility in Eastern Canada. We estimate that capital expenditures for the full year ending December 31, 2003 will be approximately $85 million and will focus primarily on projects to reduce our energy, raw material and resin costs. In addition, we received, in the first six months of 2003, proceeds of approximately $54.1 million from the sale of timberlands, $30.2 million on the sales of other assets and $27.1 million as a return of capital from an unconsolidated subsidiary representing a portion of the proceeds received by such subsidiary in connection with borrowing indirectly secured by pledges of certain notes receivable received through the sale of timber and timberlands (see Note 3 for an explanation of these transactions and "Off Balance Sheet Arrangement" which follows). Under the terms of our revolving credit agreement, the net after-tax proceeds of these sales ($85.9 million) was required to be deposited in a restricted cash account.

Net cash used by financing activities was $65.6 million for the first six months of 2003 compared to $36.1 million in the comparable period of 2002. For the six months ended June 30, 2003, we repaid $67.1 million of debt (revolving credit facilities and long term borrowings) and for the comparable period in 2002, we repaid $31.9 million. We paid no cash dividends in the first six months of 2003 or 2002.

We expect to meet the future cash requirements of our operations through cash generated from operations, existing cash balances, existing credit facilities and other capital resources. Cash and cash equivalents totaled $158.0 million

at June 30, 2003 compared to $137.3 million at December 31, 2002. Additionally, at June 30, 2003, we had $92.8 million in a restricted cash account as compared to $46.8 million at December 31, 2002.

At June 30, 2003, we had approximately $433 million in available liquidity as compared to $328 million as of December 31, 2002, which is comprised as follows:

	June 30, 2003	December 31, 2002
Cash and cash equivalents	$ 158	$ 137
Restricted cash	93	47
US and Canadian revolving facilities	206	202
less outstanding balance	—	—
less letters of credit outstanding	(90)	(86)
Accounts receivable securitization facility	66	58
less outstanding balance	—	(30)
Total liquidity available	$ 433	$ 328

Certain covenants and restrictions affecting our ability to borrow under our credit facilities are described below. The US credit facility is available until July 2004; the Canadian credit facility is available until February 2004, subject to the extension at the options of the lender; and the accounts receivable securitization is available until November 2004.

We have a secured US revolving credit facility. Our ability to borrow under this facility is conditional upon the total amount of borrowings and letters of credit outstanding thereunder, after giving effect to any requested additional borrowings, not exceeding a specified borrowing base value of the collateral securing our obligations under the facility. This borrowing base is comprised of various potential classes of collateral and required us to establish a restricted cash account. In general, all after tax proceeds from the asset sales are to be deposited to this restricted cash account. Subject to specific limitations, funds in this account can be used to reduce debt (including contingency reserves), make capital expenditures and fund acquisitions. Prior to using these funds for capital expenditures, at least $150 million of debt must be repaid. After $150 million of debt is repaid, up to 50% of the funds can be used to make capital expenditures and after $200 million of debt is repaid, funds may also be used for acquisitions. In any case, uses of these funds are limited if we are not in compliance with the terms of the loan agreement. As of June 30, 2003, we had paid approximately $84 million in debt and contingencies from this account.

At June 30, 2003, these conditions would not have limited our ability to borrow under this facility. The facility contains three specific financial covenants (at June 30, 2003), as follows:

- Minimum required Shareholder's Equity, as defined, of approximately $1 billion;
- Maximum debt to capitalization ratio, as defined, of 50% and;
- Minimum earnings before interest, taxes, depreciation, depletion and amortization (EBITDDA), as defined, for the prior four consecutive quarters of $184 million;

The covenant for maximum debt to capitalization ratio will decrease and the minimum EBITDDA will increase in future reporting periods. We are also prohibited from certain transactions, including paying cash dividends on or purchasing shares of our common stock.

The Canadian credit facility contains certain restrictive covenants, including a requirement that Louisiana-Pacific Canada Ltd. and subsidiaries maintain a consolidated minimum current ratio, as defined, of 1.15 to 1.0. Additionally, we, as guarantor, must comply with financial covenants substantially similar to those contained in the credit facility discussed above.

At the current time, we are working with our banking group to amend the revolving credit agreement to provide additional flexibility. This amendment may include modification or elimination of covenants, further extensions of time, reduction in the overall commitment, reduction in pricing and changes in other terms.

The accounts receivable securitization facility provides for an available maximum of $100 million. The maximum available to be borrowed under this facility changes based upon the amount of eligible receivables, as defined, concentration of eligible receivables and other factors. Additionally, the facility contains a provision under which specified downgrades of our unsecured debt rating could cause an amortization event under this facility.

As of June 30, 2003, we were in compliance with all of our debt covenants. For a discussion of various risks associated with our indebtedness, see the information included in Outlook: Issues and Uncertainties, under the captions “Our substantial debt could have important consequences” and “The instruments governing our debt contain restrictive covenants, events of default and consequences of downgrades in our credit ratings.”

In connection with our divestiture plan, we plan to reduce our overall level of indebtness using net proceeds realized from dispositions. In addition to mandatory or voluntary prepayments under our credit facilities, means of reducing our indebtedness may include, among others, purchasing our senior and/or senior subordinated notes in the open market, in privately negotiated transactions or otherwise, or redeeming, defeasing or otherwise discharging the indebtness. Subject to compliance with the provisions of our credit facilities and other debt instruments (as the same may be amended or waived from time to time) and any applicable legal requirements, any such purchases or other actions may be commenced, suspended, discontinued or resumed, and the method or methods of effecting any such purchases or other actions may be changed, at any time or from time to time without notice.

Significant changes in our balance sheet from December 31, 2002 to June 30, 2003, include an increase of $40.0 million in accounts receivable due to seasonal increases in sales volume and prices. Timber and timberlands declined due to the sale of certain timberlands associated with our divesture program. Long-term assets of discontinued operations decreased significantly due to the sale of several facilities. Additionally, other assets increased by $56.4 million primarily related to notes receivable associated with the sale of timber and timberlands that occurred during the later portion of the second quarter of 2003. These notes were contributed to an unconsolidated subsidiary in June 2003. In July 2003, the notes were pledged to secure $44.9 million of borrowings of the unconsolidated subsidiary which distributed most of the cash to LP as a return of capital.

Contingency reserves, which represent an estimate of future cash needs for various contingencies (primarily payments for siding litigation settlements), totaled $125.3 million at June 30, 2003, of which $40.0 million is estimated to be payable within one year. As with all 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 related payments totaled $8.0 million for the first six months of 2003.

OFF-BALANCE SHEET ARRANGEMENT

In connection with the sale of certain timber and timberlands, LP received notes receivable from the purchasers of such timber and timberlands. In order to borrow funds in a cost-effective manner: (i) the notes receivable were contributed by LP to a Qualified Special Purpose Entity (QSPE) as defined under SFAS No. 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,” (ii) the QSPE issued to unrelated third parties bonds supported by a bank letter of credit and the QSPE’s reimbursement obligations which are secured by the notes receivable, and (iii) the QSPE distributed to LP, as a return of capital, substantially all of the proceeds realized by the QSPE from the issuance of its bonds. Because the QSPE has no sources of liquidity other than the notes receivable, generally the cash flow generated by the notes receivable will be dedicated to the payment of the bonds issued by the QSPE, and the QSPE’s creditors generally will have no recourse to LP for the QSPE’s obligations (subject to the limited exception described below), LP believes that reporting the foregoing arrangement on a non-consolidated basis provides a more realistic view of LP’s rights and obligations under the arrangement.

During the second quarter of 2003, LP sold timber and timberland in various transactions for a total of $25.4 million of cash and $81.3 million in notes receivable. Pursuant to the arrangement described above, during the second quarter of 2003, LP contributed $81.3 million of the notes receivable to the QSPE, which issued $27.7 million of its bonds to unrelated third parties and distributed $27.1 million to LP as a return of capital, and between the end of the

second quarter of 2003 and the date of this report, LP contributed $50.5 million of the notes receivable to the QSPE, which issued an additional $45.3 million of its bonds to unrelated third parties and distributed $44.9 million to LP as a return of capital. LP expects to receive a portion of the purchase price for the sales of the remaining timber and timberlands subject to its divestiture plan in the form of notes receivable and to obtain liquidity from such notes receivable in the manner described above.

The principal amount of the QSPE’s borrowings is approximately 90% of the principal amount of the notes receivable contributed by LP to the QSPE. LP’s retained interest in the excess of the notes receivable contributed to the unconsolidated subsidiary over the amount of capital distributed by the unconsolidated subsidiary, in the form of an investment in the QSPE, represented $3.7 million of the “Other assets” reflected on LP’s condensed consolidated balance sheet as of June 30, 2003. Additionally, included in LP’s condensed consolidated balance sheet as of June 30, 2003 was $50.5 million in investment in the QSPE for notes which had not yet been pledged.

In accordance with SFAS NO. 140, the QSPE is not included in LP’s consolidated financial statements and the assets and liabilities of the QSPE are not reflected on LP’s condensed consolidated balance sheet. The QSPE’s assets have been removed from LP’s control and are not available to satisfy claims of LP’s creditors (except to the extent of LP’s retained interest, if any, remaining after the claims of QSPE’s creditors are satisfied). In general, the creditors of the QSPE have no recourse to LP’s assets, other than LP’s retained interest. However, under certain circumstances, LP may be liable for certain liabilities of the QSPE (including liabilities associated with the marketing or remarketing of its bonds and reimbursement obligations associated with the letter of credit supporting the bonds) in an amount not to exceed 10% of the aggregate principal amount of the notes receivable pledged by the QSPE. LP’s maximum exposure in this regard was approximately $3.1 million as of the end of the second quarter of 2003 and approximately $8.1 million as of the date of this report.

POTENTIAL IMPAIRMENTS

We continue to review several mills and projects for potential impairments. Management currently believes we have adequate support for the carrying value of each of these assets based upon the anticipated cash flows that result from our estimates of future demand, pricing and production costs assuming certain levels of planned capital expenditures. However, should the markets for our products deteriorate from June30, 2003 levels or should we decide to invest capital in alternative projects, it is possible that we will be required to record further impairment charges.

We also review from time to time possible dispositions of various assets in light of current and anticipated economic and industry conditions, our strategic plan and other relevant circumstances. Because a determination to dispose of particular assets can require management to estimate the net sales proceeds expected to be

realized upon such disposition, which may be less than the estimated undiscounted future net cash flows associated with such assets prior to such determination, we may be required to record impairment charges in connection with decisions to dispose of assets.

As part of the sale of our Samoa, California pulp mill to Samoa Pacific Cellulose LLC (SPC), there are several contingent liabilities (primarily concerning environmental remediation) associated with these operations that, under certain circumstances, could become our liabilities. We have not fully recorded an accrual for these liabilities, as we do not believe it is probable that these liabilities will be incurred. However it is possible that we may be required to record such an accrual in the future. SPC has continued to generate significant losses and is currently attempting to implement a reorganization plan. Subsequent to quarter end, LP received a notice of foreclosure from one of SPC's significant creditors. We do not know all of the details of any such plan or foreclosure, but it is possible that such reorganization or foreclosure, if implemented, could be detrimental to our position regarding these contingent liabilities.

Our Canadian subsidiaries have arrangements with the Canadian provincial governments which give its subsidiaries the right to harvest a volume of wood off public land from defined forest areas under supply and management agreements, long-term pulpwood agreements and various other timber licenses. Total timber under license in British Columbia (BC) is located on 7,900,000 acres. In March of 2003, the BC government announced major changes to the provincial timber license structure. These included a 20% reduction in the harvesting rights for holders of long-term licenses and the introduction of an auction based timber system. This will not affect our softwood timber licenses associated with our OSB facilities in BC. Although this legislation has been enacted, the regulations that will establish the new timber pricing system and basis for the 20% timber license reduction have not yet been published. As a result, we are unable to predict what effects these changes will have on future operations. The BC

government has acknowledged that licensees will be fairly compensated for the reduction in harvesting rights and the costs associated with the related improvements (including roads and bridges).

As part of the acquisition of the assets of Evans Forest Products in 1999, we allocated a portion of the purchase price to these timber licenses based upon the present value of the difference between the cost of the timber under licenses and the timber purchased on the open market as of the date of acquisition. As a result of the change in the enacted timber license structure and integral relationship between these licenses and the acquired operations, we will be required to complete an impairment test, once the compensation has been determined, on these operations to determine what, if any, impairment is required.

OUTLOOK: ISSUES AND UNCERTAINTIES

Management does not provide public forecasts of future financial performance. However, we do believe that based upon information available from industry sources that we should see improved business conditions over the next several years. Factors that support this view include a favorable interest rate environment, trend of increasing home ownership rates, steady growth of repair and remodeling and the demographics that support more housing and increased sizes. While management is optimistic about our long-term prospects, the following issues and uncertainties should be considered in evaluating our Company.

Cyclical industry conditions and commodity pricing have and may continue to adversely affect our financial conditions and results of operations. Our operating results reflect the general cyclical pattern of the building products industry. OSB is globally traded as a commodity product. In addition, our products are subject to competition from manufacturers worldwide. Historical prices for OSB products have been volatile, and we, like other participants in the building products industry, have limited influence over the timing and extent of price changes for our product. Product pricing is significantly affected by the relationship between supply and demand in the building products industry. Product supply is influenced primarily by fluctuations in available manufacturing capacity. Demand is affected by the state of the economy in general and a variety of other factors. The demand for our building products is primarily affected by the level of new residential construction activity and home repair and remodeling activity. Demand is also subject to fluctuations due to changes in economic conditions, interest rates, population growth, weather conditions and other factors. We are not able to predict with certainty market conditions and selling prices for our products. We cannot assure you that prices for our products will not decline from current levels. A prolonged and severe weakness in the markets for one or more of our principle products could seriously harm our financial condition and results of operations and our ability to satisfy our cash requirements, including the payment of interest and principal on our debt.

We have a high degree of product concentration. OSB accounted for over 40% of our revenues during the first six months of 2003, and we expect OSB sales to continue to account for a substantial portion of our revenues and profits in the future. Concentration of our business in the OSB market further increases our sensitivity to commodity pricing and price volatility. We cannot assure you that pricing for OSB or our other products will not decline from current levels.

Increased industry production capacity for OSB and Engineered Wood products could constrain our operating margins for the foreseeable future. According to the Resource Information Systems, Inc. (RISI), an industry trade association, total North American OSB annual production capacity increased by about 1 billion square feet in 2002 on a 3/8-inch equivalent basis and is projected to increase by approximately 5.8 billion square feet in the 2003 to 2007 period. RISI has projected that total North American demand for OSB will increase by about 6.5 billion square feet during the same 2003 to 2007 period. If increases in OSB production capacity exceed increases in OSB demand, OSB could have constrained operating margins for the foreseeable future. For LVL, reported capacity was 81 million cubic feet with demand of 68 million cubic feet. For I-Joists, reported capacity was 1.4 billion lineal feet with demand of 1 billion lineal feet. If future demand for LVL and I-Joist do not increase to meet capacity, engineered wood products could have constrained operating margins for the foreseeable future.

Intense competition in the building products industry could prevent us from increasing or sustaining our net sales and from regaining or sustaining profitability. The markets for our products are highly competitive. Our competitors range from very large, fully integrated forest and building products firms to smaller firms that may manufacture only one or a few types of products. We also compete less directly with firms that manufacture

substitutes for wood building products. Many of our competitors have greater financial and other resources than we do, and certain of the mills operated by our competitors may be lower-cost producers than the mills operated by us.

Our results of operations may be harmed by increases in raw material costs. The most significant raw material used in our operations is wood fiber. We currently obtain more than 60% of our wood fiber requirements in the open market. Wood fiber is subject to commodity pricing, which fluctuates on the basis of market factors over which we have no control. In addition, the cost of various types of wood fiber that we purchase in the market has at times fluctuated greatly because of governmental, economic or industry conditions. In addition to wood fiber, we also use a significant quantity of various resins in our manufacturing processes. Resin product costs are influenced by changes in the prices of raw materials used to produce resins, primarily petroleum products, as well as demand for resin products. We also use energy, primarily natural gas, in our manufacturing processes. Selling prices of our products have not always increased in response to raw material cost increases. We are unable to determine to what extent, if any, we will be able to pass any future raw material cost increases through to our customers

through product price increases. Our inability to pass increased costs through to our customers could have a material adverse effect on our financial condition, results of operations and cash flow.

Our operations require substantial capital and our capital resources may not be adequate to provide for all of our cash requirements. Our operations require substantial capital. Although we have invested significantly in the past, and believe that capital expenditures related to our facilities will be less in the foreseeable future, capital expenditures for expansion or replacement of existing facilities or equipment or to comply with future changes in environmental laws and regulations may be substantial. Although we maintain our production equipment with regular periodic and scheduled maintenance, we cannot assure you that key pieces of equipment in our various production processes will not need to be repaired or replaced or that we will not incur significant additional costs associated with environmental compliance. The costs of repairing or replacing such equipment and the associated downtime of the affected production line could have a material adverse effect on our financial condition, results of operations and cash flow. Based on our current operations, we believe our cash flow from operations and other capital resources will be adequate to meet our operating needs, capital expenditures and other cash requirements for the foreseeable future. However, we cannot assure you that our capital resources will be adequate for these purposes. If our capital resources are inadequate to provide for our operating needs, capital expenditures and other cash requirements on economic terms, we could experience a material adverse effect on our business, financial condition, results of operations and cash flow.

We are subject to significant environmental regulation and environmental compliance expenditures and liabilities. Our businesses are subject to many environmental laws and regulations, particularly with respect to the restoration and reforestation of timberlands, discharges of pollutants and other emissions on or into land, water and air, and the disposal and remediation of hazardous substances or other contaminants. Compliance with these laws and regulations is a significant factor in our business. We have incurred and expect to continue to incur significant expenditures to comply with applicable environmental laws and regulations. Moreover, some or all of the environmental laws and regulations to which we are subject could become more stringent in the future. Our failure to comply with applicable environmental laws and regulations and permit requirements could result in civil or criminal fines or penalties or enforcement actions, including regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, installation of pollution control equipment or remedial actions.

Some environmental laws and regulations impose liability and responsibility on present and former owners, operators or users of facilities and sites for contamination at such facilities and sites without regard to causation or knowledge of contamination. In addition, we occasionally evaluate various alternatives with respect to our facilities, including possible dispositions or closures. Investigations undertaken in connection with these activities may lead to discoveries of contamination that must be remediated, and closures of facilities may trigger compliance requirements that are not applicable to operating facilities. Consequently, we cannot assure you that existing or future circumstances or developments with respect to contamination will not require significant expenditures by us.

We are involved in various environmental matters and legal proceedings. The outcome of these matters and proceedings and the magnitude of related costs and liabilities are subject to uncertainties. We currently are and from time to time in the future will be involved in a number of environmental matters and legal proceedings, including proceedings relating to our products. These matters and proceedings, including class action settlements relating to certain of our products, have in the past caused and in the future may cause us to incur substantial costs. We have established contingency reserves in our consolidated financial statements with respect to the estimated

costs of existing environmental matters and legal proceedings to the extent that our management has determined that such costs are both probable and reasonably estimable as to amount. However, such reserves are based upon various estimates and assumptions relating to future events and circumstances, all of which are subject of inherent uncertainties. We regularly monitor our estimated exposure to environmental and litigation loss contingencies and, as additional information becomes known, may change our estimates significantly. However, no estimate of the range of any such change can be made at this time. Moreover, we may incur costs in respect of existing and future environmental matters and legal proceedings as to which no contingency reserves have been established. We cannot assure you that we will have sufficient resources available to satisfy the related costs and expenses associated with these matters and proceedings.

We do not maintain insurance for losses to our standing timber from natural disasters or other causes. The volume and value of timber that can be harvested from our lands or that we may purchase from other sources may be limited by natural disasters such as fire, insect infestation, disease, ice storms, flooding and other weather conditions and other causes. The occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations. As is typical in the industry, we do not maintain insurance for any loss to our standing timber from natural disasters or other causes.

Our substantial debt could have important consequences. As of June 30, 2003, we had consolidated debt of approximately $1.0 billion of which $354 million is secured by notes receivable. This level of indebtedness which could increase in the future, could (1) require us to dedicate a substantial portion of our cash flow from operations and other capital resources to debt service, thereby reducing our ability to fund working capital, capital expenditures and other cash requirements; (2) limit our flexibility in planning for, or reacting to, changes and opportunities in, the building products industry, which may place us at a competitive disadvantage compared to our competitors; (3) limit our ability to incur additional debt on commercially reasonable terms, if at all; and (4) increase our vulnerability to adverse economic and industry conditions.

The instruments governing our debt contain restrictive covenants, events of default and consequences of downgrades in our credit ratings. Among other things, the covenants require us to comply with or maintain certain financial tests and ratios and restrict our ability to: (1) incur debt; (2) incur liens; (3) redeem and/or prepay debt; (4) make acquisitions; (5) make investments, including loans and advances; (6) make capital expenditures; (7) engage in mergers, consolidations or sales of assets; (8) engage in transactions with affiliates; and (9) pay dividends or engage in stock redemptions. Our ability to comply with these covenants is subject to various risks and uncertainties, and events beyond our control that could affect our ability to comply with and maintain the financial tests and ratios. Any failure by us to comply with and maintain all applicable financial tests and ratios and to comply with all applicable covenants could result in an event of default with respect to, and the acceleration of the maturity of, a substantial portion of our debt. Even if we are able to comply with the applicable covenants, the restrictions on our ability to operate our business in our sole discretion could harm our business by, among other things, limiting our ability to take advantage of financings, mergers, acquisitions and other corporate opportunities. In addition, specified downgrades in our credit ratings could increase our costs of borrowing and, in the case of our accounts receivable securitization facility, a one-level downgrade by a particular rating agency could (after the passage of six months time or upon downgrade by another rating agency) result in an amortization event and trigger cross-defaults which could result in the acceleration of the maturity of a substantial portion of our debt.

Our ability to successfully implement our divestiture plan is subject to circumstances beyond our control. If our estimates relating to the timing and effects of our divestiture plan prove to be inaccurate, we may be required to record additional losses or charges on our financial statements. Whether, when and terms upon which we will be able to consummate the sales of businesses and assets contemplated by our divestiture plan will be affected by numerous circumstances beyond our control. These circumstances include the demand for businesses and assets of the type we are seeking to sell and the concurrent supply of comparable or substitute businesses and assets, all of which may be significantly affected by current and prospective economic and industry conditions and conditions in the

capital markets. These matters may also be affected by the future operating results and perceptions regarding the prospects of the businesses and assets that we are seeking to sell, and any casualty losses or other developments adversely affecting the same. If we are unable to implement our divestiture plans as presently expected, or if our estimates relating to the economic consequences of implementing our divestiture plan prove to be inaccurate, we may be compelled to change our divestiture plan or to revise our estimates relating thereto.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

A portion of our outstanding debt bears interest at variable rates and accordingly is sensitive to changes in interest rates. Interest rate changes would result in gains or losses in the market value of our debt portfolio due to differences in market interest rates and the rates at the inception of the debt agreements. Based upon our indebtedness at June 30, 2003, a 100 basis point interest rate change would impact the pre-tax net income and cash flow by $0.6 million annually.

Our international operations create exposure to foreign currency rate risks, primarily due to fluctuations in the Canadian dollar. Although we have entered into foreign exchange contracts to manage a portion of the foreign currency rate risk associated with certain of our indebtedness, we historically have not entered into material currency rate hedges with respect to our exposure from operations (although we may do so in the future).

As of June 30, 2003, we had $870 (Canadian) million in intercompany debt between our US and Canadian subsidiaries. This debt is denominated in Canadian dollars and therefore is subject to translation. While the gains and loss due to translation are eliminated in consolidation for financial reporting purposes, the tax effect is not because the translation of the Canadian balance into US dollars occurs outside of the tax reporting entities and therefore creates a tax difference. For each $.01 change in the exchange rate, our tax expense (benefit) changes by $3.3 million.

Our OSB products are sold as commodities and therefore sales prices fluctuate daily based on market factors over which we have little or no control. OSB accounted for over 40% of our sales in the first six months of 2003. With an annual capacity of 5.8 billion square feet (3/8” basis) or 5.0 billion square feet (7/16” basis), a $1 change in the annual average price on 7/16” basis would change annual pre-tax profits by approximately $5.0 million.

We historically have not entered into material commodity futures and swaps, although we may do so in the future.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have carried out, as of June 30, 2003, with the participation of the company’s management, an evaluation of the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15 (e) under the Securities Exchange Act (Act). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the company’s disclosure controls and procedures are effective to provide reasonable assurance that material information required to be disclosed by us in reports we file under the Act is recorded, processed, summarized and reported by management of the company on a timely basis in order to comply with the company’s disclosure obligations under the Act and the SEC rules thereunder.

There were no changes in the company’s internal controls over financial reporting that occurred during the company’s most recently completed fiscal quarter that materially affect, or are reasonably likely to materially affect, the company’s internal control over financial reporting.

LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES
SUMMARY OF PRODUCTION VOLUMES (1)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Oriented strand board, million square feet 3/8” basis	1,298	1,363	2,587	2,723
Wood-based siding, million square feet 3/8” basis	213	202	420	389
Engineered I-Joist, million lineal feet	21	23	43	41
Laminated veneer lumber (LVL), thousand cubic feet	2,551	2,277	4,755	4,293
Composite Decking, thousand lineal feet	8,462	5,773	16,444	8,449
Vinyl Siding, squares	747	722	1,302	1,205

(1) Amounts shown above include production that is consumed within LP as well as production that is available for sale to outside customers.

INDUSTRY PRODUCT TRENDS

The amounts shown below are dollars per 1,000 square feet.

	OSB N. Central 7/16” Basis
Annual Average	
1993	$ 236
1994	265
1995	245
1996	184

1997	142
1998	205
1999	260
2000	206
2001	132
2002 1st Qtr Avg.	165
2003 1st Qtr Avg.	176
2002 2nd Qtr Avg.	159
2003 2nd Qtr Avg	218

Source: *Random Lengths*

PART II -OTHER INFORMATION

Item 1. Legal Proceedings.

Certain environmental matters and legal proceedings involving us are discussed below. Additional environmental matters and legal proceedings involving us are discussed in Item 7, Legal Proceedings, in our annual report on Form 10-K for the year ended December 31, 2002.

Environmental Matters

We are involved in a number of environmental proceedings and activities, and may be wholly or partially responsible for known or unknown contamination existing at a number of other sites at which we have conducted operations or disposed of wastes. Based on the information currently available, we believe that any fines, penalties or other costs or losses in excess of amounts currently accrued resulting from these matters will not have a material adverse effect on our financial position, results of operations, cash flows or liquidity.

Siding Matters

Settlement agreements relating to a nationwide class action suit involving OSB Siding manufactured by us and installed prior to January 1, 1996 and a nationwide class action suit involving hardboard siding manufactured or sold by corporations acquired by us in 1999 and installed prior to May 15, 2000, were approved by the applicable courts in 1996 and 2000. We continue to have payment and other obligations under the nationwide OSB and hardboard siding settlements. Additional information regarding these matters is set forth under the caption “Legal and Environmental Matters” in Item 2 of Part I of this report. Such additional information is incorporated herein by reference.

On October 15, 2002, a jury returned a verdict of $29.6 million against us in a Minnesota State Court action entitled *Lester Building Systems, a division of Butler Manufacturing Company, and Lester’s of Minnesota, Inc., v. Louisiana-Pacific Corporation and Canton Lumber Company*. On December 13, 2002, the District of Oregon, which maintains jurisdiction over the nationwide OSB class action referred to above permanently enjoined the Minnesota state court from entering judgment against LP with respect to $11.2 million of the verdict that related to siding that was subject to the nationwide OSB siding settlement. Lester’s has appealed this injunction to the Ninth Circuit Court of Appeals. Subsequently, on January 27,2003, the Minnesota state court entered judgment against LP in the amount of $20.1 million, representing the verdict amount plus costs and interest less the enjoined amount. We believe that the judgment is erroneous in significant respects and have filed a Notice of appeal in the Minnesota State Court of Appeals. Based upon the information currently available, we believe that any exposure related to this case is adequately covered under our reserves and will not have a material adverse effect on our financial position, results of operations, cash flows or liquidity.

Nature Guard Cement Shakes Matters

We were named in four putative class actions filed in California and one putative class action filed in the state of Washington: *Virginia L. Davis v. Louisiana-Pacific Corporation*, filed in the Superior Court of California, County of Stanislaus, on January 9, 2001; *Mahleon R. Oyster and George Sousa v. Louisiana-Pacific Corporation*, filed in the Superior Court of California, County of San Francisco, on July 30, 2001; *Angel H. Jasso and Angela Jasso v. Louisiana-Pacific Corporation*, filed in the Superior Court of California, County of Stanislaus, on September 7, 2001; *Keith Oguro v. Louisiana-Pacific Corporation*, filed in the Superior Court of California, County of San Francisco, on March 12, 2002; and, *Nick P. Marassi, M.D. and Debra Marassi v. Louisiana-Pacific Corporation*, filed in the Superior Court for the State of Washington, Snohomish County, on June 13, 2001. The plaintiffs in the *Davis, Oyster/Sousa and Jasso* cases sought and were granted coordination in California State Court. The coordinated case was assigned to the Superior Court for Stanislaus County, California. On April 2, 2002, class counsel filed a Master Complaint captioned as *Nature Guard Cement Roofing Shingle Cases*. The plaintiffs in the *Davis, Oyster/Sousa, Jasso and Marassi* cases as well as a plaintiff from Oregon named Karl E. Von Tagen were named as putative class representatives in the Master Complaint. As a result, the separate actions filed by those individuals have been dismissed. On November 5, 2002, the court granted plaintiffs’ Motion for Class Certification. The plaintiffs now represent the class of persons owning structures on which Nature Guard Fiber Cement Shakes were installed as roofing. The Master Complaint asserts claims for breach of express and implied warranties, unfair

business practices, and violation of the Consumer Legal Remedies Act and seeks general, compensatory, special and punitive damages, disgorgement of profits and the establishment of a fund to provide restitution to the purported class members. The Court dismissed plaintiffs claims for breach of implied warranty and violation of the Consumer Legal Remedies Act.

We no longer manufacture or sell fiber cement shakes. We believe that we have substantial defenses to the foregoing actions and intend to vigorously defend the matter. At the present time, we cannot predict the potential financial impact of this matter.

Retirement Plan Matters

We and certain of our officers, were named as defendants in a putative class action filed in United States District Court for the District of Oregon, captioned *In re: Louisiana-Pacific Corporation ERISA litigation.* The action was filed on behalf of a purported class of persons who are participants and beneficiaries of the

Louisiana-Pacific Corporation Hourly and Salaried 401(k) and Profit Sharing Plans (the "Plans"). Plaintiffs generally allege breaches of fiduciary duty and violations of disclosure requirements and obligations under the Employee Retirement Income Security Act ("ERISA") in relation to investments in our common stock acquired or held through the Plan. Plaintiffs seek compensatory damages, equitable and injunctive relief and a declaration that the defendants violated duties, obligations and responsibilities imposed upon them as fiduciaries and co-fiduciaries and the disclosure requirements under ERISA. As of April 25, 2003, we were dismissed from this action so only certain officers and former officers remain defendants in this putative class action. We are obligated to indemnify the officers and former officers. We believe that the allegations are without merit and we intend to defend the matter vigorously. Based upon the information currently available, we believe that the resolution of this matter will not have a material adverse effect on our financial position, results of operations, cash flows or liquidity.

