

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[x] Annual Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the fiscal year ended
December 31, 1996

Commission File Number
1-7107

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

DELAWARE
(State of Incorporation)

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

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

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

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

Title of each class -----	Name of each exchange on which registered -----
Common Stock, \$1 par value	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

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

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

State the aggregate market value of the voting stock held by nonaffiliates of the registrant: \$2,181,885,464 as of March 13, 1997.

Indicate the number of shares outstanding of each of the registrant's classes of common stock: 109,381,671 shares of Common Stock, \$1 par value, outstanding as of March 13, 1997.

DOCUMENTS INCORPORATED BY REFERENCE

Definitive Proxy Statement for 1997 Annual Meeting: Part III

PART I

ITEM 1. Business

General

Louisiana-Pacific Corporation, a Delaware corporation, is a major forest products firm headquartered in Portland, Oregon. It manufactures lumber, pulp, structural and other panel products, hardwood veneers, windows and doors, and cellulose insulation. It operates 107 facilities throughout the United States, Canada, and Ireland. It has approximately 12,000 employees. It distributes its products primarily through distributors and home centers, and to a minor extent through its own distribution centers.

The business of Louisiana-Pacific Corporation and its wholly owned subsidiaries (except when the context otherwise requires, hereinafter referred to collectively as "the registrant" or "L-P") is generally divided into two industry segments: building products and pulp. For 1996, building products accounted for approximately 93 percent of the registrant's gross sales revenues, compared to approximately 7 percent for pulp.

Building Products

Panel Products. The registrant manufactures plywood and a variety of reconstituted panel products, including oriented strand board ("OSB") and such other panel products as industrial particleboard, medium density fiberboard, and hardboard. In recent years, the registrant has emphasized development and expansion of its reconstituted panel product lines. While such products accounted for 15 percent of the registrant's sales in 1985, they comprised 48 percent of its sales in 1996.

The largest consumption of panel products is for structural uses in building and remodeling such as subfloors, walls, and roofs. The total structural panel market in North America (plywood, OSB and other waferboards) is approximately 36 billion square feet annually, of which plywood currently constitutes about 21 billion square feet. In recent years, environmental pressure on timber harvesting, especially in the West, has resulted in reduced supplies and higher costs, causing many plywood mills to close permanently. The lost volume from those closed mills has been replaced by reconstituted structural panel products.

The registrant is the largest North American producer of OSB through 16 OSB plants with an aggregate annual capacity of approximately 4.6 billion square feet, plus one overseas plant. The registrant plans to open one additional North American plant in 1997. The registrant operates seven plywood plants in the South with a combined annual capacity of 1.6 billion square feet.

The registrant's other reconstituted panel products--industrial particleboard, medium density fiberboard, and hardboard--produced at a total of seven plants, are used primarily in the manufacture of furniture and cabinets.

Lumber. The registrant is a large producer of lumber. The registrant has 13 Western (whitewood and redwood) sawmills with an annual production capacity of 1.0 billion board feet ("BBF"), while its 15 Southern sawmills have an annual production capacity of .5 BBF. Lumber represented 25 percent of the registrant's sales revenue in 1996, down from 42 percent in 1985. The registrant's sawmills produce a variety of standard U.S. dimension lumber as well as specialty grades and sizes, primarily for the North American home building market. A sawmill in Ketchikan, Alaska, produces lumber for export in the traditional sizes used in the Japanese building industry, but has the capability of switching to standard U.S. dimensions. The registrant also operates a fingerjoint plant which produces dimension lumber from low grade and short pieces of lumber.

Other Building Products. Eight plants in Ohio manufacture windows and doors and their various components.

The registrant produces various hardwood veneers at a plant in Wisconsin with both rotary and sliced manufacturing processes. These veneers are sold to customers who overlay the veneers on other materials for use in paneling, furniture and cabinets.

The registrant has three engineered I-joist plants located in California, Nevada, and North Carolina. OSB is cut into sections and used as the web for the I-joists. The registrant also produces laminated veneer lumber ("LVL") in North Carolina and Nevada. LVL is a high-grade structural product used where extra strength is required. It is also used as the flange material in I-joists. In March 1997, the registrant acquired the assets of Tecton Laminates Corp. ("Tecton"), which will significantly increase LVL and I-joist capacity.

Nine plants produce cellulose residential insulation from recycled newspaper. This insulation has a higher R-value than comparable thicknesses of conventional fiberglass insulation. Other facilities operated by the registrant include a fiber cement shake plant, two wood chip mills, two coatings and chemical plants, a consumer electronics storage manufacturer, seven wood-treating plants, and six building materials distribution centers.

Pulp

The registrant has two pulp mills located in Samoa, California, and Chetwynd, British Columbia, Canada, with a total annual capacity of approximately 390 thousand short tons. The Chetwynd mill utilizes a state-of-the-art mechanical pulping process and a zero effluent discharge system to produce 100 percent aspen pulp. The Samoa mill produces bleached and unbleached kraft pulp by a chlorine-free process, thereby eliminating dioxins. A third mill in Ketchikan, Alaska, produced a high-grade dissolving pulp, but was permanently closed in March 1997. (See "Management's Discussion and Analysis of Financial Condition and Results of Operations.")

Competition

The registrant competes internationally with several thousand forest products firms, ranging from very large, fully integrated firms to smaller firms that may manufacture only one or a few items. The registrant estimates that approximately 25 forest products firms comprise its major competition. The registrant also competes less directly with firms that manufacture substitutes for wood building products. A majority of the products manufactured by the registrant, including lumber, structural panels, and pulp, are commodity products sold primarily on the basis of price in competition with numerous other forest products companies.

The registrant has introduced a number of new value-enhanced products to complement its traditional lumber and panel products, such as OSB panels, siding, flooring, and a radiant barrier product known as Kool-Ply(TM). These innovative products are made from abundant smaller-diameter and affordably priced tree species, as well as treetops and mill shavings. Such trees have generally not been the target of environmentalist pressure, which has seriously restricted wood supplies for much of the industry, especially in the West. The registrant's cellulose insulation products utilize wood fiber from waste paper. The registrant believes development of these products gives it a competitive advantage through lower and more predictable supply costs.

Environmental Compliance

The registrant is subject to federal, state and local pollution control laws and regulations in all areas in which it has operating facilities. The registrant maintains an accounting reserve for environmental loss contingencies. From time to time, the registrant undertakes construction projects for

environmental control facilities or incurs other environmental costs that extend an asset's useful life, improve efficiency, or improve the marketability of certain properties.

The registrant's policy is to comply fully with all applicable environmental laws and regulations. In recent years, the registrant has devoted increasing financial and management resources to achieving this goal. As part of its efforts to ensure environmental compliance, the registrant conducts regular internal environmental assessments. From time to time, the registrant becomes aware of violations of applicable laws or regulations. In those instances, the registrant's policy is to bring its operations promptly into full compliance with applicable environmental laws and regulations. The registrant is not aware of any instances in which its current operations are not in compliance with applicable environmental laws and regulations that would be expected to have a material adverse effect on the registrant.

Additional information concerning environmental compliance is set forth under Item 3, Legal Proceedings and Item 8, Notes to Financial Statements.

Additional Statistical Information

Additional information regarding the business of the registrant, including segment information, production volumes, and industry product price trends, is presented in the following tables labeled "Sales and Operating Profit by Major Product Group," "Summary of Production Volumes," "Industry Product Price Trends," and "Logs by Source." Additional financial information about industry segments is presented in the table labeled "Industry Segment Information" located within Part II, Item 8, Notes to Financial Statements.

Reference is made to Item 2 for additional information as to sources and availability of raw materials and the locations of the registrant's manufacturing facilities.

Louisiana-Pacific Corporation and Subsidiaries

PRODUCT INFORMATION SUMMARY
 SEE ADDITIONAL INFORMATION REGARDING INDUSTRY SEGMENTS IN NOTES TO FINANCIAL STATEMENTS.
 YEAR ENDED DECEMBER 31 (DOLLAR AMOUNTS IN MILLIONS)

	1996		1995		1994		1993		1992	
SALES AND PROFIT BY MAJOR PRODUCT GROUP										
SALES: Structural panel products	\$ 1,006	40%	\$ 1,127	39%	\$ 1,208	40%	\$ 1,005	40%	\$ 888	41%
Lumber	614	25	644	23	867	28	816	33	653	30
Industrial panel products	195	8	215	8	240	8	194	8	150	7
Other building products	494	20	523	18	505	17	411	16	309	14
Building products	2,309	93	2,509	88	2,820	93	2,426	97	2,000	92
Pulp	177	7	334	12	220	7	85	3	185	8
Total sales	\$ 2,486	100%	\$ 2,843	100%	\$ 3,040	100%	\$ 2,511	100%	\$ 2,185	100%
Export sales (included above)	\$ 268	11%	\$ 457	16%	\$ 371	12%	\$ 252	10%	\$ 339	16%
PROFIT: Building products	\$ 174		\$ 346		\$ 636		\$ 562		\$ 364	
Pulp	(91)		44		(5)		(59)		(20)	
Settlement charges and other unusual items, net(1)	(350)		(367)		---		---		---	
Unallocated expense, net	(52)		(121)		(72)		(70)		(47)	
Interest, net	(8)		3		1		(5)		(14)	
Income (loss) before taxes(2), minority interest and accounting changes	\$ (327)		\$ (95)		\$ 560		\$ 428		\$ 283	

SUMMARY OF PRODUCTION VOLUMES(3)

OSB, square feet 3/8" basis	4,008	86%	3,445	94%	3,404	97%	3,100	100%	2,850	101%
Softwood plywood, square feet 3/8"basis	1,613	105	1,466	90	1,604	106	1,507	105	1,405	80
Lumber	1,201	73	1,359	56	1,986	86	1,796	87	1,850	71
Particleboard, square feet 3/4" basis	336	93	339	94	371	106	359	106	335	93
Medium density fiberboard, square feet 3/4" basis	207	92	208	93	234	106	206	93	160	97
Hardboard, square feet 1/8" basis	220	100	212	97	216	103	191	91	201	93
Hardwood veneer, square feet surface measure	209	84	232	93	281	110	260	108	252	89
Pulp, short tons (thousands)	439	76	486	81	441	72	224	37	459	72

	1996	1995	1994	1993	1992
INDUSTRY PRODUCT PRICE TRENDS(4)					
OSB, MSF, 7/16" -- 24/16 span rating (North Central price)	\$ 184	\$ 245	\$ 265	\$ 236	\$217
Southern pine plywood, MSF, 1/2" CDX (3 ply)	258	303	302	282	248
Framing lumber, composite prices, MBF	398	337	405	394	287
Industrial particleboard, 3/4" basis, MSF	184	290	295	258	200
LOGS BY SOURCE(6)					

Fee owned lands	16%	13%	11%	12%	14%
Private cutting contracts	14	12	14	15	15
Government contracts	6	9	8	10	12
Purchased logs	64	66	67	63	59
Total log volume -- million board feet	2,432	2,818	3,138	2,940	2,856

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- (1) In 1996, of the total \$350 million charge, \$171 million related to the pulp segment and \$134 related to the building products segment. In 1995, the substantial majority of the \$367 million charge related to class action settlements concerning the company's siding product and therefore would be primarily allocated to building products.
 - (2) Does not include cumulative effects of accounting changes in 1993.
 - (3) Volume amounts stated in millions (except pulp) and as a percent of normal capacity.
 - (4) Prices represent yearly averages stated in dollars per thousand board feet (MBF), thousand square feet (MSF) or short ton.
 - (5) Discounting sometimes occurs from the published price.
 - (6) Stated as a percent of total log volume.

SEE ADDITIONAL INFORMATION REGARDING INDUSTRY SEGMENTS IN NOTES TO FINANCIAL STATEMENTS.

ITEM 2. Properties

The following tables list the principal facilities of the registrant and its subsidiaries. Information on production capacities reflects normal operating rates and normal production mixes under current market conditions, taking into account known constraints such as log supply. Unless otherwise noted, capacities are in millions of units.

MANUFACTURING FACILITIES AT DECEMBER 31, 1996

SAWMILLS (BOARD FEET, 2 SHIFTS, 5 DAYS; *1 SHIFT, 5 DAYS)	METRIC 1) CAPACITIES	NORMAL 2) CAPACITIES
WESTERN LUMBER (13 plants)		
Annette, AK	112	70
Belgrade, MT	148	90
Big Lagoon, CA	33	20*
Chilco, ID	205	125
Deer Lodge, MT (3 shifts)	155	95
Fort Bragg, CA	114	70
Ketchikan, AK	98	60
Moyie Springs, ID	220	135
Samoa, CA	163	100
Sandpoint, ID (remanufacturing)	---	---
Saratoga, WY	82	50
Tacoma, WA	98	60
Ukiah, CA	163	100
SOUTHERN LUMBER (15 plants)		
Bernice, LA	65	40*
Bon Wier, TX	33	20*
Cleveland, TX	65	40*
Eatonton, GA	50	30*
Evergreen, AL	65	40*
Hattiesburg, MS	65	40*
Henderson, NC	65	40*
Jasper, TX	90	55*
Kountze, TX	24	15*
Lockhart, AL	33	20*
Marianna, FL	50	30*
New Waverly, TX	25	15*
Philadelphia, MS	65	40*
Statesboro, GA	40	25*
West Bay, FL	50	30*
Total Lumber Capacity (28 plants)	2,376	1,455
	=====	=====

MANUFACTURING FACILITIES AT DECEMBER 31, 1996

	METRIC 1) CAPACITIES	NORMAL 2) CAPACITIES
PANEL PRODUCTS PLANTS		
SOFTWOOD PLYWOOD PLANTS		
(3/8-INCH BASIS, SQUARE FEET, 2 SHIFTS, 5 DAYS)		
Bon Wier, TX	230	260
Cleveland, TX	250	280
Jasper, TX	140	160
Logansport, LA	195	220
Lufkin, TX	165	185
New Waverly, TX	230	260
Urania, LA	220	250
	-----	-----
Total Softwood Plywood Capacity (7 plants)	1,430	1,615
	=====	=====
ORIENTED STRAND BOARD PLANTS		
(3/8-INCH BASIS, SQUARE FEET, 3 SHIFTS, 7 DAYS)		
Chilco, ID	125	140
Carthage, TX (Start-up 4th quarter 1997)	355	400
Corrigan, TX	135	150
Dawson Creek, B.C. Canada	335	375
Hanceville, AL	310	350
Hayward, WI (2 plants)	445	500
Houlton, ME	230	260
Jackson County, GA	295	335
Jasper, TX	355	400
Montrose, CO	130	145
Newberry, MI	115	130
Roxboro, NC	335	375
Sagola, MI	310	350
Silsbee, TX	310	350
Swan Valley, MB, Canada	400	450
Tomahawk, WI	135	150
Two Harbors, MN	125	140
Waterford, Ireland	355	400
	-----	-----
Total OSB Capacity (18 plants)	4,800	5,400
	=====	=====
MEDIUM DENSITY FIBERBOARD PLANTS		
(3/4-INCH BASIS, SQUARE FEET, 3 SHIFTS, 7 DAYS)		
Eufaula, AL	230	130
Oroville, CA	90	50
Urania, LA	90	50
	-----	-----
Total Medium Density Fiberboard Capacity (3 plants)	410	230
	=====	=====
PARTICLEBOARD PLANTS		
(3/4-INCH BASIS, SQUARE FEET, 3 SHIFTS, 7 DAYS)		
Arcata, CA	230	220
Missoula, MT	275	155
Silsbee, TX	140	80
	-----	-----
Total Particleboard Capacity (3 plants)	635	360
	=====	=====
HARDBOARD PLANT		
(1/8-INCH BASIS, SQUARE FEET, 3 SHIFTS, 7 DAYS)		
Oroville, CA	62	210
	=====	=====

MANUFACTURING FACILITIES AT DECEMBER 31, 1996

OTHER BUILDING PRODUCTS

HARDWOOD VENEER PLANTS (SURFACE MEASURE, SQUARE FEET, 2 SHIFTS, 5 DAYS)	NORMAL 2) CAPACITIES
Mellen, WI (2 plants)	250
	=====

WINDOW AND DOOR PLANTS (6 PLANTS)	
Norton, OH (2 plants) (aluminum extrusions in lbs.)	7,200,000
Orrville, OH (windows)	125,000
Ottawa, OH (windows and doors)	250,000
Winesburg, OH (windows and doors)	180,000
Youngstown, OH (aluminum extrusions in lbs.)	5,000,000

I-JOIST PLANTS (LINEAR FEET; 1 SHIFT, 5 DAYS)	
Fernley, NV	20
Wilmington, NC	25
Red Bluff, CA	30

Total I-Joist Capacity (3 plants)	75
	=====

LAMINATED VENEER LUMBER PLANTS (THOUSAND CUBIC FEET; 2 SHIFTS, 7 DAYS)	
Fernley, NV	2,500
Wilmington, NC	3,100

Total LVL Capacity (2 plants)	5,600
	=====

FIBER GYPSUM PLANT (1/2 INCH BASIS, MILLION SQ. FEET; 1 SHIFT, 5 DAYS)	
Point Tupper, NS, Canada	80
	=====

ENGINEERED WOOD PRODUCTS -- FINGERJOINT (BOARD FEET; 2 SHIFTS, 5 DAYS; *1 SHIFT, 5 DAYS)	
Deer Lodge, MT	50
	=====

PULP MILLS (THOUSAND SHORT TONS, 3 SHIFTS, 7 DAYS)	METRIC 1) CAPACITIES	NORMAL 2) CAPACITIES
Samoa, CA	195	220
Chetwynd, B.C. Canada	155	170
	-----	-----
Total Pulp Capacity (2 plants)	350	390
	=====	=====

MANUFACTURING AND OTHER FACILITIES AT DECEMBER 31, 1996

OTHER FACILITIES (24 PLANTS)

Cellulose insulation plants:	Chandler, AZ; Sacramento and San Diego, CA; Atlanta, GA; Fort Wayne, IN; Norfolk, NE; Bucyrus, OH; Portland, OR; Elkwood, VA
Cement fiber shake:	Red Bluff, CA
Chip mills:	Cleveland and Moscow, TX
Coatings and chemicals:	Portland, OR; Orangeburg, SC
Consumer electronics storage:	Montgomery, IL
Insulated glass plant:	Orrville, OH
Vinyl extrusion plant:	Barberton, OH
Wood treating plants:	Evergreen and Lockhart, AL; Marianna, FL; Statesboro, GA; New Waverly and Silsbee, TX; Ukiah, CA

DISTRIBUTION CENTERS (6 LOCATIONS)

Calpella, CA	Chino, CA
Rocklin, CA	Dodge City, KS
Salina, KS	Conroe, TX

TOTAL FACILITIES: 107

Note: The capacities above are based on normal operating rates and normal production mixes. Market conditions, the availability of logs, and the nature of current orders can cause actual production rates to vary considerably from normal rates.

TIMBERLAND HOLDINGS

	HECTARES	ACRES
California: Whitewoods, Fir, Pine, Redwood	194,300	480,000
Idaho: Fir, Pine	16,600	41,000
Louisiana: Pine, Hardwoods	83,200	205,400
Minnesota: Hardwoods	12,200	30,100
North Carolina: Pine, Hardwoods	900	2,100
Texas: Pine, Hardwoods	284,000	701,500
Wisconsin: Hardwoods	600	1,500
Wyoming: Whitewoods	1,700	4,300
	-----	-----
Total Fee	593,500	1,465,900
	=====	=====

- 1) Metric capacities in thousand cubic meters
- 2) Normal capacities in millions of units unless otherwise noted.

In addition to its fee-owned timberlands, the registrant has timber cutting rights in the United States, under long-term contracts (five years and over) on approximately 13,400 acres and under contracts for shorter periods on approximately 282,900 acres, on government and privately owned timberlands in the vicinities of certain of its manufacturing facilities. L-P's Canadian subsidiary is a party to long-term timber license arrangements in Canada. Information regarding the sources of the registrant's log requirements is located under the table labeled "Logs by Source" in Item 1.

ITEM 3. Legal Proceedings

For a discussion of legal and environmental matters involving L-P and the potential effect on L-P, refer to the footnotes to the financial statements beginning on page 39 under the heading "Contingencies" which is incorporated herein by reference.

ITEM 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of the registrant's security holders during the fourth quarter of 1996.

Executive Officers of the Registrant

The following sets forth the name of each executive officer of the registrant (including certain executives whose duties may cause them to be classified as executive officers under applicable SEC rules), the age of the officer, and all positions and offices held with the registrant as of March 20, 1997:

Mark A. Suwyn, age 54, has served as Chairman and Chief Executive Officer of L-P since January 1996. Before joining L-P, Mr. Suwyn was Executive Vice President of International Paper Company from 1992 through 1995. Previously, Mr. Suwyn was Senior Vice President of E.I. du Pont de Nemours & Co. Mr. Suwyn is also a director of the registrant.

Michael D. Hanna, age 44, joined L-P in June 1996 as Executive Vice President after serving as President of Associated Chemists, Inc., for more than five years previous.

Stephen J. Grant, age 57, has served L-P as Senior Vice President, Compliance since August 1995. Mr. Grant previously was Senior Vice President of Morrison-Knudsen Corporation for more than four years, with responsibility for legal affairs and subsequently for certain international operations.

William L. Hebert, age 46, has been Vice President, Treasurer and Controller and Chief Financial Officer of L-P since August 1995 and previously served as Treasurer from December 1993 to August 1995, and as Controller-Finance for more than a year before that.

Anton C. Kirchof, age 51, has served as the registrant's General Counsel and Corporate Secretary for more than five years.

J. Keith Matheney, age 48, joined the registrant in March 1970 and has served as Vice President, Sales and Marketing since January 26, 1997. Mr. Matheney was General Manager--Western Division from February 1996 to January 1997 after serving as General Manager--Weather-Seal Division of the registrant from May 1994 to February 1996, and as Director of Sales and Marketing for more than five years previous.

Warren C. Easley, age 55, joined L-P as Vice President of Technology and Quality in May 1996 after serving as Technical Manager--Nylon Division, North America for E.I. du Pont de Nemours & Co. for more than five years previous.

Richard B. Fethers, age 43, became Director--Pulp Division of the registrant in May 1996. For more than five years previous, Mr. Fethers acted as Consultant for E.I. du Pont de Nemours & Co.

Richard W. Frost, age 45, joined L-P in May 1996 as Vice President, Timberlands. Before that, Mr. Frost worked for S.D. Warren Company as Director of Timberlands prior to April 1992, as Vice President and Manager, Westbrook Mill, from April 1992 to September 1995, and as Vice President and General Manager, Somerset Operations for S.D. Warren Company from September 1995 to 1996.