Other Proceedings

We are parties to other legal proceedings. Based on the information currently available, we believe that the resolution of such proceedings will not have a material adverse effect on our financial position, results of operations, cash flows or liquidity.

Contingency Reserves

We maintain reserves for the estimated cost of the legal and environmental matters referred to above. However, as with any estimate, there is uncertainty of predicting the outcomes of claims and litigation and environmental investigations and remediation efforts that could cause actual costs to vary materially from current estimates. Due to various uncertainties, we cannot predict to what degree, if any, actual payments (including payments under the OSB siding litigation settlements or any alternative strategies adopted by us with respect to OSB siding claims) will materially exceed the recorded liabilities related to these matters. However, it is possible that, in either the near term or the longer term, revised estimates or actual payments will significantly exceed the recorded liabilities.

For information regarding our financial statement reserves for the estimated costs of the environmental and legal matters referred to above, see Note 19 in this report and Note 12 of the Notes to financial statements included in Item 8, Financial Statements and Supplementary Data, in our annual report on Form 10-K for the year ended December 31, 2002.

Item 4. Submission Of Matters To A Vote Of Security Holders

LP held its annual meeting on May 5, 2003, at which the stockholders of LP voted on the following:

The election of three Class II directors for LP with terms expiring at the Annual Meeting of Stockholders in 2006 and approval of the 2000 Non-employee Director Stock Option Plan.

The voting with respect to each of these matters was as follows:

1. ELECTION OF DIRECTORS

Director	For	Withheld
Archie W. Dunham	80,006,118	8,314,330
Daniel Frierson	79,920,344	8,400,104
Mark A. Suwyn	79,406,901	8,913,547

2. APPROVAL OF 2002 NON-EMPLOYEE DIRECTOR STOCK OPTION PLAN

	FOR	AGAINST	ABSTAIN
SHARES	76,459,172	10,920,827	940,449

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

(a) *Exhibits*

3.2 Bylaws of LP, as amended and restated effective May 9, 2003

10.1(f) Sixth Amendment, dated May 15, 2003, among LP, Bank of America, N.A. and other financial institutions that are party thereto.

10.1(g) Seventh Amendment dated June 19, 2003, among LP, Bank of America, N.A. and other financial institutions that are party thereto.

10.2 (d) Fourth Amendment to 2001 LP Canada Credit Agreement, dated June 27, 2003, among Louisiana-Pacific Canada Ltd., LP and Royal Bank of Canada.

10.3(c) Third Amendment to the Receivables Sale Agreement, dated as of April 25, 2003, among LP and LP Receivables Corporation

10.4 (a) Second Amendment to the Credit and Security Agreement, dated April 25, 2003, among LP, LP Receivables Corporation, Blue Ridge Funding Corporation, Wachovia Bank, N.A., and the other financial intuitions that are parties thereto.

10.14(b) Executive Loan Program, as amended and restated as of July 27, 2003.

10.17(a) Amendment to Employment Agreement with Mark A. Swuyn, dated February 1, 2003.

10.21 Purchase and Sale Agreement between LP and ETT Acquisition Company, LLC, dated July 2, 2003. (Schedules and Exhibits to this agreement, which are identified in the Table of Contents thereof, have been omitted. LP hereby agrees to furnish the same supplementally to the SEC upon request by the SEC.)

10.22 Undertaking Letter between Phemus Corporation and LP, dated July 2, 2003.

31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a).

31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(a).

32.1 Certifications pursuant to § 906 of the Sarbanes-Oxley Act of 2002

LP hereby agrees to furnish supplementally to the SEC upon its request any schedules and similar documents omitted pursuant to Item 601(b)(2) of Regulation S-K and any instruments omitted pursuant to Item 601 (b)(4)(iii) of Regulation S-K.

(b) *Reports on Form 8-K*

We filed a Form 8-K on April 23, 2003 reporting certain matters under items 7 and 12 thereof.

SIGNATURES

Pursuant to the requirements of the Securities and 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: August 12, 2003

BY:/S/ MARK A. SUWYN
Mark A. Suwyn
Chairman and Chief Executive Officer

Date: August 12, 2003

BY:/S/ CURTIS M. STEVENS
Curtis M. Stevens
Vice President, Chief Financial
Officer and Treasurer
(Principal Financial Officer)

LOUISIANA-PACIFIC CORPORATION

Index to Bylaws

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 (i) with respect to an election to be held at an annual meeting of stockholders, not later than the close of business on the 45th calendar day prior to the first anniversary of the initial mailing date of the Corporation's proxy materials for the preceding year's annual meeting, provided that if the date of the annual meeting at which an election is to be held is more than 30 calendar days before or after the preceding year's annual meeting, such notice must be received by the close of business on the 10th day following the date on which notice of such meeting is first given to stockholders, and (ii) with respect to an election to be held at a special meeting of stockholders for the election of directors, not later than 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 for election as directors; (c) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (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 signed 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, only such business shall be conducted as shall have been brought before the meeting (a) pursuant to the Corporation's notice of meeting pursuant to Section 4 of this Article, (b) by or at the direction of the Board of Directors or (c) 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 later than the close of business on the 45th

calendar day prior to the first anniversary of the initial mailing date of the Corporation's proxy materials for the preceding year's annual meeting, provided that if the date of the annual meeting is more than 30 calendar days before or after the preceding year's annual meeting, such notice must be received by the close of business on the 10th day following the date on which notice of such meeting is first given to stockholders. Each such notice shall set forth as to each matter the stockholder proposes to bring before the annual meeting the information with respect to stockholder proposals presented for inclusion in the Corporation's proxy materials required by Rule 14a-8 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or any rule or regulation adopted to replace such rule. 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 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 nine, 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 of 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.

SIXTH AMENDMENT

THIS SIXTH AMENDMENT (this "Amendment"), dated as of May 15, 2003, is entered into by and among LOUISIANA-PACIFIC CORPORATION, a Delaware corporation (the "Borrower"), BANK OF AMERICA, N.A., as agent for the Lenders (the "Administrative Agent") and those financial institutions parties to the Credit Agreement as defined below (collectively, the "Lenders") signatory hereto.

RECITALS

A. The Borrower, the Lenders and the Administrative Agent are parties to a Credit Agreement dated as of November 15, 2001 (as amended, modified or supplemented from time to time, the "Credit Agreement"), pursuant to which the Administrative Agent and the Lenders have extended certain credit facilities to the Borrower.

B. The Borrower has requested that the Administrative Agent and the Lenders agree to amend the definitions of Note Financing Subsidiary and Subsidiary in the Credit Agreement as set forth below.

C. The Lenders have agreed to such amendment subject to the terms and conditions of this Amendment.

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in the Credit Agreement.

2. Amendment. The definitions of "Note Financing Subsidiary" and "Subsidiary" appearing in the Credit Agreement are amended and restated as follows:

"'Note Financing Subsidiary' means a wholly owned subsidiary of Borrower or of a wholly owned Subsidiary of Borrower which is created to facilitate a Note Financing and whose only material assets are related Purchase Money Note, the related transaction documents and the rights and claims associated therewith, or equity ownership of a subsidiary which owns such Purchase Money Note."

"'Subsidiary' of a Person means (1) a corporation, partnership, joint venture, limited liability company or other business entity (a) of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person and (b) the financial statements of which are consolidated with those of such Person in accordance with GAAP and (2) with respect to the Borrower, the Note Financing Subsidiary. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Borrower; provided, that the term "Subsidiary" shall not include any Dissolving

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Subsidiary unless the dissolution of such Dissolving Subsidiary has not been completed by July 31, 2002."

3. Representations and Warranties. The Borrower hereby represents and warrants as follows:

(a) No Default or Event of Default has occurred and is continuing.

(b) The execution, delivery and performance by the Borrower of this Amendment has been duly authorized by all necessary corporate and other action and does not and will not require any registration with, consent or approval of, notice to or action by, any person (including any Governmental Authority) in order to be effective and enforceable. The Credit Agreement, as amended by this Amendment, constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, without defense, counterclaim or offset except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability whether enforcement is sought in a proceeding at law or in equity.

(c) After giving effect to this Amendment, all its representations and warranties contained in the Credit Agreement are true and correct as though made on and as of the Effective Date (as defined below) (except to the extent such representations and warranties specifically relate to an earlier date, in which case they were true and correct as of such earlier date).

(d) It is entering into this Amendment on the basis of its own investigation and for its own reasons, without reliance upon the Administrative Agent, the Lenders (except for the performance of the terms hereof applicable to them) or any other person.

4. Effective Date. This Amendment will become effective as of the date first written above (the "Effective Date") provided that the Administrative Agent has received an original or facsimile of this Amendment duly executed by the Required Lenders and the Borrower.

5. Reservation of Rights. The Borrower acknowledges and agrees that the execution and delivery of this Amendment by the Administrative Agent and the Lenders party hereto shall not be deemed to create a course of dealing or otherwise obligate the Administrative Agent or any Lender to execute similar consents under the same or similar circumstances in the future.

6. Miscellaneous.

(a) Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights or remedies of the Administrative Agent or the Lenders under the Credit

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Agreement, the Loan Documents, or any related documents, and shall not alter, modify, amend, or in any way affect the terms, conditions, obligations, covenants, or agreements contained in the Credit Agreement, the Loan Documents, or any related documents, all of which are hereby ratified and affirmed in all respects and

shall continue in full force and effect.

(b) This Amendment shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns. No third party beneficiaries are intended in connection with this Amendment.

(c) This Amendment, shall be governed by, and construed in accordance with, the law of the state of New York applicable to agreements made and to be performed entirely within such state**;** provided that the Administrative Agent and each Lender shall retain all rights arising under federal law.

(d) This Amendment, may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

(e) This Amendment, together with the Credit Agreement, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This Amendment, supersedes all prior drafts and communications with respect thereto. This Amendment may not be amended except in accordance with the provisions of Section 10.1 of the Credit Agreement.

(f) If any term or provision of this Amendment, shall be deemed prohibited by or invalid under any applicable law, such provision shall be invalidated without affecting the remaining provisions of this Amendment or the Credit Agreement, respectively.

(g) The Borrower hereby covenants to pay or to reimburse the Administrative Agent and the Lenders, upon demand, for all reasonable costs and expenses (including reasonable attorney fees and expenses) incurred in connection with the development, preparation, negotiation, execution and delivery of this Amendment.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first above written.

LOUISIANA-PACIFIC CORPORATION, as the Borrower

By: _____
Name: _____
Title: _____

BANK OF AMERICA, N.A., as Administrative Agent, an L/C Issuer and a Lender

By: _____
Name: _____
Title: _____

WACHOVIA BANK, N.A., as Syndication Agent and a Lender

By: _____
Name: _____
Title: _____

ROYAL BANK OF CANADA, as Documentation Agent and a Lender

By: _____
Name: _____
Title: _____

THE BANK OF NOVA SCOTIA, as a Lender

By: _____

Name: _____
Title: _____

EXPORT DEVELOPMENT CANADA,
as a Lender

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

SEVENTH AMENDMENT

THIS SEVENTH AMENDMENT (this "Amendment"), dated as of June 19, 2003, is entered into by and among LOUISIANA-PACIFIC CORPORATION, a Delaware corporation (the "Borrower"), BANK OF AMERICA, N.A., as agent for the Lenders (the "Administrative Agent"), and those financial institutions parties to the Credit Agreement as defined below (collectively, the "Lenders") signatory hereto.

RECITALS

A. The Borrower, the Lenders and the Administrative Agent are parties to a Credit Agreement dated as of November 15, 2001 (as amended, modified or supplemented from time to time, the "Credit Agreement"), pursuant to which the Administrative Agent and the Lenders have extended certain credit facilities to the Borrower.

B. The Borrower has requested that the Administrative Agent and the Lenders agree to amend the Credit Agreement to permit Wachovia to become an L/C Issuer with respect to issuance of Letters of Credit in addition to Existing Letters of Credit.

C. The Lenders have agreed to such amendment subject to the terms and conditions of this Amendment.

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in the Credit Agreement.

2. Amendment of Definition of L/C Issuer. The definition of "L/C Issuer" in Section 1.01 of the Credit Agreement are amended and restated as follows:

"'L/C Issuer' means (a) either Bank of America in its capacity as an issuer of Letters of Credit (other than Existing Letters of Credit) hereunder, or any successor issuer of such Letters of Credit hereunder and (b) Wachovia, in its capacity as an issuer of Letters of Credit (other than Existing Letters of Credit) hereunder or any successor issuer of such Letters of Credit hereunder and, subject to the limitations contained in Section 2.03(l), in its capacity as the issuer of the Existing Letters of Credit."

3. Existing Letters of Credit. Section 2.03(l) of the Credit Agreement is amended to read as follows:

"(l) Existing Letters of Credit. The outstanding standby letters of credit issued for the Borrower by Wachovia identified on Schedule 2.03(l), to which copies of such letters of credit are attached, shall be "Existing Letters of Credit" hereunder and Wachovia shall have the rights and obligations of an L/C Issuer under all the provisions of the Loan Documents with respect to the Existing Letters of Credit. Wachovia shall exercise any rights or remedies it may have under any reimbursement agreements

executed in connection with the Existing Letters of Credit and otherwise act in respect of such Existing Letters of Credit at the direction of the Administrative Agent (at the request of the Required Lenders to the extent required hereunder). In any such exercise or action, Wachovia shall be subject to, and entitled to the benefits of, Section 9.01."

4. Clarification With Respect to Successor Letter of Credit. Clause (c) in the fourth sentence of Section 9.09 is amended to read as follows: "(c) the term 'L/C Issuer' shall mean, with respect to Bank of America, such successor Letter of Credit issuer."

5. Resignation of L/C Issuer. Section 10.07(i) of the Credit Agreement is amended to read as follows:

"(i) Notwithstanding anything to the contrary contained herein, if at any time, any L/C Issuer assigns all of its Commitment and Loans pursuant to subsection (b) above, such L/C Issuer may, upon 30 days' notice to the Borrower and the Lenders, resign as an L/C Issuer. In the event of any such resignation by any L/C Issuer, the Borrower shall be entitled to appoint from among the Lenders a successor L/C Issuer hereunder; provided, however, that no failure by the Borrower to appoint any such successor shall affect the resignation of such L/C Issuer. Any L/C Issuer which resigns (whether in connection with assignment of all of its Commitments and Loans pursuant to subsection (b) above or pursuant to Section 9.09 above) shall retain all of its respective rights and obligations as an L/C Issuer hereunder with respect to all outstanding Letters of Credit issued by it as of the effective date of its resignation as an L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Lenders to make Base Rate Loans or fund participations in Unreimbursed Amounts pursuant to Section 2.03(c))."

6. Tax Reporting.

(a) Tax Representation. The following is added as Section 5.18 of the Credit Agreement:

"5.18 Tax Shelter Regulations. The Borrower does not intend to treat the Loans and/or Letters of Credit and related transactions as being a "reportable transaction" (within the meaning of Treasury Regulation Section 1.6011-4). In the event the Borrower determines to take any action inconsistent with such intention, it will promptly notify the Administrative Agent thereof. If the Borrower so notifies the Administrative Agent, the Borrower acknowledges that one or more of the Lenders may treat its Loans and/or its interest in Letters of Credit as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and such Lender or Lenders, as applicable, will maintain the lists and other records required by such Treasury Regulation."

(b) Tax Reporting. The following is added as Section 6.02(e) of the Credit Agreement (and existing Section 6.02(e) is hereby renamed Section 6.02(f)):

"(e) promptly after the Borrower has notified the Administrative Agent of any intention by the Borrower to treat the Loans and/or Letters of Credit and related transactions as being a "reportable transaction" (within the meaning of Treasury Regulation Section 1.6011-4), a duly completed copy of IRS Form 8886 or any successor form; and."

(c) Confidentiality. The following is added to the end of Section 10.08 of the Credit Agreement:

"Notwithstanding anything herein to the contrary, "Information" shall not include, and the Administrative Agent and each Lender may disclose without limitation of any kind, any information with respect to the "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to the Administrative Agent or such Lender relating to such tax treatment and tax structure; provided that with respect to any document or similar item that in either case contains information concerning the tax treatment or tax structure of the transaction as well as other information, this sentence shall only apply to such portions of the document or similar item that relate to the tax treatment or tax structure of the Loans, Letters of Credit and transactions contemplated hereby."

7. Representations and Warranties. The Borrower hereby represents and warrants as follows:

(a) No Default or Event of Default has occurred and is continuing.

(b) The execution, delivery and performance by the Borrower of this Amendment has been duly authorized by all necessary corporate and other action and does not and will not require any registration with, consent or approval of, notice to or action by, any person (including any Governmental Authority) in order to be effective and enforceable. The Credit Agreement, as amended by this Amendment, constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, without defense, counterclaim or offset except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability whether enforcement is sought in a proceeding at law or in equity.

(c) After giving effect to this Amendment, all its representations and warranties contained in the Credit Agreement are true and correct as though made on and as of the Effective Date (as defined below) (except to the extent such representations and warranties specifically relate to an earlier date, in which case they were true and correct as of such earlier date).

(d) It is entering into this Amendment on the basis of its own investigation and for its own reasons, without reliance upon the Administrative Agent,

the Lenders (except for the performance of the terms hereof applicable to them) or any other person.

8. Effective Date. This Amendment will become effective as of the date first written above (the "Effective Date") provided that the Administrative Agent has received an original or facsimile of this Amendment duly executed by the Required Lenders and the Borrower.

9. Reservation of Rights. The Borrower acknowledges and agrees that the execution and delivery of this Amendment by the Administrative Agent and the Lenders party hereto shall not be deemed to create a course of dealing or otherwise obligate the Administrative Agent or any Lender to execute similar consents under the same or similar circumstances in the future.

10. Miscellaneous.

(a) Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights or remedies of the Administrative Agent or the Lenders under the Credit Agreement, the Loan Documents, or any related documents, and shall not alter, modify, amend, or in any way affect the terms, conditions, obligations, covenants, or agreements contained in the Credit Agreement, the Loan Documents, or any related documents, all of which are hereby ratified and affirmed in all respects and shall continue in full force and effect.

(b) This Amendment shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns. No third party beneficiaries are intended in connection with this Amendment.

(c) This Amendment, shall be governed by, and construed in accordance with, the law of the state of New York applicable to agreements made and to be performed entirely within such state**;** provided that the Administrative Agent and each Lender shall retain all rights arising under federal law.

(d) This Amendment, may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

(e) This Amendment, together with the Credit Agreement, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This Amendment, supersedes all prior drafts and communications with respect thereto. This Amendment may not be amended except in accordance with the provisions of Section 10.1 of the Credit Agreement.

(f) If any term or provision of this Amendment, shall be deemed prohibited by or invalid under any applicable law, such provision shall be invalidated without affecting the remaining provisions of this Amendment or the Credit Agreement, respectively.

(g) The Borrower hereby covenants to pay or to reimburse the Administrative Agent and the Lenders, upon demand, for all reasonable costs and expenses (including reasonable attorney fees and expenses) incurred in connection with the development, preparation, negotiation, execution and delivery of this Amendment.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first above written.

LOUISIANA-PACIFIC CORPORATION, as the Borrower

By: _____
Name: _____
Title: _____

BANK OF AMERICA, N.A., as Administrative Agent, an L/C Issuer and a Lender

By: _____
Name: _____
Title: _____

WACHOVIA BANK, N.A., as Syndication Agent, L/C Issuer and a Lender

By: _____
Name: _____
Title: _____

ROYAL BANK OF CANADA, as Documentation Agent and a Lender

By: _____
Name: _____
Title: _____

THE BANK OF NOVA SCOTIA, as a Lender

By: _____
Name: _____
Title: _____

EXPORT DEVELOPMENT CANADA, as a Lender

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

FOURTH AMENDMENT
TO 2001 LP CANADA CREDIT AGREEMENT
(Dated for Reference November 30, 2001)

THIS FOURTH AMENDMENT TO 2001 LP CANADA CREDIT AGREEMENT is dated for reference June 27, 2003

AMONG:

LOUISIANA-PACIFIC CANADA LTD., a British Columbia company having an office at 2100 – 1075 West Georgia Street, Vancouver, British Columbia, V6E 3G2

AND:

LOUISIANA-PACIFIC CORPORATION, a Delaware corporation having an office at 1200, 805 S.W. Broadway, Portland, Oregon, U.S.A., 97205

AND:

ROYAL BANK OF CANADA, a Canadian chartered bank, having its head office in Montreal, Quebec, and a branch office at 1025 West Georgia Street, Vancouver, British Columbia, V6E 3N9

WHEREAS:

A. The parties entered into a credit agreement dated for reference November 30, 2001, which credit agreement was amended by a Waiver and First Amendment dated as of July 23, 2002 and further amended by a Second Amendment dated for reference November 27, 2002 and a Third Amendment dated for reference March 14, 2003 (as so amended, the "Credit Agreement");

B. The parties have agreed to amend the Credit Agreement as provided in this agreement (the "Amendment Agreement").

WITNESSETH THAT in consideration of the mutual covenants and agreements herein, the parties covenant and agree as follows:

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1. **INTERPRETATION**

1.1 Words with an initial capital letter which are not otherwise defined in the Amendment Agreement have the meanings set out in the Credit Agreement as amended by the Amendment Agreement.

1.2 The Amendment Agreement shall be construed in accordance with and governed by the laws of the Province of British Columbia and the laws of Canada applicable in that Province.

1.3 Wherever the singular or the masculine are used in the Amendment Agreement, the same shall be deemed to include the plural or the feminine or vice versa and a body politic or corporate where the context or the parties so require.

1.4 Unless otherwise specified all statements of, or references to dollar amounts in the Amendment Agreement without currency specification shall refer to Canadian Funds.

2. **REPRESENTATIONS AND WARRANTIES**

Each of the Borrower and the Guarantor severally represents and warrants to Royal that the execution and delivery of the Amendment Agreement and any required exhibits will not contravene a provision of any regulation, order or permit applicable to it or cause a conflict with or contravention of its constating documents or cause a breach of or constitute a default under or require any consent under any instrument or agreement to which it is a party or by which it is bound except such as have been obtained or waived, as the case may be.

3. **AMENDMENT**

If the conditions set forth in §4 of the Amendment Agreement have been met or waived prior to or at the Effective Time then, as of the Effective Time, the Credit Agreement shall be amended as follows:

(a) by deleting the definition of "Guarantor Credit Facility" from §1.1 and substituting the following:

""Guarantor Credit Facility" means the credit facility made available to the Guarantor pursuant to the terms of a Credit Agreement entered into as of November 15, 2001 among the Guarantor, as borrower, Bank of America, N.A., as the Administrative Agent, Wachovia Bank, N.A., as the Syndication Agent, Royal, as Documentation Agent and the other lenders party to the credit agreement as amended and restated by the Third Amendment and as further amended from time to time;"

(b) by deleting the definition of "Note Financing" from §1.1 and substituting the following:

""Note Financing" has the meaning set forth in the Guarantor Credit Agreement as in effect as of May 15, 2003 (that is, for greater certainty after the effective date of the Sixth Amendment but prior to any subsequent amendment, restatement, modification, supplement, extension, renewal or replacement thereof);"

(c) by deleting the definition of "Purchase Money Note" from §1.1 and substituting the following:

""Purchase Money Note" has the meaning set forth in the Guarantor Credit Agreement as in effect as of May 15, 2003 (that is, for greater certainty after the effective date of the Sixth Amendment but prior to any subsequent amendment, restatement, modification, supplement, extension, renewal or replacement thereof);"

(d) by adding the following definition to §1.1:

""Sixth Amendment" means the sixth amendment agreement dated as of May 15, 2003 among the parties to the Guarantor Credit Agreement"

4. **CONDITIONS PRECEDENT**

Royal shall have no obligation to amend the Credit Agreement, as provided by this Amendment Agreement unless, on or prior to the Satisfaction Date specified in §5.2 it shall have received:

(a) the Amendment Agreement duly executed by the Borrower and the Guarantor;

(b) certified copies of authorizing resolutions of the board of directors of the Borrower, the Guarantor, L. P. Engineered Wood Products Ltd. and Louisiana-Pacific B.C. Forests Products Limited or of a duly constituted and authorized committee of their respective board of directors, as the case may be, all in form and content satisfactory to Royal and its counsel, authorizing the execution and delivery of the Amendment Agreement; and

(c) a notice of agreement and confirmation substantially in the same form of Exhibit II, III and IV from respectively, the Guarantor, LP Engineered Wood Products Ltd. and Louisiana-Pacific B.C. Forest Products Limited.

5. **GENERAL**

5.1 The Amendment Agreement may be executed in one or more counterparts or facsimile counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one document in writing.

5.2 The Amendment Agreement shall be effective as of 23:59 hours, local Vancouver time, on the date as of which the Amendment Agreement is executed ("Effective Time") if on or prior to June 30, 2003 or such earlier or later date as may be agreed among Royal, the Borrower and the Guarantor (the "Satisfaction Date"), Royal shall have received the documents described in §4.

5.3 The Borrower and the Guarantor will do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including certificates, declarations, affidavits, reports and opinions) and things as Royal may reasonably require for the purpose of giving effect to the Amendment Agreement and the Credit Agreement.

The Amendment Agreement has been executed this 27 day of June, 2003.

The **COMMON SEAL** of **LOUISIANA-PACIFIC CANADA LTD.** was hereunto affixed in the presence of:

Address for Notice
c/o Louisiana-Pacific Corporation
1200, 805 S.W. Broadway
Portland, Oregon
U.S.A. 97205

Curtis M. Stevens
Vice President and Chief Financial Officer

Phone: (503) 821-5100
Fax: (503) 821-5322
Attention: Executive Vice President, Administration, and Chief Financial Officer

Mark G. Tobin
Treasurer

With a copy to:
Fasken, Martineau, DuMoulin LLP
2100 – 1075 West Georgia Street
Vancouver, British Columbia
V6E 3G2

Phone: (604) 631-3131
Fax: (604) 631-3232
Attention: J. S. McKercher or D. J. Weaver

The **COMMON SEAL** of **LOUISIANA-PACIFIC CORPORATION** was hereunto affixed in the presence of:

Address for Notice
Louisiana-Pacific Corporation
Suite 1200, 805 S.W. Broadway
Portland, Oregon
U.S.A. 97205

Curtis M. Stevens
Executive Vice President, Administration,
and Chief Financial Officer

Phone: (503) 821-5100
Fax: (503) 821-5322
Attention: Executive Vice President,
Administration, and Chief Financial Officer

Mark G. Tobin
Treasurer

ROYAL BANK OF CANADA

By: _____

Gerry Derbyshire
Managing Director-Corporate Credit

RBC Capital Markets
Suite 2100, Park Place
666 Burrard Street
Vancouver, British Columbia
V6C 3B1

Attention: Managing Director
Phone: (604) 257-7100
Fax: (604) 665-6465

EXHIBIT I TO THE AMENDMENT AGREEMENT

NOTICE OF AGREEMENT, REQUEST AND CONFIRMATION
Dated as of June , 2003

TO: ROYAL BANK OF CANADA

Re: Guarantee (Particular Guarantee) dated for reference November 30, 2001 and executed December 14, 2001 ("Guarantee") by the Guarantor in favour of Royal guaranteeing the obligations of the Borrower under the Credit Agreement as amended by the Amendment Agreement.

Words with an initial capital letter which are not otherwise defined in the Notice of Agreement, Request and Confirmation have the meanings defined in the Credit Agreement as amended by the Amendment Agreement.

1. The Borrower has asked Royal to enter into the Amendment Agreement;

2. This is notice that the undersigned is aware of the reasons for the Amendment Agreement and concurs with the Borrower's aforesaid request to Royal;

3. The undersigned hereby joins the Borrower in its request to Royal that it enter into the Amendment Agreement and acknowledges the terms of the Credit Agreement as amended by the Amendment Agreement and confirms that the Guarantee remains valid, binding and enforceable against the Guarantor.

LOUISIANA-PACIFIC CORPORATION

Authorized Signatory

Authorized Signatory

EXHIBIT II TO THE AMENDMENT AGREEMENT

NOTICE OF AGREEMENT, REQUEST AND CONFIRMATION
Dated as of June , 2003

TO: ROYAL BANK OF CANADA

Re: Guarantee (Particular Guarantee) dated for reference November 30, 2001 and executed December 14, 2001 ("Guarantee") by the Guarantor in favour of Royal guaranteeing the obligations of the Borrower under the Credit Agreement as amended by the Amendment Agreement.

Words with an initial capital letter which are not otherwise defined in the Notice of Agreement, Request and Confirmation have the meanings defined in the Credit Agreement as amended by the Amendment Agreement.

1. The Borrower has asked Royal to enter into the Amendment Agreement;

2. This is notice that the undersigned is aware of the reasons for the Amendment Agreement and concurs with the Borrower's aforesaid request to Royal;

3. The undersigned hereby joins the Borrower in its request to Royal that it enter into the Amendment Agreement and acknowledges the terms of the Credit Agreement as amended by the Amendment Agreement and confirms that the Guarantee remains valid, binding and enforceable against the Guarantor.

LP ENGINEERED WOOD PRODUCTS LTD.

Authorized Signatory

Authorized Signatory

EXHIBIT III TO THE AMENDMENT AGREEMENT

NOTICE OF AGREEMENT, REQUEST AND CONFIRMATION
Dated as of June , 2003

TO: ROYAL BANK OF CANADA

Re: Guarantee (Particular Guarantee) dated for reference November 30, 2001 and executed December 14, 2001 ("Guarantee") by the Guarantor in favour of Royal guaranteeing the obligations of the Borrower under the Credit Agreement as amended by the Amendment Agreement.

Words with an initial capital letter which are not otherwise defined in the Notice of Agreement, Request and Confirmation have the meanings defined in the Credit Agreement as amended by the Amendment Agreement.

1. The Borrower has asked Royal to enter into the Amendment Agreement;

2. This is notice that the undersigned is aware of the reasons for the Amendment Agreement and concurs with the Borrower's aforesaid request to Royal;

3. The undersigned hereby joins the Borrower in its request to Royal that it enter into the Amendment Agreement and acknowledges the terms of the Credit Agreement as amended by the Amendment Agreement and confirms that the Guarantee remains valid, binding and enforceable against the Guarantor.

LOUISIANA-PACIFIC B. C. FOREST PRODUCTS LIMITED

Authorized Signatory

Authorized Signatory

THIRD AMENDMENT
TO RECEIVABLES SALE AGREEMENT

THIS THIRD AMENDMENT TO RECEIVABLES SALE AGREEMENT, dated as of April 25, 2003 (this "*Amendment*"), is entered into by and between LP RECEIVABLES CORPORATION and LOUISIANA-PACIFIC CORPORATION. Capitalized terms used and not otherwise defined herein are used as defined in the Agreement (as defined below and amended hereby).

WHEREAS, the parties hereto have entered into that certain Receivables Sale Agreement, as amended, supplemented or otherwise modified by the First Amendment dated as of December 27, 2001 and the Limited Waiver of Credit and Security Agreement and Limited Waiver of and Second Amendment to Receivables Sale Agreement dated as of July 23, 2002 (such waiver and amendment, as amended, supplemented or otherwise modified, the "*Waiver Agreement*") (such Receivables Sale Agreement, as so amended, supplemented or otherwise modified, the "*Agreement*");

WHEREAS, the parties hereto wish to amend the Agreement as hereinafter set forth;

NOW THEREFORE, in consideration of the premises and the other mutual covenants contained herein, the parties hereto agree as follows:

SECTION 1. **Amendments**. The Agreement is, as of the Effective Date defined below, hereby amended as follows:

(a) Section 1.2(b) of the Agreement is hereby amended and restated in its entirety to read as follows:

(b) On each Monthly Reporting Date, Originator shall deliver to Buyer such information as Buyer may reasonably request with respect to the Receivables sold and/or contributed by Originator to Buyer during the Settlement Period then most recently ended, including, without limitation, information regarding the Eligible Receivables transferred by Originator which shall be included in the related Monthly Report.

(b) Section 1.3(b) of the Agreement is hereby amended and restated in its entirety to read as follows:

(b) With respect to any Receivables coming into existence after the Initial Cutoff Date, not later than the Purchase Settlement Date, Buyer shall pay the Purchase Price therefor in accordance with Section 1.3(d) and in the following manner,

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(i) first, by delivery of immediately available funds to the extent of funds made available to Buyer in connection with Advances made to Buyer under the Credit Agreement or other cash on hand,

(ii) second, to the extent not paid pursuant to clause (i) above, by delivery to Louisiana-Pacific of the proceeds of a subordinated revolving loan from Louisiana-Pacific to Buyer (a "*Subordinated Loan*"), evidenced by an entry by Louisiana-Pacific on the Subordinated Note, in an amount not to exceed the least of (A) the remaining unpaid portion of such Purchase Price and (B) the maximum Subordinated Loan (aggregated with all Subordinated Loans then outstanding) that could be borrowed without rendering Buyer's Net Worth less than the Required Capital Amount. Louisiana-Pacific is hereby authorized by Buyer to endorse on the schedule attached to the Subordinated Note an appropriate notation evidencing the date and amount of each advance thereunder, as well as the date of each payment with respect thereto, provided that the failure to make such notation shall not affect any obligation of Buyer thereunder; and

(iii) third, to the extent the Purchase Price of Receivables has not been paid in full, unless Louisiana-Pacific has declared the Termination Date to have occurred pursuant to this Agreement, by accepting a contribution to its capital in an amount equal to the remaining unpaid balance of such Purchase Price.

Subject to the limitations set forth in Section 1.3(b)(ii), Originator irrevocably agrees to advance each Subordinated Loan requested by Buyer on or prior to the Termination Date. The Subordinated Loans shall be evidenced by, and shall be payable in accordance with the terms and provisions of the Subordinated Note and shall be payable solely from funds which Buyer is not required under the Credit Agreement to set aside for the benefit of, or otherwise pay over to, the Secured Parties.

(c) Section 1.3(c) of the Agreement is hereby amended and restated in its entirety to read as follows:

(c) From and after the Termination Date, Originator shall not be obligated to (but may, at its option): (i) sell Receivables to Buyer, or (ii) contribute Receivables to Buyer's capital pursuant to Section 1.3(b)(iii).

(d) Section 1.3(d) of the Agreement is hereby amended and restated in its entirety to read as follows:

Although the Purchase Price for each Receivable coming into existence after the Initial Cutoff Date shall be due and payable in full by Buyer to Originator on the date such Receivable came into existence, settlement of the Purchase Price between Buyer and Originator shall be effected on Purchase Settlement Dates

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with respect to all Receivables coming into existence during the related Calculation Period and based on the information provided to Buyer pursuant to Section 1.2(b). Although settlement, including without limitation any contribution of capital by Originator pursuant to Section 1.3(b)(iii), shall be effected on Purchase Settlement Dates, increases or decreases in the amount owing under the Subordinated Note made pursuant to this Section 1.3 for interest calculation purposes only shall be deemed to have occurred and shall be effective as of the first Business Day of the Calculation Period in which such Purchase Settlement Date occurs.

(e) Section 1.4(a)(iv) of the Agreement is hereby amended and restated in its entirety to read as follows:

(iv) less than the amount included in calculating the Outstanding Balance for purposes of any Monthly Report (for any reason other than such Receivable becoming a Defaulted Receivable or payment in full of the entire Outstanding Balance being made on such Receivable), or

(f) Section 2.1(u) of the Agreement is hereby amended and restated in its entirety to read as follows:

(u) Eligible Receivables. Each Receivable reflected in any Monthly Report as an Eligible Receivable on the date of such Monthly Report was an Eligible Receivable on the last day of the period to which such Monthly Report relates.

(g) Section 6.1(i) of the Agreement is hereby amended and restated in its entirety to read as follows:

(i) any representation or warranty made by Originator (or any officers of Originator) under or in connection with any Monthly Report, this Agreement, any other Transaction Document or any other information or report delivered by Originator pursuant hereto or thereto for which Buyer has not received a Purchase Price Credit that shall have been false or incorrect when made or deemed made;

(h) Section 6.1(xiv) of the Agreement is hereby amended and restated in its entirety to read as follows:

(xiv) the failure of any Receivable reflected as an Eligible Receivable in any Monthly Report to be an Eligible Receivable on the date of such Monthly Report.

(i) The definition of "Net Worth" in Exhibit I to the Agreement is hereby amended and restated in its entirety to read as follows:

Net Worth: With respect to any Calculation Period, the sum of (i) stockholder's equity for such Calculation Period, calculated as of the Purchase Settlement Date immediately following such Calculation Period and in accordance with GAAP consistently applied and (ii) the aggregate amount of any capital contributions

made during the period on and after the Cut-Off Date for such Calculation Period to, and including, the immediately following Purchase Settlement Date.

(j) The definition of "Purchase Report" in Exhibit I to the Agreement is hereby deleted in its entirety, together with all references thereto in the Agreement.

(k) The definition of "Required Capital Amount" in Exhibit I to the Agreement is hereby amended and restated in its entirety to read as follows:

Required Capital Amount: With respect to any Calculation Period, an amount equal to the sum of (i) the Required Equity Reserve for such Calculation Period plus (ii) the Receivables Adjustment Amount for such Calculation Period, in each case, calculated as of the Purchase Settlement Date immediately following such Calculation Period.

(l) The definition of "Subordinated Loan" in Exhibit I to the Agreement is hereby amended and restated to read as follows:

Subordinated Loan: As defined in Section 1.3(b)(ii).

(m) The following definitions are hereby added to Exhibit I to the Agreement in alphabetical order thereto:

Adjusted Receivables Balance: For any Calculation Period, the Outstanding Balance of the Receivables minus the Receivables Adjustment Amount, in each case, as of the Cut-Off Date for such Calculation Period.

Equity Loss Reserve: For any Calculation Period, the product (expressed as a percentage) of (i) 1.5 times (ii) the highest three-month rolling average Default Ratio during the twelve (12) Calculation Periods ending on the Cut-Off Date for such of such Calculation Period, times (iii) the Default Horizon Ratio as of the Cut-Off Date for such Calculation Period.

Non-Investment Grade Obligors: Obligors who are not rated by S&P or Moody's or who have short term unsecured debt ratings (or in the absence thereof, the equivalent long term unsecured debt ratings) which are below either A-3 by S&P or P-3 by Moody's.

Receivables Adjustment Amount: For any Calculation Period, the aggregate Outstanding Balance of Defaulted Receivables as of the Cut-Off Date for such Calculation Period.

Required Equity Reserve: For any Calculation Period, the greater of (i) the Required Equity Reserve Floor for such Calculation Period or (ii) the product of (A) the sum of the Equity Loss Reserve, the Interest Reserve and the Servicing Reserve for such Calculation Period times (B) the Adjusted Receivables Balance for such Calculation Period.

Required Equity Reserve Floor: For any Calculation Period, the sum of (i) the aggregate Outstanding Balance of Receivables owed by the three largest Non-Investment Grade Obligors as of the Cut-Off Date of such Calculation Period plus

(ii) the product of the Adjusted Dilution Ratio times the Dilution Horizon Ratio times the Adjusted Receivables Balance, in each case, as of the Cut-Off Date of such Calculation Period.

(n) Exhibit VII is hereby deleted from the Agreement.

(o) Notwithstanding the defined terms appearing in the Agreement and the Credit Agreement, for the sole purpose of calculating the Purchase Price for each Receivable the following conventions shall be used:

(i)

Words Appearing in the Defined Term	Interpretation Solely with Respect to Calculation for Purchase Price
As of any date,	As of the related Purchase Settlement Date,
As of the date of any Purchase,	As of the related Purchase Settlement Date,
For any Calculation Period,	For the Fiscal Month most recently ended, prior to such Purchase Settlement Date

(ii) Notwithstanding clause (i) above and the defined terms appearing in the Agreement and the Credit Agreement, for the sole purpose of calculating the Purchase Price for each Receivable on any Purchase Settlement Date, each of the following shall be calculated as of the last day of, or ending with, as applicable, the Fiscal Month immediately preceding the Calculation Period to which such Purchase Settlement Date relates:

Days Sales Outstanding

Interest Reserve

Cash Discount Reserve

Rebate Reserve

Servicing Reserve

Eligible Receivables Pool Percentage

Loss Discount Factor

Purchase Price Credits owing pursuant to Section 1.4(a)(ii)

SECTION 2. Effective Date. (a) This Amendment shall become effective as of the date first above written (the "Effective Date") on the date on which the Buyer and the Administrative Agent shall have received each of the following:

(i) a duly executed copy of the Second Amendment to Credit and Security Agreement dated as of the date hereof; and

(ii) a favorable opinion of Mayer, Brown, Rowe & Maw reasonably acceptable to the Administrative Agent which addresses the existence of a "true sale" of the Receivables from Originator to the Buyer under the Agreement.

SECTION 3. Provisions of Waiver Agreement No Longer In Effect.

(a) Pursuant to Section 1.3(a)(ii) of the Agreement (without giving effect to this Amendment), with respect to each Purchase of Receivables, amounts outstanding under the Subordinated Note shall not exceed the least of (i) the remaining unpaid portion of the Purchase Price, (ii) the maximum Subordinated Loan that could be borrowed without rendering the Buyer's Net Worth (as defined in the Agreement without giving effect to this Amendment) less than the Required Capital Amount (as defined in the Agreement without giving effect to this Amendment) and (ii) fifteen percent (15%) of such Purchase Price (such requirement as in effect prior to the Effective Date, the "*Note Limitation*"). Pursuant to Section 3 of the Waiver Agreement, on the twenty-fifth Business Day following the Purchase Settlement Date occurring in March 2003, the Buyer and the Originator shall reduce the outstanding principal amount of the Subordinated Note so as to be in compliance with the Note Limitation. On and as of the Effective Date, the Administrative Agent and the Lender hereby confirm, by acknowledging its consent on the signature pages hereto, that the Note Limitation and the provisions of Section 3 of the Waiver Agreement shall no longer be in effect and the Buyer and the Originator shall not be obligated to comply with the Note Limitation or make any reduction in the amounts outstanding under the Subordinated Note in order to comply with the Note Limitation; provided, however, that, on and as of the Effective Date and as of each Purchase Settlement Date thereafter, the principal amount outstanding under the Subordinated Note shall not be greater than that which could be borrowed without rendering the Buyer's Net Worth less than the Required Capital Amount (as each such term is defined after giving effect to this Amendment).

(b) Notwithstanding any prior amendments and/or waivers to the Agreement, the parties hereto acknowledge that as of and upon the Effective Date, Originator shall not be required to deliver any Purchase Report (as defined in the Agreement without giving effect to this Amendment) to the Buyer (or its assigns) or the Administrative Agent.

SECTION 4. Reference to and Effect on the Agreement and the Related Documents.

(a) Upon the effectiveness of this Amendment, (i) Originator hereby reaffirms all representations and warranties made by it in Article II of the Agreement (as amended hereby) and agrees that all such representations and warranties shall be deemed to have been remade as of the Effective Date of this Amendment, (ii) Originator hereby represents and warrants that no Termination Event or Unmatured Termination Event, shall have occurred and be continuing and (iii) each reference in the Agreement to "this Agreement", "hereunder", "hereof", "herein" or

words of like import shall mean and be, and any references to the Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Agreement shall mean and be, a reference to the Agreement as amended hereby.

(b) Wachovia represents and warrants to LP and LP Receivables that Wachovia is the sole Committed Bank and the sole Liquidity Bank. Each of the Lender, the Administrative Agent, the Committed Bank and the Liquidity Bank represents and warrants to LP and LP Receivables that satisfaction of the

Rating Agency Condition with respect to this Amendment is not required for the effectiveness of this Amendment.

SECTION 5. Effect. Except as otherwise amended by this Amendment and except to the extent of the waiver specifically provided for above, the Agreement shall continue in full force and effect and is hereby ratified and confirmed. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Administrative Agent or the Lender under any of the Transaction Documents.

SECTION 6. Governing Law. This Amendment will be governed by and construed in accordance with the laws of the State of New York (without regard to principles of conflicts of law other than Section 5-1401 of the New York General Obligations Law).

SECTION 7. Severability. Each provision of this Amendment shall be severable from every other provision of this Amendment for the purpose of determining the legal enforceability of any provision hereof, and the unenforceability of one or more provisions of this Amendment in one jurisdiction shall not have the effect of rendering such provision or provisions unenforceable in any other jurisdiction.

SECTION 8. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page by facsimile shall be effective as delivery of a manually executed counterpart of this Amendment.

[remainder of page intentionally left blank]

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

LP RECEIVABLES CORPORATION

By: _____
Name:
Title:

LOUISIANA-PACIFIC CORPORATION

By: _____
Name:
Title:

[additional signatures to follow]

Acknowledged and consented to
as of this day of April, 2003:

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Administrative Agent, Committed Bank and Liquidity Bank

By: _____
Name:
Title:

BLUE RIDGE ASSET FUNDING CORPORATION

by: Wachovia Securities, Inc.
its Attorney-in-Fact

By: _____
Name:
Title:

SECOND AMENDMENT
TO CREDIT AND SECURITY AGREEMENT

THIS SECOND AMENDMENT TO CREDIT & SECURITY AGREEMENT, dated as of April 25, 2003 (this "*Amendment*"), is entered into by and between LP RECEIVABLES CORPORATION, as borrower (the "*Borrower*"), LOUISIANA-PACIFIC CORPORATION, as master servicer (the "*Master Servicer*"), BLUE RIDGE ASSET FUNDING CORPORATION, as lender (the "*Lender*"), the committed banks named therein and WACHOVIA BANK, NATIONAL ASSOCIATION (successor in interest to Wachovia Bank, N.A.), as administrative agent (the "*Administrative Agent*"). Capitalized terms used and not otherwise defined herein are used as defined in the Agreement (as defined below and amended hereby).

WHEREAS, the parties hereto have entered into that certain Credit and Security Agreement (as amended by the Fourth Amendment to Limited Waiver and Amendment to Credit Agreement dated as of November 13, 2002 or as otherwise amended, supplemented or otherwise modified, the "*Agreement*");

WHEREAS, the parties hereto wish to amend the Agreement as hereinafter set forth;

NOW THEREFORE, in consideration of the premises and the other mutual covenants contained herein, the parties hereto agree as follows:

SECTION 1. **Amendments**. The Agreement is, as of the Effective Date defined below, hereby amended as follows:

(a) The second sentence of Section 4.7(e) of the Agreement is hereby amended and restated in its entirety to read as follows:

In addition to the foregoing, if the Commitment of such Person is reduced in whole or in part pursuant to Section 1.1(b) or Section 1.3 or by reason of a partial assignment pursuant to Section 12.1 (with the consent of Borrower (not to be unreasonably withheld or delayed)), then, in any such event, such Person shall pay to its own account an amount of funds then held in the Advance Account equal to the amount of such partial or whole reduction, as applicable.

(b) Section 4.7 of the Agreement is hereby amended by adding the following paragraph to the end thereto:

(h) For the avoidance of doubt, Borrower may reduce the Aggregate Commitment and/or the Aggregate Principal at any time during the Revolving Period, including, without limitation, after any request for an Advance Account Deposit; provided, that Borrower shall comply with the notice provisions provided in Section 1.1(b) and Section 1.3, as applicable.; provided, further that the Aggregate Commitment may not be reduced below the Aggregate Principal.

(c) Section 7.1(a) of the Agreement is hereby amended by adding the following clause (viii) and renumbering the existing clause (viii) as clause (ix):

(viii) Fiscal Reporting. On each Monthly Reporting Date, a balance sheet, statement of profit and loss and statement of stockholder's equity of Borrower for the Fiscal Month most recently ended; prepared in accordance with GAAP consistently applied.

(d) Section 7.1(i)(xvi) of the Agreement is hereby amended and restated in its entirety to read as follows:

(xvi) maintain at all times sufficient capital in light of its contemplated business operations, ensure that, for any Calculation Period, the Borrower's Net Worth shall be greater than or equal to the Required Capital Amount and refrain from making any dividend, distribution, redemption of capital stock or payment of any subordinated indebtedness which would cause the Borrower's Net Worth to be less than the Required Capital Amount for such Calculation Period;

(e) The following clause (xix) is hereby added to Section 7.1(i) of the Agreement:

(xix) take such other actions as are necessary on its part to ensure that the facts and assumptions set forth in the opinions of Mayer, Brown, Rowe & Maw in connection with the closing of the Second Amendment to the Credit & Security Agreement, dated as of April 25, 2003 and relating to true sale and substantive consolidation issues, and in the certificates accompanying such opinions, remain true and correct, and are complied with, in all material respects at all times.

(f) Section 9.1 of the Agreement is hereby amended by adding the following paragraph (t):

(t) For any Calculation Period, as of the Purchase Settlement Date following such Calculation Period, the Borrower's Net Worth shall be less than the Required Capital Amount.

(g) Section 10.3 of the Agreement is hereby amended by adding the following statement to the end thereto:

For avoidance of doubt, any interpretation of Accounting Research Bulletin No. 51 by the Financial Accounting Standards Board shall constitute an adoption, change, request or directive subject to this Section 10.3; provided, however that the Borrower shall not incur any obligation to pay any amounts with respect to such increased cost or such reduction for five (5) Business Days after notice thereof is given by the Administrative Agent to the Borrower.

(h) The following paragraph (c) is added to the end of Section 14.5:

(c) Notwithstanding anything to the contrary in this Agreement or any other Transaction Document, each party hereto (and each employee, representative, or

other agent of such party) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to such party relating to such tax treatment and tax structure.

(i) The definition of "Blue Ridge Termination Date" in Exhibit I to the Agreement is hereby amended and restated to read as follows:

Blue Ridge Termination Date: November 13, 2003 or such later date as may be agreed in writing from time to time by Borrower, Master Servicer, the Lender and the Administrative Agent.

(j) The definition of "Commitment Termination Date" in Exhibit I to the Agreement is hereby amended and restated to read as follows:

Commitment Termination Date: With respect to each Committed Bank, November 13, 2003 or such later date as may be agreed in writing from time to time by Borrower, Master Servicer, the Lender, the Administrative Agent and such Committed Bank.

(k) The definition of "Days Sales Outstanding" in Exhibit I to the Agreement is hereby amended and restated in its entirety to read as follows:

Days Sales Outstanding: For any Calculation Period, an amount equal to the product of (i) the sum of the actual number of days in the three (3) Calculation Periods including and immediately preceding the Cut-Off Date for such Calculation Period, multiplied by (ii) the amount obtained by dividing (A) the aggregate outstanding balance of Receivables as of the Cut-Off Date for such Calculation Period, by (B) the aggregate sales generated by the Originator of Receivables during the three (3) Calculation Periods including and immediately preceding such Cut-Off Date.

(l) The definition of "Facility Account" in Exhibit I to the Agreement is hereby amended and restated in its entirety to read as follows:

Facility Account: Borrower's account no. 1233053134 maintained with Bank of America, aba no. 121000358.

(m) The definition of "Facility Termination Date" in Exhibit I to the Agreement is hereby amended and restated in its entirety to read as follows:

Facility Termination Date: The earlier of (i) the Committed Bank Maturity Date and (ii) the Amortization Date.

(n) The definition of "Interest Reserve" in Exhibit I to the Agreement is hereby amended and restated in its entirety to read as follows:

Interest Reserve: For any Calculation Period, the product (expressed as a percentage) of (i) 1.5 times (ii) the Alternate Base Rate as of the Cut-Off Date for

such Calculation Period times (iii) a fraction the numerator of which is the highest Days Sales Outstanding for the most recent 12 Calculation Periods (including such Calculation Period) and the denominator of which is 360.

(o) The definition of "Servicing Reserve" in Exhibit I to the Agreement is hereby amended and restated in its entirety to read as follows:

Servicing Reserve: For any Calculation Period, the product (expressed as a percentage) of (i) the Servicing Fee Rate, times (ii) a fraction, the numerator of which is the highest Days Sales Outstanding for the most recent 12 Calculation Periods (including such Calculation Period) and the denominator of which is 360.

(p) The following definitions are hereby added to Exhibit I to the Agreement in alphabetical order thereto:

Net Worth: As defined in the Receivables Sale Agreement.

Purchase Settlement Date: As defined in the Receivables Sale Agreement.

Required Capital Amount: As defined in the Receivables Sale Agreement.

Subordinated Note: As defined in the Receivables Sale Agreement.

(q) Notwithstanding the following defined terms appearing in the Agreement and references to "immediately preceding Cut-Off Date" appearing in such definitions, for the sole purpose of calculating the Borrowing Base, the Required Reserve Factor Floor, the Loss Reserve and the Dilution Reserve shall be calculated with respect to the Cut-Off Date for the Calculation Period covered by the most recent Monthly Report.

SECTION 2. Effective Date. This Amendment shall become effective as of the date first above written (the "Effective Date") on the date on which the Administrative Agent shall have received a duly executed copy of the Third Amendment to the Receivables Sale Agreement by and between the Borrower and the Originator, dated as of the date hereof.

SECTION 3. Reference to and Effect on the Agreement and the Related Documents. (a) Upon the effectiveness of this Amendment, (i) each of the Borrower and the Master Servicer hereby reaffirms all representations and warranties made by it in Article V of the Agreement (as amended hereby) and agrees that all such representations and warranties shall be deemed to have been remade as of the Effective Date of this Amendment, (ii) each of the Borrower and the Master Servicer hereby represents and warrants that no Amortization Event, Unmatured Amortization Event, Termination Event or Unmatured Termination Event, shall have occurred and be continuing and (iii) each reference in the Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import shall mean and be, and any references to the Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Agreement shall mean and be, a reference to the Agreement as amended hereby.

(b) Wachovia represents and warrants to LP and LP Receivables that Wachovia is the sole Committed Bank and the sole Liquidity Bank. Each of the Lender, the Administrative Agent, the Committed Bank and the Liquidity Bank represents and warrants to LP and LP Receivables that satisfaction of the Rating Agency Condition with respect to this Amendment is not required for the effectiveness of this Amendment.

SECTION 4. Effect. Except as otherwise amended by this Amendment, the Agreement shall continue in full force and effect and is hereby ratified and confirmed.

SECTION 5. Governing Law. This Amendment will be governed by and construed in accordance with the laws of the State of New York (without regard to principles of conflicts of law other than Section 5-1401 of the New York General Obligations Law).

SECTION 6. Severability. Each provision of this Amendment shall be severable from every other provision of this Amendment for the purpose of determining the legal enforceability of any provision hereof, and the unenforceability of one or more provisions of this Amendment in one jurisdiction shall not have the effect of rendering such provision or provisions unenforceable in any other jurisdiction.

SECTION 7. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page by facsimile shall be effective as delivery of a manually executed counterpart of this Amendment.

[remainder of page intentionally left blank]

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

LP RECEIVABLES CORPORATION

By: _____
Name:
Title:

LOUISIANA-PACIFIC CORPORATION

By: _____
Name:
Title:

[additional signatures to follow]

BLUE RIDGE ASSET FUNDING CORPORATION

by: Wachovia Securities, Inc.
its Attorney-in-Fact

By: _____
Name:
Title:

WACHOVIA BANK, NATIONAL
ASSOCIATION,
as Administrative Agent and Committed Bank

By: _____
Name:
Title:

[end of signatures]

LOUISIANA-PACIFIC CORPORATION
EXECUTIVE LOAN PROGRAM

As Amended and Restated July 27, 2003

1. **Purpose.** To provide loans to company executives for the purchase by them of shares of company stock. Such purchases shall be of shares of treasury stock held by the company.

2. **Covered Executives**. (a) The CEO, all Vice Presidents and all other employees who are "executive officers" of the company under Section 16 of the Securities Exchange Act of 1934, (b) Business Team Leaders and (c) other executives as designated by the CEO.

3. **Loan Amount**. Equal to the total cost of the shares of company stock purchased in one transaction by the executive from the company during the 60-day period following the effective date of this Executive Loan Program (the "Loan Program") for such executive. The loan shall be made upon written notification to the company by the executive of the number of shares he or she desires to purchase. Such shares shall be sold to the executive on the date such notification is received by the company at a price equal to the closing price of company stock on the New York Stock Exchange (NYSE) on such date or, if there is no trading on the NYSE on such date, the next preceding day on which there was such trading, and the necessary loan documents for the loan in an amount equal to the cost of such shares shall be executed by the parties as of such date.

4. **Maximum Loan Amount**. Three (3) times an executive's annual base pay as of the effective date of the Loan Program for such executive.

5. **Minimum Purchase and Loan**. To qualify for the loan, the executive must purchase a minimum of 10,000 shares of company stock.

6. **Maximum Total Loans**. The lesser of $20 million or 1.7 million shares of company stock.

7. **Interest on Loan**. The interest rate shall be the lowest prevailing rate that will avoid imputed interest under Section 7872 of the Internal Revenue Code.

8. **Accrued Interest**. Annual accrued interest shall be added to the principal amount each year and shall be paid when the principal amount becomes due.

9. **Term of Loan**. Six years following the expiration of the 60-day period referred to in paragraph 3 above, except five years following the expiration of such 60-day period for those executives who become covered executives on or after November 24, 2000, unless earlier terminated as provided below.

10. **Security**. Loans shall be unsecured.

11. **Termination of Employment**. The outstanding amount of principal and accrued interest under the loan shall be paid within 30 days following an executive's resignation or involuntary termination of employment.

12. **Loan Forgiveness.** The provisions of this Paragraph 12 apply to those executives with outstanding loans under the Loan Program on or after November 24, 2000.

(a) Length of Service Forgiveness. If the executive remains continuously employed by the company until January 23, 2004, January 23, 2005 or January 23, 2006 ("Applicable Forgiveness Dates"), the following percentages of the original loan principal amount and the amount of accrued interest as of such date shall be forgiven:

Applicable Forgiveness Date	Original Loan Principal Forgiveness	Accrued Loan Interest Forgiveness
January 23, 2004	50 percent	-0-
January 23, 2005	25 percent	50 percent
January 23, 2006	25 percent	100 percent

In the event that, after January 23, 2001 and before January 23, 2006, the executive terminates employment with the company by reason of death, disability or involuntary termination by the company without cause, the executive shall be forgiven a prorated amount of the loan principal and accrued interest forgiveness percentages set forth above based upon his actual period of employment by the company during the period January 23, 2001 (or his last Applicable Forgiveness Date, if later) to the next Applicable Forgiveness Date following such termination. The provisions of paragraph 11 of the Loan Program shall

apply to the remaining unforgiven loan principal and accrued interest amounts.

(b) Stock Price Forgiveness. In addition to any loan principal and interest forgiveness provided under paragraph 12(a) above based upon length of service, if the company stock has traded on the NYSE at or above the price per share ("Price") set forth below (to be appropriately adjusted for any stock dividends or splits or recapitalizations that hereafter occur) for at least five consecutive trading days during the 12-month period immediately preceding an Applicable Forgiveness Date on which the executive remains employed by the company, the following additional percentages of the original loan principal amount and the amount of accrued interest as of such date shall be forgiven:

Applicable Forgiveness Date	Price	Additional Original Loan Principal Forgiveness	Additional Accrued Interest Forgiveness
January 23, 2004	$ 16.00	25 percent	50 percent
	20.00	50 percent	100 percent

January 23, 2005	18.00	25 percent	50 percent

(c) Certain Terminations after November 2, 2001. In the event the executive terminates employment with the company after November 2, 2001 by reason of death, disability, involuntary termination by the company without cause or termination by the executive for good reason following a Change in Control, the executive shall be forgiven (i) an amount of original loan principal equal to the excess of the executive's cost basis in the shares of company stock purchased under the Loan Program over the fair market value of such shares on such employment termination date, to the extent such amount exceeds the amount of original loan principal forgiveness made under paragraphs 12(a) and 12(b) above on or before such date plus any amounts paid outside of the Loan Program as severance that are determined by the amount of loss on company stock purchased under the Loan Program and (ii) 100 percent of the executive's accrued loan interest under the Loan Program as of such employment termination date. For purposes of this paragraph 12(c), the following definitions shall apply:

(1) "cause" shall mean (i) knowing and significant misconduct including, without limitation, knowing violation of laws or

regulations, that demonstratively injures or damages the company or (ii) knowing and continued failure to perform, after notice and opportunity to correct, the key duties of his or her position with the company.

(2) "good reason" shall mean (i) a diminution in the executive's position, authority, duties or responsibilities, (ii) a reduction in the executive's base salary or annual incentive opportunity, (iii) a reduction in other employee benefits of the executive not generally applicable to all employees in a similar position or (iv) a requirement that the executive's employment be based at a location more than 25 miles from its current location.

(3) "Change in Control" shall have the same meaning as set forth in Section 2.5 of the Louisiana-Pacific Corporation Deferred Compensation Plan as in effect November 3, 2001.

(4) "fair market value" shall mean the mean between the high and low trading prices per share of company stock on the New York Stock Exchange on the applicable termination of employment date or, if the company stock was not traded on that date, on the next preceding day on which such stock is traded.

(d) Stock Ownership. Notwithstanding paragraphs (a), (b) and (c) above, no amount of loan principal or interest shall be forgiven on a forgiveness date if the executive no longer owns on such date, directly or beneficially, all of the shares of company stock originally purchased under the Loan Program; provided, however, that the foregoing shall not apply to an executive who is not an "executive officer" of the company under Section 16 of the Securities Exchange Act of 1934 on July 27, 2003, if, on any such forgiveness date occurring on or after July 27, 2003, the executive owns, directly or beneficially, at least that percentage of such stock that equals the percentage of the executive's original loan principal amount hereunder that remains unforgiven under this Section 12 (1) immediately preceding such forgiveness date or (2) immediately following such forgiveness date if the executive sells any portion of such stock prior to such forgiveness date and the executive has (i) deposited with the company, under arrangements satisfactory to the company, the entire net proceeds of all such sales up to the amount determined by the company as necessary to pay all of the executive's

estimated withholding and payroll taxes that will be due as a result of such forgiveness and (ii) sold no more than the number of shares necessary to realize net proceeds equal to the amount of such taxes.