Karen D. Lundquist, age 41, was named Vice President of Manufacturing in January 1997. Before joining L-P, Ms. Lundquist was an executive officer and director of Creative Breakthroughs, Inc., from the fall of 1993 to 1997, and served as its Chief Executive Officer from mid-1995 to 1997. From September 1991 to October 1993, Ms. Lundquist was a plant manager with E.I. du Pont Nemours & Co.

All executive officers serve at the pleasure of the board of directors of L-P. Unless earlier removed by the board of directors, the officers' terms of office run until the next annual meeting of the board of directors.

PART II

ITEM 5. Market for Registrant's Common Equity and Related Stockholder Matters

The common stock is listed on the New York Stock Exchange, the Dow-Jones newspaper quotations symbol is "LaPac," and the ticker symbol is "LPX." Information regarding market prices for the registrant's common stock is included in the following table labeled "High and Low Stock Prices." Holders of the registrant's common stock may automatically reinvest dividends toward purchase of additional shares of the company's common stock. At March 14, 1997, L-P had approximately 23,900 stockholders of record.

ITEM 6. Selected Financial Data

DOLLAR AMOUNTS IN MILLIONS EXCEPT PER SHARE	1996	1995	+/- %

ANNUAL DATA			

Net sales	\$2,486.0	\$2,843.2	-12.6%
Net income (loss)	(200.7)	(51.7)	
Net income (loss) per share	(1.87)	(.48)	
Net cash provided by operating activities	22.8	334.6	-93.2%
Capital expenditures -- plants, logging roads and timber (includes acquisitions)	266.0	412.6	-35.5%
Working capital	234.5	170.0	
Ratio of current assets to current liabilities	1.68 to 1	1.38 to 1	
Total assets	2,588.7	2,805.4	
Long-term debt, excluding current portion	458.6	201.3	+127.8%
Long-term debt as a percent of total capitalization	24.3%	10.8%	
Stockholders' equity	1,427.6	1,656.0	-13.8%
Per ending share of common stock	13.13	15.28	
Number of employees	12,000	13,000	
Number of stockholders of record	23,900	24,900	

	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	YEAR

1996 QUARTERLY DATA					

Net sales	\$584.1	\$658.3	\$676.3	\$567.3	\$2,486.0
Gross profit (loss) (1)	(5.0)	35.0	21.9	(20.9)	31.0
Income (loss) before taxes and minority interest	(5.0)	34.5	(332.0)(2)	(24.3)	(326.8)
Net income (loss)	(3.6)	21.0	(203.4)(2)	(14.7)	(200.7)
Net income (loss) per share	(.03)	.19	(1.89)	(.14)	(1.87)
Cash dividends per share	.14	.14	.14	.14	.56
1995 QUARTERLY DATA					

Net sales	\$686.8	\$709.3	\$776.8	\$670.3	\$2,843.2
Gross profit(1)	86.5	41.6	99.0	41.8	268.9
Income (loss) before taxes and minority interest	87.3	41.9	(267.3)(2)	43.3	(94.8)
Net income (loss)	54.3	26.3	(159.1)(2)	26.8	(51.7)
Net income (loss) per share	.50	.25	(1.48)	.25	(.48)
Cash dividends per share	.125	.14	.14	.14	.545

HIGH AND LOW STOCK PRICES					

1996 High	\$26.25	\$28.13	\$23.75	\$23.00	\$28.13
Low	23.00	22.13	19.63	20.63	19.63
1995 High	\$30.50	\$29.00	\$29.00	\$27.13	\$30.50
Low	24.75	20.88	21.88	22.00	20.88

(1) Gross profit is income before settlement charges and other unusual items, taxes, minority interest and interest.

(2) In the third quarter of 1996, L-P recorded a charge of \$350.0 million (\$215.0 million after income taxes, or \$2.00 per share) related to the closure of a subsidiary's pulp mill in Ketchikan, Alaska, the settlement of all outstanding shareholder securities class action claims, a reserve

for other litigation and a reserve for the planned shutdown and other costs related to certain other non-strategic facilities.

In the third quarter of 1995, L-P recorded a charge of \$366.6 million (\$221.8 million after income taxes, or \$2.07 per share) related to class action settlements concerning the company's siding product, severance charges and asset write-downs.

FORWARD LOOKING STATEMENTS

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

FIVE-YEAR SUMMARY

YEAR ENDED DECEMBER 31 (DOLLAR AMOUNTS IN MILLIONS EXCEPT PER SHARE)(2)

SUMMARY INCOME STATEMENT DATA	1996(4)	1995(4)	1994	1993	1992
Net sales	\$ 2,486.0	\$2,843.2	\$3,039.5	\$2,511.3	\$2,184.7
Gross profit (1)	31.0	268.9	558.6	423.6	297.5
Interest, net	(7.8)	2.9	1.0	5.0	14.4
Provision (benefit) for income taxes	(125.6)	(45.8)	209.8	173.2	106.2
Income (loss)(3)	(200.7)	(51.7)	346.9	254.4	176.9
Income (loss) per share(3)	(1.87)	(.48)	3.15	2.32	1.63
Cash dividends per share	.56	.545	.485	.43	.39
Average shares of common stock outstanding (thousands)	107,410	107,040	110,140	109,670	108,500
SUMMARY BALANCE SHEETS					
Current assets	\$ 579.2	\$ 618.5	\$ 721.9	\$ 614.1	\$ 539.1
Timber and timberlands, at cost less cost of timber harvested	648.6	689.6	693.5	673.5	531.2
Property, plant and equipment, net	1,278.5	1,452.3	1,273.2	1,145.9	1,070.3
Other assets	82.4	45.0	55.1	32.8	65.4
Total assets	\$2,588.7	\$2,805.4	\$2,743.7	\$2,466.3	\$2,206.0
Current liabilities	\$ 344.7	\$ 448.5	\$ 344.8	\$ 317.2	\$ 295.5
Long-term debt, excluding current portion	458.6	201.3	209.8	288.6	386.3
Deferred income taxes and other	357.8	499.6	339.7	289.1	163.2
Stockholders' equity	1,427.6	1,656.0	1,849.4	1,571.4	1,361.0
Total liabilities and stockholders' equity	\$2,588.7	\$2,805.4	\$2,743.7	\$2,466.3	\$2,206.0

KEY FINANCIAL TRENDS	1996(4)	1995(4)	1994	1993	1992
Working capital	\$ 234.5	\$ 170.0	\$ 377.1	\$ 296.9	\$ 243.6
Plant and logging road additions (5)	\$ 244.0	\$ 362.9	\$ 286.0	\$ 208.4	\$ 161.4
Timber additions, net	22.0	49.7	66.0	81.5	40.1
Total capital additions	\$ 266.0	\$ 412.6	\$ 352.0	\$ 289.9	\$ 201.5
Long-term debt as a percent of total capitalization	24%	11%	10%	16%	22%
Income as a percent of average equity(3)	-13%	-3%	20%	17%	14%

(1) Gross profit is income before settlement charge and unusual items, income taxes, minority interest, and interest.

(2) All per share amounts and number of shares have been retroactively adjusted for a two-for-one stock split in 1993 and a three-for-two stock split in 1992.

(3) Does not include cumulative effects of accounting changes in 1993.

(4) In the third quarter of 1996, L-P recorded a charge of \$350.0 million (\$215.0 million after income taxes, or \$2.00 per share) related to the closure of a subsidiary's pulp mill in Ketchikan, Alaska, the settlement of all outstanding shareholder securities class action claims, a reserve for other litigation and a reserve for the planned shutdown and other costs related to certain other non-strategic facilities.

In the third quarter of 1995, L-P recorded a charge of \$366.6 million (\$221.8 million after income taxes, or \$2.07 per share) related to class action settlements concerning the company's siding product, severance charges and asset write-downs.

(5) Includes cash paid in acquisitions.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

GENERAL

L-P's net losses in 1996 and 1995 primarily resulted from charges taken in the third quarter of each year. The charge in 1996 of \$350.0 million pre-tax (\$215.0 million after tax, or \$2.00 per share) was taken to reflect the shutdown of Ketchikan Pulp Company's (wholly-owned L-P subsidiary) pulp mill, the settlement of all outstanding shareholder securities class action claims, a reserve for other litigation and a reserve for the shutdown and other costs related to certain other non-strategic facilities. The charge in the third quarter of 1995 of \$366.6 million pre-tax (\$221.8 million after tax, or \$2.07 per share) reflected the settlements of class action proceedings related to L-P's siding product, severance charges and asset write-downs. Both charges were tax effected because all components are deductible either currently or in future years. Prior to the charges, L-P earned \$14.3 million in 1996 (\$.13 per share), \$170.1 million in 1995 (\$1.59 per share) and \$346.9 million in 1994 (\$3.15 per share).

Both the building products and pulp segments suffered declines in sales and profitability in 1996. An industry-wide oversupply of structural panel products in North America was the primary cause of the decline in building products. Pulp markets remained very weak throughout 1996 due to high world-wide inventories. The Ketchikan Pulp Company contract issue (discussed further below) also negatively impacted pulp segment results in 1996. An oversupply of lumber and high raw material costs caused a sharp decline in the profitability of the building products segment in 1995 compared to the record results in 1994. Higher pulp segment earnings in 1995 partially offset the decline in building products earnings. Markets in 1994 benefited from low interest rates and a strong U.S. economy.

Sales in 1996 were \$2.49 billion, a 13 percent decline from 1995 sales of \$2.84 billion. Sales in 1995 represented a 7 percent decline from 1994 record sales of \$3.04 billion. L-P incurred a net loss in 1996 of \$200.7 million (\$1.87 per share) compared to a net loss of \$51.7 million (\$.48 per share) in 1995 and net income in 1994 of \$346.9 million (\$3.15 per share).

L-P operates in two major business segments: building products and pulp. Building products is the most significant segment, accounting for more than 88 percent of net sales in each of the prior three years. The results of operations are discussed below for each of these segments separately. Additional information about the factors affecting L-P's segments is presented in the "Selected Financial Data" in Item 6 and the "Product Information Summary" in Item 1.

BUILDING PRODUCTS

	YEAR ENDED DEC. 31,			INCREASE (DECREASE)	
	1996	1995	1994	96-95	95-94
(DOLLAR AMOUNTS IN MILLIONS)					
Sales:					
Structural panel products	\$1,006	\$1,127	\$1,208	-11%	-7%
Lumber	614	644	867	-5%	-26%
Industrial panel products	195	215	240	-9%	-10%
Other building products	494	523	505	-6%	+4%
Total building products	\$2,309	\$2,509	\$2,820	-8%	-11%
Profit	\$ 174	\$ 346	\$ 636	-50%	-46%

Sales of structural panel products (plywood and oriented strand board (OSB)) suffered in 1996 from industry wide over-capacity. The over-capacity is the result of new OSB plants built by the industry throughout North America without a significant increase in demand. Average selling prices in 1996 fell approximately 20 percent compared to 1995 (average OSB prices fell around 26 percent). Sales volumes increased approximately 14 percent due to new OSB plants started-up in 1996, despite temporary market-related shut-downs in the fourth quarter at L-P's OSB plants. In 1995, relatively high interest rates and poor weather in key areas of the country early in the year contributed to weak markets, especially in OSB. OSB pricing was also negatively impacted by the beginnings of the excess capacity in the industry. OSB siding sales suffered beginning in 1995 from adverse publicity related to class action litigation and by a company-initiated reduction in siding production (see "settlement charges and other unusual items, net" for further discussion) and L-P has reduced the volume of OSB siding it manufactures. Average structural panel sales prices in 1995 were approximately 4 percent lower than in 1994 due to OSB market price declines which were offset by slightly higher plywood prices. Overall structural panel volume in 1995 declined by approximately 3 percent from 1994, due primarily to curtailed plywood production early in 1995 as the mills ran short of logs due to wet weather.

Lumber sales were lower in 1996 than 1995 as a result of sales volume, which decreased approximately 12 percent. L-P has permanently closed a number of unprofitable sawmills around the country over the last year. Average selling prices rose about 9 percent in 1996 due to a strong U.S. economy, lower production volumes industry wide and lower volumes of lumber imported from Canada. In 1995, higher interest rates, poor weather and a flood of low priced Canadian lumber resulted in depressed price levels throughout the year. These factors caused L-P sawmills to operate at lower capacity levels (56 percent of capacity in 1995 compared to 86 percent in 1994). Sales volumes were off nearly 20 percent in 1995 reflecting the lower demand and a significant increase in lumber exports from Canada to the U.S., which also eroded prices. Average sales prices in 1995 declined approximately 8 percent from 1994 with sharply higher redwood prices and lower whitewood prices.

Industrial panel sales volumes in 1996 showed slight increases compared to 1995 while prices fell approximately 11 percent. The industrial panel markets have experienced an excess of capacity, particularly in medium density fiberboard (MDF) as new plants have been brought on line. The decrease in industrial panel sales in 1995 compared to 1994 resulted from lower volumes of nearly 10 percent and a decline in average selling prices of approximately 4 percent. Demand for these products was lackluster in 1995 which caused L-P to temporarily shut down some plants.

Other building products sales decreased in 1996 due to lower wood chip sales. L-P is producing less wood chips due to lower sawmill production and wood chip prices weakened significantly, particularly on the West Coast. Sales of other building products increased in 1995 primarily due to higher log sales from L-P's California fee lands. L-P had curtailed sawmill production and the log volumes harvested were sold on the open market. Sales from facilities which operated for a full year in 1995 and only a partial year in 1994 also contributed to the increase.

Building products profit decreased in 1996 from 1995 due to the lower prices discussed above for structural panel products and industrial panel products. Raw material costs have generally been lower in 1996 than in 1995, but not sufficiently to offset the lower sales prices. Building products profits in 1995 were lower than in 1994 due to lower lumber and structural panel sales prices combined with increased raw material costs and lower production volumes. Log prices were higher in most areas of the country in 1995 as were wood chip prices (used in certain of L-P's panel products) because of increased demand from pulp and paper mills.

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

PULP

	YEAR ENDED DEC. 31,			INCREASE (DECREASE)	
	1996	1995	1994	96-95	95-94
----- (DOLLAR AMOUNTS IN MILLIONS)					
Pulp sales	\$177	\$334	\$220	-47%	+52%
	====	====	====		
Profit (loss)	\$(91)	\$ 44	\$ (5)	n.m.	n.m.
	====	====	====		

Pulp sales plummeted in 1996 as sales prices fell an average of 44 percent while volumes decreased about 5 percent. Large pulp inventories around the world created very weak pulp markets throughout 1996. L-P took intermittent downtime at the pulp mills during the year, which caused the volume decrease. Pulp sales increased in 1995 over 1994 due to a 59 percent increase in average selling prices in 1995. World-wide pulp markets rebounded strongly during the second half of 1994 which continued through the first nine months of 1995. Sales volume decreased in 1995 by approximately 4 percent due to intermittent production problems at the pulp mills and sharply lower demand in the fourth quarter of the year.

After one year of profits, the pulp mills returned to losses in 1996 due to the downturn in the markets and problems experienced with the Ketchikan Pulp Company contract (see further discussion below). The pulp segment briefly returned to profitability due to the increase in sales in 1995 after incurring a loss in 1994. Raw material costs decreased in 1996 after experiencing an increase in 1995.

L-P's pulp products are primarily sold as commodities and therefore sales prices fluctuate based on market factors over which L-P has no control. L-P cannot predict whether the prices of its pulp products will remain at current levels, or will increase or decrease in the future because supply and demand are influenced by many factors, only one of which is the cost and availability of raw materials. Pulp markets remained sluggish in early 1997. L-P is not able to

determine to what extent, if any, it will be able to pass any future increases in the price of raw materials on to customers through product price increases.

L-P pulp products are sold primarily to export customers and are the major factor in L-P's export sales. Therefore, pulp sales are the primary reason for L-P's decreased export sales in 1996 and the increased export sales in 1995 both in amount and as a percent of total sales. Information regarding L-P's geographic segments and export sales are provided in the notes to financial statements under the caption "segment information."

GENERAL CORPORATE EXPENSE, NET

General corporate expense was \$52 million in 1996, after rising to an unusually high amount of \$121 million in 1995. This compared to \$72 million in 1994. In 1996, a \$10 million credit resulting from a gain on the sale of a sawmill and related timberland was netted into this expense. The most significant factor in the 1995 increase was higher expenses associated with litigation against the company, including legal fees and increases in contingency reserves (it did not, however, include amounts recorded in the on the line item "Settlement Charges and Other Unusual Items, Net" which is discussed below). Higher franchise taxes also contributed to the 1995 increase. Partially offsetting the 1995 increases were lower compensation expenses in 1995 compared to 1994 because restricted stock plan awards, tied to the performance of the company, were not issued in 1995 (or 1996).

SETTLEMENT CHARGES AND OTHER UNUSUAL ITEMS, NET

In the third quarter of 1996, L-P recorded pre-tax charges of \$350.0 million (\$215.0 million after tax, or \$2.00 per share) to reflect expected costs to be incurred in the shut-down of the pulp mill owned and operated by L-P's Ketchikan Pulp Company (KPC) subsidiary as well as the settlement of all outstanding shareholder securities class action claims, a reserve for other litigation and a reserve for the planned shut-down and other costs related to certain other non-strategic facilities.

The charge for the shut-down of the Ketchikan Pulp mill includes the Company's best estimates of all costs related to the closing of operations including the write-down of property, plant and equipment to estimated salvage value, severance costs, inventory write-downs, environmental and general property clean-up and other costs. L-P and KPC believe the shut-down of this mill was caused by changes in economic and operating conditions as a result of modifications made to the long-term timber supply contract made by the U.S. Forest Service (USFS). These changes were required by Congress as part of the Tongass Timber Reform Act passed in 1990. KPC filed claims against the USFS which were resolved subsequent to year-end. See the Note entitled "Subsequent Events" for further information.

In 1996, as part of the implementation of current management's strategic plan, L-P evaluated the viability of all its current operations and made plans for the closure or sale of certain other manufacturing facilities including several sawmills, structural panel products plants and other plants. The facilities have been written down to their estimated salvage or sales value. The total charge related to property and equipment write-downs, including the KPC facilities was \$191.1 million. The facilities covered by this charge incurred operating losses of approximately \$64 million through in 1996, of which approximately \$40 million related to pulp segment assets and \$24 million related to building products related assets.

L-P reached an agreement on behalf of all defendants to settle all outstanding shareholder securities class action claims brought in 1995 against the company and four former and current officers. The agreement received court approval in February 1997 and is discussed further in the Note entitled "Contingencies." The settlement required a payment of approximately \$65 million, of which approximately \$20 million was covered by insurance. L-P also reserved

additional amounts related to other outstanding litigation, including plaintiffs who opted out of the siding class action settlements.

In the third quarter of 1995, L-P recorded a pre-tax charge of \$366.6 million (\$221.8 million after tax, or \$2.07 per share). This charge included \$345.0 million for class action settlements related to the Company's siding product, as well as write-downs on planned disposals by mid-1996 of certain facilities, principally sawmills. The historical results of these operations were not significant. A gain on the sale of a non-strategic asset was netted against this charge.

INTEREST, NET

Net interest expense rose significantly in 1996 as L-P borrowed funds to cover its settlement obligations and fund capital expenditures. Less interest was capitalized in 1996 as construction projects were completed and interest income was lower due to lower levels of cash available for investing. Interest rates were also slightly higher in 1996 which contributed to the increase because most of L-P's debt has variable interest rates. L-P's debt level in 1995 decreased, resulting in lower interest expense compared to 1994. This decrease was partially offset by higher interest rates. Interest rate increases favorably impacted L-P's interest income, but that increase was partially offset by lower cash and cash equivalents balances associated with large capital expenditures and treasury stock purchases. Interest capitalized, which also lowers interest expense, had increased with the large capital expenditures in 1995.

LEGAL AND ENVIRONMENTAL MATTERS

For a discussion of legal and environmental matters involving L-P and the potential effect on L-P, refer to the footnotes to the financial statements under the heading "Contingencies."

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operations decreased to \$23 million in 1996 from \$335 million in 1995 and \$596 million 1994. These fluctuations primarily correlate to the company's net income or loss after adjustments for non-cash charges and changes in various working capital components. In 1996, L-P paid out more than \$263 million for obligation related to litigation settlements. In 1995, log inventories increased \$80 million due to higher costs and higher volumes (1994 volumes were low due to primarily weather-related factors), pulp inventories increased due to the weak markets and other building products inventories increased primarily due to the addition of a new distribution center.

Cash used in investing activities decreased to \$213 million in 1996 after increasing to \$387 million in 1995 from \$350 million in 1994. Capital expenditure peaked in 1995 with the addition of several new OSB plants and other projects. L-P has also spent significant amounts on environmental projects (such as pollution control equipment), upgrades of existing production facilities, timber to supply its operations and logging roads.

L-P borrowed \$263 million in 1996, resulting in net cash provided by financing activities of \$142 million. Cash used in financing activities decreased to \$188 million in 1995 from \$191 million in 1994. The new borrowings in 1996 were used to fund capital expenditures, other debt repayments and dividends and to cover settlement obligations which operating cash did not sufficiently cover. L-P did not purchase any treasury shares in 1996 after purchasing \$120 million of treasury stock in 1995 and \$54 million in 1994. The company increased short-term borrowings by a net \$48 million in 1995 and its joint venture in Ireland borrowed \$30 million on a long-term basis toward financing the construction of a new OSB plant. Borrowings were not significant in 1994.

In February 1997, L-P signed a new credit facility agreement with a group of banks, which added a \$125 million term loan facility for L-P Canada, Ltd. to the existing \$300 million revolving credit facility. The entire credit facility expires in 2002. L-P Canada Ltd. also entered into a \$30 million (Canadian) short-term revolving credit agreement to fund its working capital needs. The new agreement is expected to be sufficient to meet L-P's immediate cash needs discussed below. L-P's short-term credit ratings are A-1 with Standard & Poors and D-1 with Duff & Phelps.

In 1995, L-P completed a program authorized by the board of directors to repurchase 5 million L-P common shares. Upon completion of this program, the board authorized the repurchase of an additional 10 million common shares at management's discretion. L-P did not purchase any shares under this new authorization. Future purchases under this new program will be prioritized, taking into consideration other uses of the company's cash.

L-P is budgeting capital expenditures, including timber and logging road additions, for 1997 of \$150 million to \$175 million. These expenditures are primarily to complete a new OSB plant currently under construction, continue environmental improvements to existing plants, upgrade production facilities and provide timber to operations.