13. **Loan Forgiveness - Income Taxes.** In the event of loan forgiveness under Paragraph 12 above, the executive shall be required to make arrangements satisfactory to the company for payment of all withholding and payroll taxes due in connection with such forgiveness. At the option of the executive, or at the option of the company if no other arrangement for tax payment by the executive is made, income and other taxes that become payable by the executive with respect to such loan forgiveness and which are required to be withheld and paid over by the company may be satisfied by the transfer by the executive to the company of shares of company stock purchased under the Loan Program equal in fair market value to the amount of the tax obligation.

14. **Dividends**. Dividends paid on company stock that is subject to a loan under the Loan Program shall be paid to the executive. Shares issued as a result of a stock dividend or split or recapitalization shall be issued in the name of the executive and held pursuant to the custody agreement referred to in Paragraph 15 below.

15. **Loan Documents**. As a condition of receiving the loan or any extension thereof, the executive shall execute a promissory note and such other agreements as may be required by the company including, subject to applicable law, a custody agreement with respect to the stock purchased under the Loan Program and agreement authorizing the company to deduct any loan amount due and payable from any amounts owed by the company to the executive as compensation or otherwise.

16. **Securities Laws**. Purchases and sales of company stock pursuant to the Loan Program shall comply in all respects to federal and state securities laws and the company's policies on insider trading.

17. **Effective Date**. The Loan Program is effective November 24, 1999 as to executives who are covered executives under Paragraph 2 above during the period November 24, 1999 to January 23, 2000. The Loan Program is effective November 24, 2000 for all other executives who are covered executives under Paragraph 2 above during the period November 24, 2000 to January 23, 2001.

EMPLOYMENT AGREEMENT
Between
LOUISIANA-PACIFIC CORPORATION
and
MARK A. SUWYN
As Restated January 2, 1996

AMENDMENT NO. 1

Pursuant to the resolution of the Compensation Committee of the Board of Directors of Louisiana-Pacific Corporation ("LP") adopted on February 1, 2003 and the authority granted therein, LP and Mark A. Suwyn ("Executive") hereby agree that the Employment Agreement between LP and Executive, as restated January 2, 1996 ("Agreement"), is hereby amended, effective as of February 1, 2003, to add new subsection (vi) to Section 5(f) of the Agreement to read in full as follows:

> "(vi) Notwithstanding subsections (i) through (v) of this Section 5(f) immediately above, in the event a Change in Control occurs that also constitutes a "Change of Control" as defined in Section 2 of the Change of Control Employment Agreement between Executive and the Company dated as of January 25, 1998 (the "COC Agreement"), the compensation and benefits that may become payable to Executive in the event of a termination of his employment following such event shall be determined solely under the provisions of the COC Agreement rather than under this Agreement if the COC Agreement, including any amendments thereto, remains in effect on the date of such Change of Control and provides such compensation and benefits in amounts that are equal to or greater than those that would otherwise be provided under this Agreement."

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 as of the 1st day of February 2003.

LOUISIANA-PACIFIC CORPORATION

By _____
Executive Vice President, Administration and Chief Financial Officer

EXECUTIVE

By _____
Mark A. Suwyn

Exhibit 10.21

EXECUTION COPY

PURCHASE AND SALE AGREEMENT

BY AND BETWEEN

LOUISIANA-PACIFIC CORPORATION

AND

ETT ACQUISITION COMPANY, LLC

Dated July 2, 2003

TABLE OF CONTENTS

EXHIBITS

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is made as of July 2, 2003 (the "Effective Date") by and between **LOUISIANA-PACIFIC CORPORATION**, a Delaware corporation ("Seller"), and **ETT ACQUISITION COMPANY, LLC**, a Delaware limited liability company ("Purchaser").

In consideration of the mutual covenants of the parties set forth herein and for other good and valuable consideration, Seller and Purchaser agree as follows:

ARTICLE I
DEFINITIONS

1.01 Defined Terms. As used in this Agreement, the following defined terms have the meanings indicated below:

"Additional Agreements" shall have the meaning set forth in Section 2.01(g) of this Agreement.

"Adjusted Cash Amount" shall have the meaning set forth in Section 2.04(c)

"Affiliate" of any Person means a Person which, directly or indirectly, controls, is controlled by or is under common control with such Person.

"Agreement" means this Purchase and Sale Agreement and the exhibits, schedules and Disclosure Schedule attached hereto, as amended from time to time.

"Assignment and Assumption Agreement" has the meaning set forth in Section 3.05(a)(iii) of this Agreement.

"Assumed Liabilities" has the meaning set forth in Section 2.02 of this Agreement.

"Bill of Sale" has the meaning set forth in Section 3.05(a)(ii) of this Agreement.

"Brown and Caldwell" means Brown and Caldwell, having an office at 201 East Washington Street, Suite 500, Phoenix, Arizona 85004.

"Cash Amount" has the meaning set forth in Section 2.04(c) of this Agreement.

"Casualty Loss" has the meaning set forth in Section 7.02(a) of this Agreement.

"Claim" means, with respect to the Property, any claim, demand, investigation, suit, action or cause of action, default, assessment, litigation or other proceeding, including administrative proceedings, third party actions, arbitral proceedings and proceedings by or before any Governmental Authority.

"Closing" has the meaning set forth in Section 3.01 of this Agreement.

"Closing Date" has the meaning set forth in Section 3.01 of this Agreement.

"Closing Statement" has the meaning set forth in Section 3.06(b) of this Agreement.

"Code" has the meaning set forth in Section 2.05(c) of this Agreement.

"Condemnation Proceedings" has the meaning set forth in Section 7.02(a) of this Agreement.

"Contracts" has the meaning set forth in Section 2.01(g) of this Agreement.

"Contingent Obligation" has the meaning set forth in Section 7.13 of this Agreement.

"Conveyancing Instruments" means the deeds, assignments of leases and other instruments necessary or appropriate under applicable law to convey to Purchaser fee simple title to the Real Property with covenants of special warranty as to title.

"Deductible" has the meaning set forth in Section 6.07(a) of this Agreement.

"Deeds" has the meaning set forth in Section 3.05(a)(i) of this Agreement.

"Deposit" has the meaning set forth in Section 2.05(a) of this Agreement and is deemed to include all interest earned thereon.

"Disclosure Schedule" means the Disclosure Schedule to this Agreement, as supplemented or amended (if applicable) pursuant to Section 4.02 of this Agreement.

"Due Diligence" has the meaning set forth in Section 7.07 of this Agreement.

"Due Diligence Information" has the meaning set forth in Section 7.06(f) of this Agreement.

"Effective Date" has the meaning set forth in the introductory paragraph of this Agreement.

"Environmental Due Diligence Deadline" has the meaning set forth in Section 7.07 of this Agreement.

"Environmental Law" means any applicable law, statute, ordinance, code, rule, regulation or order of any Governmental Authority relating to (i) pollution or the regulation or protection of human health, safety or the environment or to threatened or endangered species, (ii) Hazardous Materials, (iii) the reclamation of land and waterways, (iv) emissions, discharges, releases or threatened releases of Hazardous Materials into the environment (including ambient air, soil, surface water, ground water, land surface and subsurface strata) or (v) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

"Environmental Sites" has the meaning set forth in Section 7.06(c) of this Agreement.

"Escrow Agent" means Fidelity National Title Insurance Company, having an office at 717 N. Harwood Street, Suite 800, Dallas, Texas 75201.

"Escrow Agreement" has the meaning set forth in Section 2.05(b) of this Agreement.

"Excluded Assets" has the meaning set forth in Section 2.03 of this Agreement.

"Excluded Liabilities" has the meaning set forth in Section 2.03 of this Agreement.

"Existing Surveys" means existing surveys of portions of the Real Property.

"Extended Due Diligence Period" has the meaning set forth in Section 4.02 of this Agreement.

"Governmental Authority" means any legislative, judicial, executive, regulatory or administrative body, agency, commission, authority or instrumentality of the United States of America or of any state, county, city or other political subdivision within the United States of America, and any arbitrator or panel of arbitrators whose rulings, orders, decrees and awards are, in the particular circumstances presented, enforceable in a court of law within the United States of America.

"Harvest Schedule" has the meaning set forth in Section 7.01(a) of this Agreement.

"Hazardous Material" means any hazardous substance, pollutant, petroleum or any fraction thereof, contaminant or toxic or hazardous material or waste and asbestos.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated under such act.

"Indemnified Party" has the meaning set forth in Section 6.04(a) to this Agreement.

"Knowledge of Seller" means the actual knowledge, after reasonable investigation, of the employees of Seller listed in Section 1.01 of the Disclosure Schedule.

"LC" has the meaning set forth in Section 2.04(c) of this Agreement.

"LC Bank" means Wachovia Bank, National Association.

"Lease Agreement" has the meaning set forth in Section 3.05(a)(xiii) of this Agreement.

"Leases" has the meaning set forth in Section 2.01(h) of this Agreement.

"Letter Agreement" has the meaning set forth in Section 3.05(a)(xiv) of this Agreement.

"Liability" means any liability or obligation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether incurred or consequential and whether due or to become due), including any liability for Taxes.

"Licenses" has the meaning set forth in Section 2.01(f) of this Agreement.

"Liens" means any mortgage, lien, charge, pledge, hypothecation, assignment, deposit, arrangement, encumbrance, security interest, assessment, adverse claim, levy, preference or priority or other security agreement of any kind or nature whatsoever (whether voluntary or involuntary, affirmative or negative, and whether imposed or created by operation of law or otherwise) in, on or with respect to the Property, or any other interest in the Property designed to secure the repayment of debt or the performance of any other obligations, whether arising by contract, operation of law or otherwise.

"Losses" means all claims, demands, investigations, proceedings, suits, actions or causes of action, losses, liabilities, fines, penalties, judgments, liens, injuries, damages, costs of settlement or other costs or expenses of whatever kind or nature (including any action or proceeding brought, threatened or ordered by any Governmental Authority), including attorneys' and experts' fees and court costs and expenses, and investigation and remediation costs.

"Mineral Rights" has the meaning set forth in Section 2.01(b) of the Agreement.

"New Surveys" means updates of Existing Surveys or new surveys of portions of Real Property obtained by either Purchaser or Seller, at Purchaser's request.

"Nonacceptance Notice" has the meaning set forth in Section 7.07 of this Agreement.

"Nonassignable Contract" has the meaning set forth in Section 7.15 of this Agreement.

"Non-environmental Due Diligence Deadline" has the meaning set forth in Section 7.07 of this Agreement.

"Non-timberland Allocation" means that portion of the Purchase Price allocated to all those items set forth in Section 3.07 of the Disclosure Schedule other than "Timberlands" and "Standing Timber".

"Note Amount" has the meaning set forth in Section 2.04(c) of this Agreement.

"Note" has the meaning set forth in Section 2.04(c) of this Agreement.

"Permitted Exceptions" means: (i) encroachments, overlaps, boundary line disputes or other matters (other than lack of access) that would be disclosed by an accurate survey or inspection of the Real Property; (ii) liens for taxes not yet due and payable; (iii) mechanics', workers', materialmen's, carriers' or other like liens arising in the ordinary course of business to the extent the underlying obligation is not yet due and payable; (iv) all previous reservations, exceptions and conveyances of record of oil, gas and associated hydrocarbon minerals and royalty and other rights and interests with respect thereto; (v) any law, ordinance or

governmental regulation (including building and zoning ordinances) that restricts, regulates or prohibits the occupancy, use or enjoyment of the Real Property, or regulates the character, dimensions or location of any improvements now or hereafter erected on the Real Property; (vi) all matters affecting the Real Property recorded in the real property records of the applicable county other than (x) Liens (excluding Liens covered by (ii) and (iii) above) and (y) any other matter recorded in the real property records of the applicable county that would adversely affect Purchaser's ability to conduct forestry management activities of any kind on the Real Property; (vii) all matters disclosed in the Disclosure Schedule; and (viii) unrecorded easements that do not adversely affect the ability to conduct forestry management activities of any kind on the Real Property.

"Person" means any natural person, corporation, limited liability company, general partnership, limited partnership, proprietorship, joint stock company, joint venture, trust, association or organization, whether or not for profit, and any Governmental Authority.

"Personal Property" has the meaning set forth in Section 2.01(e) of this Agreement.

"Property" means the Real Property, Personal Property, Purchased Contracts, Leases, Records and Plans, and Licenses, but excluding the Excluded Assets.

"Property Taxes" has the meaning set forth in Section 3.06(a)(i) of this Agreement.

"Property Tax Code" has the meaning set forth in Section 4.01(q) of this Agreement.

"Proposed Supplement" has the meaning set forth in Section 4.02 of this Agreement.

"Proration Items" has the meaning set forth in Section 3.06(a) of this Agreement.

"Proration Time" has the meaning set forth in Section 3.06(a) of this Agreement.

"Purchase Price" has the meaning set forth in Section 2.04(a) of this Agreement.

"Purchased Contracts" has the meaning set forth in Section 2.01(g) of this Agreement.

"Purchaser" has the meaning set forth in the introductory paragraph of this Agreement; provided, that from and after the Closing, for purposes of Sections 7.10, 7.11 and 7.12 hereto, Purchaser shall mean, at any time, each of ETT Acquisition Company, LLC and each Affiliate (as of the Closing Date) of ETT Acquisition Company, LLC having title at such time to any portion of the Property.

"Purchaser Indemnified Parties" has the meaning set forth in Section 6.02 of this Agreement.

"Purchaser's Phase I Report" has the meaning set forth in Section 7.06(c) of this Agreement.

"Real Property" has the meaning set forth in Section 2.01(d) of this Agreement.

"Records and Plans" has the meaning set forth in Section 2.01(i) of this Agreement.

"Related Agreements" means all other agreements, instruments and documents to be executed in connection with the consummation of the transactions contemplated by this Agreement and such other agreements.

"Representatives" has the meaning set forth in Section 9.18 of this Agreement.

"Seed Orchard" means the pine seed orchard consisting of 191 acres, more or less, located in Newton County, Texas.

"Selected Environmental Sites" has the meaning set forth in Section 7.06(c) of this Agreement.

"Seller" has the meaning set forth in the introductory paragraph of this Agreement.

"Seller Indemnified Parties" has the meaning set forth in Section 6.03 of this Agreement.

"Strips" has the meaning set forth in Section 2.01(d) of this Agreement.

"Supplement" has the meaning set forth in Section 4.02 of this Agreement.

"Supply Agreement" has the meaning set forth in Section 7.18 of this Agreement.

"Surveys" means the Existing Surveys and any New Surveys.

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

"Tax Affiliate" means a Person bearing a relationship to Seller described in Section 267(b) or 707(b) of the Code.

"Third Party Claim" has the meaning set forth in Section 6.04(a) of this Agreement.

"Timberlands" has the meaning set forth in Section 2.01(a) of this Agreement.

"Title Claims" means (a) any defects in, exceptions to, or Liens, Claims, reservations, restrictions or conditions on, to or affecting title to the Real Property (including without limitation the timber thereon), whether evidenced by written instrument or otherwise evidenced, (b) boundary disputes regarding or gaps between the boundaries of the Real Property

and the boundaries of adjacent land or public or private thoroughfares, and (c) the absence of such access to any portion of the Real Property as would be commercially reasonable to permit Purchaser to use, manage, harvest or dispose of any assets located on or appurtenant to the Real Property (or any portion thereof), all as presently operated by Seller; provided, that Title Claims shall not include Permitted Exceptions; provided, further, however, that as used in this definition of Title Claims the term "Permitted Exceptions" shall not include any matters affecting the Real Property recorded in the real property records of the applicable county that are not listed in Schedule B to the Title Commitment that would adversely affect Purchaser's ability to conduct forestry management activities of any kind on the Real Property.

"Title Commitment" has the meaning set forth in Section 7.05(a) of this Agreement.

"Title Company" means Fidelity National Title Insurance Company, having an office at 717 N. Harwood Street, Suite 800, Dallas, Texas 75201.

"Title Defect" means any title matter (other than zoning or permitting compliance) relating to any of the Real Property that is disclosed in the Title Commitment or in the Surveys (other than (i) a Permitted Exception; provided that as used in this definition of Title Defect the term "Permitted Exceptions" shall not include any matters affecting the Real Property recorded in the real property records of the applicable county that are not listed in Schedule B to the Title Commitment that would adversely affect Purchaser's ability to conduct forestry management activities of any kind on the Real Property or (ii) a Lien securing indebtedness for money borrowed which will be released at or prior to Closing), which, in Purchaser's reasonable judgment, would adversely affect the use, enjoyment or marketability by Purchaser of the Real Property.

"Title Objections" has the meaning set forth in Section 7.05(a) of the Agreement.

"Title Policies" means the TLTA owner's form title policies, which title policies insure the fee simple title to the Real Property is vested in Purchaser subject only to the Permitted Exceptions.

"Transferee Affiliate" means any Affiliate of the Purchaser.

"WARN" means the Worker Adjustment and Retraining Act of 1988, as from time to time in effect.

"Water Rights" has the meaning set forth in Section 2.01(c) of the Agreement.

1.02 Construction of Certain Terms and Phrases. Unless the context of this Agreement otherwise requires: (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this Agreement in its entirety; (iv) the terms "Article" or "Section" refer to the specified Article or Section of this Agreement; and (v) the word "including" means "including without limitation." Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless business days are specified; provided, that if the relevant time period would otherwise end on a date which is not a business day, such period shall instead end on the immediately succeeding business day. All accounting terms used herein and not expressly defined herein shall have the

meanings given to them under accounting principles that are generally accepted and employed in the United States of America. Any representation or warranty contained herein as to the enforceability of a contract or other agreement shall be subject to the effect of any bankruptcy, insolvency, reorganization, moratorium or other similar law affecting the enforcement of creditors' rights generally and to general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

ARTICLE II
PURCHASE AND SALE

2.01 Purchased Assets. At the Closing Seller will sell, convey, transfer, grant, assign and deliver to Purchaser and Purchaser shall purchase, accept and receive from Seller, on the terms and subject to the conditions set forth in this Agreement, including the provisions of Section 2.06, free and clear of any Lien of any kind whatsoever other than the Permitted Exceptions, all of the following assets (the "Property"):

(a) Timberlands. The real property lying in various counties in the State of Texas more particularly described on Section 2.01(a) of the Disclosure Schedule attached hereto consisting of 464,963 acres of timberland, more or less, and Seed Orchard, together with all timber of all species thereon (including those standing dead or down, all felled and bucked logs, trees, shrubs and reproduction thereon) as of the Closing Date, and including all buildings, structures, other constructions and improvements of every nature located or situated on such real property; tenements, rights, servitudes, easements, hereditaments, rights of way, privileges, liberties, appendages and appurtenances now or hereafter belonging or pertaining to such real property (the "Timberlands");

(b) Mineral Rights. All of Seller's right, title and interest in and to: (i) any oil, gas, other hydrocarbons, sand, gravel, and any other minerals and mineral interests, which may be in, under and/or that may be produced, saved and marketed, from the Timberlands, (ii) any royalties, bonuses, overriding royalties, production payments, and (iii) any other oil, gas and mineral interests of whatever nature and character, or other interests connected therewith, arising therefrom or ancillary thereto (the "Mineral Rights");

(c) Water Rights. All of Seller's right, title and interest in and to: (i) the surface water and surface water rights, appropriations and permits related to surface water of the Timberlands, (ii) any groundwater and any severed groundwater, and (iii) any groundwater licenses or permits in locations other than in the Timberlands used for the benefit of the Timberlands (the "Water Rights");

(d) Strips. All strips and gores associated with the Timberlands (the "Strips" and together with the Timberlands, the Mineral Rights and the Water Rights, the "Real Property");

(e) Personal Property. The machinery, equipment, motor vehicles, appliances, tools, supplies, furnishings, inventory and other tangible personal property related to the Real Property or attached to, appurtenant to, situated on or used in the conduct of the Seller's commercial activities on the Real Property, together with all warranties associated therewith, as described on Section 2.01(e) of the Disclosure Schedule (the "Personal Property");

(f) Licenses. All rights under licenses, permits, authorizations, orders, registrations, certificates, variances, approvals, franchises and consents of Governmental Authorities or other Persons which are related to the operation of the Real Property (the "Licenses"), including those licenses, permits, authorizations, orders, registrations, certificates, variances, approvals, franchises and consents more particularly described on Section 2.01(f) of the Disclosure Schedule;

(g) Contracts. All rights under contracts, agreements, understandings and commitments to which Seller is a party or by which Seller is bound, in each case as of the Effective Date, that relate to the Property or any portion thereof or by which the Property or any portion thereof is bound or that relate to the commercial activities of Seller conducted on the Real Property or any portion thereof, including those relating to the provision of logging, harvesting, reforestation, silviculture, land management, insect and disease control, wildlife management, consulting, maintenance or other services to Seller, the leasing of equipment or machinery to Seller, the sale of materials, supplies or other goods to Seller, or the sale or provision by Seller of pulpwood, sawlogs, other wood fiber or other materials, supplies, goods or services to third parties (the "Contracts"), including those contracts, agreements, understandings and commitments more particularly described on Section 2.01(g) of the Disclosure Schedule and any contracts, agreements, understandings and commitments entered into by Seller after the Effective Date in accordance with Section 7.01 hereof (the "Additional Agreements" and together with the Contracts, the "Purchased Contracts");

(h) Leases. All rights with respect to leases, licenses and other agreements to which Seller is a party or by which Seller is bound relating to the use or occupancy of the Real Property or of any portion thereof, or by which the Real Property is bound (the "Leases"), including all right-of-way or road usage agreements, hunting, fishing or campsite leases, seismic permits, pipeline leases, mineral leases, and sand and gravel leases more particularly described on Section 2.01(h) of the Disclosure Schedule; and

(i) Records and Plans. All of the Seller's (i) books and records relating to the Property; (ii) structural reviews, architectural drawings and environmental, engineering, soils, seismic, geologic and architectural reports, studies and certificates pertaining to the Real Property; (iii) plans, specifications and drawings of any improvements located on the Real Property; (iv) blueprints, plats, maps, surveys, building diagrams, maintenance and production records and environmental records and reports relating to the Real Property; and (v) title documents, acquisition deeds, title policies and surveys of the Real Property, whether written or electronically stored or otherwise recorded (the "Records and Plans"); provided, that the Seller may retain such originals thereof as may be required by law and provide copies thereof to Purchaser, and Purchaser shall provide Seller with copies thereof at Seller's expense as Seller reasonably requires to enable Seller effectively to prepare its financial reports and tax returns, collect amounts due to it in respect of pre-Closing operations and administer, defend and discharge liabilities and obligations not assumed by Purchaser hereunder; provided, further, that the term "Records and Plans" does not include (A) any document or correspondence that would be subject to the attorney-client privilege; (B) any document or item that Seller is contractually or otherwise bound to keep confidential; (C) any internal memoranda, reports or assessments of Seller relating to Seller's valuation of the Property; and (D) any appraisals of the Real Property, whether prepared internally by Seller or externally. Notwithstanding the foregoing, to the extent that the Records and Plans include documents subject to the attorney-client privilege or subject to confidentiality agreements, the Seller shall use commercially reasonable efforts to construct an

arrangement whereby Seller, without violating such privilege or agreements, will provide Purchaser with as much material and relevant information as possible concerning the subject matter of the otherwise privileged or confidential information as is permissible without causing Seller to waive its privilege or violate such agreements.

2.02 Assumed Liabilities. On the terms and subject to the conditions set forth herein and except as expressly contemplated by Section 2.03 hereof, from and after the Closing, the Purchaser will assume and satisfy or perform when due only the following Liabilities of the Seller (collectively, the "Assumed Liabilities"):

(a) all Liabilities of Seller under the Licenses listed on Section 2.01(f) of the Disclosure Schedule arising after the Closing Date other than Liabilities arising from any breach or default occurring prior to the Closing Date;

(b) all Liabilities of Seller arising after the Closing Date under the Contracts listed on Section 2.01(g) of the Disclosure Schedule and under the Additional Agreements, in each case other than Liabilities arising from any breach or default occurring prior to the Closing Date;

(c) all Liabilities of Seller under the Leases listed on Section 2.01(h) of the Disclosure Schedule arising after the Closing Date other than Liabilities arising from any breach or default occurring prior to the Closing Date; and

(d) any Liability of the Seller with respect to the Real Property arising out of any condition existing at the Real Property prior to Closing which constitutes a violation of or gives rise to a duty to report or remediate under any Environmental Law, other than any Liability with respect to a Third Party Claim covered under Sections 6.02(d) and (e).

2.03 Excluded Assets and Liabilities. The Property does not include the property described in Section 2.03 of the Disclosure Schedule (the "Excluded Assets"). Except as expressly set forth in this Agreement, and without increasing the scope of the Assumed Liabilities by implication, Purchaser will not assume or perform any Liabilities not specifically contemplated by Section 2.02 to be Assumed Liabilities nor any of the following Liabilities (whether or not contemplated by Section 2.02) (together, the "Excluded Liabilities"):

(i) any Liability of Seller under any Licenses, Contracts or Leases not listed on Sections 2.01(f), (g) and (h) of the Disclosure Schedule;

(ii) any Liability of the Seller for making payments or providing benefits of any kind to its employees or former employees, including, without limitation, (i) as a result of the sale of the Property or as a result of the termination by the Seller of any employees, (ii) any Liability arising out of, or relating to WARN, (iii) any Liability to provide former employees so-called COBRA continuation coverage, (iv) any Liability in respect of medical and other benefits for existing and future retirees, and (v) any Liability in respect of work-related employee injuries or worker's compensation claims;

(iii) any Liability of Seller for Taxes, whether or not related to the Seller's commercial activities on the Property;

(iv) any Liability of Seller arising as a result of any claim or legal or equitable action or judicial or administrative proceeding initiated at any time in respect of anything done, suffered to be done or omitted to be done by Seller or any of its respective Affiliates, directors, officers, employees, agents, contractors or sub-contractors, except for those Liabilities that Purchaser has expressly assumed under Section 2.02(d);

(v) any Liability of Seller to indemnify any Person by reason of the fact that such Person was a client or officer, employee, or agent of Seller or was serving at the request of Seller as a partner, trustee, director, officer, employee or agent of another entity;

(vi) any debt or other Liability of Seller for or in respect of any loan, account payable, guarantee or indebtedness;

(vii) any Liability of Seller under this Agreement or for costs and expenses incurred in connection with this Agreement, including legal and other fees and expenses incurred in connection with the entering into, execution of and performance by Seller under this Agreement; and

(viii) any Liability arising out of or resulting from noncompliance prior to the Closing Date with any national, regional or local laws, statutes, ordinances, rules, regulations, orders, determinations, judgments or directives, whether legislatively, judicially or administratively promulgated, except for those Liabilities that Purchaser has expressly assumed under Section 2.02(d).

2.04 Purchase Price and Payment.

(a) Purchase Price. The purchase price for the Seed Orchard shall be $320,000. The aggregate purchase price for the Property shall be TWO HUNDRED EIGHTY FOUR MILLION EIGHT HUNDRED THIRTY-TWO THOUSAND ONE HUNDRED FIFTEEN AND NO/100 DOLLARS ($284,832,115.00), subject to adjustment as provided in Sections 2.04(b), 7.02, 7.05, 7.06, and 7.13 (the "Purchase Price"). The Purchase Price, less the amount of the Deposit, shall be payable as provided in this Section 2.04.

(b) Acreage Adjustment. At least five (5) days prior to the Closing Date, Seller and Purchaser shall determine based on the uncontested, undivided deeded acres in the Title Commitment the actual number of acres included in the Real Property, excluding the Seed Orchard. If this number is different than the number of acres in the definition of Real Property above, excluding the Seed Orchard, the Purchase Price shall be adjusted either up or down to reflect the difference on the basis of $625.00 per acre; provided that if the acreage adjustment is in excess of 23,000 acres, each of Purchaser and Seller shall have a right to terminate this Agreement. If applicable, at least three (3) days prior to the Closing Date, Purchaser and Seller shall submit to the Title Company a written notice advising the Title Company of the adjustment to the Purchase Price pursuant to this Section 2.04(b).

(c) Cash and Note Arrangement. At the Closing, Purchaser shall (i) pay to Seller in cash, in immediately available funds, an amount equal to the sum of (x) the Non-timberland Allocation plus (y) the product of (1) the Purchase Price minus the Non-timberland Allocation and (2) .05 (the "Cash Amount"), plus (z) any adjustments, as applicable, (1) to the

extent that the Note Amount is rounded down to an increment of $100,000 pursuant to this Section 2.04(c)(ii)(A) and (2) pursuant to Section 7.13 hereof (the sum of (x), (y) and (z), the "Adjusted Cash Amount"), less the amount of the Deposit, and (ii) deliver to Seller, or its designee, (A) an installment note in the form of Exhibit A hereto (the "Note"), which shall have been duly authorized and validly issued by, and shall be binding upon and enforceable against the Purchaser, in the aggregate principal amount equal to the Purchase Price minus the Adjusted Cash Amount (calculated without making the adjustment referred to in Section 2.04(c)(i)(z)(1)) rounded down to the nearest $100,000 increment (the "Note Amount") and (B) a separate irrevocable standby letter of credit in the form of Exhibit B hereto (the "LC"), which shall have been duly authorized and validly issued by the LC Bank for the account of the Purchaser in an aggregate amount equal to the Note Amount. Seller expressly waives and releases any express or implied purchase money lien to secure payment of the Note Amount.

2.05 Earnest Money Deposit.

(a) The Deposit. On the Effective Date, Purchaser will deliver a non-refundable (except as specified herein) earnest money deposit of EIGHT MILLION SEVEN HUNDRED THIRTY ONE THOUSAND FIVE HUNDRED AND NO/100 DOLLARS ($8,731,500.00) in immediately available funds to the Escrow Agent to be deposited in an interest bearing account (the "Deposit").

(b) Escrow Instructions. The Deposit shall be held in escrow by the Escrow Agent, in accordance with the escrow agreement, a form of which is attached hereto as Exhibit C (the "Escrow Agreement"). The Deposit shall be non-refundable to Purchaser (except as specified herein), and at the Closing the interest earned thereon shall be credited toward Purchaser's payment of the Purchase Price at Closing. Purchaser shall be responsible for any taxes associated with interest earned on the Deposit.

(c) Designation of Reporting Person. In order to assure compliance with the requirements of Section 6045 of the Internal Revenue Code of 1986, as amended (together with the regulations promulgated thereunder, the "Code"), and any related reporting requirements of the Code:

(i) Seller and Purchaser shall designate the Escrow Agent as the person to be responsible for all information reporting under Section 6045(e) of the Code;

(ii) Seller and Purchaser shall provide to the Escrow Agent all information and certifications regarding such party, as reasonably requested by the Escrow Agent or otherwise required to be provided by a party to the transaction described herein under Section 6045 of the Code; and

(iii) Seller and Purchaser shall provide to the Escrow Agent such party's taxpayer identification number and a statement (on Internal Revenue Service Form W-9 or an acceptable substitute form), signed under penalties of perjury, confirming such taxpayer identification number.

2.06 Independent Consideration. Contemporaneously with the execution and delivery of this Agreement, Purchaser has paid to Seller as further consideration for this Agreement, in cash, the sum of $100.00, in addition to the Deposit and the Purchase Price, and independent of

any other consideration provided hereunder, which independent consideration is fully earned by Seller and is non-refundable under any circumstances.

ARTICLE III
CLOSING

3.01 Closing. The consummation of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of the Title Company or at such other location as the parties may mutually agree on the third business day following the date upon which all the conditions precedent set forth

in Sections 3.02, 3.03 and 3.04 are satisfied or waived by the appropriate party hereto, or on such other date as the parties may mutually agree in writing; provided, that such date must occur on any day between and including the fourth and twenty-second day of the month. The date on which the closing shall occur is hereinafter referred to as the "Closing Date". At Closing, the events set forth in Sections 3.02, 3.03 and 3.04 of this Agreement will occur, it being understood that the performance or tender of performance of all matters set forth in Sections 3.02, 3.03 and 3.04 are conditions which may be waived only by the party for whose benefit they are intended.

3.02 Conditions Precedent to Obligations of Seller and Purchaser. The obligations of Purchaser and Seller under this Agreement to consummate the transactions contemplated hereby will be subject to satisfaction, at or prior to Closing, of the conditions that:

(a) Hart-Scott-Rodino. All applicable waiting periods (and any extensions thereof) applicable to the transactions contemplated by this Agreement under applicable U.S. and foreign antitrust or trade regulation laws and regulations, including under the HSR Act, shall have expired or been earlier terminated and neither the Department of Justice nor the Federal Trade Commission shall have taken any action to enjoin or delay (for a period of longer than 120 days) the consummation of the transactions contemplated by this Agreement;

(b) No Litigation. There shall not be in effect a preliminary or permanent injunction, temporary restraining order or other judicial or administrative order or decree, the effect of which prohibits the consummation of the transactions contemplated herein or otherwise imposes conditions on such consummation. No party to this Agreement shall have been advised by any Governmental Authority (which advisory has not been officially withdrawn by such Governmental Authority on or prior to the Closing Date) that such Governmental Authority is investigating the transactions contemplated by this Agreement (i) to determine whether to file or commence any litigation which seeks or would seek to enjoin, restrain or prohibit the consummation of the transactions contemplated by this Agreement or cause the transactions contemplated by this Agreement to be rescinded or (ii) to limit or otherwise adversely affect the ability of the Purchaser to continue operation of the Property as presently conducted by the Seller or to require divestiture by the Purchaser of all or any material portion of the Property or any other property owned by Purchaser.

3.03 Additional Conditions Precedent to Obligations of Purchaser. The obligation of Purchaser to consummate the transactions contemplated hereby shall be subject to the fulfillment on or before the Closing Date of all of the following conditions, any or all of which may be waived by Purchaser in its sole discretion:

(a) Closing Deliveries. Seller shall have delivered, or caused to be delivered to Purchaser, the items set forth in Section 3.05(a).

(b) Due Diligence. Purchaser shall have completed its Due Diligence investigation as contemplated by Section 7.07, which investigation shall be satisfactory to it in its sole discretion.

(c) Consents. All of the consents, authorizations, registrations or approvals of or with any Governmental Authority or other Person that are required in connection with the consummation of the transactions contemplated by this Agreement, as disclosed in Section 7.15 of the Disclosure Schedule, shall have been filed, made, given or obtained in a manner reasonably satisfactory to Purchaser and no such authorization, consent or approval will have been revoked.

(d) Truth of Warranties. All of the representations and warranties of Seller contained in this Agreement (i) that are not qualified by materiality shall be true and correct in all respects when made and shall be deemed to have been made at and as of the Closing and shall then be true and correct in all material respects and (ii) that are qualified by materiality shall be true and correct when made and shall be deemed to have been made at and as of the Closing and shall then be true and correct, in each case other than representations and warranties that expressly speak only as of a specific date or time, which will be true and correct as of such specified date or time; provided that for purposes of determining whether the conditions set forth in this Section 3.03(d) have been satisfied on the Closing Date with respect to the representations and warranties of Seller in Section 4.01(m), the Knowledge of the Seller will be deemed to not include (i) any matter discovered by Brown and Caldwell and included in the Purchaser's Phase I Report or (ii) any other matter discovered by a third party in assessing the environmental condition of the Property which matter is included in a report provided to Purchaser.

(e) Performance of Obligations. Seller shall have performed and observed all covenants and agreements contained in this Agreement that are to be performed and observed by Seller prior to or at the Closing.

(f) Title Insurance. The Title Company shall have issued to Purchaser (and any successors and assigns as contemplated by Section 9.03, if applicable) the Title Policies in the amount of the Purchase Price insuring title to the Real Property in the Purchaser (and any such successors and assigns) subject only to the Permitted Exceptions and with such endorsements as requested by Purchaser.

(g) LC. The LC Bank shall have delivered the LC to Seller.

(h) Tax Consequences. No aspect of the transactions contemplated by this Agreement and the Related Agreements will, in the Purchaser's sole judgment, result in unfavorable tax consequences to the Purchaser or any of its Affiliates, including the potential recognition of "unrelated business taxable income" (as defined in Sections 512 through 514 of the Code).

(i) Acreage Adjustment. Purchaser and Seller shall have mutually approved any adjustment to the Purchase Price in accordance with Section 2.04(b).

3.04 Additional Conditions Precedent to Obligations of Seller.

The obligation of Seller to consummate the transactions contemplated hereby shall be subject to the fulfillment on or before the Closing Date of all of the following conditions, any or all of which may be waived by Seller in its sole discretion:

(a) Payment of Purchase Price. Seller shall have received the Adjusted Cash Amount, less the Deposit, the Note and the LC and the Escrow Agent shall have released the Deposit to Seller.

(b) Closing Deliveries. Purchaser shall have delivered, or caused to be delivered to Seller, the items set forth in Section 3.05(b).

(c) Truth of Warranties. All of the representations and warranties of Purchaser contained in this Agreement (i) that are not qualified by materiality shall be true and correct in all respects when made and shall be deemed to have been made at and as of the Closing and shall then be true and correct in all material respects and (ii) that are qualified by materiality shall be true and correct when made and shall be deemed to have been made at and as of the Closing and shall then be true and correct, in each case other than representations and warranties that expressly speak only as of a specific date or time, which will be true and correct as of such specified date or time.

(d) Performance of Obligations. Purchaser shall have performed and observed all covenants and agreements contained in this Agreement that are to be performed and observed by Purchaser prior to or at the Closing.

3.05 Deliveries at Closing.

(a) Seller Deliveries. At the Closing, the Seller shall deliver or cause to be delivered to the Purchaser:

(i) one special warranty deed for each county in the State of Texas in which the Real Property is located in the form attached hereto as Exhibit D (collectively, the "Deeds"), duly executed and acknowledged by Seller, conveying to Purchaser all of the Real Property;

(ii) a Bill of Sale in the form attached hereto as Exhibit E (the "Bill of Sale"), duly executed by Seller, conveying to Purchaser the Personal Property, and all of Seller's right, title and interest in the Records and Plans.

(iii) an Assignment and Assumption Agreement in the form attached hereto as Exhibit F (the "Assignment and Assumption Agreement"), duly executed by Seller, conveying to Purchaser all of Seller's right, title and interest in and to the Leases, Purchased Contracts and Licenses;

(iv) an affidavit in the form attached hereto as Exhibit G, executed by Seller in favor of the Title Company;

(v) water and sewer notice, and other like notices required pursuant to the laws of the State of Texas.

(vi) a certificate of non-foreign status in the form attached hereto as Exhibit H duly executed by Seller;

(vii) the Conveyancing Instruments necessary to transfer to Purchaser the Mineral Rights and the Water Rights;

(viii) releases (in recordable form if necessary) of any and all financing or materialmen's, mechanic's, workers', carriers' or other like liens on the Property, security interests in any of the Property, and all other liens, claims or interests objected to by Purchaser with respect to the Property;

(ix) a certificate dated as of the Closing Date and executed by a duly authorized officer of Seller certifying as to the fulfillment of the conditions set forth in Sections 3.03(c), (d) and (e) and Section 7.01(a);

(x) a copy of the resolution of the board of directors of Seller authorizing the execution, delivery and performance of this Agreement and the Related Agreements to be executed by Seller, certified by the secretary or an assistant secretary of Seller;

(xi) all of the consents that Seller and Purchaser have agreed are required to consummate the transactions contemplated by this Agreement;

(xii) a legal opinion from Seller's general counsel in the form attached hereto as Exhibit I;

(xiii) a lease agreement in a form to be mutually agreed upon by Seller and The Molpus Woodlands Group for the administrative office of Seller located in Silsbee, TX (the "Lease Agreement"), duly executed by Seller; provided that such lease agreement shall contain a ten year lease term, with an option to extend such term for a period of five years at the election of The Molpus Woodlands Group, and an annual rent of $100.00;

(xiv) a letter agreement in the form attached hereto as Exhibit J (the "Letter Agreement"), duly executed by Seller; and

(xv) such other certificates, assurances and documents as Purchaser may reasonably request to carry out the consummation of the transactions contemplated by this Agreement.

(b) Purchaser Deliveries. At the Closing, Purchaser shall deliver or cause to be delivered to Seller:

(i) the Assignment and Assumption Agreement duly executed by Purchaser;

(ii) a counterpart of any required notices provided pursuant to Section 3.05(a)(v);

(iii) the Note duly executed by Purchaser;

(iv) the LC;

(v) a certificate dated as of the Closing Date and executed by a duly authorized officer of Purchaser certifying as to the fulfillment of the conditions set forth in Sections 3.04(c) and (d);

(vi) a legal opinion from Ropes & Gray LLP, counsel to the Purchaser, in the form attached hereto as Exhibit K;

(vii) the Lease Agreement duly executed by The Molpus Woodlands Group;

(viii) the Letter Agreement, duly executed by Purchaser; and

(ix) such other certificates, assurances and documents as Seller may reasonably request to carry out the consummation of the transactions contemplated by this Agreement.

3.06 Prorations.

(a) Proration Items. The following items (collectively, the "Proration Items") will be prorated as of 11:59 p.m. Central Time on the date immediately preceding the Closing Date (the "Proration Time"):

(i) real estate, personal property, occupancy and other similar taxes and assessments (the "Property Taxes"), subject to the terms of Section 3.06(c) below; and

(ii) prepaid rents, up-front payments, income, permit or registration fees and royalty payments from the Purchased Contracts, Leases and Licenses; and

(iii) utility bills and charges for water, telephone, electricity and other utilities and fuel.

(b) Method of Proration. Seller will be charged and credited for the amounts of any Proration Items relating to the period up to and including the Proration Time, and Purchaser will be charged and credited for all of the Proration Items relating to the period after the Proration Time. The preliminary estimated Closing prorations will be set forth on a preliminary closing statement to be prepared by Seller and submitted to Purchaser for Purchaser's approval prior to the Closing Date. The preliminary closing statement, once agreed upon by Purchaser and Seller (the "Closing Statement"), will be signed by Purchaser and Seller and delivered to the Title Company for purposes of making the preliminary proration adjustment at Closing subject to the post-closing adjustment provided below. The preliminary proration shall be paid at Closing by Purchaser to Seller (if the preliminary prorations result in a net credit to Seller) or by Seller to Purchaser (if the preliminary prorations result in a net credit to Purchaser). If the actual amounts of the Proration Items are not known at the Proration Time, the prorations will be made at Closing on the basis of the best evidence then available; thereafter, when actual figures are received (not to exceed 120 days following Closing), re-prorations will be made on the basis of the actual figures, and a final settlement will be made between Seller and Purchaser with any net credit to Purchaser paid to Purchaser in cash by Seller and any net credit to Seller paid to Seller in cash by Purchaser; provided, that no re-proration will be made with respect to any Proration Item described in Section 3.06(a)(ii) to the extent that such re-proration would constitute a Contingent Obligation (as defined Section 7.13 below).

(c) Property Taxes. If the current year's Property Taxes are not then known, the parties shall prorate the Property Taxes on the basis of the previous year's Property Taxes, or if applicable, on the basis of a written estimate of the current year's Property Taxes received from the assessor's office, multiplied by 104% of the prior year's tax rate. To the extent that any of the Real Property includes only a portion of a particular tax parcel, then for purposes of performing the Property Tax proration for the parcel being retained by Seller, the Property Taxes for that particular parcel shall be deemed to be the Property Taxes due for the entire tax parcel multiplied by a fraction, the numerator of which is the acreage in the parcel being retained by Seller and the denominator of which is the total acreage of the property that comprises the entire tax parcel. Purchaser shall receive a credit on the Closing Statement for any such amounts and Purchaser agrees to pay the Property Tax for such tax parcels for the year in which the Closing occurs, prior to delinquency, and to provide Seller with written evidence that Purchaser timely paid the Property Tax on any such partial lots. Within thirty (30) days after the date on which such Property Taxes are paid by Purchaser, re-prorations shall be made on the basis of the actual Property Taxes due by each party with respect to such partial tax lots, and a final settlement will be made between Seller and Purchaser with any net credit to Purchaser paid to Purchaser in cash by Seller and any net credit to Seller paid to Seller in cash by Purchaser. Notwithstanding the foregoing, if the Property is specially assessed for ad valorem property taxes, Seller shall be responsible for and shall pay all deferred and/or additional Taxes that arise from Seller's use or activities on the Property prior to the Closing Date, regardless of whether the Property is disqualified for such special assessment at or after the Closing Date.

(d) Contracts. Purchaser will receive a credit on the Closing Statement for the prorated amount (as of the Proration Time) for any and all payments due or owing under any Purchased Contracts, Leases and Licenses the payments of which are made in a periodic nature, for periods prior to the Closing Date. If Seller has paid any amounts under any such Purchased Contracts, Leases and Licenses the payments of which are made in a periodic nature, for periods after the Proration Time, Seller will receive a credit on the Closing Statement for the prorated amount (as of the Proration Time) for such amounts.

3.07 Purchase Price Allocation. The parties agree that the preliminary allocation of the Purchase Price shall be set forth in Section 3.07 of the Disclosure Schedule. The Seller and Purchaser agree that the allocation may be amended or modified by mutual agreement to establish a final allocation prior to the Closing Date.

3.08 Costs and Expenses.

(a) Except as provided in Sections 3.08(b) and (c), each party will pay its own costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby.

(b) Seller will pay (i) any costs charged by the Title Company for the production of the Title Commitment including title search, examination fees and expenses associated therewith, (ii) recording fees for the Deeds and any other Conveyancing Instruments, (iii) one-half of the escrow fee, (iv) any personal property sales/use or vehicle transfer tax applicable to the sale, (v) any real estate transfer, documentary or stamp tax applicable to the sale, and (vi) any fees and costs of any financial advisor or other consultant retained by Seller.

(c) Purchaser will pay (i) any and all premiums for the Title Policies, endorsements to the Title Policies and any mortgagee title policies and any endorsements thereto or taxes thereon, (ii) the cost of obtaining or updating any New Surveys or updating any Existing Surveys, (iii) one-half of the escrow fee, (iv) any fees or costs of any financial advisor or other consultant retained by Purchaser, and (v) a one-time upfront LC fee to the LC Bank for the full term of the LC to and including the LC expiration date.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF SELLER

4.01 Representations and Warranties of Seller. Subject to the provisions of Section 4.03 and the exceptions referred to in the Disclosure Schedule, Seller represents and warrants to Purchaser that the statements contained in this Section 4.01 are correct and complete as of the date of this Agreement and, unless a date is specified in such representation and warranty, will be correct and complete as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Section 4.01).

(a) Organization of Seller. Seller is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. Seller has all necessary corporate power and authority to (i) conduct its business as it is presently being conducted, (ii) execute this Agreement and the Related Agreements to which it is to be a party and (iii) perform its obligations and consummate the transactions contemplated hereby and thereby. Seller is duly qualified to do business in the State of Texas and the failure to be qualified to do business in any other jurisdiction would not, individually or in the aggregate, have a material adverse effect on the financial condition or results of operations of Seller or Seller's ability to perform its obligations under this Agreement and the Related Agreements to which it is to be a party.

(b) Authorization. All corporate and other actions or proceedings (including shareholder action) to be taken by or on the part of Seller to authorize and permit the execution and delivery by Seller of this Agreement and the Related Agreements, the performance by Seller of its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby have been duly and properly taken. This Agreement has been, and the Related Agreements to be executed and delivered by Seller at the Closing will have been, duly executed and delivered by Seller. Upon execution by Seller of this Agreement and such Related Agreements, assuming the valid authorization, execution and delivery by the Purchaser of this Agreement and any Related Agreements to which the Purchaser is a party, this Agreement and the Related Agreements shall constitute, legal, valid and binding obligations of Seller that are enforceable against Seller in accordance with their terms.

(c) Non-Contravention. Subject to obtaining the consents, approvals and waivers, and taking the actions, making the filings and giving the notices, referred to in Section 4.01(c) of the Disclosure Schedule, the execution and delivery by Seller of this Agreement and the Related Agreements to be executed and delivered by Seller at Closing and the consummation by Seller of the transactions contemplated hereby and thereby will not conflict with, result in a breach or violation of, or default under (i) any judgment, order, injunction, decree, regulation or ruling of any Governmental Authority applicable to Seller or any of its assets; (ii) any statute, law, ordinance, rule or regulation; (iii) the terms, conditions or provisions of the Seller's certificate of incorporation, bylaws or any standing resolution of its Board of

Directors, or (iv) any Purchased Contract, Lease, License or any note or other evidence of indebtedness, mortgage, deed of trust, indenture, or other agreement or instrument to which Seller is a party or by which Seller or the Property may be bound, except for such conflict, breach, violation or default which would not adversely affect the validity or enforceability of this Agreement or the ability of Seller to consummate the transactions contemplated hereby or by the Related Agreements and would not adversely affect the operation of the Property by the Purchaser.

(d) Consents and Approvals. There are no approvals, consents or registration requirements with respect to any Governmental Authority or any other Person that are or will be necessary for the valid execution and delivery by the Seller of this Agreement and the Related Agreements to which it is to be a party, or the consummation of the transactions contemplated hereby and thereby, other than (i) those which are listed on Section 4.01(d) of the Disclosure Schedule and (ii) any filing required under the HSR Act.

(e) Suits and Proceedings. Except as set forth in Section 4.01(e) of the Disclosure Schedule, there are no legal actions, suits or similar proceedings pending or, to the Knowledge of the Seller, threatened against Seller or the Property that (i) seek to restrain or enjoin the execution and delivery of this Agreement or the Related Agreements to which it is to be a party, or the consummation of any of the transactions contemplated hereby or thereby or (ii) if adversely determined, would, individually or in the aggregate, be expected to materially adversely affect the value of the Property or the continued operations of the Real Property. There are no judgments, outstanding orders, injunctions, decrees, stipulations or awards against the Seller (or affecting any of its assets, including the Property) which prohibit or restrict or could reasonably be expected to result in any delay of the consummation of the transactions contemplated by this Agreement.

(f) Contracts. Except as disclosed in Section 4.01(f) of the Disclosure Schedule, to the Knowledge of the Seller with respect to each Purchased Contract: (i) the Purchased Contract is legal, valid, binding and enforceable and in full force and effect, subject to the Seller obtaining the necessary consents disclosed in Section 4.01(d) of the Disclosure Schedule, and the Purchased Contract will continue to be legal, valid, binding and enforceable in accordance with its terms and in full force and effect on identical terms following the consummation of the transactions contemplated hereby, (ii) neither the Seller nor any other party thereto is in breach thereof or default thereunder and no event has occurred which with notice or lapse of time would constitute a breach or default, or permit termination, modification, or acceleration under the Purchased Contract, and (iii) no party has repudiated any provision of the Purchased Contract. Except for the Excluded Assets, Seller has not entered into, been assigned or assumed any Purchased Contract or other agreement relating to the Real Property or the Personal Property evidenced by a writing, and to the Knowledge of the Seller, Seller has not entered into, been assigned or assumed any Purchased Contract or other agreement relating to the Real Property or the Personal Property not evidenced by a writing, in each case other than the Contracts disclosed in Section 2.01(g) of the Disclosure Schedule, the Additional Agreements and agreements disclosed in the deed records of the Counties of Polk, Tyler, Liberty, Hardin, Jasper, Newton and Orange of the State of Texas. The Seller shall have provided to Purchaser access to a correct and complete copy of each Contract listed on Section 2.01(g) of the Disclosure Schedule no later than seven (7) days after the Effective Date.

(g) Leases. Except as disclosed in Section 4.01(g) of the Disclosure Schedule, to the Knowledge of the Seller with respect to each Lease set forth in Section 2.01(h) of the Disclosure Schedule: (i) the Lease is legal, valid, binding and enforceable in accordance with its terms and in full force and effect, subject to the Seller obtaining the necessary consents disclosed in Section 4.01(d) of the Disclosure Schedule, and the Lease will continue to be legal, valid, binding, enforceable in accordance with its terms and in full force and effect on identical terms following the consummation of the transactions contemplated hereby, (ii) neither the Seller nor any other party thereto is in breach thereof or default thereunder and no event has occurred which with notice or lapse of time would constitute a breach or default, or permit termination, modification, or acceleration under the Lease, and (iii) no party has repudiated any provision of the Lease. Except for the Excluded Assets, Seller has not entered into, been assigned or assumed any Lease or other agreement relating to the Real Property or the Personal Property evidenced by a writing, and to the Knowledge of the Seller, Seller has not entered into, been assigned or assumed any Lease or other agreement relating to the Real Property or the Personal Property not evidenced by a writing, in each case other than the agreements disclosed in the Section 2.01(h) of the Disclosure Schedule and agreements disclosed in the deed records of the Counties of Polk, Tyler, Liberty, Hardin, Jasper, Newton and Orange of the State of Texas. The Seller shall have provided to Purchaser access to a correct and complete copy of each Lease listed on Section 2.01(h) of the Disclosure Schedule no later than seven (7) days after the Effective Date.

(h) Licenses. Except as disclosed in Section 4.01(h) of the Disclosure Schedule, the Licenses set forth in Section 2.01(f) of the Disclosure Schedule constitute all licenses necessary to operate the Real Property in the manner that it is presently operated, except where the failure to hold a license would not materially adversely affect such operation of the Real Property. The Seller shall have provided to Purchaser access to a correct and complete copy of each License listed on Section 2.01(f) of the Disclosure Schedule no later than seven (7) days after the Effective Date.

(i) Title and Access to Real Property. Except as disclosed in Section 4.01(i)-1 of the Disclosure Schedule: (i) Seller owns fee simple title to the Real Property, free and clear of all Title Claims, and upon the execution and delivery of the Conveyancing Instruments, Purchaser will have fee simple title to the Real Property, free and clear of all Title Claims; and (ii) Seller has access to the Real Property for ingress and egress to and from public roads as would be commercially reasonable to permit Purchaser to manage and operate and harvest timber from the Real Property as presently operated. Except as disclosed in Section 4.02(i)-2 of the Disclosure Schedule, to the Knowledge of Seller, no disputes exist with any Persons with respect to access to or from the Real Property.

(j) Title to Personal Property. Except as disclosed in Section 4.01(j) of the Disclosure Schedule, Seller has good title to all of the Personal Property free and clear of any Liens of any kind whatsoever.

(k) Volume and Quality of Timber. The specifications with respect to the volume and category of timber set forth on the attached Section 4.01(k) of the Disclosure Schedule were arrived at by the Seller in good faith. The Seller is not in the possession of any information, or aware of any condition, damage, injury or loss with respect to the Property which would cause a reasonable person to determine that such specifications are materially misleading.

(l) Compliance with Laws. Except as set forth in Section 4.01(l) of the Disclosure Schedule, Seller holds all material licenses, certificates, permits, franchises, approvals, exemptions, registrations and rights of any Governmental Authority which are necessary to operate the Real Property as currently operated. Seller is currently operating the Real Property in compliance in all respects with all applicable laws, statutes, rules, regulations, judgments, orders and decrees of any Governmental Authority applicable to the Real Property, and except as set forth in Section 4.01(l)-2 of the Disclosure Schedule, Seller has not received any written notice of any failure to be so in compliance that remains uncured.

(m) Environmental Matters. Except as set forth in the Environmental Assessment, Louisiana-Pacific Properties, Big Block Transaction, Jasper, Cleveland and Silsbee Areas, dated as of December 20, 2002, performed by Brown and Caldwell, to the extent such assessment pertains to the Real Property, and except as disclosed in Section 4.01(m)-1 of the Disclosure Schedule: (i) Seller has operated, and is currently operating, the Real Property in compliance in all respects with all applicable Environmental Laws, (ii) to the Knowledge of Seller, there has been no release or threatened release of any Hazardous Material on, upon, into or from the Real Property, (iii) during the five (5) years prior to the Closing Date, there have been no Hazardous Materials generated by the Seller that have been disposed of, released or come to rest at the Real Property, (iv) to the Knowledge of the Seller there are no underground storage tanks located on, no PCBs or PCB-containing equipment used or stored on, and no Hazardous Material stored on the Real Property, (v) no portion of the Real Property has ever been used by Seller or with Seller's permission during Seller's period of ownership, as a landfill to receive solid waste, whether or not hazardous, or for the dumping, discharge, treatment, storage, release or disposal of any Hazardous Material except for oil and gas residuals from wells and (vi) to the Knowledge of the Seller all restoration of the surface as to surface or subsurface mining, gravel or other digging operations no longer in operation have been completed in compliance with applicable laws and regulations. Except as disclosed in Section 4.01(m)-2 of the Disclosure Schedule: (i) Seller has not received any written notice of a violation of any Environmental Laws from any Governmental Authority that has not been remediated in accordance with applicable Environmental Laws or remains uncured; (ii) to the Knowledge of Seller, there are no Claims relating to the condition of the Real Property or any part thereof or the conduct by the Seller of its business thereon; (iii) to the Knowledge of Seller, there are no anticipated Claims regarding any portion of the Real Property that may be targeted for clean-up of any Hazardous Material; and (iv) to the Knowledge of the Seller, no part of the Real Property has been used in a manner in violation of applicable Environmental Laws, even if such use has been terminated and remediation has occurred.

(n) Matters relating to the Real Property. Except as disclosed in Section 4.01(n)-1 of the Disclosure Schedule, no condemnation proceeding is pending, or, to the Knowledge of the Seller, threatened, by any Governmental Authority relating to the Real Property. Except as disclosed in Section 4.01(n)-2 of the Disclosure Schedule, no adverse possession proceeding relating to the Real Property is pending and to the Knowledge of the Seller, no boundary line or adverse possession dispute relating to the Real Property is pending or threatened.

(o) Endangered and Exotic Species. As of the date hereof, except as disclosed in Section 4.01(o) of the Disclosure Schedule, to the Knowledge of Seller: (i) there are no plants or animals which are listed as threatened or endangered under the Endangered Species Act

located on the Real Property, and (ii) Seller has not imported, raised or released exotic animals within the boundaries of the Real Property.

(p) Cemeteries. Except as disclosed in Section 4.01(p) of the Disclosure Schedule, to the Knowledge of Seller, no portion of the Real Property is being or has been used as a cemetery.

(q) Limited Use Property. Except as disclosed in Section 4.01(q)-1 of the Disclosure Schedule, no portion of the Real Property has been designated by Seller or any prior owner as "Qualified open-space land" pursuant to Section 23.51, et seq of Title 1 of the V.T.C.A. Tax Code (the "Property Tax Code"). Except as disclosed in Section 4.01(q)-2 of the Disclosure Schedule, no portion of the Real Property has been designated as part of an "aesthetic management zone", a "critical wildlife habitat zone", a "streamside management zone", or as "qualified restricted-use timber land" pursuant to Section 23.9801, et seq. of the Property Tax Code.

(r) Taxation as Qualified Timber Land. The Real Property qualifies for and has received the benefit of taxation as qualified timber land pursuant to Section 23.71 of the Property Tax Code. Seller has properly filed all necessary applications to continue the Real Property being appraised as qualified timber land for 2003 and has filed all proper applications and the Real Property has been taxed in at least 5 of the last 7 years as qualified timber land. To the Knowledge of Seller, there has been no change in use for any portion of the Real Property such that it is or was no longer considered as qualified timber land for assessment and taxation purposes.

(s) Prescribed Burning Obligations. No portion of the Real Property is subject to prescribed burning obligations by the Texas Forest Service.

(t) Infestation Control. No portion of the Real Property is subject to control measures for infestations by the Texas Forest Service and there has been no filing or receipt of any notice by Seller from the Texas Forest Service of the intent by Texas Forest Service regarding the existence of any infestation.

(u) Taxes. There are no Liens, other than the Permitted Exceptions, on any of the Property that arose in connection with any failure to alleged failure to pay any tax and there are no material claims for taxes which might result in any such Liens.

(v) Acquisition for Investment. Seller acknowledges that the Note will not be registered under the Securities Act of 1933 or qualified or registered under any state securities laws and that no public market exists for the Note. Seller is acquiring the Note for its own account, and not with a view to the resale or distribution thereof otherwise than in compliance will all applicable state and federal securities laws. Seller is an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act of 1933 and can bear the economic risk of its investment in the Note, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of its investment in the Note.

(w) No Leasehold Interest. None of the Seller nor any Tax Affiliate of the Seller has any leasehold interest in the Property, or any leaseback of any portion of the Property that would result, at or immediately following the Closing, in a lease described in Section

514(c)(9)(B) (iii) of the Code, nor will any such lease or leaseback be created by the transactions contemplated by this Agreement.

(x) Due Diligence Documents. The documents to be made available to the Purchaser and its representatives during the Purchaser's due diligence review of the Property, including those documents described on the Disclosure Schedule, were (A) prepared and used in the actual and ordinary course of the Seller's business operations and are correct and complete copies of such documents, or, to the extent that such documents contain confidential information which Seller cannot disclose to Purchaser, are summaries of correct and complete documents used in the actual and ordinary course of Seller's business operations and (B) to the Knowledge of the Seller, are not incorrect, inaccurate or misleading in any material respect when taken as a whole.

(y) Absence of Changes. Since December 31, 2002, (i) there has not been any Casualty Loss, except normal wear and tear of the elements, and (ii) there has not been any material liability of the Seller with regard to the Property, contingent or otherwise, other than trade accounts, operating expenses, obligations under executory contracts incurred for fair consideration, or taxes accrued with respect to operations during such period, all incurred in the ordinary course of business consistent with past practices.

(z) Mineral and Water Rights. Neither Seller nor any of its subsidiaries or Affiliates has any right, title and interest in or to any minerals or mineral interests and any right, title and interest in or to any surface water or water rights, in each case with respect to the Real Property, that are not being conveyed to Purchaser hereunder. Except as set forth in Section 4.01(z) of the Disclosure Schedule, to the Knowledge of Seller, Seller has not sold, conveyed, assigned, transferred or licensed any surface water or surface water rights related to the surface water and water rights with respect to the Real Property.

(aa) Officers and Employees. The individuals on Section 1.01-1 of the Disclosure Schedule represent all the management personnel of Seller directly involved in administrative, silvicultural, harvesting and other land management activities with respect to the Property.