Contingency reserves, which represent an estimate of future cash needs for various contingencies (principally payments for siding litigation settlements), total \$260 million, of which \$100 million is estimated to be payable within one year. As with all accounting estimates, there is inherent uncertainty concerning the reliability and precision of such estimates. As described in the notes to the financial statements under the heading "Contingencies," the amounts ultimately paid in settling all of the outstanding litigation could exceed the current reserves by a material amount.

L-P continues to be in a strong financial condition with a relatively low ratio of long-term debt as a percent of total capitalization. Although cash and cash equivalents have decreased significantly over the past two years, existing cash and cash equivalents combined with borrowings available under the credit facility, expected income tax refunds, the cash expected from the settlement of the KPC claims and cash to be generated from operations are expected to be sufficient to meet projected cash needs including the payments related to the siding litigation settlement referred to above. The company also believes that because of its conservative financial structure and policies, it has substantial financial flexibility to generate additional funds should the need arise.

BUSINESS OUTLOOK

STRUCTURAL PANELS

L-P derived approximately 40 percent of its revenues and a significant portion of its building products operating profit from structural panels in 1996. After several years of predictions that significantly more structural capacity was being planned and built in North America, the impact of that excess capacity was felt with a vengeance in the fall of 1996. Prices fell over 40 percent and have stayed at that level since. These new market conditions have led to several reactions. Older, less competitive OSB mills are being closed, significant development efforts have been initiated aimed at expanding the use of OSB panels that currently penetrate only 35 percent of the total structural panel market and there has been a strong push to develop export markets. It is difficult to predict the rate of market share growth and the rate of capacity rationalization.

Plywood volume and prices, meanwhile, have held up better than expected. Plywood offers some aesthetic and functional advantages that will retard the rate of erosion of its share by OSB. As some of the newer, improved OSB products are introduced, it will resume its market share gain versus plywood. L-P's strategies are to improve efficiencies at several of our mills to ensure they can compete for the long term.

LUMBER

L-P derived approximately 25 percent of its revenues from lumber in 1996. Lumber prices have held up well in the slow winter season because of a relatively strong building market and the lower level of imports from Canadian mills. The Canada-U.S. trade agreement has slowed the flow of Canadian wood into the market. We have shut down nearly 20 out-of-date mills and concentrated our management and some capital on our remaining sawmills. Earnings were up significantly last year and we expect them to rise further in 1997.

SPECIALTY BUSINESS

The primary drivers of growth and earnings in this segment will be our acquisitions - Associated Chemists (ACI), GreenStone Industries, Inc. ("GreenStone"), and, pending completion, Tecton. ACI supplies specialized coatings to wood products and paper businesses and overall volume should be up this year. Marketing arrangements completed late in 1996 will help our defoamer business grow significantly.

GreenStone is in the cellulosic insulation business and demand is high for their products. Capacity additions and acquisitions are planned to support the growth. Tecton is a supplier of Engineered Wood Products and compliments our already significant position in this market. Laminated Veneer Lumber and I-Joists are growing rapidly as solid wood products become more difficult to obtain.

PULP

Pulp prices continue to hover near historical lows and various manufacturers taking selective downtime to reduce inventories. We expect this process will continue during the first half of the year and are anticipating a slow recovery starting during the second half. Meanwhile our mills are taking cost via numerous improvement projects that promise very fast payback.

ITEM 8. Financial Statements and Supplementary Data

The consolidated financial statements and accompanying notes to financial statements together with the report of independent public accountants are located on the following pages. Quarterly data for the registrant's latest two fiscal years is located in the table labeled "Quarterly Data" in Item 5.

CONSOLIDATED BALANCE SHEETS

DECEMBER 31 (DOLLAR AMOUNTS IN MILLIONS)	1996	1995
-----	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 27.8	\$ 75.4
Accounts receivable, less reserves of \$1.4 and \$1.5	102.5	128.7
Inventories	264.3	317.7
Prepaid expenses	12.0	14.3
Income tax refunds receivable	99.5	---
Deferred income taxes	73.1	82.4
	-----	-----
Total current assets	579.2	618.5
TIMBER AND TIMBERLANDS, at cost		
less cost of timber harvested	648.6	689.6
PROPERTY, PLANT AND EQUIPMENT, at cost:		
Land, land improvements and logging roads, net of road amortization	182.5	164.5
Buildings	269.5	227.8
Machinery and equipment	1,953.9	1,872.9
Construction in progress	80.1	327.3
	-----	-----
	2,486.0	2,592.5
Less reserves for depreciation	(1,207.5)	(1,140.2)
	-----	-----
Net property, plant and equipment	1,278.5	1,452.3
Other Assets	82.4	45.0
	-----	-----
Total Assets	\$2,588.7	\$2,805.4
	=====	=====

See notes to financial statements.

CONSOLIDATED BALANCE SHEETS

DECEMBER 31 (DOLLAR AMOUNTS IN MILLIONS EXCEPT PER SHARE)	1996	1995

LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 18.7	\$ 38.6
Short-term notes payable	35.4	98.3
Accounts payable and accrued liabilities	190.6	161.6
Current portion of contingency reserves	100.0	150.0
	-----	-----
Total current liabilities	344.7	448.5
LONG-TERM DEBT, excluding current portion	458.6	201.3
DEFERRED INCOME TAXES	163.2	207.5
CONTINGENCY RESERVES, excluding current portion	159.8	250.5
OTHER LONG-TERM LIABILITIES AND MINORITY INTEREST	34.8	41.6
STOCKHOLDERS' EQUITY:		
Common stock, \$1 par value, 200,000,000 shares authorized, 116,937,022 shares issued	117.0	117.0
Preferred stock, \$1 par value, 15,000,000 shares authorized, no shares issued	---	---
Additional paid-in capital	472.7	472.4
Retained earnings	1,140.0	1,400.8
Treasury stock, 8,170,799 shares and 8,588,427 shares, at cost	(183.3)	(192.7)
Loans to Employee Stock Ownership Trusts	(61.6)	(85.5)
Other	(57.2)	(56.0)
	-----	-----
Total stockholders' equity	1,427.6	1,656.0
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$2,588.7	\$2,805.4
	=====	=====

See notes to financial statements.

CONSOLIDATED STATEMENTS OF INCOME

YEAR ENDED DECEMBER 31 (DOLLAR AMOUNTS IN MILLIONS EXCEPT PER SHARE)

	1996 -----	1995 -----	1994 -----
NET SALES	\$2,486.0	\$2,843.2	\$3,039.5
COSTS AND EXPENSES:			
Cost of sales	2,123.5	2,250.3	2,158.4
Depreciation and amortization	150.6	152.0	143.8
Cost of timber harvested	41.2	50.6	53.5
Selling and administrative	139.7	121.4	125.2
Settlement charges and other unusual items, net	350.0	366.6	---
Interest expense, net of capitalized interest of \$7.1, \$10.9 and \$5.5	14.2	5.3	9.0
Interest income	(6.4)	(8.2)	(10.0)
Total costs and expenses	2,812.8	2,938.0	2,479.9
Income (loss) before taxes and minority interest	(326.8)	(94.8)	559.6
Provision (benefit) for income taxes	(125.6)	(45.8)	209.8
Minority interest in net income (loss) of consolidated subsidiaries	(.5)	2.7	2.9
NET INCOME (LOSS)	\$ (200.7)	\$ (51.7)	\$ 346.9
	=====	=====	=====
NET INCOME (LOSS) PER SHARE	\$ (1.87)	\$ (.48)	\$ 3.15
	=====	=====	=====
CASH DIVIDENDS PER SHARE OF COMMON STOCK	\$.56	\$.545	\$.485
	=====	=====	=====
AVERAGE SHARES OF COMMON STOCK (thousands)	107,410	107,040	110,140
	=====	=====	=====

See notes to financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31 (DOLLAR AMOUNTS IN MILLIONS)	1996	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	\$(200.7)	\$(51.7)	\$346.9
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation, amortization and cost of timber harvested	191.8	202.6	197.3
Accrued settlement charges and other unusual items, net	350.0	366.6	---
Cash settlements of contingencies	(263.4)	(13.6)	---
Other adjustments	3.8	26.9	23.6
Decrease (increase) in receivables	31.9	28.7	(41.6)
Decrease (increase) in inventories	31.1	(103.9)	25.1
Decrease (increase) in income tax refunds receivable	(99.5)	---	---
Decrease (increase) in prepaid expenses	1.4	(7.0)	(.2)
Increase (decrease) in accounts payable and accrued liabilities	(1.6)	38.2	39.4
Increase (decrease) in income taxes payable	---	(7.5)	.4
Increase (decrease) in deferred income taxes	(22.0)	(144.7)	5.0
Net cash provided by operating activities	22.8	334.6	595.9
CASH FLOWS FROM INVESTING ACTIVITIES			
Plant, equipment and logging road additions, including cash used in acquisitions	(244.0)	(362.9)	(286.0)
Timber and timberland additions, net	(22.0)	(49.7)	(66.0)
Assets sold and divested	62.4	23.5	4.2
Other investing activities, net	(9.1)	1.8	(2.5)
Net cash used in investing activities	(212.7)	(387.3)	(350.3)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase (decrease) in short-term notes payable	(12.9)	47.8	5.8
Long-term borrowings	262.7	30.0	---
Repayment of long-term debt	(53.4)	(82.0)	(106.6)
Cash dividends	(60.1)	(58.2)	(53.4)
Purchase of treasury stock	---	(120.2)	(54.3)
Loans to ESOTs	---	---	(56.0)
Treasury stock sold to ESOTs	---	---	56.0
Other financing activities, net	6.0	(5.2)	17.2
Net cash provided by (used in) financing activities	142.3	(187.8)	(191.3)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(47.6)	(240.5)	54.3
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	75.4	315.9	261.6
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 27.8	\$ 75.4	\$315.9

See notes to financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

DOLLAR AMOUNTS IN MILLIONS EXCEPT PER SHARE	COMMON STOCK		TREASURY STOCK		ADD'L PAID-IN CAPITAL	RETAINED EARNINGS	LOANS TO ESOTs	OTHER EQUITY ADJUST- MENTS	TOTAL STOCK- HOLDERS' EQUITY
	SHARES	AMOUNT	SHARES	AMOUNT					
BALANCE									
AS OF DECEMBER 31, 1993	116,937,022	\$117.0	6,755,938	\$(85.6)	\$431.5	\$1,217.2	\$(72.5)	\$(36.2)	\$1,571.4
Net income	---	---	---	---	---	346.9	---	---	346.9
Cash dividends, \$.485 per share	---	---	---	---	---	(53.4)	---	---	(53.4)
Issuance of shares for employee stock plans and for other purposes	---	---	(1,697,713)	26.5	18.0	---	---	---	44.5
Additional loans to ESOTs and sale of treasury stock to ESOTs	---	---	(1,843,621)	27.1	28.9	---	(56.0)	---	---
Purchase of treasury stock	---	---	1,730,200	(54.3)	---	---	---	---	(54.3)
Employee stock ownership trust contribution	---	---	---	---	---	---	14.5	---	14.5
Currency translation adjustment	---	---	---	---	---	---	---	(20.2)	(20.2)
BALANCE									
AS OF DECEMBER 31, 1994	116,937,022	117.0	4,944,804	(86.3)	478.4	1,510.7	(114.0)	(56.4)	1,849.4
Net income (loss)	---	---	---	---	---	(51.7)	---	---	(51.7)
Cash dividends, \$.545 per share	---	---	---	---	---	(58.2)	---	---	(58.2)
Issuance of shares for employee stock plans and for other purposes	---	---	(689,774)	13.8	(6.0)	---	---	---	7.8
Purchase of treasury stock	---	---	4,333,397	(120.2)	---	---	---	---	(120.2)
Employee stock ownership trust contribution	---	---	---	---	---	---	28.5	---	28.5
Currency translation adjustment and pension liability adjustment, net	---	---	---	---	---	---	---	.4	.4
BALANCE									
AS OF DECEMBER 31, 1995	116,937,022	117.0	8,588,427	(192.7)	472.4	1,400.8	(85.5)	(56.0)	1,656.0
Net income (loss)	---	---	---	---	---	(200.7)	---	---	(200.7)
Cash dividends, \$.56 per share	---	---	---	---	---	(60.1)	---	---	(60.1)
Issuance of shares for employee stock plans and for other purposes	---	---	(417,628)	9.4	.3	---	---	---	9.7
Employee stock ownership trust contribution	---	---	---	---	---	---	23.9	---	23.9
Currency translation adjustment, pension liability adjustment and deferred compensation, net	---	---	---	---	---	---	---	(1.2)	(1.2)
BALANCE									
AS OF DECEMBER 31, 1996	116,937,022	\$117.0	8,170,799	\$(183.3)	\$472.7\$	1,140.0\$	(61.6)	\$(57.2)	\$1,427.6

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

Refer to Management's Discussion and Analysis under the heading "Business Outlook" for a discussion of risks related to L-P's concentration in the panel products market segment.

Use of Estimates in the Preparation of Financial Statements

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

Principles of Presentation

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

Earnings Per Share

Earnings per share have been computed based on the weighted average number of shares of common stock outstanding during the periods. The effect of common stock equivalents is not material.

American Institute of Certified Public Accountants Statement of Position No. 93-6, "Employers' Accounting for Employee Stock Ownership Plans" (SOP 93-6) requires that shares held by L-P's Employee Stock Ownership Trusts (ESOTs) which were acquired by the ESOTs on or after January 1, 1994 and are not allocated to participants' accounts, are not considered outstanding for purposes of computing earnings per share (1,073,251 shares at December 31, 1996). Unallocated shares held by the ESOTs which were acquired by the ESOTs prior to January 1, 1994, and all allocated ESOT shares continue to be considered outstanding for purposes of computing earnings per share.

Cash and Cash Equivalents

L-P considers all highly liquid securities with a maturity of three months or less to be cash equivalents. Cash paid during 1996, 1995 and 1994 for interest (net of capitalized interest) was \$13.4 million, \$4.6 million and \$9.0 million. Net cash paid (received) during 1996, 1995 and 1994 for income taxes was \$(4.1) million, \$109.0 million and \$204.4 million.

NOTES TO FINANCIAL STATEMENTS

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

Inventory Valuation

Inventories are valued at the lower of cost or market. Inventory costs include material, labor and operating overhead. The LIFO method is used for most log and lumber inventories with remaining inventories valued at FIFO or average cost. Inventory quantities are determined on the basis of physical inventories, adjusted where necessary for intervening transactions from the date of the physical inventory to the end of the year. The major types of inventories are as follows:

DECEMBER 31 (IN MILLIONS)	1996	1995
-----	-----	-----
Logs	\$106.4	\$176.9
Lumber	47.4	58.3
Panel products	54.4	30.7
Other building products	70.0	70.5
Pulp	25.4	35.7
Other raw materials	26.3	27.7
Supplies	23.0	22.0
LIFO reserve	(88.6)	(104.1)
-----	-----	-----
Total	\$264.3	\$317.7
	=====	=====

Timber

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

Property, Plant, and Equipment

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

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

L-P capitalizes interest on borrowed funds during construction periods. Capitalized interest is charged to machinery and equipment accounts and amortized over the lives of the related assets. Interest capitalized during 1996, 1995 and 1994 was \$7.1 million, \$10.9 million and \$5.5 million.

L-P defers start-up costs on major construction projects during the start-up phase and amortizes the deferral over seven years. Start-up costs deferred during 1996, 1995 and 1994 were \$3.8 million, \$3.1 million and \$.8 million.

NOTES TO FINANCIAL STATEMENTS

The Financial Accounting Standards Board has issued SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which establishes criteria for measuring impairment losses of long-lived assets and determining when such losses should be recognized. L-P complied with the standards set forth in SFAS 121 and a charge in 1995 was included in the line item "Settlement Charges and Other Unusual Items, Net" in the income statement. See the Note to the financial statements entitled "Settlement Charges and Other Unusual Items" for a discussion of charges in 1996 and 1995 related to impairment of property, plant and equipment.

Derivative Financial Instruments

L-P has only limited involvement with derivative financial instruments, in the form of infrequent transactions in lumber futures, and at December 31, 1996 had no material derivative financial instruments outstanding.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated to U.S. dollars at the exchange rate on the balance sheet date. Revenues, costs, and expenses are translated at average rates of exchange prevailing during the year. Translation adjustments resulting from this process are shown in stockholders' equity.

Goodwill

At December 31, 1996 and 1995, L-P had approximately \$45.9 million and \$17.8 million of goodwill, net of accumulated amortization, recorded in the balance sheet under the caption "other assets." This goodwill has resulted from the purchase of subsidiaries and is being amortized on a straight-line basis over 10 to 15 years. The amortization period and recoverability of this goodwill are periodically reviewed by the company.

Reclassifications

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

2. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

DECEMBER 31 (IN MILLIONS)	1996	1995
-----	-----	-----
Accounts payable	\$ 90.3	\$ 98.6
Salaries and wages payable	36.6	19.8
Taxes other than income taxes	12.2	12.4
Workers' compensation	12.0	12.0
Other accrued liabilities	39.5	18.8
	-----	-----
	\$190.6	\$161.6
	=====	=====

NOTES TO FINANCIAL STATEMENTS

3. INCOME TAXES

Income (loss) before taxes and minority interest for the years ended December 31, was taxed under the following jurisdictions:

YEAR ENDED DECEMBER 31 (IN MILLIONS)	1996	1995	1994
Domestic	\$(255.1)	\$(123.0)	\$524.1
Foreign	(71.7)	28.2	35.5
	\$(326.8)	\$(94.8)	\$559.6
	=====	=====	=====

Provision (benefit) for income taxes includes the following:

YEAR ENDED DECEMBER 31 (IN MILLIONS)	1996	1995	1994
Current tax provision (benefit):			
U.S. federal	\$ (87.4)	\$ 74.4	\$171.8
State and local	(10.0)	14.7	24.9
Foreign	12.2	6.1	8.1
Total current tax provision (benefit)	\$ (85.2)	\$ 95.2	\$204.8
	=====	=====	=====
Deferred tax provision (benefit):			
U.S. federal	\$ 2.6	\$(129.2)	\$ 3.3
State and local	.3	(16.4)	.4
Foreign	(43.3)	4.6	1.3
Total deferred tax provision (benefit)	\$ (40.4)	\$(141.0)	\$ 5.0
	=====	=====	=====

The tax effects of significant temporary differences creating deferred tax (assets) and liabilities at December 31, 1996 and 1995 were as follows:

DECEMBER 31 (IN MILLIONS)	1996	1995
Property, plant and equipment	\$ 95.3	\$174.9
Timber and timberlands	143.0	147.3
Inventories	(1.2)	(4.3)
Accrued liabilities	(33.7)	(2.3)
Contingency reserves	(100.5)	(155.0)
Benefit of foreign capital loss and NOL carryover	(13.6)	(9.3)
Benefit of foreign ITC carryover	(68.4)	(77.0)
Other	26.0	(4.4)
Valuation allowance	43.2	55.2
Net deferred tax liability	90.1	125.1
Less net current deferred tax assets	(73.1)	(82.4)
Net noncurrent deferred tax liabilities	\$163.2	\$207.5
	=====	=====

Due to the current domestic tax benefit in 1996, L-P is expecting refunds from federal and state taxing authorities of approximately \$99.5 million, which have been reflected as current assets.

L-P's subsidiary, Louisiana-Pacific Canada Ltd. (LPC), has unrealized foreign investment tax credits (ITC) of approximately C\$93 million. These credits can be carried forward to offset future tax of LPC and reduce LPC's basis in the related property, plant and equipment. The credits expire C\$3 million in 1997, C\$20 million in 1999, C\$6 million in 2000, C\$46 million in 2001, C\$4 million in

NOTES TO FINANCIAL STATEMENTS

2003, C\$13 million in 2004 and C\$1 million in 2005. In addition, LPC has a capital loss carryover of C\$23 million available to offset capital gains in future years which does not expire.

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

YEAR ENDED DECEMBER 31		1996	1995	1994
-----		----	----	----
Federal tax rate	(35)%	(35)%	35%	
Tax-exempt investment income		--	(2)	--
State and local income taxes		(4)	(4)	4
Exempt foreign sales corporation income		--	(3)	--
Other, net		1	(4)	(1)
		----	----	----
		(38)%	(48)%	38%
		=====	=====	=====

4. LONG-TERM DEBT

(IN MILLIONS)	INTEREST RATE AT 12/31/96	DECEMBER 31,	
-----	-----	1996	1995
Project Bank Financings --			
Chetwynd, B.C. pulp mill, refinanced subsequent to year-end, interest rate variable	6.1%	\$51.0	\$80.0
Nova Scotia fiber gypsum plant, refinanced subsequent to year-end, interest rate variable	6.3	34.7	34.7
Sunpine Forest Products, subsidiary sold during 1996	---	---	5.9
Waterford, Ireland, OSB plant, payable 1996-2001, interest rate variable	6.8	41.4	30.0
Project Revenue Bond Financings --			
Newberry, MI, payable in 2009, interest rate variable	4.7	7.6	7.6
Two Harbors, MN, payable in 2004, interest rate variable	4.7	8.0	8.0
Wilmington, NC, payable in 1999, interest rate variable	5.5	10.0	10.0
Hanceville, AL payable 1996-2000, interest rate fixed	5.7	.5	.6
Employee Stock Ownership Trust (ESOT) Loans --			
Hourly ESOT, payable annually through 1999, interest rate fixed	8.3	25.5	34.0
Salaried ESOT, payable annually through 1999, interest rate variable	4.6	18.0	24.0
Revolving Credit Facility, refinanced subsequent to year-end, interest rate variable	6.2	275.0	---
Other installment notes and contracts, payable in varying amounts, through 2000, interest rates vary 4.3-7.0		5.6	5.1
		-----	-----
		477.3	239.9
Less current portion		(18.7)	(38.6)
		-----	-----
		\$458.6	\$201.3
		=====	=====

The carrying amounts of L-P's long-term debt approximates fair market value since the debt is primarily variable rate debt. Substantially all of L-P's debt is unsecured. Many of L-P's loan agreements contain lender's standard covenants and restrictions. L-P was in compliance with all of the covenants and restrictions of these agreements during 1996 and 1995.

NOTES TO FINANCIAL STATEMENTS

At December 31, 1996, L-P had a \$300 million revolving credit facility with a group of banks which was due in 2001. Interest on borrowings under the credit line was computed on one of numerous variable interest rate formulas at L-P's option. L-P paid a commitment fee on the unused credit line. Borrowings in 1996 were classified as long-term debt as amounts are not expected or required to be repaid during 1997. Borrowings in 1995 were classified as short-term as amounts were expected to be repaid during 1996. Subsequent to year-end, this revolving credit facility was replaced with a new \$425 million credit facility under substantially the same terms. The new facility includes a \$300 million revolving credit line and \$125 million term facility to refinance the Chetwynd and Nova Scotia debt. Borrowings under the new facility are due in 2002. Additionally, L-P's subsidiary, L-P Canada Ltd. entered into a \$30 million (Canadian) revolving credit facility subsequent to year-end.

The weighted average interest rate for all debt at December 31, 1996 and 1995 was 6.2 percent and 5.9 percent. Required repayment of principal for long-term debt is as follows:

YEAR ENDED DECEMBER 31 (IN MILLIONS)	

1997	\$ 18.7
1998	22.0
1999	34.9
2000	7.2
2001	6.6
2002 and after	387.9

	\$477.3
	=====

5. RETIREMENT PLANS

L-P maintains tax-qualified Employee Stock Ownership Trusts (ESOTs), for salaried and certain hourly employees under which 10 percent of the eligible employees' annual earnings are contributed to the plans. Prior to 1995, hourly employees received contributions of 5 percent, supplemented by participation in defined benefit pension plans. The defined benefit plans covering the majority of hourly employees were frozen at the end of 1994. Approximately 9,900 L-P employees participate in the ESOTs.

Compensation expense for ESOT shares allocated to employees each year is generally based on the ESOTs' cost of the shares. However, as required by SOP 93-6, compensation expense for the 1,843,621 purchased by the ESOTs in 1994 is based on the market value of the shares at the time of allocation. L-P's ESOTs held a total of 13,117,695 shares at December 31, 1996 of which 9,303,634 were allocated to participants' accounts.

ESOT expense was comprised of the following:

YEAR ENDED DECEMBER 31 (IN MILLIONS)	1996	1995	1994
-----	-----	-----	-----
Compensation expense	\$28.2	\$28.9	\$18.1
Interest incurred on ESOT debt	3.2	4.3	4.8
Dividends paid on unallocated ESOT shares	(2.2)	(2.8)	(3.1)
Market value adjustment	(2.2)	(2.3)	--
	-----	-----	-----
Total ESOT expense	\$27.0	\$28.1	\$19.8
	=====	=====	=====

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

NOTES TO FINANCIAL STATEMENTS

allowed; 2) L-P contribution required based upon a defined formula with elective employee contributions; and 3) elective employee contributions only with no L-P contribution allowed.

L-P also has a number of defined benefit pension plans covering its hourly employees, most of which were frozen in 1994 as discussed above. Contributions to these plans are based on actuarial calculations of amounts to cover current pension and amortization of prior service costs over periods ranging from 10 to 20 years. Contributions to multiemployer defined benefit plans are specified in applicable collective bargaining agreements.

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

DECEMBER 31 (IN MILLIONS)-	1996		1995	
	PLANS WITH ASSETS IN EXCESS OF ACCUMULATED BENEFITS	PLANS WITH ACCUMULATED BENEFITS IN EXCESS OF ASSETS	PLANS WITH ASSETS IN EXCESS OF ACCUMULATED BENEFITS	PLANS WITH ACCUMULATED BENEFITS IN EXCESS OF ASSETS
Accumulated benefit obligation				
Vested portion	\$19.9	\$89.8	\$19.1	\$88.9
Non-vested portion	.2	2.9	.3	4.3
Total	20.1	92.7	19.4	93.2
Effect of future compensation	--	--	--	.1
Projected benefit obligation	20.1	92.7	19.4	93.3
Plan assets	39.6	87.3	33.6	88.8
Net funded status	19.5	(5.4)	14.2	(4.5)
Unrecognized asset at transition	(5.1)	(8.0)	(4.3)	(9.6)
Unrecognized net loss	.2	20.9	1.8	19.3
Adjustment to recognize minimum liability	--	(9.7)	--	(9.6)
Net prepaid (accrued) pension expense	\$14.6	\$(2.2)	\$11.7	\$(4.4)

The actuarial assumptions used to determine pension expense and the funded status of the plans for 1996 and 1995 were: a discount rate on benefit obligations of 7.75 percent and 7.5 percent, and an 8.75 percent expected long-term rate of return on plan assets.

The assets of the plans at December 31, 1996 and 1995 consist mostly of government obligations, and minor amounts in equity securities and cash and cash equivalents.

NOTES TO FINANCIAL STATEMENTS

Pension expense included the following components:

YEAR ENDED DECEMBER 31 (IN MILLIONS)	1996	1995	1994
Benefits earned by employees	\$.5	\$.4	\$ 4.8
Interest cost on projected benefit obligation	8.3	7.9	8.2
Return on plan assets	(10.9)	(10.2)	(10.1)
Net amortization and deferral	(1.7)	(2.4)	(1.3)
Net periodic pension expense (income)	(3.8)	(4.3)	1.6
Contributions to multiemployer and defined contribution pension plans	2.1	2.0	1.8
Gain from curtailment of pension plan	---	---	(5.2)
Net pension expense (income)	\$ (1.7)	\$ (2.3)	\$ (1.8)

L-P has several plans which provide minimal post-retirement benefits other than pensions. Net expense related to these plans in 1996, 1995 and 1994 was \$.8 million, \$.6 million and \$.8 million. L-P does not generally provide post-employment benefits.

6. STOCK OPTIONS AND PLANS

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

YEAR ENDED DECEMBER 31 (IN MILLIONS, EXCEPT PER SHARE)	1996	1995
Net income (loss)		
As reported	\$(200.7)	\$(51.7)
Pro forma	(206.0)	(53.6)
Net income (loss) per share		
As reported	\$(1.87)	\$(.48)
Pro forma	(1.92)	(.50)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model using the actual option terms with the assumptions of a 2.2 percent dividend yield, expected volatility of 27 percent, and a risk free interest rate of 6.7 percent.

Stock Option Plans

L-P grants options to key employees to purchase L-P common stock. Options are granted at 85 to 100 percent of market price. The options become exercisable 20 percent or 33 percent per year beginning one year after the grant date and expire 5 or 10 years after the date of grant. Compensation expense (income) recognized for stock options was \$.7 million in 1996, \$1.0 million in 1995 and \$(.3) million in 1994. Shares available for grant at December 31, 1996 were 292,150.

NOTES TO FINANCIAL STATEMENTS

Changes in options outstanding and exercisable were as follows:

YEAR ENDED DECEMBER 31	NUMBER OF SHARES		
	1996	1995	1994
Options outstanding at January 1	1,370,410	2,611,123	2,800,662
Options granted	605,000	114,000	193,350
Options exercised	(196,530)	(1,046,412)	(209,809)
Options cancelled	(131,350)	(308,301)	(173,080)
Options outstanding at December 31	1,647,530	1,370,410	2,611,123
Options exercisable at December 31	762,850	668,900	1,137,453

YEAR ENDED DECEMBER 31	WEIGHTED AVERAGE PRICE PER SHARE		
	1996	1995	1994
EXERCISE PRICE			
Options granted	\$22.18	\$21.57	\$28.05
Options exercised	\$12.13	\$11.55	\$12.77
Options cancelled	\$21.39	\$12.73	\$12.49
Options outstanding	\$21.14	\$19.40	\$15.37
Options exercisable	\$19.05	\$17.05	\$12.63
FAIR VALUE AT DATE OF GRANT			
Options granted	\$ 8.38	\$ 8.98	\$ N/A

Restricted Stock Plans

L-P has also granted awards under the Louisiana-Pacific Corporation Key Employee Restricted Stock Plan. Shares are issued, at no cost to the employee, only after certain annual performance criteria are met. The expense is recorded in the year to which the performance criteria relates. L-P did not meet the performance criteria in 1996 or 1995 and therefore recognized no compensation expense for restricted stock awards. L-P met the performance criteria in 1994 and recognized compensation expense for restricted stock awards of \$10.6 million. Shares available for grant at December 31, 1996 were 2,886,667.

Changes in the Restricted Stock Awards outstanding were as follows:

YEAR ENDED DECEMBER 31	NUMBER OF SHARES		
	1996	1995	1994
Restricted awards outstanding at January 1	251,208	664,500	960,000
Restricted awards granted	---	145,000	256,000
Restricted awards exercised	---	(42,875)	(412,500)
Restricted awards cancelled	(141,750)	(515,417)	(139,000)
Restricted awards outstanding at December 31	109,458	251,208	664,500
Fair value at date of grant	\$ N/A	\$ 27.00	\$ N/A

NOTES TO FINANCIAL STATEMENTS

L-P also has a restricted stock plan in which the shares are issued at the date of grant. The shares are non-transferable until the time period specified lapses. There are no other performance criteria. Under this plan 150,000 shares were granted and issued in 1996. These shares vest 30,000 shares in 1997, 30,000 shares in 1998, 30,000 share in 1999 and 60,000 shares in 2006. Deferred compensation was recorded in the other equity line in the balance sheet in the amount of \$3.8 million based on the market value of the stock at the date of issuance. The deferred compensation balance is amortized to expense over the years during which the certificates vest. The amount of expense recorded in 1996 related to these restricted shares was \$.8 million.

Stock Purchase Plans

L-P offers employee stock purchase plans to all employees. Under each plan, employees may subscribe to purchase shares of L-P stock over 24 months at 85 percent of the market price. At December 31, 1996, 750,000 shares and 558,063 shares were subscribed at \$18.59 and \$20.35 per share under the 1996 and 1995 Employee Stock Purchase Plans. During 1996, L-P issued 71,398 shares to employees at an average price of \$22.09 under all Employee Stock Purchase Plans, including the completion of the purchase period for the 1994 Plan.

7. SETTLEMENT CHARGES AND OTHER UNUSUAL ITEMS

1996

In the third quarter of 1996, L-P recorded pre-tax charges of \$350.0 million (\$215.0 million after tax, or \$2.00 per share) to reflect expected costs to be incurred in the shut-down of the pulp mill owned and operated by L-P's Ketchikan Pulp Company (KPC) subsidiary as well as the settlement of all outstanding shareholder securities class action claims, a reserve for other litigation and a reserve for the planned shut-down and other costs related to certain other non-strategic facilities.

The charge for the shut-down of the Ketchikan Pulp mill includes the Company's best estimates of all costs related to the closing of operations including the write-down of property, plant and equipment to estimated salvage value, severance costs, inventory write-downs, environmental and general property clean-up and other costs. L-P and KPC believe the shut-down of this mill was caused by changes in economic and operating conditions as a result of modifications made to the long-term timber supply contract made by the U.S. Forest Service. These changes were required by Congress as part of the Tongass Timber Reform Act passed in 1990. KPC filed claims against the USFS which were resolved subsequent to year-end. See the Note entitled "Subsequent Events" for further information.

In 1996, as part of the implementation of current management's strategic plan, L-P evaluated the viability of all its current operations and made plans for the closure or sale of certain other manufacturing facilities including several sawmills, structural panel products plants and other plants. The facilities have been written down to their estimated salvage or sales value. The total charge related to property and equipment write-downs, including the KPC facilities was \$191.1 million. The facilities covered by this charge incurred operating losses of approximately \$64 million through in 1996, of which approximately \$40 million related to pulp segment assets and \$24 million related to building products related assets.

L-P reached an agreement on behalf of all defendants to settle all outstanding shareholder securities class action claims brought in 1995 against the company and four former and current officers. The agreement has been given court approval and is discussed further in the Note entitled "Contingencies." The settlement required a payment of approximately \$65 million, of which

NOTES TO FINANCIAL STATEMENTS

approximately \$20 million was covered by insurance. L-P received the insurance proceeds and paid the settlement amount into an escrow account in 1996. L-P also reserved additional amounts related to other outstanding litigation, including plaintiffs who opted out of the siding class action settlements.

Detail regarding the industry segments to which this \$350.0 million charge relate is presented in the Note entitled "Segment Information." Broken down by type of expense, \$191.1 million related to property and equipment write-downs, \$19.3 million related to inventory write-downs and \$139.6 million related to reserves taken for severance and other shut-down charges as well as litigation costs.

1995

In the third quarter of 1995, L-P recorded a pre-tax charge of \$366.6 million (\$221.8 million after tax, or \$2.07 per share). This charge included \$345.0 million for class action settlements related to the Company's siding product, as well as write-downs on planned disposals by mid-1996 of certain facilities, principally sawmills. The historical results of these operations were not significant. A gain on the sale of a non-strategic asset was netted against this charge.

8. CONTINGENCIES

Environmental Proceedings

In March 1995, L-P's subsidiary Ketchikan Pulp Company (KPC) entered into agreements with the federal government to resolve the issues related to water and air compliance problems experienced at KPC's pulp mill during the late 1980s and early 1990s. In addition to civil and criminal penalties that have been paid, KPC also agreed to undertake further expenditures, which are primarily capital in nature, including certain remedial and pollution control related measures, with an estimated cost of up to approximately \$20 million. With the impending closure of the pulp mill, KPC is currently seeking the EPA's and court's guidance regarding the necessity of these expenditures. KPC has also agreed to undertake a study of whether a clean-up of Ward Cove, the body of water adjacent to the pulp mill, is needed. If the study determines that such clean-up is needed, KPC may be required to spend up to \$6 million on the clean-up, including the cost of the study, as part of the overall \$20 million of expenditures. At this time, the company cannot estimate what portion, if any, of the clean-up expenditures will be required. KPC is also negotiating with the state and EPA to conduct investigative and clean-up activities at the pulp mill following shut-down. Total anticipated costs for these activities are unknown at this time, but KPC has recorded its initial estimated amount.

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

Certain of L-P's plant sites have or are suspected of having substances in the ground or in the groundwater that are considered pollutants. Appropriate corrective action or plans for corrective action are underway. Where the pollutants were caused by previous owners of the property, L-P is vigorously pursuing those parties through legal channels and is vigorously pursuing insurance coverage under all applicable policies.

L-P maintains a reserve for estimated environmental loss contingencies. The balance of the reserve was \$33 million and \$14 million at December 31, 1996 and 1995. The increase during 1996 related primarily to the shut down of the Ketchikan Pulp Company pulp operations. As with all accounting estimates, significant uncertainty exists in the reliability and precision of the estimates

NOTES TO FINANCIAL STATEMENTS

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

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

Colorado Criminal Proceedings

L-P began an internal investigation at L-P's Montrose (Olathe), Colorado, oriented strand board (OSB) plant of various matters, including certain environmental matters, in the summer of 1992 and reported its initial finding of irregularities to governmental authorities in September 1992. Shortly thereafter, a federal grand jury commenced an investigation of L-P concerning alleged environmental violations at that plant, which was subsequently expanded to include the taking of evidence and testimony relating to alleged fraud in connection with the submission of unrepresentative OSB product samples to the APA-The Engineered Wood Association (APA), an industry product certification agency, by L-P's Montrose plant and certain of its other OSB plants. L-P then commenced an independent investigation, which was concluded in 1995, under the direction of former federal judge Charles B. Renfrew concerning irregularities in sampling and quality assurance in its OSB operations. In June 1995, the grand jury returned an indictment in the U.S. District Court in Denver, Colorado, against L-P, a former manager of the Montrose mill, and a former superintendent at the mill. L-P is now facing 23 felony counts related to environmental matters at the Montrose mill, including alleged conspiracy, tampering with opacity monitoring equipment, and making false statements under the Clean Air Act. The indictment also charges L-P with 25 felony counts of fraud relating to alleged use of the APA trademark on OSB structural panel products produced by the Montrose mill as a result of L-P's allegedly improper sampling practices in connection with the APA quality assurance program. No trial date has been set.

In December 1995, L-P received a notice of suspension from the EPA stating that, because of criminal proceedings pending against L-P in Colorado, agencies of the federal government would be prohibited from purchasing from L-P's Northern Division. L-P is negotiating to have the EPA suspension lifted or modified based on positive environmental programs actively underway. While negotiations are continuing, the EPA has approved a preliminary agreement limiting the prohibition to L-P's Montrose, Colorado, facility for an interim period in recognition of L-P's environmental compliance efforts. Under recently revised regulations of the United States Department of Agriculture, the EPA suspension will also have the effect of prohibiting L-P's Montrose facility from purchasing timber directly, but not indirectly, from the United States Forest Service.

NOTES TO FINANCIAL STATEMENTS

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

OSB Siding Matters

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

The United States District Court for the District of Oregon has given final approval to a settlement between L-P and a nationwide class composed of all persons who own, who have owned, or who subsequently acquire property on which L-P's OSB siding was installed prior to January 1, 1996, excluding persons who timely opted out of the settlement and persons who are members of the settlement class in the Florida litigation described below. Under the settlement agreement, an eligible claimant whose claim is filed prior to January 1, 2003 (or earlier in certain cases), and is approved by an independent claims administrator will be entitled to receive from the settlement fund established under the agreement a payment equal to the replacement cost (to be determined by a third-party construction cost estimator and currently estimated to be in the range \$2.20 to \$6.40 per square foot depending on the type of product and geographic location) of damaged siding, reduced by a specific adjustment (of up to 65 percent) based on the age of the siding. Class members who have previously submitted or resolved claims under any other warranty or claims program of L-P may be entitled to receive the difference between the amount which would be payable under the settlement agreement and the amount previously paid. Independent adjusters will determine the extent of damage to OSB siding at each claimant's property in accordance with a specified protocol. There will be no adjustment to settlement payments for improper maintenance or installation.

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

L-P is required to pay \$275 million into the settlement fund in seven annual installments beginning in mid-1996: \$100 million (paid in June 1996), \$55 million, \$40 million, \$30 million, \$20 million, \$15 million, and \$15 million. If at any time after the fourth year of the settlement period the amount of approved claims (paid and pending) equals or exceeds \$275 million, then the settlement agreement will terminate as to all claims in excess of \$275 million unless L-P timely elects to provide additional funding within 12 months equal to the lesser of (i) the excess of unfunded claims over \$275 million or (ii) \$50 million and, if necessary to satisfy unfunded claims, a second payment within 24 months equal to the lesser of (i) the remaining unfunded amount or (ii) \$50 million. If the total payments to the settlement fund are insufficient to

NOTES TO FINANCIAL STATEMENTS

satisfy in full all approved claims filed prior to January 1, 2003, then L-P may elect to satisfy the unfunded claims by making additional payments into the settlement fund at the end of each of the next two 12-month periods or until all claims are paid in full, with each additional payment being in an amount equal to the greater of (i) 50 percent of the aggregate sum of all remaining unfunded approved claims or (ii) 100 percent of the aggregate amount of unfunded approved claims, up to a maximum of \$50 million. If L-P fails to make any such additional payment, all class members whose claims remain unsatisfied from the settlement fund may pursue any available legal remedies against L-P without regard to the release of claims provided in the settlement agreement.

If L-P makes all payments required under the settlement agreement, including all additional payments as specified above, class members will be deemed to have released L-P from all claims for damaged OSB siding, except for claims arising under their existing 25-year limited warranty after termination of the settlement agreement. The settlement agreement does not cover consequential damages resulting from damage to OSB siding or damage to utility grade OSB siding (sold without any express warranty), either of which could create additional claims. In the event all claims filed prior to January 1, 2003, that are approved have been paid without exhausting the settlement fund, any amounts remaining in the settlement fund revert to L-P. In addition to payments to the settlement fund, L-P will be required to pay fees of class counsel in the amount of \$26.25 million, as well as expenses of administering the settlement fund and inspecting properties for damage and certain other costs. As of December 31, 1996, approximately \$68 million of the first year's \$100 million installment remained, after accruing interest on undisbursed funds and deducting class notification costs, prior claims costs (including payments advanced to homeowners in urgent circumstances) and payment of a small number of claims under the settlement. By that date, approximately 78,000 claims forms had been requested and mailed and approximately 33,300 claims had been submitted; inspections and claims payments were at a very early stage.

Approximately 1,400 opt out notices were timely submitted, including about 1,200 individual property owners (a number of whose claims have subsequently been resolved) and about 200 developers/owners of commercial properties; this has resulted in additional claims being filed by those who opted out, predominantly by owners/developers of commercial properties, most of which have been settled.

A settlement of the Florida class action has been approved by the Circuit Court for Lake County, Florida. Under the settlement, L-P has established a claims procedure pursuant to which members of the settlement class may report problems with L-P's OSB siding and have their properties inspected by an independent adjuster, who will measure the amount of damage and also determine the extent to which improper design, construction, installation, finishing, painting, and maintenance may have contributed to any damage. The maximum payment for damaged siding will be \$3.40 per square foot for lap siding and \$2.82 per square foot for panel siding, subject to reduction of up to 75 percent for damage resulting from improper design, construction, installation, finishing, painting, or maintenance, and also subject to reduction for age of siding more than three years old. L-P has agreed that the deduction from the payment to a member of the Florida class will be not greater than the deduction computed for a similar claimant under the national settlement agreement described above. Class members will be entitled to make claims for up to five years after October 4, 1995. As of December 31, 1996, approximately 21,781 claims forms had been requested and mailed; approximately 12,000 completed claims forms had been returned, and approximately 11,500 inspections had been completed; this resulted in approximately 9,221 allowed claims, at an aggregate cost of approximately \$26 million (including adjustments to deductions to conform to the national settlement).

L-P maintains reserves for the estimated costs of these siding settlements, although, as with any estimate, there is uncertainty concerning the actual costs to be incurred. The discussion above notes some of the factors, in addition to

NOTES TO FINANCIAL STATEMENTS

the inherent uncertainty of predicting the outcome of claims and litigation, that could cause actual costs to vary materially from current estimates.

Other OSB Matters

Three separate purported class actions on behalf of owners and purchasers of properties in which L-P's OSB panels are used for flooring, sheathing, or underlayment have been consolidated in the United States District Court for the Northern District of California under the caption *Agius v. Louisiana-Pacific Corporation*. The actions seek damages and equitable relief for alleged fraud, misrepresentation, breach of warranty, negligence, and improper trade practices related to alleged improprieties in testing, APA certification, and marketing of OSB structural panels, and alleged premature deterioration of such panels. A separate state court action entitled *Carney v. Louisiana-Pacific Corporation* is pending in the Superior Court of the State of California for the City and County of San Francisco, seeking relief under California consumer protection statutes based on similar allegations.

At the present time, L-P cannot predict the potential financial impact of the above actions. However, the resolution of the above matters could have a materially adverse impact on L-P.

Securities Actions

In October 1996, L-P reached an agreement in principle to settle pending securities class actions in which L-P and certain of its present and former executive officers were named as defendants. The actions were brought on behalf of various purported classes of purchasers of L-P's common stock and were consolidated in the United States District Court for the District of Oregon under the caption *In Re Louisiana Pacific Corp. Securities Litigation*. Plaintiffs were seeking to recover damages under the securities laws for alleged failures to disclose or improper disclosures generally relating to the various legal proceedings described above and the matters that are the subject of such proceedings. The proposed settlement, which was entered into without any admission of liability by any defendant, provides for payment by L-P of approximately \$65 million, of which approximately \$20 million was covered by insurance. L-P received the insurance proceeds and paid the settlement amount in 1996. The settlement received final approval in the court in February 1997.