4.02 Supplemental Disclosure. In the event that Seller discovers or becomes aware of any matter hereafter arising or discovered which, if existing and known at the Effective Date, would have been required to have been set forth or described in such Disclosure Schedule, it may submit to the Purchaser in writing a proposed supplement to the Disclosure Schedule (a "Proposed Supplement") no later than (i) in the case of environmental matters, the Environmental Due Diligence Deadline, or (ii) in the case of all other matters, August 1, 2003. Purchaser shall notify Seller in writing no later than (i) in the case of environmental matters, ten (10) days after the Environmental Due Diligence Deadline, or (ii) in the case of all other matters, August 11, 2003, whether, in its sole discretion, it accepts the Proposed Supplement or whether it desires additional time to conduct Due Diligence with respect to the matters raised in a Proposed Supplement. In the event Purchaser notifies Seller that it desires additional time to conduct Due Diligence of any matter disclosed in a Proposed Supplement, Purchaser shall have until (i) in the case of environmental matters, sixty (60) days after the Environmental Due Diligence Deadline, or (ii) in the case of all other matters, September 26, 2003, to complete its Due Diligence (the "Extended Due Diligence Period"). During the Extended Due Diligence Period, Purchaser and Seller shall negotiate with one another and shall attempt to reach a mutually agreeable resolution

with respect to the matters disclosed in any Proposed Supplement. No later than the end of the Extended Due Diligence Period, Purchaser shall notify Seller in writing whether or not, in its sole discretion, it consents to any Proposed Supplement, or any portion thereof, and the conditions on which any such consent is being given. Upon satisfaction of such conditions, the matters to which consent has been given shall constitute a "Supplement," and any such Supplement shall be given effect for all purposes under or in connection with this Agreement and the transactions contemplated hereby as if made on the Effective Date. Notwithstanding the foregoing, Purchaser's knowledge of any matter contained in a Proposed Supplement and Purchaser's decision to exclude any or all of such matters from any Supplement is not intended to be, and shall not be deemed to be, a waiver of Purchaser's rights to recover from Seller for any breach of any representation or warranty or any covenant under this Agreement or a waiver of Purchaser's rights under Article VI.

4.03 **NO REPRESENTATIONS. PURCHASER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT (i) EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY RELATED AGREEMENT, DOCUMENT, CERTIFICATE OR INSTRUMENT REQUIRED HEREBY, SELLER IS TRANSFERRING THE PROPERTY "AS IS, WHERE IS AND WITH ALL FAULTS" AND (ii) EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF SELLER EXPRESSLY SET FORTH HEREIN, OR IN ANY RELATED AGREEMENT, DOCUMENT, CERTIFICATE OR INSTRUMENT REQUIRED HEREBY, NEITHER SELLER NOR ANY OTHER PERSON IS MAKING, AND PURCHASER IS NOT RELYING ON, ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, AS TO ANY MATTER CONCERNING ANY OF THE PROPERTY OR THE TRANSACTIONS CONTEMPLATED HEREBY, OR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION PROVIDED TO PURCHASER BY SELLER OR ANY OTHER PERSON OR OTHERWISE OBTAINED BY PURCHASER CONCERNING ANY OF THE PROPERTY OR THE TRANSACTIONS CONTEMPLATED HEREBY, INCLUDING ANY REPRESENTATIONS OR WARRANTIES RELATING TO: (A) THE QUALITY, NATURE, HABITABILITY, MERCHANTABILITY, USE, OPERATION, VALUE, MARKETABILITY, ADEQUACY OR PHYSICAL CONDITION OF ANY OF THE PROPERTY OR ANY ASPECT OR PORTION THEREOF, INCLUDING STRUCTURAL ELEMENTS OF ANY BUILDINGS OR IMPROVEMENTS, ACCESS, SEWAGE, WATER AND UTILITY SYSTEMS, FACILITIES AND APPLIANCES, SOILS, GEOLOGY, SURFACE WATER, GROUNDWATER OR ACCESS TO OR VALUE, VOLUME OR QUALITY OF TIMBER; (B) THE MAGNITUDE OR DIMENSIONS OF ANY REAL PROPERTY; (C) THE DEVELOPMENT OR INCOME POTENTIAL, OR RIGHTS OF OR RELATING TO, ANY REAL PROPERTY, OR THE FITNESS, SUITABILITY, VALUE OR ADEQUACY OF ANY REAL PROPERTY FOR ANY PARTICULAR PURPOSE; (D) THE ZONING OR OTHER LEGAL STATUS OF ANY REAL PROPERTY OR THE EXISTENCE OF ANY OTHER PUBLIC OR PRIVATE RESTRICTIONS ON THE USE OF ANY REAL PROPERTY; (E) THE COMPLIANCE OF ANY REAL PROPERTY OR ITS OPERATION WITH ANY APPLICABLE**

CODES, LAWS, REGULATIONS, STATUTES, ORDINANCES, COVENANTS, CONDITIONS AND RESTRICTIONS OF ANY GOVERNMENTAL AUTHORITY OR OF ANY OTHER PERSON; (F) THE ABILITY OF PURCHASER TO OBTAIN ANY NECESSARY GOVERNMENTAL APPROVALS, LICENSES OR PERMITS FOR THE USE OR DEVELOPMENT OF ANY

REAL PROPERTY; OR (G) THE PRESENCE, ABSENCE, CONDITION OR COMPLIANCE OF ANY HAZARDOUS MATERIALS ON, IN, UNDER, ABOVE OR ABOUT ANY REAL PROPERTY OR ANY ADJOINING OR NEIGHBORING PROPERTY.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF PURCHASER

5.01 Representations and Warranties of Purchaser. Purchaser represents and warrants to Seller that the statements contained in this Section 5.01 are correct and complete as of the date of this Agreement and, unless a date is specified in such representation and warranty, will be correct and complete as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Section 5.01).

(a) Organization of Purchaser. Purchaser is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware. Purchaser has all the necessary power and authority to (i) conduct its business as it is presently being conducted, (ii) execute this Agreement and the Related Agreements to which it is to be a party and (iii) perform its obligations and consummate the transactions contemplated hereby and thereby. As of the Closing Date, Purchaser will be qualified to do business in each jurisdiction in which the failure to do so would, individually or in the aggregate, have a material adverse effect on the financial condition or results of operations of Purchaser.

(b) Authorization. All limited liability company and other actions or proceedings to be taken by or on the part of Purchaser to authorize and permit the execution and delivery by Purchaser of this Agreement and the Related Agreements, the performance by Purchaser of its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby have been duly and properly taken. This Agreement has been, and the Related Agreements to be executed and delivered by Purchaser at the Closing will have been, duly executed and delivered by Purchaser. This Agreement constitutes, and the Related Agreements to be executed and delivered by Purchaser at the Closing will constitute, legal, valid and binding obligations of Purchaser that are enforceable in accordance with their terms against Purchaser.

(c) Non-Contravention. Subject to obtaining the consents, approvals and waivers, and taking the actions, making the filings and giving the notices, referred to in Section 5.01(c) of the Disclosure Schedule, the execution and delivery, by Purchaser of this Agreement and the Related Agreements to be executed and delivered by Purchaser at the Closing and the consummation by Purchaser of the transactions contemplated hereby and thereby will not conflict with, result in a breach or violation of, or default under (i) any judgment, order, injunction, decree, regulation or ruling of any court or Governmental Authority applicable to Purchaser or any of its assets; (ii) any statute, law, ordinance, rule or regulation; or (iii) the terms, conditions, or provisions of Purchaser's certificate of formation or operating agreement, any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement or instrument to which Purchaser is a party or by which Purchaser may be bound.

(d) Suits and Proceedings. There are no legal actions, suits or similar proceedings pending or, to Purchaser's actual knowledge, threatened against Purchaser that seek

to restrain or enjoin the execution and delivery of this Agreement or the Related Agreements to which it is to be a party, or the consummation of any of the transactions contemplated hereby or thereby. There are no judgments, outstanding orders, injunctions, decrees, stipulations or awards against the Purchaser or affecting any of its assets, which prohibit or restrict or could reasonably be expected to result in any delay of the consummation of the transactions contemplated by this Agreement.

(e) Financial Capability. Purchaser has sufficient cash or access to funds to pay the Adjusted Cash Amount and otherwise perform its obligations hereunder and to pay all fees, costs and expenses for which it is responsible in connection with the transactions contemplated hereby, and has credit ratings or capital resources sufficient to enable it to deliver the Note and the LC.

ARTICLE VI
SURVIVAL; INDEMNIFICATION

6.01 Survival. Except as otherwise set forth in the following sentence of this Section 6.01, all of the representations and warranties of Seller contained in Section 4.01 or in any Exhibit, Schedule, instrument or certificate delivered pursuant to this Agreement shall survive the Closing and continue in full force and effect until the third anniversary of the Closing Date. The representations and warranties of Seller contained in Sections 4.01(a) (Organization of Seller), 4.01(b) (Authorization), 4.01(i) (Title and Access to Real Property), 4.01(u) (Taxes) and 9.16 (No Brokers) shall survive the Closing and shall continue in full force and effect without limit as to time (subject to the statute of limitation applicable to the subject matter underlying such representation and warranty and any extensions or waivers thereof). Except as otherwise set forth in the following sentence of this Section 6.01, all of the representations and warranties of Purchaser contained in Section 5.01 or in any Exhibit, Schedule, instrument or certificate delivered pursuant to this Agreement shall survive the Closing and continue in full force and effect until the third anniversary of the Closing Date. The representations and warranties of Purchaser contained in Sections 5.01(a) (Organization of Purchaser), 5.01(b) (Authorization), and 9.16 (No Brokers) shall survive the Closing and shall continue in full force and effect without limit as to time (subject to the statute of limitation applicable to the subject matter underlying such representation and warranty and any extensions or waivers thereof). No representation, warranty, covenant or indemnity of Seller under this Agreement shall merge into the Conveyancing Instruments at Closing. The termination of any such representation and warranty shall not affect any claim for breaches of representations and warranties if written notice thereof is given to the breaching party prior to such termination date. All covenants and indemnities of any party in this Agreement shall, unless otherwise specifically provided therein, survive the Closing and remain in full force and effect forever.

6.02 Indemnity by Seller. Seller will indemnify, defend and hold harmless the Purchaser and each of its Affiliates (as of the Closing Date) then having title to any portion of the Property, and each of their parents, subsidiaries, Affiliates, predecessors, successors and assigns and their respective officers, directors, partners, members, managers, employees and agents (the "Purchaser Indemnified Parties") from any Losses incurred or suffered by the Purchaser Indemnified Parties (including those arising out of direct Claims by Purchaser against Seller) or any of them as a result of, arising out of or relating to, whether directly or indirectly: (a) the breach or inaccuracy or non-fulfillment of any representations or warranties of the Seller contained in this Agreement, or in any Exhibit, Schedule, instrument or certificate delivered

pursuant to this Agreement (in each case, as such representation or warranty would read if all qualifications as to materiality, including each reference to the phrase "material adverse effect" were deleted therefrom), other than up to the $750,000 of Losses that Purchaser has agreed to incur pursuant to Section 7.02(b) hereof and up to $1,000,000 of Losses that Purchaser has agreed to incur pursuant to Section 7.05(b) hereof; provided, that for purposes of determining the rights of Purchaser Indemnified Parties to indemnification for Losses incurred or suffered with respect to a breach of each representation and warranty of Seller in Section 4.01(m) which is qualified by the phrase "to the Knowledge of the Seller," the corresponding Section 4.01(m) of the Disclosure Schedule will be deemed to include any matter discovered by Brown and Caldwell and included in the Purchaser's Phase I Report; (b) any breach or violation of any covenant or agreement of the Seller in this Agreement; (c) any Excluded Liability; (d) any Third Party Claim brought prior to the seventh anniversary of the Closing Date, which Third Party Claim arises from or is related to (i) any oil and gas operations which occurred or are occurring on the Property on or prior to the Closing Date or (ii) the activities conducted on or prior to the Closing Date on any solid wood manufacturing site existing on the Property at or prior to the Closing Date; and (e) any Third Party Claim (other than those contemplated by (d) above) brought prior to the third anniversary of the Closing Date, which Third Party Claim arises from or is related to any condition existing on or prior to the Closing Date which constitutes a violation of or gives rise to a duty to report or remediate under any Environmental Law.

6.03 Indemnity by Purchaser. Purchaser will indemnify, defend and hold harmless the Seller and each of its parents, subsidiaries, Affiliates, predecessors, successors and assigns and their respective officers, directors, employees and agents (the "Seller Indemnified Parties") from any and all Losses incurred or suffered by Seller Indemnified Parties (including those arising out of direct claims by Seller against Purchaser) or any of them as a result of, arising out of or relating to, whether directly or indirectly: (a) the breach or inaccuracy or non-fulfillment of any representations or warranties of the Purchaser contained in this Agreement, or in any Exhibit, Schedule, instrument or certificate delivered pursuant to this Agreement; (b) any breach or violation of any covenant or agreement of the Purchaser in this Agreement or the Escrow Agreement; or (c) any liability which is an Assumed Liability.

6.04 Third Party Claims.

(a) Notification. If any third party shall notify any party hereto (the "Indemnified Party") with respect to any matter (a "Third Party Claim") which may give rise to a claim for indemnification against any other party under this Article VI, then the Indemnified Party shall promptly notify the indemnifying party (the "Indemnifying Party") thereof in writing; provided, however, that no delay on the part of the Indemnified Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is prejudiced.

(b) Defense by Indemnifying Party. Any Indemnifying Party will have the right to defend the Indemnified Party against the Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party so long as the (i) Indemnifying Party notifies the Indemnified Party in writing within thirty (30) days after the Indemnified Party has given notice of the Third Party Claim that the Indemnifying Party will indemnify the Indemnified Party from and against the entirety of any Losses the Indemnified Party may suffer resulting from, arising out of, relating to, or caused by the Third Party Claim, (ii) the Indemnifying Party provides the Indemnified Party with evidence acceptable to the Indemnified Party that the Indemnifying Party

will have the financial resources to defend against the Third Party Claim and fulfill its indemnification obligations hereunder, (iii) the Third Party Claim involves only money damages and does not seek an injunction or other equitable relief, (iv) settlement of, or an adverse judgment with respect to, the Third Party Claim is not, in the good faith judgment of the Indemnified Party, likely to establish a precedential custom or practice adverse to the continuing business interests of the Indemnified Party, and (v) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently.

(c) Settlement. So long as the Indemnifying Party is conducting the defense of the Third Party Claim in accordance with Section 6.04(b) above, (i) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim, (ii) the Indemnified Party will not consent to the entry of judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld), and (iii) the Indemnifying Party will not consent to the entry of judgment or order or enter into any settlement with respect to the Third Party Claim unless written agreement is obtained releasing the Indemnified Party from all liability thereunder and such judgment, order or settlement does not contain any admission of guilt or culpability of the Indemnified Party.

(d) Defense by Indemnified Party. In the event that any of the conditions in Section 6.04(b) above is or becomes unsatisfied, however, (i) the Indemnified Party may defend against, and consent to the entry of judgment or enter into any settlement with respect to, the Third Party Claim in any manner it may deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, the Indemnifying Party in connection therewith), (ii) the Indemnifying Party will reimburse the Indemnified Party promptly and periodically for the costs of defending against the Third Party Claim (including reasonable attorneys' fees and expenses), and (iii) the Indemnifying Party will remain responsible for any Losses the Indemnified Party may suffer resulting from, arising out of, relating to, or caused by the Third Party Claim to the fullest extent provided in this Article VI.

(e) **Negligence of Indemnified Party. The indemnities provided by Seller and Purchaser under Sections 6.02(c), (d) and (e) and 6.03(c), respectively, include Third Party Claims alleging the negligence of any Indemnified Party.**

6.05 Payment. With respect to all claims other than Third Party Claims, the Indemnifying Party shall promptly pay or reimburse the Indemnified Party in respect of any claim or liability for Losses to which the foregoing indemnities relate after the receipt of written notice from the Indemnified Party outlining with reasonable particularity the nature and amount of the claim(s). All claims for indemnity hereunder must be submitted by the Indemnified Party to the Indemnifying Party within the time period for survival set forth in Section 6.01. In the event the Indemnifying Party fails or refuses to make payment for such claims within a period of 30 days from the date of notice to the Indemnifying Party, the Indemnified Party shall be entitled to exercise all legal means of relief available. The Indemnifying Party shall reimburse the Indemnified Party for all costs and expenses (including reasonable legal fees and expenses and costs of investigation) incurred by the Indemnified Party in enforcing its rights under this Article VI. Such reimbursement shall be without regard to any monetary limitations on the Indemnifying Party's obligation to indemnify the Indemnified Party under Section 6.07.

6.06 Access and Information. With respect to any claim for indemnification hereunder, the Indemnified Party will give to the Indemnifying Party and its counsel, accountants and other representatives reasonable access, during normal business hours and upon the giving of reasonable prior notice, to its books

and records relating to such claims, and to its employees, accountants, counsel and other representatives, all without charge to the Indemnifying Party, except for the reimbursement of the out-of-pocket reasonable expenses of the Indemnified Party. In this regard, the Indemnified Party agrees to maintain any of its books and records which may relate to a claim for indemnification hereunder for such period of time as may be necessary to enable the Indemnifying Party to resolve such claim.

6.07 Monetary Limitations.

(a) Seller Obligations. The Seller will have no obligation to indemnify the Purchaser Indemnified Parties pursuant to Sections 6.02(a), (d) and (e) in respect of the Losses contemplated therein unless the aggregate amount of all such Losses incurred or suffered by the Purchaser Indemnified Parties exceeds $3,500,000 (the "Deductible"), and the Seller's aggregate liability in respect of claims for indemnification pursuant to Sections 6.02(a), (d) and (e) will not exceed $50,000,000; provided, that the amount of the Deductible will be decreased by any Losses incurred by Purchaser pursuant to Sections 7.02(b) and 7.05(b) hereto in an amount not to exceed $1,750,000; provided, further, that the foregoing limitations will not apply to (a) claims for indemnification pursuant to Section 6.02(a) in respect of breaches of, or inaccuracies in, representations and warranties set forth in Sections 4.01(a) (Organization), 4.01(b) (Authorization), 4.01(u) (Taxes) and 9.16 (No Brokers) or (b) claims based upon fraud or intentional misrepresentation. Claims for indemnification pursuant to Sections 6.02(b) and (c) are not subject to the monetary limitations set forth in this Section 6.07(a).

(b) Purchaser Obligations. The Purchaser will have no obligation to indemnify the Seller Indemnified Persons pursuant to Section 6.03(a) in respect of Losses arising from the breach of, or inaccuracy in, any representation or warranty described therein unless the aggregate amount of all such Losses incurred or suffered by the Seller Indemnified Parties exceeds $3,500,000, and the Purchaser's aggregate liability in respect of claims for indemnification pursuant to Section 6.03(a) will not exceed $50,000,000; provided, however, that the foregoing limitations will not apply to (a) claims for indemnification pursuant to Section 6.03(a) in respect of breaches of, or inaccuracies in, representations and warranties set forth in Sections 5.01(a) (Organization), 5.01(b) (Authorization) and 9.16 (No Brokers) or (b) claims based upon fraud or intentional misrepresentation. Claims for indemnification pursuant to Sections 6.03(b) and (c) are not subject to the monetary limitations set forth in this Section 6.07(b).

(c) Knowledge and Investigation. The right of the Purchaser Indemnified Parties or Seller Indemnified Parties to indemnification pursuant to this Article VI will not be affected by any investigation conducted or knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing, with respect to the accuracy of any representation or warranty, or performance of or compliance with any covenant or agreement, referred to in Sections 6.02 and 6.03. The waiver of any condition contained in this Agreement based on the breach of any such representation or warranty, or on the performance of or compliance with any such covenant or agreement, will not affect the right of any Purchaser Indemnified Parties or Seller Indemnified Parties to

indemnification pursuant to this Article VI based on such representation, warranty, covenant or agreement.

6.08 Remedies Cumulative. The rights of the Purchaser Indemnified Parties and Seller Indemnified Parties under this Article VI are cumulative, and each Purchaser Indemnified Party and Seller Indemnified Party, as the case may be, will have the right in any particular circumstance, in its sole discretion, to enforce any provision of this Article VI without regard to the availability of a remedy under any other provision of this Article VI.

ARTICLE VII
CERTAIN AGREEMENTS

7.01 Conduct of the Business Prior to Closing. From the Effective Date hereof until the Closing Date, except as permitted by this Agreement or as otherwise consented to by the Purchaser in writing, such consent not to be unreasonably withheld, conditioned or delayed, Seller shall continue to conduct its business in connection with the Property in the ordinary and usual course as heretofore conducted. Without limiting the generality of the foregoing, the Seller shall:

(a) conduct its commercial harvesting operations on the Real Property in accordance with the harvest schedule attached hereto as Exhibit L ("Harvest Schedule"). Commencing on January 1, 2003 and ending on the Closing Date, Seller shall pay up to $1,500,000 toward the costs of those certain silvicultural practices and activities mutually agreed upon by Purchaser and Seller. If Purchaser requests that Seller undertake any silvicultural work which causes Seller to incur costs exceeding $1,500,000, Purchaser shall pay such excess costs to Seller by check within thirty (30) days after receipt of an invoice;

(b) not sell, transfer, encumber or otherwise dispose of any of the Real Property, except for logs and timber harvested by Seller in the ordinary course of its business, and shall not sell, transfer, encumber or otherwise dispose of any of the Personal Property except in the ordinary course of business;

(c) take all reasonable steps to enforce its rights under all Purchased Contracts, Licenses and Leases;

(d) maintain its books of account and records relating to the Property in the usual, regular and ordinary manner, consistent with past practice;

(e) preserve for the benefit of Purchaser the goodwill of those Persons having business relations with the Seller with respect to the Property;

(f) advise all of Seller's employees who perform work at or with respect to the Property to cooperate with Purchaser and its agents with respect to Purchaser's conducting of its due diligence investigations; and

(g) not enter into any contract, agreement, understanding, commitment, lease or license which would be assumed by the Purchaser hereunder, nor renew, extend, terminate, materially modify or waive any material rights under any Contract, Lease or License, in each case except with the Purchaser's prior written consent; provided, that the Seller may enter into, extend or renew (i) any lease pursuant to which (A) the sole benefit granted to lessee is the right

to graze, hunt, fish or camp upon the Real Property and (B) the sole burden upon the Seller is the obligation to allow such lessee to enter the Real Property and engage in such activities; (ii) any contract required to perform the silvicultural activities contemplated by (a) above, the cost of which will be borne solely by Seller; and (iii) any contract pertaining to the harvesting of the Real Property which harvesting is being performed in accordance with the Harvest Schedule; in each case without obtaining such consent; and provided; further that, other than those Leases accepted by Purchaser, Seller shall, at its cost, use commercially reasonable efforts to terminate all sand, gravel and other mining leases and use commercially reasonable efforts to cause the lessee to properly restore the surface pursuant to the terms of such lease prior to Closing.

7.02 Casualty and Condemnation.

(a) Notice of Casualty Loss and Condemnation Proceedings. From the Effective Date until the Closing Date, Seller will promptly notify Purchaser of any material physical damage to the Property by fire, flood, windstorm, earthquake or other similar occurrence (a "Casualty Loss") or of any condemnation proceeding commenced or threatened, or any exercise of eminent domain powers (or notice of the exercise thereof), with respect to the Property (the "Condemnation Proceedings").

(b) Settlement of Casualty Losses and Condemnation Proceedings. If one or more Casualty Losses or Condemnation Proceedings result in an aggregate diminution in the value of the Property of $750,000 or less, the Purchase Price shall not be reduced to reflect the aggregate diminution in the value of the Property resulting from such Casualty Losses and/or Condemnation Proceedings, and Seller shall be entitled to retain any insurance proceeds or other payment or relief to which it may be entitled with respect to such Casualty Losses and/or Condemnation Proceedings. If one or more Casualty Losses or Condemnation Proceedings result in an aggregate diminution in the value of the Property of more than $750,000 but less than $10,000,000, then the Purchase Price shall be reduced to reflect the aggregate diminution in the value of the Property resulting from such Casualty Losses and/or Condemnation Proceedings, and Seller shall be entitled to retain any insurance proceeds or other payment or relief to which it may be entitled with respect to such Casualty Losses and/or Condemnation Proceedings. If one or more Casualty Losses or Condemnation Proceedings result in an aggregate diminution in the value of the Property of $10,000,000 or more, Purchaser may elect to terminate this Agreement by written notice to the Seller to be received no later than thirty (30) days after Purchaser receives its initial notice of the Casualty Losses and/or Condemnation Proceedings, in which case the Deposit shall be returned to Purchaser and, except as expressly provided to the contrary in this Agreement, Seller and Purchaser shall have no further rights, duties, obligations or liabilities under this Agreement.

(c) Determination of Diminution in Value. For purposes of determining the diminution in value of the Property in Section 7.02(b) above, (i) any diminution with respect to a Casualty Loss will be determined in accordance with Section 9.11 hereof and (ii) any diminution with respect to Condemnation Proceedings in connection with any portion of the Property other than the Seed Orchard will be valued on the basis of $625.00 per acre.

7.03 Hart-Scott-Rodino Filings.

(a) Filings. If required by law, as soon as reasonably practicable following the Effective Date, Seller, on the one hand, and Purchaser, on the other hand, shall make all

necessary filings, and thereafter make any other required submissions, with respect to this Agreement and the consummation of the transactions contemplated hereby required under the HSR Act. Seller and Purchaser shall cooperate with each other in connection with the making of all such filings and use their respective commercially reasonable efforts to obtain any governmental clearance required for the consummation of the transactions contemplated hereby (including compliance with the HSR Act and any applicable foregoing government reporting requirements). If any action or proceeding is instituted (or threatened to be instituted) by any Governmental Authority that challenges the consummation of the transactions contemplated hereby, each of Purchaser and Seller shall cooperate and use their respective commercially reasonable efforts to contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment or order (whether temporary, preliminary or permanent) that prohibits, prevents or restricts the consummation of the transactions contemplated by this Agreement. Purchaser shall pay all filing fees required by the HSR Act in connection with the transactions contemplated by this Agreement.

(b) No Divestiture Required. Notwithstanding the foregoing, none of Seller or Purchaser or any of their respective Affiliates shall be required to divest themselves of any material assets.

7.04 Commercially Reasonable Efforts. From the Effective Date until the Closing Date, subject to the terms and conditions herein provided, including those contained in Section 7.03, Seller and Purchaser agree to use all commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement and to cooperate with the other in connection with the foregoing, including using all commercially reasonable efforts:

(a) to obtain, and to cooperate with the other party in obtaining, all necessary waivers, consents, releases and approvals, including all authorizations, consents, orders and approvals of any Governmental Authority that are listed on Section 4.01(d) of the Disclosure Schedule;

(b) to lift or rescind any injunction or restraining order or other order adversely affecting the ability of the parties hereto to consummate the transactions contemplated hereby;

(c) to effect all necessary registrations and filings and submissions of information requested by any Governmental Authority; and

(d) to fulfill all conditions to this Agreement.

7.05 Title.

(a) Title Commitment. As soon as is practicable, and in any event within ten (10) days after the Effective Date, Seller shall cause the Title Company to deliver to Purchaser a commitment for title insurance (including all corresponding exception documents) issued by the Title Company for the Real Property ("Title Commitment") and Seller shall provide Purchaser with full access to all copies of Existing Surveys in Seller's possession or control. Purchaser shall have until the Non-environmental Due Diligence Deadline to object in writing to any Title Defect disclosed in the Title Commitment and the Existing Surveys; provided that Purchaser's

remedy for any Title Defect concerning the number of acres included in the Real Property is limited to a reduction in the Purchase Price as specified in Section 2.04(b). In addition, Purchaser shall have ten (10) days from the date on which Purchaser has received a New Survey to object to any Title Defect disclosed in the

New Survey. If Purchaser fails to timely provide such notice, all matters shown on, and all documents referred to in the Title Commitment, the Existing Surveys and the New Surveys shall be deemed Permitted Exceptions, and Purchaser shall have no further right to object to such matters or documents. Any Title Defects objected to by Purchaser in accordance with this Section 7.05(a) shall be referred to herein as the "Title Objections".

(b) Effect of Title Objections. If the aggregate cost to remove or cure all Title Objections is equal to or less than $1,000,000, Seller will not have any obligation to remove or cure such Title Objections and there shall be no decrease in the Purchase Price as a result of such Title Objections. If the aggregate cost to remove or cure all Title Objections exceeds $1,000,000, then Purchaser may, by written notice to Seller on or before the Non-environmental Due Diligence Deadline, elect to terminate this Agreement; provided, that, in the event the aggregate cost to remove or cure all Title Objections does not exceed $2,500,000, Seller shall be able to prevent such termination by electing, by written notice to Purchaser within fifteen (15) days after receipt of Purchaser's notice of termination, to either (i) decrease the Purchase Price by the amount by which the aggregate cost to remove or cure all Title Objections exceeds $1,000,000, (ii) remove or cure certain Title Objections to the reasonable satisfaction of the Purchaser prior to the Closing such that the aggregate cost to remove or cure the remaining Title Objections does not exceed $1,000,000 or (iii) remove or cure certain Title Objections to the reasonable satisfaction of the Purchaser prior to the Closing and decrease the Purchase Price by the amount by which the aggregate cost to remove or cure the remaining Title Objections exceeds $1,000,000.

7.06 Access to Real Property.

(a) Inspection. From the Effective Date until the Closing Date, but subject to the rights of third Persons under the Leases and Purchased Contracts, Purchaser shall have the right to enter onto the Real Property at reasonable times for the purpose of performing Purchaser's Due Diligence. All expenses in connection with the Due Diligence shall be paid solely by Purchaser (but subject to reimbursement as specified herein), whether or not the transactions contemplated by this Agreement are consummated and whether or not the information obtained for Purchaser's Due Diligence is communicated to Seller.

(b) Tests. As part of the Due Diligence, Purchaser shall: (i) notify Seller before conducting any invasive test on the Real Property and provide notice to Seller as to the date and time of testing so as to allow Seller the opportunity to observe the testing operations (if Seller fails to have a representative present at the time and place for testing, it is deemed to have waived its right to observe such testing) and make available to Seller any split samples taken in connection with such testing; (ii) make available to Seller copies of any and all test reports (including a draft of the Purchaser's Phase I delivered by Brown and Caldwell, which draft shall incorporate any comments made by Purchaser on such report) conducted by or for Purchaser; (iii) remove promptly from the Real Property all soil, drill cuttings, drilling muds, liquids or other substances or equipment or storage containers incident to conducting any environmental test and manage all such materials in compliance with all applicable laws; (iv) restore the Real Property to substantially the same condition prior to any test, reasonable wear and tear from

ordinary use excepted; and (v) give written notice to Seller before communicating with any Governmental Authority regarding the environmental condition of the Real Property.