Executive Employment Matter

In January 1996, an action entitled *International Paper Company v. Mark A. Suwyn and Louisiana-Pacific Corporation* was instituted in the United States District Court for the Southern District of New York claiming that Mr. Suwyn's employment as chief executive officer of L-P violated the terms of a previous employment agreement with the plaintiff. The complaint seeks an injunction prohibiting Mr. Suwyn from continuing his employment with L-P for 18 months and other relief. L-P believes there are meritorious defenses related to this case and does not believe that there is any material liability related to this case.

Other

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

NOTES TO FINANCIAL STATEMENTS

The balance in L-P's contingency reserves, exclusive of the environmental reserves discussed above, was \$227 million and \$387 million at December 31, 1996, and 1995. As L-P receives additional information regarding these contingencies, L-P will monitor its estimated exposure and adjust its accrual accordingly. Although the preliminary statistics from the siding settlements indicate present reserves are adequate, the amounts ultimately paid for these contingencies could differ materially from the amount currently recorded, although no estimate of the timing or range of the potential liability can be made at this time.

9. COMMITMENTS

L-P is obligated to purchase timber under certain cutting contracts, primarily with the U.S. Forest Service (USFS), which extend to 2002. L-P's best estimate of its commitment at current contract rates under these contracts is approximately \$25.5 million for approximately 378 million board feet of timber. This commitment is based on a revised contract with the USFS in Alaska for L-P's Ketchikan Pulp Company subsidiary (see the Note entitled "Subsequent Events" for a further discussion of this revised contract).

Payments under all operating leases that were charged to rental expense during 1996, 1995, and 1994 were \$17.0 million, \$10.7 million and \$7.6 million. L-P's future minimum rental payments under non-cancelable operating leases total approximately \$6.8 million.

During 1997, L-P plans expenditures of \$150-\$175 million for plant additions and improvements, timber and logging roads.

10. SEGMENT INFORMATION

L-P operates in two major industry segments. The major products included in each segment are detailed further in the "Product Information Summary" in Item 1. Intersegment sales are chips transferred from company-owned building products plants to company-owned pulp mills. All transfers are made at prevailing market prices. Timber and related assets and capital expenditures for such assets have not been allocated to the industry segments as these are a prime source of raw materials for both segments. The cost of logs delivered to the plants and residual fibers are included in the operating results of the segments.

NOTES TO FINANCIAL STATEMENTS

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

YEAR ENDED DECEMBER 31 (IN MILLIONS)	1996	1995	1994

Total sales -- point of origin			
U.S.	\$2,389	\$2,703	\$2,937
Canada and other	162	191	158
Intersegment sales to U.S.	(65)	(51)	(55)
	-----	-----	-----
Total sales	\$2,486	\$2,843	\$3,040
	=====	=====	=====
Export sales (included above)	\$ 268	\$ 457	\$ 371
	=====	=====	=====
Profit (loss)			
U.S.	\$ 107	\$ 353	\$ 585
Canada and other	(24)	37	46
Settlement charges and other unusual items, net	(350)	(367)	--
General corporate expense and interest, net	(60)	(118)	(71)
	-----	-----	-----
Income (loss) before taxes and minority interest	\$ (327)	\$ (95)	\$ 560
	=====	=====	=====
Identifiable assets			
U.S.	\$2,195	\$2,305	\$2,353
Canada	308	434	363
All other	86	66	28
	-----	-----	-----
Total assets	\$2,589	\$2,805	\$2,744
	=====	=====	=====

NOTES TO FINANCIAL STATEMENTS

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

YEAR ENDED DECEMBER 31 (IN MILLIONS)	1996	1995	1994

Total sales			
Building products	\$2,328	\$2,535	\$2,831
Pulp	177	334	220
Intersegment sales to pulp	(19)	(26)	(11)
	-----	-----	-----
Total sales	\$2,486	\$2,843	\$3,040
	=====	=====	=====
Profit (loss)			
Building products	\$ 174	\$ 346	\$ 636
Pulp	(91)	44	(5)
Settlement charges and other unusual items, net(1)	(350)	(367)	--
General corporate expense, net	(52)	(121)	(72)
Interest, net	(8)	3	1
	-----	-----	-----
Income (loss) before taxes and minority interest	\$ (327)	\$ (95)	\$ 560
	=====	=====	=====
Identifiable assets			
Building products	\$1,346	\$1,389	\$1,146
Pulp	341	457	440
Timber, timberlands, logging equipment and roads	682	727	733
General corporate assets	220	232	425
	-----	-----	-----
Total assets	\$2,589	\$2,805	\$2,744
	=====	=====	=====
Depreciation, amortization and cost of timber harvested			
Building products	\$ 164	\$ 158	\$ 162
Pulp	25	36	29
Capital expenditures			
Building products	203	286	228
Pulp	36	47	30
Timber, timberlands, logging equipment and roads	38	69	92

(1) In 1996, of the total \$350 million charge, \$171 million related to the pulp segment, \$134 million related to the building products segment (including litigation costs related to building products) and \$45 million was not allocable to either industry segment.

In 1995, the substantial majority of the \$366.6 million charge related to class action settlements concerning the company's siding product and therefore would be primarily allocated to building products.

11. SUBSEQUENT EVENTS

Acquisition

On January 2, 1997, L-P purchased all of the outstanding common stock of GreenStone Industries, a cellulose insulation manufacturer. The total purchase price paid by L-P in cash, stock and assumption of liabilities was approximately \$45 million.

NOTES TO FINANCIAL STATEMENTS

Ketchikan Pulp Company Timber Contract

In February 1997, L-P's Ketchikan Pulp Company (KPC) subsidiary and the U.S. Government reached an agreement that will provide KPC's two sawmills with timber to operate for three additional years. The government also agreed to immediately pay KPC \$135 million to settle damage claims filed against the U.S. Forest Service (USFS) and potentially another \$5 million in 3 years if KPC meets certain conditions. The Company plans to record the settlement as an unusual item when the funds are received. See Note entitled "Settlement Charges and Other Unusual Items" and Management's Discussion and Analysis for a further discussion of the KPC contract dispute.

REPORTS OF INDEPENDENT PUBLIC ACCOUNTANTS AND MANAGEMENT

Report of Independent Public Accountants

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

We have audited the accompanying consolidated balance sheets of Louisiana-Pacific Corporation (a Delaware corporation) and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana-Pacific Corporation and subsidiaries as of December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP

Portland, Oregon

January 31, 1997

(except with respect to the matter discussed under the heading "Ketchikan Pulp Company Timber Contract" in Note 11 as to which date is February 21, 1997)

Report of Management

The management of Louisiana-Pacific Corporation has prepared the consolidated financial statements and related financial data contained in this Annual Financial Report. The financial statements were prepared in accordance with generally accepted accounting principles appropriate in the circumstances and by necessity include some amounts determined using management's best judgments and estimates with appropriate consideration to materiality. Management is responsible for the integrity and objectivity of the financial statements and other financial data included in the report. To meet this responsibility management maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that accounting records are reliable. Management supports a program of internal audits and internal accounting control reviews to provide assurance that the system is operating effectively.

The Board of Directors pursues its responsibility for reported financial information through its Audit Committee, composed of five outside directors. The Audit Committee meets periodically with management, the internal auditors and the independent public accountants to review the activities of each.

MARK A. SUWYN
Chairman and Chief Executive Officer

WILLIAM L. HEBERT
Vice President, Treasurer and
Controller

January 31, 1997

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

ITEM 10. Directors and Executive Officers of the Registrant

Information regarding the directors of the registrant is incorporated herein by reference to the material included under the caption "Item 1--Election of Directors" and "General" in the definitive proxy statement filed by the registrant for its 1997 annual meeting of stockholders (the "1997 Proxy Statement"). Information regarding the executive officers of the registrant is located in Part I of this report under the caption "Executive Officers of the Registrant."

ITEM 11. Executive Compensation

Information regarding executive compensation is incorporated herein by reference to the material under the captions "Compensation Committee--Interlocks and Insider Participation," "Compensation of Executive Officers," "Director's Compensation," "Agreements with Executive Officers," and "Section 16(a) Beneficial Ownership Reporting Compliance" in the 1997 Proxy Statement.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management

Information regarding security ownership of certain beneficial owners and management is incorporated herein by reference to the material under the caption "Holders of Common Stock" in the 1997 Proxy Statement.

ITEM 13. Certain Relationships and Related Transactions

Information regarding management transactions is incorporated herein by reference to the material under the captions "Compensation Committee--Interlocks and Insider Participation" and "Management Transactions" in the 1997 Proxy Statement.

PART IV

ITEM 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

A. FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The following financial statements are included in this report:

Consolidated Balance Sheets--December 31, 1996, and 1995.

Consolidated Statements of Income--years ended December 31, 1996, 1995, and 1994.

Consolidated Statements of Cash Flows--years ended December 31, 1996, 1995, and 1994.

Consolidated Statements of Stockholders' Equity--years ended December 31, 1996, 1995, and 1994.

Notes to Financial Statements.

Report of Independent Public Accountants.

No financial statement schedules are required to be filed.

B. REPORTS ON FORM 8-K

The registrant did not file any reports on Form 8-K during the quarter ended December 31, 1996.

C. EXHIBITS

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

Date	Signature and Title
March 28, 1997	/s/ WILLIAM C. BROOKS ----- William C. Brooks Director
March 28, 1997	/s/ ARCHIE W. DUNHAM ----- Archie W. Dunham Director
March 28, 1997	/s/ PIERRE S. DU PONT IV ----- Pierre S. du Pont IV Director
March 28, 1997	/s/ WILLIAM E. FLAHERTY ----- William E. Flaherty Director
March 28, 1997	/s/ BONNIE GUITON HILL ----- Bonnie Guiton Hill Director
March 28, 1997	/s/ DONALD R. KAYSER ----- Donald R. Kayser Director
March 28, 1997	/s/ FRANCINE I. NEFF ----- Francine I. Neff Director
March 28, 1997	/s/ LEE C. SIMPSON ----- Lee C. Simpson Director
March 28, 1997	/s/ CHARLES E. YEAGER ----- Charles E. Yeager Director

EXHIBIT INDEX

On written request, the registrant will furnish to any record holder or beneficial holder of the registrant's common stock any exhibit to this report upon the payment of a fee equal to the registrant's costs of copying such exhibit plus postage. Any such request should be sent to: Pamela A. Selis, Director of Corporate Communications, Louisiana-Pacific Corporation, 111 S.W. Fifth Avenue, Portland, Oregon 97204.

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

Exhibit	Description of Exhibit
3.A	Restated Certificate of Incorporation of the registrant as amended to date. Incorporated by reference to Exhibit 3(a) to the registrant's Form 10-Q report for the quarter ended June 30, 1993.
3.B	Bylaws of the registrant as amended to date.
4.A.1	Rights Agreement as Restated as of February 3, 1991, between the registrant and First Chicago Trust Company of New York as Rights Agent, as amended by Amendment No. 1 dated as of July 28, 1995, and Amendment No. 2 dated as of October 30, 1995. Pursuant to Item 601 (b)(4)(iii) of Regulation S-K, the registrant is not filing certain instruments with respect to its long-term debt because the amount authorized under any such instrument does not exceed 10 percent of the total consolidated assets of the registrant at December 31, 1996. The registrant agrees to furnish a copy of any such instrument to the Securities and Exchange Commission upon request.
4.A.2	Credit Agreement dated as of January 31, 1997, among the registrant, Louisiana-Pacific Canada Ltd., Bank of America National Trust and Savings Association and the other financial institutions party thereto.
10.A	The registrant's 1984 Employee Stock Option Plan as amended to date.*
10.B	The registrant's 1991 Employee Stock Option Plan.*
10.C	1992 Non-Employee Director Stock Option Plan and Related Form of Option Agreement. Incorporated by

Exhibit	Description of Exhibit
	reference to Exhibit 10.C to the registrant's Form 10-K report for 1992.*
10.D	Louisiana-Pacific Corporation Directors' Deferred Compensation Plan.*
10.E(1)	The registrant's Key Employee Restricted Stock Plan as amended.*
10.E(2)	Form of Restricted Stock Award Agreement under Exhibit 10.H(1). Incorporated by reference to Exhibit 10.H(2) to the registrant's Form 10-K report for 1992.*
10.F(1)	Louisiana-Pacific Corporation 1997 Incentive Stock Award Plan effective March 1, 1997 (subject to stockholder approval).*
10.F(2)	Form of Award Agreements for Non-Qualified Stock Options and Performance Shares under the Louisiana-Pacific 1997 Incentive Stock Award Plan (subject to stockholder approval).*
10.F(3)	Louisiana-Pacific Annual Cash Incentive Award Plan adopted March 1, 1997 (subject to stockholder approval of performance goals).*
10.G	The registrant's Supplemental Benefits Plan.*
10.H	Employment Agreement between the registrant and Mark A. Suwyn dated January 2, 1996. Incorporated by reference to Exhibit 10.L to the registrant's Form 10-K report for 1995.*
10.I	Restricted Stock Award Agreement between the registrant and Mark A. Suwyn dated January 31, 1996. Incorporated by reference to Exhibit 10.M to the registrant's Form 10-K report for 1995.*
10.J	Employment Agreement between the registrant and Stephen Grant dated August 1, 1995. Incorporated by reference to Exhibit 10.P to the registrant's Form 10-K report for 1995.*

Exhibit	Description of Exhibit
10.K	1997 Cash Incentive Award for Mark A. Suwyn adopted March 1, 1997 (subject to stockholder approval).*
10.L	Letter agreement dated April 19, 1996, with Michael D. Hanna, with respect to attached employment agreement dated January 15, 1995, between Mr. Hanna and Associated Chemists, Inc.*
10.M	Executive Employment Agreement effective as of January 1, 1997, by and between the registrant and Karen D. Lundquist.*
11	Louisiana-Pacific Corporation and Subsidiaries: Calculation of Net Income Per Share for the Year Ended December 31, 1996.
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BYLAWS OF
LOUISIANA-PACIFIC CORPORATION

ARTICLE I. STOCKHOLDERS' MEETINGS

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

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

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

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

Section 5. Quorum. A majority of the outstanding shares of the Corporation entitled to vote, represented in person or by

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

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

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

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

authorized by a majority of the total votes, or when stockholders are required to vote by class by a majority of the votes of the appropriate class, cast at a meeting of stockholders by the holders of shares present in person or represented by proxy and entitled to vote on such action. Unless required by statute, or determined by the chairman of the meeting to be advisable, the vote on any question need not be by written ballot and may be by such other means as the chairman deems advisable under the circumstances. On a vote by written ballot, each ballot shall be signed by the stockholder voting, or by his proxy, if there be such proxy, and shall state the number of shares voted.

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

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

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

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

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

Section 14. Notice of Stockholder Business. At any annual meeting of the stockholders held after May 6, 1988, only such business shall be conducted as shall have been brought before the meeting (a) by or at the direction of the Board of Directors or (b) by any stockholder of record of the Corporation who complies

with the notice procedures set forth in this Section 14. For business to be properly brought before an annual meeting by any such stockholder, the stockholder must give written notice thereof to the Chairman, either by personal delivery or by certified mail, postage prepaid, addressed to the Chairman at the Corporation's executive offices not less than 60 nor more than 90 days in advance of such meeting (provided that if such annual meeting of stockholders is held on a date other than the first Friday in May, such written notice must be given within 10 days after the first public disclosure of the date of the annual meeting, including, without limitation, disclosure of the meeting date set forth in any document or exhibit thereto filed by the Corporation with the Securities and Exchange Commission). Each such notice shall set forth as to each matter the stockholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Corporation's stock ledger, of the stockholder proposing such business, (c) a representation that such stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear at the meeting in person or by proxy to propose such business, and (d) any material interest of such stockholder in the proposed business. The chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that any such business was not properly brought before the meeting and in accordance with the provisions of this Section 14, and if he should so determine, he shall so declare to the meeting and such business not properly brought before the meeting shall not be transacted.

ARTICLE II. BOARD OF DIRECTORS

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

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

receiving a plurality of the votes cast at such election shall be elected, provided that a quorum is present at the meeting. Directors need not be stockholders.

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

Section 4. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of stockholders for the purpose of electing officers and the transaction of other business. The Board of Directors may provide by resolution the time and place, either within or without the State of Delaware, for holding of additional regular meetings without other notice than such resolution.

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

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

Section 7. Quorum and Manner of Acting. A majority of the entire Board of Directors shall be present in person at any meeting of the Board of Directors in order to constitute a quorum for the transaction of business at such meeting, except that one-third of the entire Board of Directors present in person at a meeting shall constitute a quorum if the Chairman is present at the meeting. Except as otherwise specifically required by statute or the Certificate of Incorporation, the vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum at any meeting of the Board of Directors, a majority of the directors present or, if no director be present, the Secretary, may

adjourn such meeting to another time and place. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called. Except as provided in Article III of these Bylaws, the directors shall act only as a board of directors and the individual directors shall have no power as such.

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

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

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

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

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

preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

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

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

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

ARTICLE III. EXECUTIVE AND OTHER COMMITTEES

Section 1. Executive and Other Committees. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, 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 amending the Certificate of Incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending, these Bylaws; and, unless the resolution

expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. 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 depositories 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, attorney's 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 for 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 of expenses under this Article shall be deemed to be provided by a contract between the Corporation and each person entitled thereto. Any repeal or modification of these bylaws shall not impair or diminish any rights or obligations existing at the time of such repeal or modification. The rights granted by this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification or an advance of expenses may be entitled under any bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. The rights granted by this Article VI shall extend to the estate, heirs or legal representatives of any person entitled to indemnification or an advance of expenses hereunder who is deceased or incompetent.

ARTICLE VII. STOCK AND TRANSFER OF STOCK

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

Section 2. Transfers 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 signature or signatures of any of them.

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

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

ARTICLE VIII. FISCAL YEAR

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

ARTICLE IX. SEAL

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

ARTICLE X. AMENDMENTS

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

LOUISIANA-PACIFIC CORPORATION
and
FIRST CHICAGO TRUST COMPANY OF NEW YORK
Rights Agent
Rights Agreement
Restated as of February 3, 1991

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RIGHTS AGREEMENT

This Rights Agreement (the "Agreement") restated as of February 3, 1991, between LOUISIANA-PACIFIC CORPORATION, a Delaware corporation (the "Company"), and FIRST CHICAGO TRUST COMPANY OF NEW YORK, a New York corporation (the "Rights Agent");

W I T N E S S E T H :

WHEREAS the Board of Directors of the Company has authorized the issuance of and declared a dividend payable, in one right (a "Rights") for each Common Share (as hereinafter defined) of the Company outstanding on June 6, 1988 (the "Record Date"), upon the terms and subject to the conditions herein set forth;

WHEREAS each such Right shall represent the right to purchase one one-hundredth of a share of Series A Junior Participating Cumulative Preferred Stock, \$1 par value, of the Company, and shall have the rights and preferences set forth in the form of Certificate of Designations, attached hereto as Exhibit A; and

WHEREAS the Board of Directors of the Company has further authorized the issuance of one Right with respect to each Common Share that shall become outstanding between the Record Date and the earliest of the Distribution Date, the Redemption Date and the Final Expiration Date (as such terms are defined in Sections 3 and 7 hereof);

WHEREAS the Company entered into a Rights Agreement dated as of May 23, 1988, with The Chase Manhattan Bank, N.A., as the original Rights Agent, which agreement was amended as of October 28, 1990, to permit the substitution of First Chicago Trust Company of New York as successor Rights Agent; and the Company and said successor Rights Agent have amended and restated the Rights Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. Certain Definitions. For purposes of this Agreement, the following terms have the meanings indicated:

(a) "Acquiring Person" shall mean any Person (as defined) who or which, together with all Affiliates and Associates (as defined) of such Person, shall be the Beneficial Owner as defined) of 20 percent or more of the Common Shares of the Company then outstanding, provided, however, that an Acquiring Person shall not include (i) the Company, any wholly owned Subsidiary of the Company any employee benefit plan ("Plan") of the Company or of a Subsidiary of the Company or any Person holding Common Shares for or pursuant to the terms of any

such Plan or (ii) any Person who or which, together with all Affiliates and Associates of such Person, first became the Beneficial Owner of 20 percent or more of the Common Shares of the Company as the result of a Qualifying Tender Offer (as defined). For purposes of this subsection (a), in determining the percentage of the outstanding shares of Common Shares with respect to which a Person is the Beneficial Owner (i) all shares as to which such Person is deemed the Beneficial Owner shall be deemed outstanding and (ii) shares which are subject to issuance upon the exercise or conversion of outstanding conversion rights, rights, warrants and options other than those referred to in (i) shall not be deemed outstanding. Any determination made by the Board of Directors as to whether any Person is or is not an Acquiring Person shall be conclusive and binding upon all holders of Rights.

(b) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as in effect on the date hereof.

(c) A Person shall be deemed the "Beneficial Owner" of and shall be deemed to "beneficially own" any securities:

(i) which such Person or any of such Person's Affiliates or Associates beneficially owns, directly or indirectly, for purposes of Section 13(d) of the Exchange Act and Regulation 13D-G thereunder (or any comparable or successor law or regulation), in each case as in effect on the date hereof; or

(ii) which such Person or any of such Person's Affiliates or Associates has (A) the right to acquire (whether such right is exercisable immediately or only after the passage of time or the fulfillment of a condition or both) pursuant to any agreement, arrangement or understanding (other than customary arrangements with and among underwriters and selling group members with respect to a bona fide public offering of securities), or upon the exercise of conversion rights, exchange rights, rights (other than these Rights), warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange; or (B) the right to vote, alone or in concert with others, pursuant to any agreement, arrangement or understanding; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security if the agreement,

arrangement or understanding to vote such security (1) arises solely from a revocable proxy given to such Person or any of such Person's Affiliates or Associates in response to a public proxy solicitation made pursuant to, and in accordance with, the applicable rules and regulations of the Exchange Act and (2) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report); or

(iii) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding (other than customary arrangements with and among underwriters and selling group members with respect to a bona fide public offering of securities) for the purpose of acquiring, holding voting (other than voting pursuant to a revocable proxy as described in the proviso to Section 1(c)(ii)(B)) or disposing of any securities of the Company.

(d) "Business Day" shall mean any day other than a Saturday, Sunday or a day on which banking institutions in the state of New York are authorized or obligated by law or executive order to close.

(e) "Close of business" on any given date shall mean 5 p.m., New York City time, on such date; provided, however, that if such date is not a Business Day it shall mean 5 p.m., New York City time, on the next succeeding Business Day.