(c) Carve-Out of Environmental Sites. Purchaser has contracted with Brown and Caldwell to conduct a Phase I Environmental Assessment of the Real Property and to produce a report of its findings (the "Purchaser's Phase I Report"). In the event that Purchaser's Phase I Report identifies any portion of the Real Property that may contain Hazardous Materials or otherwise may be in violation of or require remediation under any Environmental Law (the "Environmental Sites"), Purchaser may request in writing to Seller, within twenty (20) days of Purchaser's receipt of the Purchaser's Phase I Report from Brown and Caldwell, that any of the Environmental Sites be separated and excluded from the balance of the Real Property to be conveyed pursuant to this Agreement (such Environmental Sites, the "Selected Environmental Sites") and that the Purchase Price be reduced by the aggregate value of the Environmental Sites to be excluded on the basis of $625.00 per acre. Within twenty (20) days of Seller's receipt of Purchaser's request to exclude the Selected Environmental Sites, Seller shall notify Purchaser in writing of its election to either: (i) at its sole cost and expense, remediate the Selected Environmental Sites to Purchaser's reasonable satisfaction prior to Closing; (ii) separate and exclude the Selected Environmental Sites from the balance of the Real Property to be conveyed pursuant to this Agreement and reduce the Purchase Price by the aggregate value of such Selected Environmental Sites on the basis of $625.00 per acre; or (iii) terminate this Agreement.

(d) Determination of Size of Selected Environmental Sites. Unless this Agreement is terminated pursuant to Section 7.06(c), if Seller fails or chooses not to remediate the Selected Environmental Sites to Purchaser's reasonable satisfaction prior to Closing, then Purchaser and Seller will negotiate in good faith to agree on the size of the Selected Environmental Site parcels to be carved-out and Purchaser will provide Seller reasonable access to any such Selected Environmental Sites following the Closing. In the event that Purchaser and Seller are not able to agree on the size of the Selected Environmental Site parcels to be excluded, the size of such Selected Environmental Site parcels shall be determined in accordance with Section 9.11 hereof.

(e) No Liens. From March 6, 2003 until the Closing Date, Purchaser shall not create or suffer to be created any damage, lien, or encumbrance against the Real Property as a result of Purchaser or Purchaser's agents entering onto the Real Property. Purchaser agrees to indemnify and hold Seller harmless from and against any and all Losses (other than Losses related to the results of the testing or inspection conducted by Purchaser) arising out of any such Due Diligence performed by Purchaser or on Purchaser's behalf. If Seller is made a party to any action, suit or other proceeding as a result of Seller's agreement to allow Purchaser to have access to the Real Property for the purposes of Purchaser's Due Diligence, Purchaser agrees to pay all of Seller's reasonable costs, including, without limitation, reasonable attorneys' fees. Purchaser agrees that Seller shall not be liable for any damage, loss, or claim of any type whatsoever to any vehicle, equipment, or other personal property used, stored or left on the Real Property by Purchaser, its agents, or contractors, in connection with the performance of Purchaser's Due Diligence, and agrees to defend, indemnify and hold Seller harmless from any such damage, loss, or claim.

(f) Records and Plans. From the Effective Date until the Closing Date, but subject to any rights of third Persons, upon reasonable notice, Seller shall afford the officers, employees and authorized agents and representatives of Purchaser reasonable access during

normal business hours to the Records and Plans, Purchased Contracts, Leases, Licenses, and all information on each item listed on the Disclosure Schedule (the "Due Diligence Information") and allow Purchaser to make copies of the Due Diligence Information.

7.07 Due Diligence. The obligation of Purchaser to consummate the transactions contemplated hereby is conditioned on Purchaser's review and approval of the condition of the Property, including review of the Seed Orchard, all Purchased Contracts, Licenses, and Leases, the environmental condition of the Real Property, the Title Commitment and the Existing Surveys and New Surveys ("Due Diligence"). Seller will permit the Purchaser and its representatives to have full access (at reasonable times and upon reasonable notice) to the Property and to all employees and officers of the Seller with knowledge of the Property .

If the results of the Due Diligence are not acceptable to Purchaser, in its sole discretion, Purchaser may elect not to proceed with the transactions contemplated hereby and shall give written notice to Seller of such decision ("Nonacceptance Notice"). A Nonacceptance Notice shall not relate in any way to the volume or value of timber on the Real Property. If Purchaser gives a Nonacceptance Notice, this Agreement shall terminate, the Deposit shall be returned to Purchaser, and except as provided herein, all obligations of Seller and Purchaser under this Agreement shall terminate without liability to either party and each party shall bear its own costs. Purchaser will be deemed to have waived any right to give a Nonacceptance Notice related to the environmental condition of the Real Property if such Nonacceptance Notice is not received by Seller on or before July 16, 2003 (the "Environmental Due Diligence Deadline"). Purchaser will be deemed to have waived any right to give a Nonacceptance Notice unrelated to the environmental condition of the Real Property if such Nonacceptance Notice is not received by Seller on or before sixty (60) days after the later of the date on which Purchaser has received: (i) the last Title Commitment on all parcels or tracts of the Real Property and legible copies of all documents listed as exceptions in the Title Commitment, (ii) full access to the Existing Surveys, and (iii) full access to the Due Diligence Information (the "Non-environmental Due Diligence Deadline").

7.08 Exclusivity. From the Effective Date until the Closing Date, Seller will not, and will not permit its Affiliates to, directly or indirectly: (a) solicit, initiate, or encourage the submission of any proposal or offer from any Person relating to, or enter into any transaction relating to, the acquisition of all or part of the Property or (b) 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 do or seek any of the foregoing.

7.09 Public Announcements. From the Effective Date and continuing after the Closing Date, Seller and Purchaser shall not issue or make any reports, statements or releases or other communications to the public with respect to this Agreement, or the transactions contemplated hereby without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed; provided, that any disclosure required to be made under applicable law or applicable rules of a national securities exchange may be made only if a party required to make such disclosure has determined in good faith that it is necessary to do so and has used best efforts, prior to the issuance of the disclosure, to provide the other party with a copy of the proposed disclosure and to discuss the proposed disclosure with the other party.

7.10 Further Assurances. From and after the Closing Date, each of the parties hereto shall execute such further Conveyancing Instruments, and such other documents, instruments of

transfer or assignment (including a Real Estate Excise Tax Affidavit) and do such other things as may be reasonably required or desirable to carry out the intent of the parties hereunder and the provisions of this Agreement and the transactions contemplated hereby.

7.11 Allocations. From and after the Closing Date, neither Seller nor Purchaser shall file any return or take any position with any taxing authority that is inconsistent with the allocation set forth in Section 3.07 of the Disclosure Schedule attached hereto.

7.12 Recording. From the Effective Date and continuing after the Closing Date, neither Purchaser nor Seller shall record this Agreement or any memorandum hereof.

7.13 Retention of Obligations. From the Effective Date until the Closing Date, notwithstanding anything to the contrary in this Agreement, Seller hereby expressly retains responsibility for, and in no event shall Purchaser or any Transferee Affiliates assume any liability or have any obligation for, any obligation which would result in the Purchase Price not being a "fixed amount" determined as of the Closing Date within the meaning of Section 514(c)(9)(B)(i) of the Code (a "Contingent Obligation"). In the event that Purchaser determines at any time prior to the Closing that any obligation it would otherwise assume or be subject to upon consummation of the transactions contemplated by this Agreement would constitute a Contingent Obligation, then it shall give prompt written notice to Seller identifying in reasonable detail the nature of the Contingent Obligation. Purchaser and Seller shall jointly use their commercially reasonable efforts to terminate the Contingent Obligation or to reform the Contingent Obligation. If Purchaser and Seller are not able to terminate the Contingent Obligation or to reform it so that Purchaser determines that it is no longer a Contingent Obligation, such obligation shall be specifically deleted from the agreements to be assigned pursuant to this Agreement, and the Cash Amount shall be increased by the fair value of such Contingent Obligation, as agreed upon by Seller and Purchaser or, if they are unable to agree within 10 days of the anticipated Closing Date, then the fair value shall be determined in accordance with Section 9.11. The adjustment to the Purchase Price shall be determined prior to the Closing.

7.14 No Leases. From the Effective Date and continuing after the Closing Date, neither Seller nor its Tax Affiliates will acquire any interest in any lease, or any interest in any Person which is a lessee under any lease, being assigned to and assumed by Purchaser or any Affiliate in connection with the transactions contemplated by this Agreement if such acquisition would cause the lessee to be a Tax Affiliate of Seller or otherwise result in a lease described in Section 514(c)(9)(B)(iii) of the Code.

The covenant in this Section 7.14 shall survive, as to each lease subject hereto, for the term of the lease as in effect on the Closing Date (including any extensions permitted to be exercised by the lessee by the terms of such lease). If Seller gives notice to Purchaser that Seller elects to acquire any interest in a lessee that would be prohibited by this Section 7.14, then Purchaser shall permit, or cause any transferee of the Property to permit, the lessee to terminate the relevant lease, effective on the day immediately preceding the date the lessee becomes a Tax Affiliate of Seller.

7.15 Consents. Seller shall use its commercially reasonable efforts to (i) obtain all consents, orders, approvals, authorizations, waivers, declarations or filings necessary to consummate the transactions contemplated hereby which are required to be obtained by

applicable law, any Governmental Authority or otherwise and (ii) obtain all consents required under the Contracts, Leases and Licenses listed on Section 4.01(d) of the Disclosure Schedule; provided, however, that the only consents required as a condition to Closing are the consents to those Contracts, Leases and Licenses listed on Section 7.15 of the Disclosure Schedule.

To the extent and for so long as all consents, orders, approvals, authorizations, waivers, declarations or filings required for the assignment of any Contract, Lease or License that is not listed on Section 7.15 of the Disclosure Schedule shall not have been obtained by Seller as of the Closing (each a "Nonassignable Contract"), then post-Closing (i) Seller shall use commercially reasonable efforts to provide to Purchaser the economic benefits of any Nonassignable Contract, (ii) Seller shall enforce, at the request of Purchaser, for the account of Purchaser, any rights of Seller under any Nonassignable Contract (including the right to elect to terminate the same in accordance with the terms thereof upon the advice of Purchaser), and (iii) Purchaser shall use commercially reasonable efforts to perform and discharge any Nonassignable Contract to the same extent required of Seller under the terms thereof. Following the Closing, Seller shall not terminate, modify or amend any Nonassignable Contract without Purchaser's prior written consent.

7.16 Release of Seller. Subject to the terms and conditions of Seller's indemnity obligations in Article VI which are not affected in any way by this Section 7.16, from and after the Closing Date, Purchaser, on behalf of itself, and Purchaser Indemnified Parties and their successors and assigns, hereby forever waives, relieves, releases, and discharges Seller Indemnified Parties from any Claims, Losses, and Liabilities, whether known or unknown at the Closing Date, which the Purchaser Indemnified Parties and their successors and assigns have or incur, or may in the future have or incur, arising out of or related to the Assumed Liabilities described in Section 2.02(d), including without limitation, any and all Claims, Losses, and Liabilities for cost recovery and contribution under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act, and any state counterparts thereto, including state laws and regulations relating to the investigation and remediation of oil and gas wastes, as they may be amended from time to time, and under common law doctrines.

7.17 Notification. From the Effective Date until the Closing Date, Seller shall give prompt notice to Purchaser and Purchaser shall give prompt notice to Seller if either discovers (i) that any representation or warranty made by Seller contained in this Agreement that is qualified as to materiality has become untrue or inaccurate in any material respect or (ii) a failure by Seller to comply with or satisfy in any material respect any covenant, condition or agreement to be complied with or satisfied by it under this Agreement; provided, however, that no such notification shall affect the representations, warranties, covenants or agreements of the parties or the conditions to the obligations of the parties under this Agreement, and such notification in not intended to be, nor shall such notification be deemed to be, a waiver of Purchaser's rights to recover from Seller for any breach of any representation and warranty or any covenant under this Agreement or a waiver of Purchaser's rights to indemnification from Seller under Article VI.

7.18 Supply Agreement. No later than five (5) days after the Closing Date, Seller on the one hand, and Purchaser or any Affiliate (as of the Closing Date) of Purchaser then having title to the Real Property, on the other hand, shall each execute and deliver to the other the Supply Agreement in substantially the form attached hereto as Exhibit M (the "Supply Agreement").

ARTICLE VIII
TERMINATION

8.01 Termination. This Agreement may be terminated, and the transactions contemplated hereby may be abandoned:

(a) at any time before the Closing, by mutual written agreement of Seller and Purchaser;

(b) at any time before the Closing, by Seller or Purchaser, in the event that a final, nonappealable order or any law becomes effective restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement or by the Closing Documents, upon notification of the non-terminating party by the terminating party;

(c) by Purchaser, as provided in Sections 2.04(b), 7.02(b), 7.05(b) and 7.07 of this Agreement and by Seller as provided in Sections 2.04(b) and 7.06(c) of this Agreement;

(d) by either the Purchaser or the Seller by providing written notice to the other at any time after October 31, 2003 if the Closing will not have occurred by reason of the failure of any condition set forth in Section 3.02, in the case of the Purchaser or Seller, as applicable, Section 3.03, in the case of the Purchaser, or Section 3.04, in the case of the Seller, to be satisfied (unless such failure is the result of one or more breaches or violations of, or inaccuracy in any covenant, agreement, representation or warranty of this Agreement by the terminating party); provided, that if procedures in Section 9.11 for resolving disputes regarding the extent of diminution of value are invoked, the date referred to in this Section 8.01(d) shall be extended to the earlier of (i) the second business day following the date on which all such disputes have been resolved and (ii) December 31, 2003;

(e) by the Purchaser if either (i) there will be a material breach of, or material inaccuracy in, any representation or warranty of the Seller contained in this Agreement as of the date of this Agreement or as of any subsequent date (other than representations or warranties that expressly speak only as of a specific date or time, with respect to which the Purchaser's right to terminate will arise only in the event of a material breach of, or material inaccuracy in, such representation or warranty as of such specified date or time), or (ii) the Seller will have breached or violated in any material respect any of its respective covenants and agreements contained in this Agreement, in each case which breach or violation would give rise, or could reasonably be expected to give rise, to a failure of a condition precedent to the Purchaser's obligations set forth in Section 3.02 and 3.03; and

(f) by the Seller if either (i) there will be a material breach of, or material inaccuracy in, any representation or warranty of the Purchaser contained in this Agreement as of the date of this Agreement or as of any subsequent date (other than representations or warranties that expressly speak only as of a specific date or time, with respect to which the Seller's right to terminate will arise only in the event of a material breach of, or material inaccuracy in, such representation or warranty as of such specified date or time), or (ii) the Purchaser will have breached or violated in any material respect any of its respective covenants and agreements contained in this Agreement, in each case which breach or violation would give rise, or could

reasonably be expected to give rise, to a failure of a condition precedent to the Seller's obligations set forth in Section 3.02 and 3.04.

8.02 Effect of Termination. If this Agreement is terminated pursuant to Section 8.01, this Agreement will forthwith become null and void and the transactions contemplated hereby shall be abandoned without further action by the parties hereto and except as otherwise provided in Sections 8.03 and 8.04 below, (i) there will be no liability or obligation on the part of Seller or Purchaser (or any of their respective officers, directors, employees, agents or other representatives or affiliates) including with respect to Article VI and (ii) the Deposit shall be returned to Purchaser; provided, that this Section 8.02, Sections 3.08, 7.06(e) and 7.09 and Articles I and IX of this Agreement shall survive any termination of this Agreement and remain in full force and effect.

8.03 Seller Default. If the Closing shall not have occurred as a result of the termination of the Agreement by the Purchaser pursuant to Section 8.01(e) above, then Purchaser will be entitled to the return of the Deposit and in addition shall receive, as its sole and exclusive remedy, either (i) any and all of its reasonable out-of-pocket costs and expenses incurred in connection with the negotiation of, and attempted consummation of the transactions contemplated by, this Agreement or (ii) specific performance of this Agreement. The Seller acknowledges and agrees that Purchaser would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached or violated. Accordingly, the Seller agrees that, without posting bond or other undertaking, the Purchaser will be entitled to an injunction or injunctions to prevent breaches or violations of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court

of the United States or any state thereof having jurisdiction over the parties. The Seller further agrees that, in the event of any action for specific performance in respect of such breach or violation, it will not assert that the defense that a remedy at law would be adequate.

8.04 Purchaser Default; Liquidated Damages. If the Closing shall not have occurred as a result of the termination of the Agreement by the Seller pursuant to Section 8.01(f) above, then Seller will be entitled to receive the Deposit as liquidated damages and such liquidated damages shall be the Seller's sole and exclusive remedy in connection therewith. The parties agree that the anticipated or actual harm, the difficulties of proof of loss and the inconvenience or infeasibility of otherwise obtaining an adequate remedy justify such liquidated damages.

ARTICLE IX
GENERAL PROVISIONS

9.01 Notices. All notices and other communications required or permitted hereunder will be in writing, and unless otherwise provided in this Agreement, will be deemed effective when delivered in person or when dispatched by facsimile transmission (confirmed successful sending by the machine and then confirmed by sending a copy in writing by mail simultaneously dispatched), or one business day after dispatch by a nationally recognized overnight courier service to the appropriate party at the address specified below:

If to Seller:

Louisiana-Pacific Corporation
100 Interstate 45 N
Conroe, Texas 77301
Attn: Jeff Wagner
Telephone: 936.760.5938
Facsimile: 936.760.5907

With copies to:

Louisiana-Pacific Corporation
805 SW Broadway
Portland, Oregon 97205
Attn: Legal Department
Telephone: 503.821.5100
Facsimile: 503.821.5210

If to Purchaser:

ETT Acquisition Company, LLC
c/o The Molpus Woodlands Group
654 North State Street
Jackson, Mississippi 39202
Attn: Robert L. Lyle
Telephone: 601.948.8733
Facsimile: 601.352.7463

With copy to:

Ropes & Gray
One International Place
Boston, MA 02110
Attn: Larry J. Rowe, Esq.
Telephone: 617.951.7000
Facsimile: 617.951.7050

or to such other address or addresses as any party may from time to time designate as to itself by notice.

9.02 Binding Effect. This Agreement is binding upon and inures to the benefit of Seller and Purchaser and their respective successors and permitted assigns, and, except as provided in Article VI, no other party is conferred any rights by virtue of this Agreement or entitled to enforce any of the provisions hereof.

9.03 Assignment. Neither party shall assign this Agreement without the prior written consent of the other (which consent shall not be unreasonably withheld) and any attempted assignment hereof without prior written consent shall be void. Notwithstanding the foregoing, Purchaser shall have the right to assign all or a portion of its rights and obligations, including with respect to all or any part of the Property being acquired by the Purchaser at Closing, to one

or more of its Transferee Affiliates for which consent is not required. If Purchaser exercises its right to assign hereunder prior to the Closing, the affected Property shall be transferred at the Closing directly to the assignee.

9.04 Waiver. Failure of either party at any time to require performance of any provision of this Agreement will not limit such party's right to enforce such provision, nor will any waiver of any breach of any provision of this Agreement constitute a waiver of any succeeding breach of such provision or a waiver of such provision itself.

9.05 Amendment. This Agreement cannot be modified, amended or supplemented except by the written agreement of the parties hereto or their respective successors or permitted assigns.

9.06 Certain Required Notices.

(a) NOTICE REGARDING POSSIBLE LIABILITY FOR ADDITIONAL TAXES. If for the current ad valorem tax year the taxable value of the Real Property is determined by a special appraisal method that allows for appraisal of the Real Property at less than its market value, Purchaser may not be able to meet the requirements to qualify the Real Property for that special appraisal method in a subsequent year and the Real Property may then be appraised at its full market value. In addition, the transfer of the Real Property or a subsequent change in the use of the Real Property may result in the imposition of additional tax plus interest as a penalty for the transfer or the change in use of the Real Property. The taxable value of the Real Property and the applicable method of appraisal for the current tax year is public information and may be obtained from the tax appraisal district established for the county in which the Real Property is located.

(b) NOTICE REGARDING POSSIBLE ANNEXATION. If any portion of the Real Property is located outside the limits of a municipality, such portion of the Real Property may now or later be included in the extraterritorial jurisdiction of a municipality and may now or later be subject to annexation by the municipality. Each municipality maintains a map that depicts its boundaries and extraterritorial jurisdiction. To determine if any portion of the Real Property is located within a municipality's extraterritorial jurisdiction or is likely to be located within a municipality's extraterritorial jurisdiction, Purchaser is advised to contact all municipalities located in the general proximity of the Real Property for further information.

(c) WATER AND SEWER SERVICE NOTICE. Those portions or parcels of the Real Property disclosed in Section 9.06(c) of the Disclosure Schedule are located in the water or sewer service areas noted in Section 9.06(c) of the Disclosure Schedule, which water and sewer service areas are the utility service providers authorized by law to provide water or sewer service to such portions or parcels of the Real Property. Other than those noted in Section 9.06(c) of the Disclosure Schedule, no other retail public utility is authorized to provide water or sewer service to the applicable portions or parcels of the Real Property. Special costs or charges may be assessed before Purchaser can receive water or sewer service. Purchaser is advised to contact the applicable utility service provider to determine the cost that Purchaser will be required to pay and the period of time for utility service preparation, if any, that will be required to provide water or sewer service to the applicable Real Property.

9.07 Attorneys' Fees. If arbitration or litigation or any other proceeding of any nature whatsoever (including any proceeding under the U.S. Bankruptcy Code) is instituted in connection with any controversy arising out of this Agreement or to interpret or enforce any rights, the prevailing party shall be entitled to recover its attorneys', paralegals', accountants', and other experts' fees and all other fees, costs, and expenses actually and reasonably incurred, as determined by an arbitrator or court of competent jurisdiction, in addition to all other amounts to which it is entitled at law or in equity. The prevailing party will be deemed to be the party that shall have prevailed on the issues with the greatest value as determined by the arbitrator or court of competent jurisdiction.

9.08 Severability. If any term or provision of this Agreement or its application to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement and the application of such term or provision to such person or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. If so affected, the parties 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 the transactions contemplated hereby are fulfilled to the extent possible.

9.09 Integration. This Agreement, together with the Exhibits hereto and the other instruments and certificates referred to herein, constitutes the parties' entire agreement and understanding for the purchase and sale of the Property and supersedes all prior agreements, whether written or oral, between the parties for such purchase and sale.

9.10 Construction and Interpretation. The headings or titles for the sections in this Agreement are intended for ease of reference only and shall not effect the construction or interpretation of any provision of this Agreement. All provisions of this Agreement have been negotiated at arm's length, and this Agreement shall not be construed for or against any party by reason of authorship or alleged authorship of any provision.

9.11 Dispute Resolution. The parties will attempt in good faith to resolve any controversy or claim arising out of or relating to Sections 7.02 (to the extent such controversy relates to any Casualty Losses), 7.05, 7.06 and 7.13 of this Agreement promptly by negotiations between representatives and senior executives of the parties who have the authority to settle the controversy. A representative of each party will communicate at least once and attempt to resolve the matter. If the matter has not been resolved within 20 days of such communication, the controversy shall be settled in accordance with the Commercial Arbitration Rules of the American Arbitration Association by an arbitrator who is an expert with respect to the subject matter of the claim or controversy. The arbitrator will determine the diminution in value as promptly as practicable. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1-16, and judgment rendered by the arbitrator may be entered by any court having jurisdiction thereof. The place of arbitration shall be New York, New York. The cost of the arbitration will be borne by Purchaser and Seller equally.

9.12 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas applicable to a contract executed and performed in the State of Texas, without giving effect to the conflicts of law principles thereof.

9.13 **WAIVER OF JURY TRIAL. THE PARTIES HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. THE PARTIES AGREE THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE TRIAL BY JURY AND THAT ANY PROCEEDING WHATSOEVER BETWEEN THEM RELATING TO THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.**

9.14 Time. Time is of the essence of this Agreement.

9.15 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties may execute this Agreement by signing any such counterpart.

9.16 Broker's or Finder's Fee. Except as disclosed in Section 9.16 of the Disclosure Schedule, each party hereby warrants to the other party that it has not dealt with any investment banker, broker or salesman in the negotiation of this Agreement. Each party shall indemnify, defend, and hold harmless the other party against any commissions or fees due by virtue of the execution or Closing of this Agreement, the obligation or asserted claim for which arises from actions taken or claimed to be taken by or through the indemnifying party.

9.17 No Third Party Beneficiaries. Nothing in this Agreement or the Related Agreements, whether expressed or implied, is intended or shall be construed to confer upon or give any Person, other than the parties hereto, or in the case of Article VI, the Purchaser Indemnified Parties and Seller Indemnified Parties, any rights, remedies or other benefits under or by reason of this Agreement.

9.18 Confidentiality. Whether or not the Closing actually occurs, each of the parties will treat and will use its best efforts to cause all of its Affiliates, and its respective officers, employees, counsel, accountants, financial advisors, consultants and other representatives (collectively "Representatives") to maintain, in confidence all documents, materials and other information disclosed to it by or on behalf of the other party during the course of discussions or negotiations leading to the execution of this Agreement or thereafter, in the preparation of this Agreement or the Related Agreements or otherwise in connection with the transaction contemplated hereby or thereby (the "Confidential Information"), unless (a) compelled to disclose by judicial or administrative process (including without limitation in connection with obtaining the necessary approvals of this Agreement and the transactions contemplated hereby from Governmental Authorities) or by other requirements of applicable law or applicable rules of a national securities exchange, (b) disclosed in a Claim asserted or commenced by a party hereto in pursuit of its rights or in the exercise of its remedies hereunder, or under the Related Agreements, except to the extent that such documents, materials or information can be shown to have been (i) previously known by a party receiving such documents, materials or information, (ii) in the public domain (either prior to or after the receipt by the receiving party of such documents, materials or information) through no fault of such receiving party, (c) later acquired

by the receiving party from another source if the receiving party is not aware that such source is under an obligation to the other party hereto to keep such documents and information confidential, or (d) disclosed to a recipient who has executed a confidentiality agreement containing substantially the same restrictions as those set forth herein in connection with the receipt of such Confidential Information; provided, that following the Closing the foregoing restrictions will not apply to Purchaser's use of documents, materials and information concerning the Property. In the event the transactions contemplated hereby are not consummated, upon the request of the other party, each party hereto will, and will cause its Affiliates and their respective Representatives to, promptly redeliver, or cause to be redelivered, all copies of documents, materials and information furnished by the other party in connection with this Agreement or the transaction contemplated hereby and destroy, or cause to be destroyed, all notes, memoranda, summaries, analyses, compilations and other writings related thereto or based thereon prepared by the party that received such documents, materials and information or its Representatives.

Notwithstanding the preceding sentence or anything else in this Agreement to the contrary, each party hereto and its respective Representatives may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to the parties hereto relating to such tax treatment and tax structure. For this purpose "tax structure" is limited to any facts relevant to the U.S. federal income tax treatment of the transaction and does not include information related to the identity of the parties. The preceding authorization to disclose does not prevent each party and its respective Representatives from asserting any attorney-client privilege, work-product doctrine, or other applicable privilege or defense against disclosure of such information.

9.19 Facsimile Signatures. Facsimile transmission of any signed original document and retransmission of any signed facsimile transmission will be the same as delivery of an original. At the request of any party to this Agreement, the parties will confirm facsimile transmitted signatures by executing an original document.

9.20 Bulk Sales Act. The parties hereby waive compliance with the bulk sales act or comparable statutory provisions of each applicable jurisdiction.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

SELLER:

LOUISIANA-PACIFIC CORPORATION

By: _____
Name: _____
Title: _____

PURCHASER:

ETT ACQUISITION COMPANY, LLC

By: _____
Name: _____
Title: _____

EXHIBIT A

FORM OF NOTES

EXHIBIT B

FORM OF LETTER OF CREDIT

EXHIBIT C

FORM OF ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Escrow Agreement") is made as of July 2, 2003, by and among FIDELITY NATIONAL TITLE INSURANCE COMPANY, a California corporation, having an address at 717 N. Harwood Street, Suite 800, Dallas, Texas 75201 ("Escrow Agent"), ETT ACQUISITION COMPANY, LLC, a Delaware limited liability company, having an address c/o The Molpus Woodlands Group, 654 North State Street, Jackson, Mississippi 39202 ("Purchaser"), and LOUISIANA-PACIFIC CORPORATION, a Delaware corporation, having an address at 100 Interstate 45 North, Conroe, Texas 77301 ("Seller").

RECITALS:

WHEREAS, Purchaser and Seller have executed a Purchase and Sale Agreement (the "Purchase Agreement") dated July 2, 2003 (the "Effective Date").

WHEREAS, Pursuant to Section 2.05 of the Purchase Agreement, on the Effective Date, the Purchaser and the Seller have agreed that the Purchaser shall deposit with Escrow Agent an earnest money deposit in the amount of $8,731,500.00 (the "Deposit") in immediately available funds.

WHEREAS, Escrow Agent has agreed to hold the Deposit, together with any interest or other investment income earned thereon (collectively, the "Escrow Funds"), in escrow on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Purchaser, the Seller and the Escrow Agent hereby agree as follows:

1.1 Definitions. Capitalized terms used but not otherwise defined herein have the respective meanings assigned to them in the Purchase Agreement.

1.2 Engagement of Escrow Agent. Seller and Purchaser hereby engage Escrow Agent to hold the Escrow Funds in accordance with the Purchase Agreement and Escrow Agent hereby accepts such engagement. Escrow Agent hereby agrees to hold in escrow all funds comprising the Escrow Funds and acknowledges receipt of the Deposit. Purchaser shall have the rights of a secured party in the Escrow Funds, and the Escrow Funds shall not be subject to any security interest, lien or attachment of any party or of any creditor of any party other than the Purchaser or a successor or permitted assign of the Purchaser. The Escrow Agent does not own or have any interest in the Escrow Funds but is serving as escrow holder, having only possession thereof and agreeing to hold and distribute the Escrow Funds in accordance with the terms and conditions hereinafter set forth.

1.3 Investment of Escrow Funds. During the term of this Escrow Agreement, all

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Escrow Funds shall be invested and reinvested by the Escrow Agent, as jointly directed in writing by Purchaser and Sellers, in (i) Bank of America, N.A. money market rate account with the Escrow Agent; or (ii) such specific investments as Purchaser and the Seller shall, from time to time, jointly direct the Escrow Agent in writing. All interest or other investment income earned on the Deposit shall accrue to the benefit of the Purchaser. The Escrow Agent may liquidate all or any part of the Escrow Funds at such time and in such manner, upon written direction of Purchaser and Seller, to convert the Escrow Funds into cash for the application and distribution in accordance with this Escrow Agreement.

1.4 Deliveries from Escrow.

(a) Closing. Purchaser and the Seller shall give joint written notice to the Escrow Agent at least 24 hours prior to the time scheduled for Closing, which notice shall include instructions for the disbursement of the Escrow Fund. The Escrow Agent shall disburse the then-current balance of the Escrow Funds to the Seller at the Closing and such amount shall be credited toward Purchaser's payment of the Purchase Price in accordance with the terms of the Purchase Agreement.

(b) Termination. If the Escrow Agent receives a written statement executed by both the Purchaser and the Seller, at any time, stating that the Purchase Agreement has been terminated in accordance with Sections 8.01 (a), (b), (c), (d) or (e) thereof, then the Escrow Agent shall deliver the Escrow Funds to the Purchaser. If the Escrow Agent receives a written statement executed by both the Purchaser and the Seller, at any time, stating that the Purchase Agreement has been terminated in accordance with Section 8.01(f) thereof, then the Escrow Agent shall deliver the Escrow Funds to the Seller.