(f) "Common Shares" when used with reference to the Company shall mean shares of common stock of the par value of \$1 each of the Company. "Common Shares" when used with reference to any Person other than the Company shall mean shares of the common stock of such Person (or other class of equity securities or equity interests) having power to control or direct the management of such Person or, if such Person is a Subsidiary of another Person, of the Person which ultimately controls such first-mentioned Person and which has issued and outstanding such common stock (or such other class of equity securities or equity interests).

(g) "Person" shall mean any individual, firm, partnership, corporation, association, group (as such term is used in Rule 13d-5 under the Exchange Act) or other entity, and shall include any successor (by merger or otherwise) of such entity.

(h) "Preferred Shares" shall mean shares of Series A Junior Participating Cumulative Preferred Stock, \$1 par value, of the Company.

(i) "Purchase Price" shall mean the price to be paid for each one one-hundredth of a Preferred Share pursuant to the exercise of a Right, which price is, as of the date hereof, as set forth in Section 7(c). The Purchase Price is subject to adjustment from time to time as set forth in Sections 11 and 13.

(j) "Qualifying Tender Offer" shall mean a tender offer made by any Person, other than an Acquiring Person, an Affiliate or Associate of an Acquiring Person, or a Person that beneficially owns 5 percent or more of the Company's outstanding Common Shares, to purchase all outstanding Common Shares of the Company for cash in an amount, net to the sellers, which equals or exceeds the highest per share price paid by such Person, or any of its Affiliates or Associates for any such Common Shares within the 24-month period prior to such offer and for which such Person has obtained binding commitments for any required financing at the time the tender offer is first made; provided that (i) all shares duly tendered pursuant to such tender offer shall be accepted for payment and (ii) upon consummation of such tender offer such Person shall beneficially own at least 85 percent of the outstanding Common Shares of the Company. For purposes of this subsection (k), in determining the percentage of outstanding Common Shares of the Company (A) shares held by a Person who is a director and also an officer of the Company shall be deemed not outstanding and (B) shares held by Plans in which employee participants do not have the right to determine confidentially whether Common Shares of the Company held subject to the Plan will be tendered in a tender offer shall be deemed not outstanding.

(k) "Shares Acquisition Date" shall mean the first date of public announcement (which, for the purposes of this definition, shall include, without limitation, a report filed pursuant to Section 13(d) under the Exchange Act) by the Company or an Acquiring Person that an Acquiring Person has become such.

(l) "Subsidiary" of any Person shall mean any corporation or other entity of which a majority of the voting equity securities or equity interests is owned, directly or indirectly, by such Person.

The terms and conditions embodied in this Rights Agreement, as from time to time amended, may be referred to as the "Stockholder Rights Plan" of the Company.

Section 2. Appointment of Rights Agent. The Company hereby appoints the Rights Agent to act as agent for the Company and the holders of the Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such co-Rights Agents as it may deem necessary or desirable.

Section 3. Issuance of Right Certificates

(a) Until the earlier of the close of business on (i) the 10th day after the Shares Acquisition Date or (ii) the 10th Business Day (or such later date as may be determined by the Board of Directors of the Company prior to such time as any Person becomes an Acquiring Person) after the date of the commencement by, or first public announcement of the intent of, any Person (other than the Company, any wholly owned Subsidiary of the Company, any Plan of the company or of any Subsidiary of the Company, or any entity holding Common Shares of the Company for or pursuant to the terms of any such Plan) to commence, a tender or exchange offer (other than a tender offer which would, upon acceptance of shares for payment, be a Qualifying Tender Offer) the consummation of which would result in beneficial ownership by a Person, together with its Affiliates and Associates, of 30 percent or more of the outstanding Common Shares of the Company, including any such date which is after the date of this Agreement and prior to the issuance of the Rights (the earlier of (i) and (ii) being herein referred to as the "Distribution Date"), (x) the Rights will be evidenced by (A) certificates for Common Shares of the Company (which certificates shall also be deemed to be Right Certificates) or, as the case may be, (B) certificates issued subsequent to the Record Date and bearing the legend set forth in Section 3(c) hereof (and, in neither case, by separate Right Certificates) and the record holders of such certificates for Common Shares shall be the record holders of the Rights represented thereby and (y) the Rights and the right to receive Right Certificates will be transferable only simultaneously with and together with the transfer of Common Shares of the Company. Until the Distribution Date (or the earlier of the Redemption Date or the Final Expiration Date (as such terms are defined in Section 7 hereof)), the surrender for transfer of such certificates for Common Shares shall also constitute the surrender for transfer of the Rights associated with the Common Shares represented thereby. As soon as practicable after the Distribution Date, after notification by the Company, the Rights Agent will send, by first-class, postage-prepaid mail, to each record holder of Common Shares of the Company as of the close of business on the Distribution Date, at the address of such holder shown on the records of the Company, a Right Certificate, in substantially the form of Exhibit B hereto, evidencing one Right for each Common Share so held. As of the Distribution Date, the Rights will be evidenced solely by such Right Certificates and may be transferred by the transfer of the Right Certificates as permitted hereby, separately and apart from any transfer of one or more shares of Common Shares, and the holders of such Right Certificates as listed in the records of the Company or any transfer agent or registrar for the Rights shall be the record holders thereof.

(b) Rights shall be issued in respect of all Common Shares of the Company issued after the Record Date, but prior to the earliest of the Distribution Date (the Redemption Date, the Exchange Date, or the Final Expiration Date). Certificates for such Common Shares shall also be deemed to be certificates for

Rights and shall have impressed on, printed on, written on or otherwise affixed to them the following legend (or the form of legend specified in any version of this Rights Agreement prior to the current amendment and restatement hereof):

This certificate also evidences and entitles the holder hereof to certain Rights as set forth in the Stockholder Rights Plan of Louisiana-Pacific Corporation (the "Plan"), until separate certificates for such Rights are issued. Under certain circumstances, as set forth in the Plan, such Rights will be evidenced by separate certificates and will no longer be evidenced by this certificate. The terms of the Plan, a copy of which is on file at the principal executive offices of Louisiana-Pacific Corporation, are hereby incorporated herein by reference. Louisiana-Pacific Corporation will mail or cause to be mailed to the holder of this certificate a copy of the Plan without charge promptly following receipt of a written request therefor. Under certain circumstances set forth in the Plan, Rights beneficially owned by any Person who is, was or becomes an Acquiring Person or any Affiliate or Associate thereof (as such terms are defined in the Plan) and any subsequent holder of such Rights, may become null and void.

(c) Certificates for Common Shares, if any, issued after the Distribution Date but prior to the earlier of the Redemption Date or the Final Expiration Date shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

This certificate does not evidence any Right issued pursuant to the terms of the Stockholder Rights Plan of Louisiana-Pacific Corporation.

Section 4. Form of Right Certificates. The Right Certificates (and the forms of election to purchase, assignment and certificate to be printed on the reverse thereof), when, as and if issued, shall be substantially the same as Exhibit B hereto and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Common Shares of the Company or the Rights may from time to time be listed, or to conform to usage. Subject to the provisions of Section 22 hereof, the Right Certificates, whenever issued, which are issued in respect of Common Shares which were issued and outstanding as of the close of business on the Distribution Date, shall be dated as of the close of business on the Distribution Date, and on their face shall entitle the holders thereof to purchase such number of Preferred Shares

(including fractional shares which are integral multiples of one one-hundredth of a share) as shall be set forth therein at the price per one one-hundredth of a Preferred Share set forth therein, but the number of such Preferred Shares and fractions thereof and the Purchase Price shall be subject to adjustment as provided herein.

Section 5. Countersignature and Registration.

(a) The Right Certificates shall be executed on behalf of the Company by its Chairman of the Board, its President or any Vice President, either manually or by facsimile signature, and have affixed thereto the Company's seal or a facsimile thereof which shall be attested by the Secretary, or an Assistant Secretary, of the Company, either manually or by facsimile signature. The Right Certificates shall be countersigned manually by the Rights Agent and shall not be valid for any purpose unless so countersigned. In case any officer of the Company who shall have signed any of the Right Certificates shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company, such Right Certificates, nevertheless, may be countersigned by the Rights Agent, and issued and delivered by the Company with the same force and effect as though the person who signed such Right Certificates had not ceased to be such officer of the Company; and any Right Certificate may be signed on behalf of the Company by any person who, at the actual date of the execution of such Right Certificate, shall be a proper officer of the Company to sign such Right Certificate, although at the date of the execution of this Agreement any such person was not such an officer.

(b) Following the Distribution Date, the Rights Agent will keep or cause to be kept, at its shareholder services office, books for registration and transfer of the Right Certificates issued hereunder. Such books shall show the names and addresses of the respective holders of the Right Certificates, the number of Rights evidenced on its face by each of the Right Certificates and the date of each of the Right Certificates.

Section 6. Transfer, Split Up, Combination and Exchange of Right Certificates; Mutilated, Destroyed, Lost or Stolen Right Certificate.

(a) Subject to the provisions of Sections 7(f) and 14 hereof, at any time after the close of business on the Distribution Date, and at or prior to the close of business on the earliest of the Redemption Date, the Exchange Date, or the Final Expiration Date (as such terms are defined in Section 7 hereof), any Right Certificate or Right Certificates may be transferred, split up, combined or exchanged for another Right Certificate or Right Certificates, entitling the registered holder to purchase a like number of Preferred Shares as the Right

Certificate or Right Certificates surrendered then entitled such holder to purchase. Any registered holder desiring to transfer, split up, combine or exchange any Right Certificate shall make such request in writing delivered to the Rights Agent, and shall surrender the Right Certificate or Right Certificates to be transferred, split up, combined or exchanged at the office of the Rights Agent with the form of assignment on the reverse side thereof (or with a written instrument of transfer in form satisfactory to the Company and the Rights Agent enclosed with such Right Certificate), executed by the registered holder thereof or his attorney authorized in writing, and with such signature guaranteed. Neither the Rights Agent nor the Company shall be obligated to take any action whatsoever with respect to the transfer of any such surrendered Right Certificate until the certificate set forth in the form of assignment on the reverse side of such Right Certificate shall have been completed and executed by the registered holder thereof or his attorney authorized in writing, and with such signature guaranteed, and the Company shall have been provided such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) of the Rights represented by such Right Certificate or the Affiliates or Associates of such Beneficial Owner (or former Beneficial Owner) as the Company shall reasonably request. Upon receipt of such executed form of assignment and certificate and of such additional evidence, if requested, the Rights Agent shall countersign and deliver to the person entitled thereto a Right Certificate or Right Certificates, as the case may be, as so requested. The Company may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of Right Certificates.

(b) Upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a Right Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to them, and, at the Company's request, reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Right Certificate if mutilated, the Company shall issue and deliver a new Right Certificate of like tenor to the Rights Agent for delivery to the registered owner in lieu of the Right Certificate so lost, stolen, destroyed or mutilated.

Section 7. Exercise of Rights; Purchase Price; Expiration Date of Rights.

(a) Until the Distribution Date, no Right may be exercised.

(b) The registered holder of any Right Certificate may exercise the Rights evidenced thereby (except as otherwise provided herein) in whole or in part at any time after the

Distribution Date upon surrender of the Right Certificate, with the form of election to purchase on the reverse side thereof and certificate thereon duly executed (with signatures duly guaranteed), to the Rights Agent at the shareholder services office or agency of the Rights Agent designated for such purpose, together with payment of the Purchase Price with respect to each Right exercised, at or prior to the earliest of (i) the close of business on June 6, 1998 (the "Final Expiration Dates"), (ii) the time at which the Rights are exchanged (the "Exchange Date") as provided in Section 24, or (iii) the time at which the Rights are redeemed (the "Redemption Date"), as provided in Section 23 hereof.

(c) The Purchase Price for each one one-hundredth of a Preferred Share pursuant to the exercise of a Right shall initially be \$75.00, and shall be payable in lawful money of the United States of America in accordance with Section 7(d) hereof. The Purchase Price and the number of Preferred Shares to be acquired upon exercise of a Right shall be subject to adjustment from time to time as provided in Sections 11 and 13 hereof.

(d) Upon receipt of a Right Certificate representing exercisable Rights, with the form of election to purchase and form of certificate thereon duly executed, accompanied by payment of the Purchase Price for the shares to be purchased and an amount equal to any applicable transfer tax required to be paid by the holder of such Right Certificate in accordance with Section 9 by bank certified check or cashier's check payable to the order of the Company, and such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) of the Rights represented by such Right Certificate or the Affiliates or Associates thereof as the Company may reasonably request, the Rights Agent shall thereupon promptly (i) requisition from any transfer agent of the Preferred Shares certificates for the number of Preferred Shares to be purchased and the Company hereby irrevocably authorizes its transfer agent to comply with all such requests, and/or, as provided in Section 14 hereof, requisition from the depository agent depository receipts representing such number of one one-hundredths of a Preferred Share as are to be purchased (in which case certificates for the Preferred Shares represented by such receipts shall be deposited by the transfer agent with the depository agent) and the Company hereby directs the depository agent to comply with such request, (ii) when appropriate, requisition from the Company the amount of cash to be paid in lieu of issuance of fractional shares in accordance with Section 14, (iii) promptly after receipt of such certificates or depository receipts, cause the same to be delivered to or upon the order of the registered holder of such Right Certificate, registered in such name or names as may be designated by such holder and (iv) when appropriate, after receipt, promptly deliver such cash to or upon the order of the registered holder of such Right Certificate. Notwithstanding the foregoing provisions of this Section 7(d), the Company may suspend the issuance of

Preferred Shares upon exercise of Rights for a reasonable period, not in excess of 90 days, during which the Company seeks to register under the Securities Act of 1933, as amended, and any applicable securities law of any jurisdiction, the Preferred Shares to be issued pursuant to the Rights; provided, however, that nothing contained in this Section 7(d) shall relieve the Company of its obligations under Section 9(c) hereof.

(e) In case the registered holder of any Right Certificate shall exercise less than all the Rights evidenced thereby, a new Right Certificate evidencing Rights equivalent to the Rights remaining unexercised shall be issued by the Rights Agent to the registered holder of such Right Certificate or to his duly authorized assigns, subject to the provisions of Section 14 hereof.

(f) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of a Section 11(a)(ii) event or Section 13 event, any Rights beneficially owned by (i) an Acquiring Person or any Affiliate or Associate of an Acquiring Person, (ii) a transferee of an Acquiring Person or of any Affiliate or Associate of such Acquiring Person who becomes a transferee after the Acquiring Person becomes such (other than a transferee in a transaction described in Section 23(b)), or (iii) a transferee who acquired such Rights from an Acquiring Person or an Affiliate or Associate of an Acquiring Person prior to or concurrently with the Acquiring Person becoming such in a transaction which the Board of Directors has determined to be part of an arrangement which has as a primary purpose or effect the avoidance of this Section 7(f), shall become null and void, and any holder of such Rights (whether or not such holder is an Acquiring Person or an Affiliate or Associate of an Acquiring Person) shall thereafter have no right to exercise such Rights under any provision of this Agreement or otherwise. Any Right Certificate issued pursuant to Section 3 that represents Rights beneficially owned by an Acquiring Person or any Affiliate or Associate thereof and any Right Certificate issued at any time upon the transfer of any Rights to an Acquiring Person or any Affiliate or Associate thereof or to any nominee of such Acquiring Person, Affiliate or Associate, and any Right Certificate issued pursuant to Sections 6 or 11 upon transfer, exchange, replacement or adjustment of any other Right Certificate referred to in this sentence, shall or shall be deemed to contain the following legend:

The Rights represented by this Right Certificate are or were beneficially owned by a Person who was or became an Acquiring Person or Affiliate or Associate of an Acquiring Person (as such terms are defined in the Stockholder Rights Plan). This Right Certificate and the Rights represented hereby are void in the circumstances specified in the Stockholder Rights Plan.

The Company shall use all reasonable efforts to ensure that the

provisions of this Section 7(f) are complied with, but shall have no liability to any holder of Rights or any other Person as a result of its failure to make any determination under this Section 7(f) with respect to an Acquiring Person or its Affiliates, Associates or transferees.

Section 8. Cancellation and Destruction of Right Certificates. All Right Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in canceled form, or, if surrendered to the Rights Agent, shall be canceled by it, and no Right Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any other Right Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all canceled Right Certificates to the Company, or shall, at the written request of the Company, destroy such canceled Right Certificates, and in such case shall deliver a certificate of destruction thereof to the Company.

Section 9. Reservation and Availability of Capital Shares.

(a) The Company covenants and agrees that it will cause to be reserved and kept available out of its authorized and unissued Preferred Shares (and, will use its best efforts, following the occurrence of a Section 11(a)(ii) event, to cause to be reserved and kept available out of its authorized and unissued Common Shares and/or other securities or out of its authorized and issued shares held in its treasury), the number of Preferred Shares (and, following the occurrence of a Section 11(a)(ii) event, the number of Common Shares and/or other securities) as will from time to time be sufficient to permit the exercise in full of all outstanding Rights.

(b) So long as the Preferred Shares (and, following the occurrence of a Section 11(a)(ii) event, Common Shares and/or other securities) issuable upon the exercise of Rights may be listed on any national securities exchange, the Company shall use its best efforts to cause, from and after such time as the Rights become exercisable, all shares issued or reserved for such issuance to be listed on such exchange upon official notice of issuance upon such exercise.

(e) If necessary to permit the issuance of shares and/or other securities pursuant to the Rights, the Company will use its best efforts from and after the time the Rights become exercisable to register such shares and/or other securities under the Securities Act of 1933, as amended, and any applicable securities laws and to keep such registration effective until the Final Expiration Date.

(d) The Company covenants and agrees that it will take all such action as may be necessary to ensure that all one one-hundredths of Preferred Shares (and, following the occurrence of a Section 1(a)(ii) event, Common Shares and/or other securities) delivered upon exercise of Rights shall, at the time of delivery of the certificates for such shares or other securities (subject to payment of the Purchase Price), be duly and validly authorized and issued and fully paid and nonassessable.

(e) The Company further covenants and agrees that it will pay when due and payable any and all federal and state transfer taxes and charges which may be payable in respect of the issuance or delivery of the Right Certificates or of any Preferred Shares (or Common Shares and/or other securities as the case may be) upon the exercise of Rights. The Company shall not, however, be required to pay any transfer tax which may be payable in respect of any transfer or delivery of Right Certificates to a Person other than, or the issuance or delivery of certificates for the Preferred Shares (or Common Shares and/or other securities, as the case may be) in a name other than that of, the registered holder of the Right Certificate evidencing Rights surrendered for exercise or to issue or deliver any certificates for Preferred Shares (or Common Shares and/or other securities, as the case may be) upon the exercise of any Rights until any such tax shall have been paid (any such tax being payable by the holder of such Right Certificate at the time of surrender) or until it has been established to the Company's satisfaction that no such tax is due.

Section 10. Preferred Shares Record Date. Each Person in whose name any certificate for Preferred Shares (or Common Shares and/or other securities, as the case may be) is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Preferred Shares (or Common Shares and/or other securities, as the case may be) represented thereby on, and such certificate shall be dated, the date upon which the Right Certificate evidencing such Rights was duly surrendered and payment of the Purchase Price (and any applicable transfer taxes) were made; provided, however, that if the date of such surrender and payment is a date upon which the transfer books for the Preferred Shares (or Common Shares and/or other securities, as the case may be) are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which such transfer books are open.

Section 11. Adjustment of Purchase Price, Number of Shares or Number of Rights. The Purchase Price, the number and kind of shares which may be purchased upon exercise of a Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 11.

(a) (i) In the event the Company shall at any time

after the date of this Agreement and prior to the close of business on the earlier of the Redemption Date or the Final Expiration Date (A) declare or pay any dividend on the Preferred Shares payable in Preferred Shares, (B) subdivide the outstanding Preferred Shares, (C) combine the outstanding Preferred Shares into a smaller number of Preferred Shares or (D) issue any shares of its capital stock in a reclassification of the Preferred Shares (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), then and in each such event, the Purchase Price in effect at the time of the record date for such dividend or on the effective date of such subdivision, combination or reclassification, and the number and kind of Preferred Shares or capital stock, as the case may be, issuable on such date, shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive the aggregate number and kind of Preferred Shares or capital stock, as the case may be, which, if such Right had been exercised immediately prior to such date and at a time when the Right was exercisable and the transfer books of the Company were open, he would have owned upon such exercise and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification. If an event occurs which would require an adjustment under both this Section 11(a)(i) and Section 11(a)(ii) hereof, the adjustment provided for in this Section 11(a)(i) shall be in addition to, and shall be made prior to, any adjustment required pursuant to Section 11(a)(ii) hereof.

(ii) Subject to Section 24, in the event that, at any time after the date of this Agreement any Person (other than the Company, any wholly owned Subsidiary of the Company, any Plan of the Company or of a Subsidiary of the Company, or any Person holding Common Shares for or pursuant to the terms of any such Plan), alone or together with its Affiliates and Associates, shall become an Acquiring Person (except in a transaction to which the provisions of Section 13(a) hereof apply), then, immediately upon the occurrence of such event (a "Section 11(a)(ii) event"), proper provision shall be made so that each holder of a Right, except as provided in Section 7(f) hereof, shall thereafter have a right to receive for each Right, upon exercise thereof in accordance with the terms of this Agreement and payment of the then-current Purchase Price, in lieu of one one-hundredth of a Preferred Share, such number of Common Shares of the Company as shall equal the result obtained by multiplying the then-current Purchase Price by the then number of one one-hundredths of a Preferred Share for which a Right was exercisable immediately prior to the first occurrence of a Section 11(a)(ii) event, and dividing that product by 50 percent

of the current per share market price (determined pursuant to Section 11(d) hereof) for Common Shares on the date of such first occurrence (such number of shares being hereinafter referred to as the "Adjustment Shares"); provided that such provision shall not be effective until such time as the Rights are no longer subject to redemption pursuant to Section 23(a) hereof.

(iii) In lieu of issuing Common Shares in accordance with Section 11(a)(ii) hereof, the Company may, if the Board of Directors determines that such action is necessary or appropriate and not contrary to the interest of holders of Rights, and, in the event that the number of Common Shares which are authorized by the Company's Certificate of Incorporation but not outstanding or reserved for issuance for purposes other than upon exercise of the Rights is not sufficient to permit the exercise in full of the Rights in accordance with Section 11(a)(ii) hereof, the Company shall, with respect to each Right, make adequate provision to substitute for all or a portion of the Adjustment Shares upon payment of the applicable Purchase Price (A) cash, (B) other equity securities of the Company (including, without limitation, shares of preferred stock or units of preferred stock having the same value as Common Shares (such shares or units of preferred stock, "common stock equivalents")), (C) debt securities of the Company, (D) other assets or (E) any combination of the foregoing, having an aggregate value equal to the Adjustment Shares for which substitution is made. To the extent that the Company determines that some action is to be taken pursuant to this Section 11(a)(iii), the Company shall provide, subject to Section 7(f) hereof, that such action shall apply uniformly to all outstanding Rights.

(b) In the event that the Company shall at any time after the close of business on the Record Date and prior to the close of business on the earlier of the Redemption Date or the Final Expiration Date fix a record date prior to the Redemption Date or Final Expiration Date for the issuance of rights, options or warrants to all holders of Preferred Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Preferred Shares (or shares having the same rights, privileges and preferences as the Preferred Shares ("equivalent preferred shares")) or securities convertible into Preferred Shares or equivalent preferred shares, at a price per Preferred Share or per share of equivalent preferred share (or having an effective price per share or a converted basis in the case of a security convertible into Preferred Shares or equivalent preferred shares) less than the current per share market price of the Preferred Shares (as determined in accordance with Section 11(d) hereof) on such record date, then the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of Preferred Shares outstanding on such record date plus the number of Preferred Shares which the aggregate offering price of the total number of

Preferred Shares and/or equivalent preferred shares so to be offered (and/or the aggregate price of the convertible securities so to be offered) would purchase at such current market price, and the denominator of which shall be the number of Preferred Shares outstanding on such record date plus the number of additional Preferred Shares and/or equivalent preferred shares to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible). In case such subscription price may be paid by delivery of consideration part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be set forth in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of the Rights. Preferred Shares owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed; and in the event that such rights, options or warrants are not so issued, the Purchase Price shall be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(c) In the event that the Company shall at any time after the close of business on the Record Date and prior to the close of business on the earlier of the Redemption Date or the Final Expiration Date fix a record date for the making of a distribution to all holders of the Preferred Shares (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing corporation) of evidences of indebtedness or assets (other than a regular quarterly cash dividend or a dividend payable in Preferred Shares) or subscription rights or warrants (excluding those referred to in Section 11(b)), the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the current per share market price per one Preferred Share (as determined in accordance with Section 11(d) hereof) on such record date, less the fair market value of the portion of the assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to one Preferred Share, and the denominator of which shall be such current per share market price per one Preferred Share. Such adjustments shall be made successively whenever such a record date is fixed; and in the event that such distribution is not so made, the Purchase Price shall again be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(d) (i) For the purpose of any computation hereunder, other than computations made pursuant to Section 11(a)(iii) hereof, the "current per share market price" of the Common Shares on any date shall be deemed to be the average of the daily closing prices per share of such Common Shares on each

of the 20 consecutive Trading Days (as such term is hereinafter defined) through and including the Trading Day immediately preceding such date; provided, however, that in the event the current per share market price of the Common Shares is determined during a period following the announcement by the issuer of such Common Shares of (A) a dividend or distribution on such Common Shares payable in such Common Shares or securities convertible into such Common Shares, or (B) any subdivision, combination, or reclassification of such Common Shares, and prior to the expiration of 20 Trading Days after the ex-dividend date for such dividend, distribution, subdivision, combination, or reclassification, then, and in each such case the current market price shall be appropriately adjusted to take into account such event. The closing price for each day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange, Inc., or, if the Common Shares are not listed or admitted to trading on the New York Stock Exchange, Inc., as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Common Shares are listed or admitted to trading or, if the Common Shares are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or such other system then in use, or, if on any such date the Common Shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Common Shares selected by the Board of Directors. The term "Trading Days" shall mean a day on which the principal national securities exchange on which the Common Shares are listed or admitted to trading is open for the transaction of business or, if the Common Shares are not listed or admitted to trading on any national securities exchange, a Business Day.

(ii) For the purpose of any computation hereunder, the "current per share market price" of the Preferred Shares shall be determined in the same manner as set forth above for Common Shares in clause (i) of this Section 11(d). If the current per share market price of the Preferred Shares cannot be determined in the manner provided above, the "current per share market price" of the Preferred Shares shall be conclusively deemed to be the current per share market price of the Common Shares (appropriately adjusted to reflect any stock split, stock dividend, subdivision, combination, reclassification, or similar transaction

occurring after the date hereof) multiplied by one hundred.

If neither the Common Shares nor the Preferred Shares are publicly held or so listed or traded, "current per share market price" shall mean the fair value per share as determined in good faith by the Board of Directors based upon such appraisals or valuation reports of such independent experts as the Board of Directors shall in good faith determine appropriate. Any such determination of "current per share market price" shall be described in a statement filed with the Rights Agent.

(e) No adjustment in the Purchase Price shall be required unless such adjustment would require an increase or decrease of at least 1 percent in the Purchase Price; provided, however, that any adjustments which by reason of this Section 11(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest ten-thousandth of a Common Share or other share or one-millionth of a Preferred Share as the case may be.

(f) If, as a result of an adjustment made pursuant to Section 11(a) or Section 13(a), the holder of any Right thereafter exercised shall become entitled to receive any shares of capital stock of the Company other than Preferred Shares, the number of such other shares so receivable upon exercise of any Right shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Preferred Shares contained in this Section 11 and the provisions of Sections 7, 9, 10, 13 and 14 hereof with respect to the Preferred Shares shall apply on like terms to any such other shares.

(g) All Rights originally issued by the Company subsequent to any adjustment made to the Purchase Price hereunder shall evidence the right to purchase, at the adjusted Purchase Price, the number of one one-hundredths of a Preferred Share purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(h) Unless the Company shall have exercised its election as provided in Section 11(i) below, upon each adjustment of the Purchase Price as a result of the calculations made in Sections 11(b) and (c), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Purchase Price, that number of one one-hundredths of a Preferred Share (calculated to the nearest one one-millionth of a Preferred Share) obtained by (i) multiplying (x) the number of one one-hundredths of a Preferred Share covered by a Right immediately prior to such adjustment by (y) the Purchase Price in effect immediately prior to such adjustment of the Purchase Price and (ii) dividing the product so obtained by the Purchase Price in effect immediately after such adjustment of the Purchase Price.

(i) The Company may elect, on or after the date of any adjustment of the Purchase Price, to adjust the number of Rights instead of making any adjustment in the number of Preferred Shares purchasable upon the exercise of a Right. Each of the Rights outstanding after such adjustment of the number of Rights shall be exercisable for the number of one one-hundredths of a Preferred Share for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one ten-thousandth) obtained by dividing the Purchase Price in effect immediately prior to such adjustment of the Purchase Price by the Purchase Price in effect immediately after such adjustment of the Purchase Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the Purchase Price is adjusted or any day thereafter, but, if the Right Certificates have been issued, shall be at least ten days after the date of the public announcement. If Right Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 11(i), the Company shall, as promptly as practicable, cause to be distributed to holders of record of Right Certificates on such record date Right Certificates evidencing, subject to Section 14 hereof, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Right Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Right Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Right Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein (and may bear, at the option of the Company, the adjusted Purchase Price) and shall be registered in the names of the holders of record of Right Certificates on the record date specified in the public announcement.

(j) Irrespective of any adjustment or change in the Purchase Price or the number of one one-hundredths of a Preferred Share issuable upon the exercise of the Rights, as applicable, the Right Certificates theretofore and thereafter issued may continue to express the Purchase Price per one one-hundredth of a Preferred Share and the number of shares which were expressed in the initial Right Certificates issued hereunder.

(k) Before taking any action that would cause an adjustment reducing the Purchase Price below one one-hundredth of the then par value, if any, of the Preferred Shares issuable upon exercise of the Rights, the Company shall take any corporate action which may, in the advice or opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable one one-hundredths of a Preferred

Share at such adjusted Purchase Price.

(l) In any case in which this Section 11 shall require that an adjustment in the Purchase Price be made effective as of a record date for a specified event, the Company may elect to defer, until the occurrence of such event, the issuance to the holder of any Right exercised after such record date the number of one one-hundredths of a Preferred Share and other capital stock or securities of the Company, if any, issuable upon such exercise over and above the number of one one-hundredths of a Preferred Share and other capital stock or securities of the Company, if any, issuable upon such exercise on the basis of the Purchase Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

(m) Anything in this Section 11 to the contrary notwithstanding, the Company shall be entitled to make such further adjustments in the number of one one-hundredths of a Preferred Share which may be acquired upon exercise of the Rights, and such adjustments in the Purchase Price, in addition to those adjustments expressly required by this Section 11, as and to the extent that the Board of Directors in their sole discretion shall determine to be advisable in order that any (i) consolidation or subdivision of the Preferred Shares, (ii) issuance wholly for cash of any Preferred Shares at less than the current market price, (iii) issuance wholly for cash of Preferred Shares or securities which by their terms are convertible into or exchangeable for Preferred Shares, (iv) dividends on Preferred Shares payable in Preferred Shares or (v) issuance of rights, options or warrants referred to in Section 11(b), hereafter made by the Company to holders of its Preferred Shares shall not be taxable to such holders or shall reduce the taxes payable by such holders.

(n) The Company shall not, at any time after the Distribution Date (i) consolidate with any other Person (other than a Subsidiary of the Company in a transaction which complies with Section 11(o) hereof), (ii) merge with or into any other Person (other than a Subsidiary of the Company in a transaction which complies with Section 11(o) hereof), or (iii) sell or transfer (or permit any Subsidiary to sell or transfer), in one transaction, or a series of transactions, assets or earning power aggregating more than 50 percent of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any other Person or Persons (other than the Company and/or any of its Subsidiaries in one or more transactions each of which complies with Section (o) hereof), if (A) at the time of or immediately after such consolidation, merger or sale there are any rights, warrants or other instruments or securities outstanding or agreements in effect which would substantially diminish or otherwise eliminate the benefits intended to be afforded by the

Rights or (B) prior to, simultaneously with or immediately after such consolidation, merger or sale, the Person which constitutes, or would constitute, the "Principal Party" for purposes of Section 13(a) hereof shall have distributed or otherwise transferred to its stockholders, or other Persons holding an equity interest in such Person, Rights previously owned by such Person or any of its Affiliates or Associates; provided, however, this Section 11(n) shall not affect the ability of any Subsidiary of the Company to consolidate with, merge with or into, or sell or transfer assets or earning power to, any other Subsidiary of the Company.

(a) After the Distribution Date, the Company shall not, except as permitted by Sections 23 or 26 hereof, take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights, including, without limiting the generality of the foregoing, any merger, consolidation or sale or transfer of assets or earning power.

(p) Anything in this Agreement to the contrary notwithstanding, in the event that the Company shall at any time after the date of this Agreement and prior to the Distribution Date (i) declare or pay a dividend on the outstanding Common Shares payable in Common Shares, (ii) subdivide the outstanding Common Shares, (iii) combine the outstanding Common Shares into a smaller number of shares, or (iv) issue any shares of its capital stock in a reclassification of the outstanding Common Shares, the number of Rights associated with each Common Share then outstanding, or issued or delivered thereafter but prior to the Distribution Date, shall be proportionately adjusted so that the number of Rights thereafter associated with each Common Share following any such event (including other Common Shares issued after the date of such event, but prior to the Distribution Date) shall equal the result obtained by multiplying the number of Rights associated with each Common Share immediately prior to such event by a fraction the numerator of which shall be the total number of Common Shares outstanding immediately prior to the occurrence of the event and the denominator of which shall be the total number of Common Shares outstanding immediately following the occurrence of such event.

Section 12. Certificate of Adjusted Purchase Price or Number of Shares. Whenever an adjustment is made as provided in Sections 11 and 13 hereof, the Company shall (a) promptly prepare a certificate setting forth such adjustment, and a brief statement of the facts giving rise to such adjustment, (b) promptly file with the Rights Agent and with each transfer agent for the Preferred Shares and the Common Shares a copy of such certificate and (c) mail a brief summary thereof to each holder of a Right Certificate (or, if prior to the Distribution Date, to each holder of a certificate representing Common Shares) in accordance with Section 25 hereof. Notwithstanding the

foregoing sentence, the failure of the Company to make such certification or give such notice shall not affect the validity of or the force or effect of the requirement for such adjustment. Any adjustment to be made pursuant to Sections 11 and 13 of this Rights Agreement shall be effective as of the date of the event giving rise to such adjustment. The Rights Agent shall be fully protected in relying on any such certificate and on any adjustment therein contained.

Section 13. Consolidation, Merger or Sale or Transfer of Assets or Earning Power.

(a) In the event that, directly or indirectly, after there is an Acquiring Person, (i) the Company shall consolidate with, or merge with and into, any other Person (other than a Subsidiary of the Company in a transaction that complies with Section 11(o) hereof), and the Company shall not be the continuing or surviving corporation of such consolidation or merger, (ii) any Person (other than a Subsidiary of the Company in a transaction which complies with Section 11(o) hereof) shall consolidate with the Company, or merge with and into the Company and the Company shall be the continuing or surviving corporation of such merger and, in connection with such consolidation or merger, all or part of the Common Shares shall be changed into or exchanged for stock or other securities of any other Person or cash or any other property, or (iii) the Company shall sell or otherwise transfer (or one or more of its Subsidiaries shall sell or otherwise transfer), in one or more transactions to any Person or Persons (other than the Company or any of its Subsidiaries) in one or more transactions each of which complies with Section 11(o), assets or earning power aggregating more than 50 percent of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any other Person or Persons (other than the Company or one or more of its wholly owned Subsidiaries) (any event described in clauses (i), (ii) or (iii) of this Section 13(a) being a "Section 13 event"), then, and in each such case, proper provision shall be made so that (A) each holder of a Right, except as provided in Section 7(f) hereof, shall thereafter have the right to receive, upon the exercise thereof at the then-current Purchase Price in accordance with the terms of this Agreement, such number of validly authorized and issued, fully paid and nonassessable Common Shares of the Principal Party (as hereinafter defined) which Common Shares shall not be subject to any liens, encumbrances, rights of first refusal, transfer restrictions or other adverse claims, as shall be equal to the result obtained by (1) multiplying the then-current Purchase Price by the number of one one-hundredths of a Preferred Share for which a Right was exercisable immediately prior to the first occurrence of a Section 13 event (or, if a Section 11(a)(ii) event has occurred prior to the Section 13 event, multiplying the number of such one one-hundredths of a share for which a Right was exercisable immediately prior to the first occurrence of such Section 11(a)(ii) event by the Purchase Price in effect

immediately prior to such first occurrence), and dividing that product by (2) 50 percent of the current per share market price (determined in accordance with Section 11(d)(i) hereof) of the Common Shares of such Principal Party on the date of consummation of such Section 13 event; (B) such Principal Party shall thereafter be liable for, and shall assume, by virtue of such consolidation, merger, sale or transfer, all the obligations and duties of the Company pursuant to this Agreement; (C) the term "Company" shall thereafter be deemed to refer to such Principal Party, it being specifically intended that the provisions of Section 11 hereof shall apply only to such Principal Party after the first occurrence of a Section 13 event; (D) such Principal Party shall take such steps (including, but not limited to, the reservation of a sufficient number of shares of its Common Shares in accordance with Section 9 hereof applicable to the reservation of Capital Shares) in connection with such consummation as may be necessary to assure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be, in relation to the shares of its Common Shares thereafter deliverable upon the exercise of the Rights; and (E) the provisions of Section 11(a)(ii) hereof shall be of no further effect following the first occurrence of any Section 13 event.

(b) "Principal Party" shall mean:

(i) in the case of any transaction described in clause (i) or (ii) of Section 13(a) hereof, (A) the Person that is the issuer of any securities into which Common Shares of the Company are converted in such merger or consolidation, or, if there is more than one such issuer, the issuer of Common Shares that has the highest aggregate current market price (determined in accordance with Section 11(d) hereof) and (B) if no securities are so issued, the Person that is the other party to such merger or consolidation, or, if there is more than one such Person, the Person the Common Shares of which has the highest aggregate current market price (determined in accordance with Section 11(d) hereof); and

(ii) in the case of any transaction described in clause (iii) of Section 13(a) hereof, the Person that is the party receiving the largest portion of the assets or earning power transferred pursuant to such transaction or transactions, or, if each Person that is a party to such transaction or transactions receives the same portion of the assets or earning power transferred pursuant to such transaction or transactions or if the Person receiving the largest portion of the assets or earning power cannot be determined, whichever Person the Common Shares of which has the highest aggregate current market price (determined in accordance with Section 11(d) hereof);

provided, however, that in any such case, (A) if the Common Shares of such Person are not at such time and have not been

continuously over the preceding twelve-month period registered under Section 12 of the Exchange Act ("Registered Common Shares"), or such Person is not a corporation, and such Person is direct or indirect Subsidiary of another Person that has registered Common Shares outstanding, "Principal Party" shall refer to such other Person; (B) if the Common Shares of such Person are not Registered Common Shares or such Person is not a corporation, and such Person is a direct or indirect Subsidiary of another Person but is not a direct or indirect Subsidiary of another Person which has Registered Common Shares outstanding, "Principal Party" shall refer to the ultimate parent entity of such first-mentioned Person; (C) if the Common Shares of such Person are not Registered Common Shares or such Person is not a corporation, and such Person is directly or indirectly controlled by more than one Person, and one or more of such other Persons has Registered Common Shares outstanding, "Principal Party" shall refer to whichever of such other Persons is the issuer of the Registered Common Shares having the highest aggregate current market price (determined in accordance with Section 11(d) hereof); and (D) if the Common Shares of such Person are not Registered Common Shares or such Person is not a corporation, and such Person is directly or indirectly controlled by more than one Person, and none of such other Persons have Registered Common Shares outstanding, "Principal Party" shall refer to whichever ultimate parent entity is the corporation having the greatest stockholders' equity or, if no such ultimate parent entity is a corporation, shall refer to whichever ultimate parent entity is the entity having the greatest net assets.

(c) The Company shall not consummate any such consolidation, merger, sale or transfer unless prior thereto the Company and Principal Party shall have executed and delivered to the Rights Agent a supplemental agreement confirming that (i) such Principal Party shall, upon consummation of such consolidation, merger or sale or transfer of assets or earning power, assume this Agreement in accordance with Sections 13(a) and (b) hereof, (ii) all rights of first refusal or preemptive rights in respect of the issuance of Common Shares of such Principal Party upon exercise of outstanding Rights have been waived, (iii) any provision of the authorized securities of such Principal Party or of its charter, bylaws or other instruments governing its corporate affairs which would obligate such Principal Party to issue in connection with, or as a consequence of, the consummation of a transaction referred to in Section 13(a) hereof, Common Shares of such Principal Party at less than the then-current per share market price (determined in accordance with Section 11(d)(i) hereof) or securities exercisable for, or convertible into, such Common Shares at less than such then-current per share market price (other than to the holders of Rights pursuant to this Section 13) have been waived or canceled, and (iv) such transaction shall not result in a default by such Principal Party under this Agreement and further providing that, as soon as practicable after the date of any consolidation, merger or sale or transfer of assets or earning

power referred to in Section 13(a) hereof, such Principal Party will:

(A) prepare and file a registration statement under the Securities Act of 1933, as amended, with respect to the Rights and the securities purchasable upon exercise of the Rights on an appropriate form, use its best efforts to cause such registration statement to become effective as soon as practicable after such filing and use its best efforts to cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Securities Act of 1933, as amended) until the Final Expiration Date of the Rights, and similarly comply with applicable state securities laws;

(B) use its best efforts to list (or continue the listing of) the Rights and the securities purchasable upon exercise of the Rights on a national securities exchange or to meet the eligibility requirements for quotation on the NASDAQ or such other system then in use; and

(C) deliver to holders of the Rights historical financial statements for such Principal Party which comply in all respects with the requirements for registration on Form 10 (or any successor form) under the Exchange Act.

In the event that at any time after the occurrence of a Section 11(a)(ii) event hereof some or all of the Rights shall not have been exercised at the time of a Section 13 event, the Rights which have not theretofore been exercised shall thereafter be exercisable in the manner described in Section 13(a) (without taking into account any prior adjustment required by Section 11(a)(ii)).

(d) The provisions of this Section 13 shall similarly apply to successive mergers or consolidations or sales or other transfers.

Section 14. Fractional Rights and Fractional Shares.

(a) The Company shall not be required to issue fractions of Rights or to distribute Right Certificates which evidence fractional Right (i.e., Rights to acquire less than one one-hundredth of a Preferred Share). If the Company shall determine not to issue such fractional Rights, there shall be paid to the registered holders of the Right Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the current market value of a whole Right. For the purposes of this Section 14(a), the current market value of a whole Right shall be the closing price of the Rights for the Trading Day immediately prior to the date on which such fractional Rights would have been otherwise issuable. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes

place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange, Inc., or, if the Rights are not listed or admitted to trading on the New York Stock Exchange, Inc., as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Rights are listed or admitted to trading or, if the Rights are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by NASDAQ or such other system then in use or, if on any such date the Rights are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Rights selected by the Board of Directors. If on any such date no such market maker is making a market in the Rights, the fair value of the Rights on such date will be as determined in good faith by the Board of Directors, based upon such appraisals or valuation reports of such independent experts as the Board of Directors shall in good faith determine appropriate.

(b) The Company shall not be required to issue fractions of Preferred Shares (other than fractions which are integral multiples of one one-hundredth of a Preferred Share) upon exercise of the Rights, or to distribute certificates which evidence fractional Preferred Shares (other than fractions which are integral multiples of one one-hundredth of a Preferred Share). Fractions of Preferred Shares in integral multiples of one one-hundredth of a Preferred Share may, at the election of the Company, be evidenced by depositary receipts, pursuant to an appropriate agreement between the Company and a depositary selected by it, provided that such agreement shall provide that the holders of such depositary receipts shall have all the rights, privileges and preferences to which they are entitled as beneficial owners of the Preferred Shares. With respect to fractional Preferred Shares that are not integral multiples of one one-hundredth of a Preferred Share, if the Company does not issue fractional shares or depositary receipts in lieu thereof, the Company shall pay to the registered holders of Right Certificates at the time such Rights are exercised as herein provided an amount in cash equal to the same fraction of the current market value of one Preferred Share. For purposes of this Section 14(b), the current market value of one one-hundredth of a Preferred Share shall be one one-hundredth of the closing price of a Preferred Share (as determined in accordance with Section 11(d)(ii) hereof) for the Trading Day immediately prior to the date of such exercise.

(c) The holder of a Right, by the acceptance of the Rights, expressly waives his right to receive any fractional Rights or any fractional shares upon exercise of a Right except

as permitted by this Section 14.