(c) Agreement to Deliver Joint Notice. The Purchaser and the Seller will execute and deliver to the Escrow Agent such additional instructions and certificates hereunder as may be required to give effect to the provisions of Section 1.04.

1.5 Dispute Resolution. Purchase and Seller shall use their best efforts to attempt to resolve any dispute relating to this Escrow Agreement, or a breach hereof, including the failure to deliver notice to the Escrow Agent as required by Section 1.04 in an expedited manner. To the extent the controversy is not finally resolved within 15 days, Purchaser and Seller shall engage in the dispute resolution process referred to in the first two sentences of Section 9.11 of the Purchase Agreement. To the extent that the dispute is finally resolved, Purchaser and Seller shall sign a written statement setting forth the settlement and submit such statement to the Escrow Agent, and the Escrow Agent shall be entitled to rely on such statement. If the dispute is not finally resolved within 45 days after the date the Purchase Agreement is terminated, either party may commence an action with respect thereto in a court of competent jurisdiction.

1.6 Ownership for Tax Purposes. The Purchaser shall be responsible for all taxes arising from or attributable to the Deposit for as long as such amounts remain in the escrow account. The Escrow Agent shall furnish an account statement showing interest earned to and into the account of the Purchaser. The party receiving the Escrow Funds shall be responsible for all taxes arising from or attributable to such funds during the period beginning with such receipt.

1.7 Compensation. Escrow Agent will not be compensated for its services performed pursuant to this Agreement except for (a) those expenses or costs charged for investments by the bank or institution holding the cash portion of the Deposit, and (b) reasonable attorneys' fees or costs incurred as a result of any dispute between Seller and Purchaser. Each of the Purchaser and the Seller shall pay one-half of the amounts required to be paid to the Escrow Agent pursuant to this Section 1.07 at the time of the Closing or, if such Closing has not occurred at the time the Escrow Funds are disbursed, at such time.

1.8 Reporting Person. Seller and Purchaser designate Escrow Agent as the "Reporting Person," as such term is utilized in Section 6045 of the Code, and agree to (a) provide to Escrow Agent the information and other certifications required pursuant to Section 2.05(c)(ii) and (iii) of the Purchase Agreement and (b) otherwise comply with Section 2.05 of the Purchase Agreement. Escrow Agent agrees to serve as Reporting Person as set forth in Section 2.05 of the Purchase Agreement.

1.9 Escrow Agent.

(a) If the Escrow Agent shall be uncertain as to its duties or rights hereunder or shall receive instructions from any of the undersigned with respect to the Escrow Funds, which, in its opinion, are in conflict with any of the provisions of this Escrow Agreement, it shall be entitled to refrain from taking any action until it shall be directed otherwise in writing by the Purchaser and the Seller or by order of a court of competent jurisdiction. The Escrow Agent shall be protected in acting upon any notice, request, waiver, consent, receipt or other document reasonably believed by the Escrow Agent to be signed by the proper party or parties.

(b) Seller and Purchaser recognize and acknowledge that Escrow Agent is serving without compensation and solely as an accommodation to the parties hereto and each agree that the Escrow Agent shall not be liable for any error or judgment or for any act done or step taken or omitted by it in good faith or for any mistake of fact or law, or for anything that it may do or refrain from doing in connection herewith, except its own gross negligence or willful misconduct, and the Escrow Agent shall have no duties to anyone except those signing this Escrow Agreement.

(c) The Escrow Agent is hereby indemnified by the Purchaser and the Seller, from all losses, costs and expenses that may be incurred by it as a result of the performance of its duties hereunder, provided that such losses, costs and expenses shall not have result from the bad faith, willful misconduct or negligence of the Escrow Agent. Such indemnification shall be borne in equal proportions by the Purchaser and the Seller. From and after the Closing, for purposes of this Section 1.9(c), "Purchaser" shall mean, at any time, each of ETT Acquisition Company, LLC and any Affiliate (as of the Closing Date) of ETT Acquisition Company, LLC having title at such time to any portion of the Property.

(d) The Escrow Agent does not have any interest in the Escrow Funds deposited hereunder but is serving as escrow holder only and having only possession thereof. This paragraph shall survive notwithstanding any termination of this Escrow Agreement or the resignation of the Escrow Agent.

1.10 Replacement of Escrow Agent. The Escrow Agent may resign at any time by giving 90 days' prior written notice to the Purchaser and the Seller, but will continue to serve until a successor is appointed. Purchaser may, in a written notice delivered to the Seller and the Escrow Agent, appoint a successor escrow agent; provided, however, that such successor escrow agent shall be a bank located in Texas with capital and surplus and undivided profits of more than $100 million. Any successor escrow agent shall execute and deliver an instrument accepting the appointment as escrow agent hereunder and thereupon will have the same rights and duties as the original Escrow Agent and be governed by the terms and conditions set forth in this Escrow Agreement. If no successor escrow agent is named by the Purchaser, the Escrow Agent may apply to a court of competent jurisdiction for appointment of a successor escrow agent.

1.11 Notices. All notices and other communications required or permitted under this Escrow Agreement will be in writing and, unless otherwise provided herein, will be deemed effective when delivered in person or when dispatched by facsimile transmission (confirmed in writing by mail simultaneously dispatched), or one business day after dispatch by a nationally recognized overnight courier service to the appropriate party at the address specified below:

If to Seller:

Louisiana-Pacific Corporation
100 Interstate 45 North
Conroe, Texas 77301
Attn: Jeff Wagner
Telephone: 936.760.5938
Facsimile: 936.760.5907

With copies to:

Louisiana-Pacific Corporation
805 SW Broadway
Portland, Oregon 97205
Attn: Ian Ford
Telephone: 503.821.5100
Facsimile: 503.821.5210

If to Purchaser:

ETT Acquisition Company, LLC
c/o The Molpus Woodlands Group

654 North State Street
Jackson, Mississippi 39202
Attn: Robert L. Lyle
Telephone: 601.948.8733
Facsimile: 601.352.7463

With copy to:

Ropes & Gray
One International Place
Boston, MA 02110
Attn: Larry J. Rowe
Telephone: 617.951.7000
Facsimile: 617.951.7050

If to Escrow Agent:

Fidelity National Title Insurance Company
717 N. Harwood Street
Suite 800
Dallas, Texas 75201
Attention: Tim Hardin
Telephone: 214.220.1830
Facsimile: 214.969.5348

or to such other address as either party may from time to time designate by written notice to the other party as set forth herein.

1.12 Successors and Assigns. This Escrow Agreement is binding upon and inures to the benefit of all parties hereto and their respective successors and permitted assigns, and no other party is conferred any rights by virtue of the Escrow Agreement or entitled to enforce any of the provisions hereof. No party hereto may assign this Escrow Agreement without the prior written consent of the other parties. Any assignment without prior written consent shall be deemed null and void.

1.13 Severability. If any term or provision of this Escrow Agreement or its application to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Escrow Agreement and the application of such term or provision to such person or circumstance other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term, or provision of this Escrow Agreement shall be valid and enforceable to the fullest extent permitted by law.

1.14 Amendment. This Agreement may not be modified or amended except in a writing signed by the Escrow Agent, the Purchaser and the Seller.

1.15 Counterparts. This Escrow Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties may execute this Agreement by signing any such counterpart.

1.16 Headings. The headings and captions in this Agreement are for convenience of reference only and shall not in any way affect the meaning or interpretation of this Agreement.

1.17 Governing Law. This Escrow Agreement will be governed by and construed in

accordance with the laws of the State of Texas applicable to a contract executed and performed in the State of Texas, without giving effect to the conflicts of law principles thereof.

1.18 Termination. This Escrow Agreement shall terminate when the Escrow Funds have been fully released or distributed in accordance with the provisions of this Escrow Agreement.

1.19 Entire Agreement. This Agreement contains the entire agreement between the parties related to the transaction contemplated hereby and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged herein and superseded hereby.

1.20 Facsimile Signatures. Facsimile transmission of any signed original document and retransmission of any signed facsimile transmission will be the same as delivery of an original. At the request of any party to this Escrow Agreement, the parties will confirm facsimile transmitted signatures by executing an original document.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Escrow Agreement as of the date first above written.

SELLER:

LOUISIANA-PACIFIC CORPORATION,

a Delaware corporation

By: _____
Name: _____
Title: _____

PURCHASER:

ETT ACQUISITION COMPANY, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

ESCROW AGENT:

FIDELITY NATIONAL TITLE INSURANCE COMPANY,
a California corporation

By: _____
Name: _____
Title: _____

EXHIBIT D

FORM OF DEED

RECORD AND RETURN TO:

SPECIAL WARRANTY DEED

STATE OF TEXAS)
) ss. KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF)

THAT LOUISIANA-PACIFIC CORPORATION, a Delaware corporation, having an address at 100 Interstate 45 North, Conroe, Texas 77301 ("Grantor"), for and in consideration of the sum of $10.00 and other good and valuable consideration paid to Grantor by ETT ACQUISITION COMPANY, LLC, a Delaware limited liability company, having an address c/o The Molpus Woodlands Group, 654 North State Street, Jackson, Mississippi 39202 ("Grantee"), the receipt and sufficiency of which are hereby acknowledged, has GRANTED, SOLD AND CONVEYED, and by these presents does hereby GRANT, SELL AND CONVEY unto Grantee, all of that certain real property located in County, Texas, more particularly described in Exhibit A attached hereto and incorporated herein by reference, together with: (a) all timber of all species thereon (including those standing dead or down, all felled and bucked logs, trees, shrubs and reproduction thereon) as of the date hereof, and including all buildings, structures, other constructions and improvements of every nature located or situated on such real property; (b) all strips, gores, tenements, rights, servitudes, easements, hereditaments, rights of way, privileges, liberties, appendages and appurtenances now or hereafter belonging or pertaining to such real property; (c) all of Grantor's right, title and interest, if any, in and to (i) any oil, gas, other hydrocarbons, sand, gravel, and any other minerals and mineral interests, which may be in, under and/or that may be produced, saved and marketed, from such real property, (ii) any royalties, bonuses, overriding royalties, production payments, and (iii) any other oil, gas and mineral interests of whatever nature and character, or other interests connected therewith, arising therefrom or ancillary thereto; and (d) all of Grantor's right, title and interest in and to (i) the surface water and surface water rights, appropriations and permits related to surface water of such real property, (ii) any groundwater and any severed groundwater, and (iii) any groundwater licenses or permits in locations other than in such real property used for the benefit thereof (collectively, the "Property");

SUBJECT, HOWEVER, to the permitted exceptions attached hereto and made a part hereof as Exhibit B.

TO HAVE AND TO HOLD the Property, subject to the aforesaid encumbrances, unto Grantee, Grantee's successors and assigns, forever; and Grantor does hereby bind Grantor and Grantor's successors and assigns to WARRANT AND FOREVER DEFEND all and singular the Property, subject to the aforesaid encumbrances, unto Grantee, Grantee's successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Grantor, but not otherwise.

All ad valorem taxes and assessments for the Property for the current calendar year have been prorated by the parties hereto as of the effective date of this Special Warranty Deed and by acceptance hereof Grantee hereby expressly assumes liability for the payment thereof and for subsequent years.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, this Special Warranty Deed has been executed by Grantor on the date set forth below, and is effective as of , 2003.

GRANTOR:

LOUISIANA-PACIFIC CORPORATION, a
Delaware corporation

By: _____
Name: _____
Title: _____
Date: _____

STATE OF)
) ss:
COUNTY OF)

This instrument was acknowledged before me on , 2003, by , the of Louisiana-Pacific Corporation, a Delaware corporation on behalf of said corporation.

_____
Notary Public, State of

EXHIBIT E

FORM OF BILL OF SALE

BILL OF SALE, made, executed and delivered on , by LOUISIANA-PACIFIC CORPORATION, a Delaware corporation ("Seller"), to ETT Acquisition Company, LLC, a Delaware limited liability company (the "Purchaser")

W I T N E S S E T H:

WHEREAS, the Purchaser and the Seller are parties to a Purchase and Sale Agreement dated as of (the "Purchase Agreement"); and

WHEREAS, the Purchaser and the Seller now desire to carry out the intent and purpose of the Purchase Agreement by the Seller's execution and delivery to the Purchaser of this instrument evidencing the sale, conveyance, assignment, transfer and delivery to the Purchaser of the Personal Property and the Records and Plans, each subject to the Assumed Liabilities; provided, however, that there shall be excluded the Excluded Liabilities;

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Seller does hereby sell, convey, assign, transfer, grant and deliver unto the Purchaser and its successors and assigns, forever, the Personal Property and the Records and Plans, subject to the Assumed Liabilities and the terms and conditions of the Agreement, and free and clear of all Liens.

TO HAVE AND TO HOLD the Personal Property and the Records and Plans unto the Purchaser, its successors and assigns, FOREVER.

The Seller hereby constitutes and appoints the Purchaser and its successors and assigns as its true and lawful attorneys in fact in connection with the transactions contemplated by this instrument, with full power of substitution, in the name and stead of the Seller but on behalf of and for the benefit of the Purchaser and its successors and assigns, to demand and receive any and all of the assets, properties, rights and business hereby conveyed, assigned, and transferred or intended so to be, and to give receipt and releases for and in respect of the same and any part thereof, and from time to time to institute and prosecute, in the name of the Seller or otherwise, for the benefit of the Purchaser or its successors and assigns, proceedings at law, in equity, or otherwise, which the Purchaser or its successors or assigns reasonably deem proper in order to collect or reduce to possession or endorse any of the Personal Property or Records and Plans and to do all acts and things in relation to the assets which the Purchaser or its successors or assigns reasonably deem desirable.

In the event that any provision of this Bill of Sale be construed to conflict with a provision in the Purchase Agreement, the provision in the Purchase Agreement shall be deemed to be controlling.

This instrument shall be binding upon and shall inure to the benefit of the respective successors and assigns of the Seller and the Purchaser.

This Bill of Sale shall be construed and enforced in accordance with the laws (other than the conflict of law rules) of the State of Texas.

This Bill of Sale may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

Capitalized terms which are used but not defined in this herein shall have the meaning ascribed to such terms in the Purchase Agreement

IN WITNESS WHEREOF, the undersigned has executed this instrument under seal of the Seller on the date first above written.

LOUISIANA-PACIFIC CORPORATION,
a Delaware corporation

By: _____
Title:

EXHIBIT F

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is made as of by and between LOUISIANA-PACIFIC CORPORATION, a Delaware corporation, having an address at 100 Interstate 45 North, Conroe, Texas 77301 ("Seller" or "Assignor"), and ETT Acquisition Company, a Delaware limited liability company, having an address c/o The Molpus Woodlands Group, 654 North State Street, Jackson, Mississippi 39202 ("Purchaser" or "Assignee").

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

WHEREAS, Seller and Purchaser are parties to a Purchase and Sale Agreement, dated , 2003 (as amended, supplemented or otherwise modified from time to time, the "Purchase Agreement");

WHEREAS, pursuant to the Purchase Agreement, the Purchaser has agreed to assume certain liabilities and obligations of the Seller that are expressly described as being Assumed Liabilities in Section 2.02 of the Purchase and Sale Agreement, and the Seller has agreed to retain certain Excluded Liabilities described in Section 2.03 of the Purchase and Sale Agreement;

WHEREAS, capitalized terms which are used but not defined in this Agreement shall have the meaning ascribed to such terms in the Purchase Agreement;

WHEREAS, it is the intention of the parties that the Seller will assign to the Purchaser and the Purchaser will assume the Assumed Liabilities by the execution and delivery of this Assignment Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Seller and Purchaser hereby agree as follows:

1. Assignor hereby SELLS, CONVEYS, TRANSFERS, GRANTS, ASSIGNS AND DELIVERS to Assignee, its successors and assigns, free and clear of all Liens, all of the right, title and interest of the Seller in, to and under the Purchased Contracts, Leases and Licenses (collectively, the "Assigned Property").

2. Assignor hereby assigns to the Assignee and the Assignee hereby assumes and agrees to pay and discharge when due the Assumed Liabilities. Notwithstanding anything herein to the contrary or in any other writing delivered in connection herewith, the Excluded Liabilities are specifically excluded from the Assigned Property and shall be retained by the Assignor at and following the Closing Date.

3. The Assignor hereby constitutes and appoints the Assignee, its successors and assigns, as the true and lawful agent and attorney-in-fact of the Assignor to demand and receive any

and all of the Assigned Property which are hereby assigned, conveyed and transferred, or are intended so to be, and which are not in the possession or under the exclusive control of the Assignor, and to give receipts and releases for and in respect of the same, and any part thereof, and from time to time to institute and prosecute in the name of the Assignor or in the name of the Assignee, its successors or assigns, as the legal attorney-in-fact of the Assignor thereunto duly authorized, for the benefit of the Assignee, its successors and assigns, any and all proceedings at law, in equity or otherwise, which the Assignee, its successors and assigns, may deem proper for the collection and enforcement of any claim or right of any kind hereby granted, sold, conveyed, transferred or assigned, or intended so to be, and to do all acts and things in relation to the Assigned Property which the Assignee, its successors and assigns, shall deem desirable, the Assignor hereby declaring that the foregoing powers are coupled with an interest and are irrevocable by the Assignor. Assignor acknowledges that such appointment does not require the Assignee to use any special skills or expertise in carrying out any acts under such appointment. Assignee accepts its appointment as Assignor's true and lawful agent and attorney-in-fact. Assignee understands its duties under this paragraph 3 and Texas law regarding powers of attorney. Notwithstanding the foregoing, Assignor shall retain the right, power, interest and authorization to institute or prosecute any and all proceedings at law, in equity or otherwise which the Assignor shall deem proper for the collection and enforcement of any claim or right under the Assigned Property which constitutes an Excluded Liability.

4. Nothing in this Agreement, express or implied, is intended or shall be construed to confer upon or give to any person, firm or corporation other than the Assignee, its successors and assigns, any remedy or claim under or by reason of this instrument or any term, covenant or condition hereof, and all of the terms, covenants, conditions, promises and agreements in this Agreement shall be for the sole and exclusive benefit of the Assignee and its successors and assigns.

5. Neither the making nor the acceptance of this Agreement shall enlarge, restrict or otherwise modify the terms of the Purchase Agreement or constitute a waiver or release by the Assignor or the Assignee of any liabilities, duties or obligations imposed upon either of them by the terms of the Purchase Agreement, including, without limitation, the representations and warranties and other provisions which the Purchase Agreement provides shall survive the date hereof. In the event that any provision of this Agreement may be construed to conflict with a provision of the Purchase Agreement, the provision in the Purchase Agreement shall be deemed controlling.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas applicable to a contract executed and performed in the State of Texas, without giving effect to the conflicts of law principles thereof.

7. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties may execute this Agreement by signing any such counterpart.

IN WITNESS WHEREOF, Assignor and Assignee execute and deliver this Agreement as of the date and year first above written.

ASSIGNOR:

LOUISIANA-PACIFIC CORPORATION,
a Delaware corporation

By: _____
Name: _____
Title: _____

ASSIGNEE:

ETT ACQUISITION COMPANY, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT G

FORM OF SELLER'S AFFIDAVIT

TITLE COMPANY: FIDELITY NATIONAL TITLE INSURANCE COMPANY

TITLE COMPANY GF NOS.:

OWNER: LOUISIANA-PACIFIC CORPORATION

PROPERTY DESCRIPTION:

Various tracts of land located in Hardin, Jasper, Liberty, Newton, Orange, Polk, and Tyler Counties, Texas, and being more fully described on Exhibit "A" attached hereto and made a part hereof.

The undersigned affiant ("Affiant"), after being duly sworn, hereby states under oath that, to the best of Affiant's actual conscious knowledge, the following information is true and correct:

1. Purpose of Affidavit. Affiant makes this affidavit (the "Affidavit") to the Title Company as an inducement to it to complete a transaction concerning the Property pursuant to the Purchase and Sale Agreement, dated as of July 2, 2003, by and between Affiant and ETT Acquisition Company, LLC (the "Purchase Agreement"). Affiant acknowledges that Title Company is relying upon these representations as being true and correct. Affiant also acknowledges that the contemplated transaction would not be consummated without the execution of this Affidavit. Affiant represents that the person executing this Affidavit on behalf of Affiant is duly authorized to do so.

2. Debts and Liens. Except as indicated below, there are no loans, tax liens, abstract of judgment liens or other real estate liens affecting the Property. The exceptions are:

CREDITOR	ORIGINAL AMOUNT OF DEBT

In the event Title Company is directed to pay any of the debts listed above, Affiant understands that Title Company is relying upon written payoff information furnished by the Creditor in computing such payments. If a Creditor deems any additional sum due and owing, Affiant agrees to indemnify and to hold Title Company harmless with regard to any claim or alleged claim of the Creditor.

3. Real Property Taxes. All real property taxes assessed against the Property which are due and payable have been paid in full.

4. Improvement Debts and Liens. Except as indicated below, there are no unpaid debts relating to any of the following items which may affect the Property: plumbing fixtures, water heaters, swimming pools, furnaces, air conditioners, heaters, radio or television antennas, carpeting, rugs, lawn sprinkling systems, venetian blinds, window shades, draperies, electric appliances, fences, gas or electric grills or lights, landscaping or any personal property or fixtures attached to or a part of the Property, and there are no security interests affecting the Property evidenced by financing statements, security agreements or otherwise, nor any unpaid bills for labor or materials used in connection with any construction of improvements on the Property. The exceptions are:

CREDITOR	ORIGINAL AMOUNT OF DEBT
None	N.A.

5. Government Liens. Affiant has received no notice of any paving or sewer liens or claims outstanding against the Property. There are no petitions for the paving of streets, alleys or sidewalks adjoining the Property which are known to the Affiant. Further, no governmental authority is claiming a lien against the Property for costs incurred in removing trash, cutting grass or weeds, or removing or repairing a building. There are no judgments, pending bankruptcies, creditor's rights proceedings, state or federal tax liens relating to Affiant in Hardin, Jasper, Liberty, Newton, Orange, Polk, and Tyler Counties, Texas or elsewhere.

6. Broker's and Appraiser's Liens. Affiant has received no notice of any claim of a broker's or appraiser's lien relating to the Property.

7. Persons in Possession. To the Knowledge of Seller, no Person is in possession of all or any portion of the Real Property other than (i) tenants (as tenants only) under the Leases, (ii) as contemplated by the Permitted Exceptions and (iii) as disclosed in Section 4.01(n)-2 of the Disclosure Schedule.

Capitalized terms which are used but not defined in this Affidavit shall have the meaning ascribed to such terms in the Purchase Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

EXECUTED this day of , 2003.

LOUISIANA-PACIFIC CORPORATION

By: _____
Printed Name: _____
Title: _____

SWORN TO AND SUBSCRIBED before me, this day of , 2003.

_____
Notary Public in and for the State of

(Acknowledgment)

STATE OF)
)
COUNTY OF)

This instrument was acknowledged before me on the day of , 2003, by who is of Louisiana-Pacific Corporation, on behalf of said corporation.

_____
Notary Public in and for the State of

EXHIBIT H

FORM OF NON-FOREIGN AFFIDAVIT

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by Louisiana-Pacific Corporation, a Delaware corporation (the "Transferor"), the undersigned hereby certifies the following on behalf of the Transferor:

Transferor is not a foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

Transferor's U.S. employer identification number is 93-0609074; and

Transferor's office address is:
Louisiana-Pacific Corporation
805 SW Broadway
Suite 1200
Portland, OR 97205

Transferor understands that this certification may be disclosed to the Internal Revenue Service and that any false statement made within this certification could be punished by fine, imprisonment, or both.

Under penalties of perjury the undersigned declares that he has examined this certification and that to the best of his knowledge and belief it is true, correct and complete, and the undersigned further declares that he has the authority to sign this document on behalf of the Transferor.

TRANSFEROR:

LOUISIANA-PACIFIC CORPORATION,
a Delaware corporation

By: _____
Name: _____
Its: _____

EXHIBIT I

FORM OF OPINION OF COUNSEL TO SELLER

EXHIBIT J

FORM OF LETTER AGREEMENT

EXHIBIT K

FORM OF OPINION OF COUNSEL TO PURCHASER

EXHIBIT L

HARVEST SCHEDULE

EXHIBIT M

FORM OF SUPPLY AGREEMENT

PHEMUS CORPORATION
600 Atlantic Avenue
Boston, Massachusetts 02210

July 2, 2003

Louisiana-Pacific Corporation
805 S.W. Broadway, Suite 1200
Portland, Oregon 97205-3303

Re: ETT Acquisition Company, LLC

Ladies and Gentlemen:

This letter is provided to you in connection with the obligations undertaken by ETT Acquisition Company, LLC (together with its successors and permitted assigns, "ETT Acquisition") pursuant to the Purchase and Sale Agreement, dated as of July 2, 2003 (as amended, modified or supplemented from time to time, the "Agreement"), by and between Louisiana-Pacific Corporation ("LP") and ETT Acquisition. All capitalized terms not defined herein but defined in the Agreement shall have the meanings assigned thereto in the Agreement.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Phemus Corporation ("Phemus") represents and warrants to you, as of the date hereof and as of the Closing Date, that the following statements contained in this Section 1 are correct:

a. ETT Acquisition is a Delaware limited liability company, the sole member of which is East Texas Timber Acquisition Corporation ("East Texas Timber"). East Texas Timber is a Delaware corporation, the sole stockholder of which is Phemus Corporation, a Massachusetts non-profit corporation. Phemus is duly incorporated, validly existing and in good standing with the Secretary of State of The Commonwealth of Massachusetts. Phemus has all necessary corporate power and authority to (i) execute this letter agreement and (ii) perform its obligations hereunder.

b. All corporate and other actions or proceedings to be taken by or on the part of Phemus to authorize and permit the execution and delivery by Phemus of this letter agreement and the performance by Phemus of its obligations hereunder have been duly and properly taken. This letter agreement has been duly executed and delivered by Phemus. This letter agreement constitutes a legal, valid and binding obligation of Phemus that is enforceable in accordance with its terms against Phemus.

c. The execution and delivery by Phemus of this letter agreement will not conflict with, result in a breach or violation of, or default under (i) any judgment, order, injunction, decree or ruling of any court or governmental authority applicable to Phemus or any of its assets; (ii) any statute, law, ordinance, rule or regulation; or (iii) the terms, conditions, or provisions of Phemus' articles of organization or by-laws, any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement or instrument to which Phemus is a party or by which Phemus may be bound.

d. There are no legal actions, suits or similar proceedings pending or, to Phemus' actual knowledge, threatened against Phemus that seek to restrain or enjoin the execution and delivery of this letter agreement or the consummation of any of the transactions contemplated hereby. There are no judgments, outstanding orders, injunctions, decrees, stipulations or awards against Phemus or affecting any of its assets, which prohibit or restrict or could reasonably be expected to result in any delay of the performance of its obligations under this letter agreement.

2. Phemus will cause the obligations of ETT Acquisition under Article VI of the Agreement (the "Obligations") to be timely performed and paid in full when due and payable, subject to and in accordance with the terms of said Article VI. Phemus agrees that its obligations hereunder may be enforced by LP against Phemus irrespective of whether LP has sought to enforce any Obligations against ETT Acquisition or any other person. For purposes hereof, Phemus and LP shall have the rights of the "Indemnifying Party" and the "Indemnified Party", respectively, as set forth in said Article VI.

3. LP hereby acknowledges and agrees that in no event shall East Texas Timber, Phemus, Harvard Management Company, Inc., a Massachusetts membership corporation, the President and Fellows of Harvard College, a Massachusetts educational corporation, or any of their affiliates or subsidiaries (other than ETT Acquisition and any such entity that is a successor to or assign of the maker of the Note and has obligations under the Note as a result thereof) have any obligations under the Note and the LC.

4. This letter agreement shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts, without giving effect to any choice of law or conflict of laws principles that would give effect to the laws of another jurisdiction. Any legal action or proceeding with respect to this letter agreement shall be brought in the courts of the State of New York (the "State") in New York County or in the United States District Court for the Southern District of New York, and each of LP and Phemus consents, for itself and in respect of its property, to jurisdiction of those courts. Each of LP and Phemus agrees to personal service of any summons, complaint or other process, which may be made by any means permitted by the law of the State. The obligations of Phemus hereunder shall remain in effect regardless of any amendment, modification or supplement to the Agreement. This letter agreement contains the parties' entire agreement with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, whether written or oral, between the parties with respect to such matters. Neither LP nor Phemus shall assign this letter agreement without the prior written consent of the other (which consent shall not be unreasonably withheld) and any attempted assignment hereof without prior written consent shall be void. This letter agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument. This letter agreement shall be binding on the parties hereto and their respective successors and permitted assigns. If any term or provision of this letter agreement or its application to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this letter agreement and the application of such term or provision to such person or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term or provision of this letter agreement shall be valid and enforceable to the fullest extent permitted by law so long as the economic or legal substance of the agreements contemplated hereby is not affected in any manner adverse to any party. If so affected, LP and Phemus shall negotiate in good faith to modify this letter agreement so as to effect the original intent of

the parties as closely as possible in an acceptable manner to the end that the agreements contemplated hereby are fulfilled to the extent possible. Failure of either LP or Phemus at any time to require performance of any provision of this letter agreement will not limit such party's right to enforce such provision, nor

will any waiver of any breach of any provision of this letter agreement constitute a waiver of any succeeding breach of such provision or a waiver of such provision itself.

Sincerely,

PHEMUS CORPORATION

By: _____
Authorized Signatory

By: _____
Authorized Signatory

Agreed and Accepted:

LOUISIANA-PACIFIC CORPORATION

By: _____
Authorized Signatory

Exhibit 31.1

CERTIFICATIONS

I, Mark A. Suwyn, Chief Executive Officer of Louisiana-Pacific Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Louisiana-Pacific Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosures controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrants most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

6. b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2003

/S/ MARK A. SUWYN
Mark A. Suwyn

Exhibit 31.2

CERTIFICATIONS

I, Curtis M. Stevens, Chief Financial Officer of Louisiana-Pacific Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Louisiana-Pacific Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosures controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrants most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2003

/S/ CURTIS M. STEVENS
Curtis M. Stevens

Exhibit 32.1

LOUISIANA-PACIFIC CORPORATION
805 SW Broadway, Suite 1200
Portland, Oregon 97205-3303
(503) 821-5100

August 11, 2003

Securities and Exchange Commission
Judiciary Plaza
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Certification Pursuant to § 906 of the Sarbanes-Oxley Act of 2002

Ladies and Gentlemen:

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Form 10-Q of Louisiana-Pacific Corporation (the "Company") for the quarterly period ended June 30, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, that, to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/S/ MARK A. SUWYN
Name: Mark A. Suwyn
Title: Chief Executive Officer

/S/ CURTIS M. STEVENS
Name: Curtis M. Stevens
Title: Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Louisiana-Pacific Corporation and will be retained by Louisiana-Pacific Corporation and furnished to the Securities and Exchange Commission or its staff upon request.