Section 15. Rights Of Action. All rights of action in respect of this Agreement, excepting the rights of action given to the Rights Agent under Section 18 hereof, are vested in the respective registered holders of the Right Certificates (and, prior to the Distribution Date, the registered holders of the Common Shares); and any registered holder of any Right Certificate (or, prior to the Distribution Date, of the Common Shares), without the consent of the Rights Agent or of the holder of any other Right Certificate (or, prior to the Distribution Date, of the Common Shares), may in his own behalf and for his own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, his right to exercise the Rights evidenced by such Right Certificate in the manner provided in such Right Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of, the obligations of any Person subject to this Agreement.

Section 16. Agreement of Right Holders. Every holder of a Right, by accepting the same, consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

(a) prior to the Distribution Date, the Rights shall be evidenced by the certificates for Common Shares registered in the name of the holders of the Common Shares (which certificates for Common Shares shall also constitute certificates for Rights) and each Right will be transferable only in connection with the transfer of the Common Shares;

(b) after the Distribution Date, the Right Certificates are transferable only on the registry books of the Rights Agent if surrendered at the principal office of the Rights Agent, duly endorsed or accompanied by a proper instrument of transfer and with the appropriate forms and certificates duly executed; and

(c) subject to Sections 6(a) and 7(f) hereof, the Company and the Rights Agent may deem and treat the person in whose name the Right Certificate (or, prior to the Distribution Date, the associated Common Shares certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Right Certificates or the associated Common Shares certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary.

Section 17. Right Holders and Right Certificate Holders Not Deemed a Stockholder. No holder, as such, of any Right or Right Certificate shall be entitled to vote, receive dividends or be deemed for any purpose the holder of the number of one one-hundredths of a Preferred Share or any other securities of the Company which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Right Certificate be construed to confer upon the holder of any Right or Right Certificate, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in Section 24), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by such Right Certificate shall have been exercised in accordance with the provisions hereof.

Section 18. Concerning the Rights Agent.

(a) The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, or expense, incurred without negligence, bad faith or willful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability.

(b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any Right Certificate or certificate for the Preferred Shares or Common Shares or for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper person or persons, or otherwise upon the advice of its counsel as set forth in Section 20 hereof.

Section 19. Merger or Consolidation or Change of Name of Rights Agent.

(a) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or

consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any corporation succeeding to the corporate trust or stock transfer business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 21 hereof. If, at the time such successor Rights Agent shall succeed to the agency created by this Agreement, any of the Right Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Right Certificates so countersigned; and if at that time any of the Right Certificates shall not have been countersigned, any successor Rights Agent may countersign such Right Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

(b) If at any time the name of the Rights Agent shall be changed and at such time any of the Right Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Right Certificates so countersigned; and if at that time any of the Right Certificates shall not have been countersigned, the Rights Agent may countersign such Right Certificates either in its prior name or in its changed name; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

Section 20. Duties of Rights Agent. The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Company and the holders of Right Certificates, by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with legal counsel (who may be legal counsel for the Company), and the advice or opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such advice or opinion.

(b) Whenever in the performance of its duties under this Agreement the Rights Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by any one of the Chairman of the Board, the President, any Vice President, the Treasurer or the Secretary of the Company and delivered to the

Rights Agent; provided, however, that so long as any Person is an Acquiring Person hereunder, such certificate shall be signed by a majority of the members of the Board of Directors; and such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder to the Company and any other Person only for its own gross negligence, bad faith or willful misconduct.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Right Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Right Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Right Certificate; nor shall it be responsible for any change in the exercisability of the Rights (including the Rights becoming null and void pursuant to Section 7(f) hereof) or any adjustment required under the provisions of Sections 11 or 13 hereof (including the manner, method or amount thereof) or the ascertaining of the existence of facts that would require any such change or adjustment (except with respect to the exercise of Rights evidenced by Right Certificates after receipt by the Rights Agent of the certificate describing any such adjustment as contemplated by Section 12 hereof); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any Preferred Shares to be issued pursuant to this Agreement or any Right Certificate or as to whether any Preferred Shares will, when issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any one of the Chairman of the Board, the President, any Vice President, the Secretary, any Assistant Secretary or the Treasurer of the Company, and to apply to such

officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered to be taken by it in good faith in accordance with instructions of any such officer; provided, however, that so long as any Person is an Acquiring Person hereunder, the Rights Agent shall accept such instructions and advice only from the Board of Directors and shall not be liable for any action taken or suffered to be taken by it in good faith in accordance with such instructions. Any application by the Rights Agent for written instructions from the Company may, at the option of the Rights Agent, set forth in writing any action proposed to be taken or omitted by the Rights Agent under this Agreement and the date on and/or after which such action shall be taken or such omission shall be effective. The Rights Agent shall not be liable for any action taken by, or omission of, the Rights Agent in accordance with a proposal included in any such application on or after the date specified in such application (which date shall not be less than five Business Days after the date any such officer of the Company or, if there is an Acquiring Person hereunder, a majority of the members of the Board of Directors, actually receives such application, unless any such officer or a majority of the members of the Board of Directors shall have consented in writing to an earlier date) unless, prior to taking any such action (or the effective date in the case of an omission), the Rights Agent shall have received written instructions in response to such application specifying the action to be taken or omitted.

(h) The Rights Agent and any stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not the Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct, provided that reasonable care was exercised in the selection and continued employment thereof.

(j) No provision of this Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of its rights hereunder if the Rights Agent shall have reasonable grounds for believing that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.

(k) If, with respect to any Right Certificate surrendered to the Rights Agent for exercise or transfer, the certificate included with the form of assignment or form of election to purchase, as the case may be, has either not been completed, not signed or indicates an affirmative response to clause 1 and/or 2 thereof, the Rights Agent shall not take any further action with respect to such requested exercise or transfer without first consulting with the Company. If such certificate has been completed and signed, the Rights Agent may assume without further inquiry that the Right Certificate is not owned by a person described in Section 7(f) hereof and shall not be charged with any knowledge to the contrary.

Section 21. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice in writing mailed to the Company and to each transfer agent of the Common Shares and Preferred Shares by registered or certified mail, and to the holders of the Right Certificates by first-class mail. The Company may remove the Rights Agent or any successor Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Common Shares and Preferred Shares by registered or certified mail, and to the holders of the Right Certificates by first-class mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of 30 days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Right Certificate (who shall, with such notice, submit his Right Certificate for inspection by the Company), then the Company shall become the Rights Agent and the registered holder of any Right Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a corporation organized and doing business under the laws of the United States or of the state of New York (or of any other state of the United States so long as such corporation is authorized to do business as a banking institution in the state of New York), in good standing, having a principal office in the state of New York, which is authorized under such laws to exercise corporate trust or stock transfer powers and is subject to supervision or examination by federal or state authority and which has at the time of its appointment as Rights Agent a combined capital and surplus of at least \$50 million. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose.

Not later than the effective date of any such appointment, the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares and Preferred Shares, and mail a notice thereof in writing to the registered holders of the Right Certificates. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

Section 22. Issuance of New Right Certificates. Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Company may, at its option, issue new Right Certificates evidencing Rights in such form as may be approved by the Board of Directors to reflect any adjustment or change in the Purchase Price per share and the number or kind or class of shares or other securities or property purchasable under the Right Certificates made in accordance with the provisions of this Agreement. In addition, in connection with the issuance or sale of Common Shares of the Company following the Distribution Date and prior to the close of business on the earlier of the Redemption Date or the Final Expiration Date, the Company (a) shall, with respect to Common Shares of the Company so issued or sold pursuant to the exercise of stock options or under any Plan, or upon the exercise, conversion or exchange of securities hereinafter issued by the Company, and (b) may, in any other case, if deemed necessary or appropriate by the Board of Directors, issue Right Certificates representing the appropriate number of Rights in connection with such issuance or sale; provided, however, that (i) no such Right Certificate shall be issued if, and to the extent that, the Company shall be advised by counsel that such issuance would create a significant risk of material adverse tax consequences to the Company or the Person to whom such Right Certificate would be issued, and (ii) no such Right Certificate shall be issued if, and to the extent that, appropriate adjustment shall otherwise have been made in lieu of the issuance thereof.

Section 23. Redemption.

(a) The Company may, at its option, by action of the Board of Directors at any time prior to the close of business on the earlier of (i) the 10th day following the Shares Acquisition Date or (ii) the Final Expiration Date, redeem all, but not less than all, the then outstanding Rights at a redemption price of \$.01 per Right as such amount may be appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such redemption price being hereinafter referred to as the "Redemption Price").

(b) In the event that if, following the occurrence of a Shares Acquisition Date and following the expiration of the right of redemption under subparagraph (a) of this Section 23, but prior to any Section 13 event, (i) a Person who is an

Acquiring Person or an Affiliate or Associate of such Person shall have transferred or otherwise disposed of a number of Common Shares in one transaction, or a series of transactions (not directly or indirectly involving a purchase by the Company or any of its Subsidiaries), which did not result in the occurrence of a Section 11(a)(ii) event or a Section 13 event, such that such Person is thereafter a Beneficial Owner of 10 percent or less of the outstanding Common Shares of the Company, (ii) there are no other Persons, immediately following the transfer or other disposition described in clause (i), who are Acquiring Persons, and (iii) the transfer or other disposition described in clause (i) was other than pursuant to a transaction or series of transactions which directly or indirectly involved the Company or any of its Subsidiaries, then the right of redemption provided in subparagraph (a) of this Section 23 shall be reinstated and thereafter all outstanding Rights shall again be subject to the provisions of this Section 23. Notwithstanding anything in this Agreement to the contrary, the Rights shall not be exercisable at any time when the Rights are subject to any effective right of redemption by the Company under this Agreement.

(c) Immediately upon the action of the Board of Directors ordering the redemption of the Rights, or at such time and date thereafter as the Board of Directors may specify, and without any further action and without any notice, the right to exercise the Rights will terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price. Promptly after the action of the Board of Directors ordering the redemption of the Rights, the Company shall give notice of such redemption to the holders of the then outstanding Rights by mailing such notice to all such holders at their last addresses as they appear upon the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the transfer agent for the Common Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. Neither the Company nor any of its Affiliates or Associates may redeem, acquire or purchase for value any Rights in any manner other than that specifically set forth in this Section 23, and other than in connection with the purchase of Common Shares prior to the Distribution Date.

Section 24. Exchange.

(a) The Company may, at its option, by action of the Board of Directors, at any time after any Person becomes an Acquiring Person, exchange all or part of the then-outstanding and exercisable Rights (which shall not include Rights that have become void pursuant to the provisions of Section 7(f)) for Common Shares at an exchange ratio of one Common Share per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such

exchange ratio being herein referred to as the "Exchange Ratio"). Notwithstanding the foregoing, the Board of Directors shall not be empowered to effect such exchange at any time after any Person (other than the Company, any Subsidiary of the Company, any Plan of the Company or of a Subsidiary of the Company, or any Person holding Common Shares for or pursuant to the terms of any such Plan), together with all Affiliates and Associates of such Person, becomes the Beneficial Owner of 50 percent or more of the Common Shares then outstanding.

(b) Immediately upon the action of the Board of Directors of the Company ordering the exchange of any Rights pursuant to Section 24(a) and without any further action and without any notice, the right to exercise such Rights shall terminate and the only right thereafter of a holder of such Rights shall be to receive that number of Common Shares equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. The Company shall promptly give public notice of any such exchange; provided, however, that the failure to give, or any defect in, such notice shall not affect the validity of such exchange. The Company promptly shall mail a notice of any such exchange to all of the holders of such Rights at their last addresses as they appear upon the registry books of the Rights Agent. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange will state the method by which the exchange of the Common Shares for Rights will be effected and, in the event of any partial exchange, the number of Rights which will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights which have become void pursuant to the provisions of Section 7(f) hereof) held by each holder of Rights.

(c) In any exchange pursuant to this Section 24, the Company, at its option, may substitute Preferred Shares (or equivalent preferred shares, as such term is defined in Section 11(b)) for Common Shares exchangeable for Rights, at the initial rate of one one-hundredth of a Preferred Share (or equivalent preferred share) for each Common Share, as appropriately adjusted to reflect adjustments in the voting rights of the Preferred Shares pursuant to the terms thereof, so that the fraction of a Preferred Share delivered in lieu of each Common Share shall have at least the same voting rights as one Common Share.

(d) The Company shall not be required to issue fractions of Common Shares or to distribute certificates which evidence fractional Common Shares. In lieu of such fractional shares, the Company shall pay to the registered holders of the Right Certificates with regard to which such fractional shares would otherwise be issuable an amount in cash equal to the same fraction of the current market value of a whole Common Share. For the purposes of this Section 24(d), the current market value of a whole share shall be the closing price of a Common Share

determined in the manner set forth in Section 11(d).

Section 25. Notice of Certain Events.

(a) In case the Company shall propose, at any time after the Distribution Date, (i) to declare or pay any dividend payable in stock of any class to the holders of its Preferred Shares or to make any other distribution to the holders of its Preferred Shares (other than a regular quarterly cash dividend), or (ii) to offer to the holders of its Preferred Shares options, rights or warrants to subscribe for or to purchase any additional Preferred Shares or shares of stock of any class or any other securities, rights or options, or (iii) to effect any reclassification of its Preferred Shares (other than a reclassification involving only the subdivision of outstanding Preferred Shares), or (iv) to effect any consolidation or merger into or with, or to effect any sale or other transfer (or to permit one or more of its Subsidiaries to effect any sale or other transfer), in one or more transactions, of more than 50 percent of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person or Persons, or (v) to effect the liquidation, dissolution or winding up of the Company, then, in each such case, the Company shall give to each holder of a Right Certificate, in accordance with Section 26 hereof, a notice of such proposed action, which shall specify the record date for the purposes of such stock dividend, or distribution of rights or warrants, or the date on which such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution or winding up is to take place and the date of participation therein by the holders of record of the Preferred Shares, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (i) or (ii) above at least 20 days prior to the record date for determining holders of the Preferred Shares for purposes of such action, and in the case of any such other action, at least 20 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of the Preferred Shares, whichever shall be the earlier. The failure to give notice required by this Section 25 or any defect therein shall not affect the legality or validity of the action taken by the Company or the vote upon any such action.

(b) In case any Section 11(a)(ii) event shall occur, then (i) the Company shall as soon as practicable thereafter give to each holder of a Right Certificate, in accordance with Section 26 hereof, a notice of the occurrence of such event, which shall specify the event and the consequences of the event to holders of Rights under Section 11(a)(ii) hereof, and (ii) all references in Section 25(a) to Preferred Shares shall be deemed thereafter to refer to Common Shares and/or, if appropriate, other securities.

Section 26. Notices. Notices or demands authorized by this Agreement to be given or made by the Rights Agent or by the holder of any Right Certificate to or on the Company shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows: Louisiana-Pacific Corporation, 111 S.W. Fifth Avenue, Portland, Oregon 97204, Attention: Secretary. Subject to the provisions of Section 21 hereof, any notice or demand authorized by this Agreement to be given or made by the Company or by the holder of any Right Certificate to or on the Rights Agent shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) to the principal office of the Rights Agent as follows:

First Chicago Trust Company of New York
36 Went Broadway
New York, New York 10007

Notices or demands authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Right Certificate (or, if prior to the Distribution Date, to the holder of certificates representing Common Shares of the Company) shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company.

Section 27. Supplements and Amendments.

(a) Prior to the Distribution Date, the Company may by action of the Board of Directors, and the Rights Agent shall if the Company so directs, supplement or amend any provision of this Agreement in any manner without the approval of any holders of Common Shares. From and after the Distribution Date, the Company may by action of the Board of Directors, and the Rights Agent shall if directed by the Company, from time to time, supplement or amend this Agreement without the approval of any holders of Right Certificates in order (i) to cure any ambiguity, (ii) to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein, (iii) to shorten or lengthen any time period herein or (iv) to change or supplement any other provisions, hereunder in any manner which the Board of Directors may deem necessary or desirable so long as the interests" of the holders of the Rights or Right Certificates (other than an Acquiring Person or any Affiliate or Associate of an Acquiring Person) shall not be materially and adversely affected thereby; provided, however, this Agreement may not be supplemented or amended to lengthen, pursuant to clause (iii) of this sentence, (A) a time period governing redemption of the Rights if the Rights are not then redeemable, or (B) any other time period unless such lengthening is for the purpose of protecting, enhancing or clarifying the rights of, and/or the benefits to, the holders of Rights (other than an Acquiring Person or any Affiliate or Associate of an

Acquiring Person). Upon the delivery of a certificate from an appropriate officer of the Company or, so long as any Person is an Acquiring Person hereunder, from the Board of Directors, which states that the proposed supplement or amendment is in compliance with the terms of this Section 26(a), the Rights Agent shall execute such supplement or amendment. Prior to the Distribution Date, the interests of the holders of Rights shall be deemed coincident with the interests of the holders of the Common Shares of the Company.

(b) After the Distribution Date and prior to the earlier of the Redemption Date or the Final Expiration Date, the Company shall not effect any amendment to the Certificate of Designations for the Preferred Shares which would materially and adversely affect the rights, privileges or powers of the Preferred Shares, without the prior approval of the holders of two-thirds or more of the then outstanding Rights.

Section 28. Certain Covenants.

Subject to Section 27 and the other provisions of this Agreement:

(a) no adjustment to the Purchase Price, the number of Preferred Shares or Common Shares or other securities, as the case may be (or fractions of a share), for which a Right is exercisable or the number of Rights outstanding shall be made or be effective if such adjustment would have the effect of reducing or limiting the benefits the holders of the Rights would have had absent such adjustment, including, without limitation, the benefits under Section 11(a)(ii) and Section 13, unless the terms of this Agreement are amended so as to preserve such benefits; and

(b) the Company shall not, during any time when there exists an Acquiring Person (i) sell or issue, or permit any Subsidiary to sell or issue, to an Acquiring Person, or any Affiliate or Associate thereof, any rights, options, warrants or convertible securities on terms similar to, or which materially adversely affect the value of, the Rights, or (ii) sell or issue to an Acquiring Person, or any Affiliate or Associate thereof, Preferred Shares, Common Shares or shares of any other class of capital stock if such sale or issue is intended to or would materially adversely affect the value of the Rights.

Section 29. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 30. Benefits of This Agreement. Nothing in this Agreement shall be construed to give to any person or corporation other than the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the

Distribution Date, the Cocoon Shares of the Company) any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Shares of the Company).

Section 31. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated; provided, however, that notwithstanding anything in this Agreement to the contrary, if any such term, provision, covenant or restriction is held by such court or authority to be invalid, void or unenforceable and the Board of Directors determines in their good faith judgment that severing the invalid language from this Agreement would adversely affect the purpose or effect of this Agreement and the Rights shall not then be redeemable, the right of redemption set forth in Section 23 hereof shall be reinstated and shall not expire until the close of business on the tenth day following the date of such determination by the Board of Directors.

Section 32. Determinations and Actions by the Board of Directors, etc. For all purposes of this Agreement, any calculation of the number of Common Shares of the Company outstanding at any particular time, including for purposes of determining the particular percentage of such outstanding shares of which any Person is the Beneficial owner, shall be made in accordance with the last sentence of Rule 13d-3(d)(1)(i) of the Exchange Act Regulations as in effect on the date hereof. Except as otherwise specifically provided herein, the Board of Directors of the Company shall have the exclusive power and authority to administer this Agreement and to exercise all rights and powers specifically granted to the Board of Directors or to the Company, or as may be necessary or advisable in the administration of this Agreement, including, without limitation, the right and power (a) to interpret the provisions of this Agreement and (b) to make all determinations deemed necessary or advisable for the administration of this Agreement. All such actions, calculations, interpretations and determinations (including, for purposes of clause (ii) below, all omissions with respect to the foregoing) which are done or made by the Board of Directors in good faith shall (i) be final, conclusive and binding on the Company, the Rights Agent, the holders of the Rights and all other parties, and (ii) not subject the Board of Directors or any member thereof to any liability to the holders of the Rights.

Section 33. Governing Law. This Agreement and each Right Certificate issued hereunder shall be deemed to be a contract made under the laws of the state of Delaware and for all purposes shall be governed by and construed in accordance with

the laws of such state applicable to contracts to be made and performed entirely within such state; provided, however, that the rights and obligations of the Rights Agent hereunder shall be governed by the laws of the state of New York (or state of incorporation of any successor Rights Agent).

Section 34. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 35. Descriptive Headings. Descriptive headings of the several sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

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

LOUISIANA-PACIFIC CORPORATION

Attest:

By /s/ Anton C. Kirchoff
Name: Anton C. Kirchoff
Title: Secretary

/s/ Harry A. Merlo
Name: Harry A. Merlo
Title Chairman and President

FIRST CHICAGO TRUST COMPANY OF
NEW YORK

Attest:

By: /s/ Joanne Gorostiola
Name: Joanne Gorostiola
Title: Customer Service Officer

By /s/ John C. Bambach
Name: John C. Bambach
Title: Vice President

FORM OF
CERTIFICATE OF DESIGNATIONS OF SERIES A JUNIOR
PARTICIPATING CUMULATIVE PREFERRED STOCK,
\$1 Par Value

of

LOUISIANA-PACIFIC CORPORATION

Pursuant to Section 151 of the General Corporation
Law of the State of Delaware

The undersigned, Harry A. Merlo and Donald R. Holman, certify that:

1. They are the Chairman and President and the Secretary, respectively, of Louisiana-Pacific Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation").

2. That pursuant to the authority conferred upon the Board of Directors by the Certificate of Incorporation, as amended, of the Corporation and pursuant to Section 151 of the General Corporation Law of the State of Delaware, the said Board of Directors on May 23, 1988, duly adopted the following resolution, which resolution remains in full force and effect, creating a series of shares of Preferred Stock of the par value of \$1 each (the "Preferred Stock") of the Corporation designated as Series A Junior Participating Cumulative Preferred Stock, \$1 par value:

"RESOLVED that pursuant to the authority vested in the Board of Directors of this Corporation in accordance with the provisions of its Certificate of Incorporation, as amended (the "Certificate of Incorporation"), a series of the Preferred Stock of the Corporation be, and it hereby is, created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as Series A Junior Participating Cumulative Preferred Stock, \$1 Par Value (the Series A Preferred Stock") and the number of shares constituting such series shall be 1,000,000.

Section 2. Dividends and Distributions.

(A) The holders of shares of Series A Preferred Stock, in preference to the holders of Common Stock of the par value of \$1 per share (the Common Stock) of the Corporation and of any other junior stock which may be outstanding, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, (i) quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$23.00 per share (\$92.00 per annum), or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock, and (ii) subject to the provision for adjustment hereinafter set forth, quarterly distributions (payable in kind) on each Quarterly Dividend Payment Date in an amount per share equal to 100 times the aggregate per share amount of all noncash dividends or other distributions (other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock, by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date, or with respect to the first Quarterly Dividend Payment Date since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time after May 23, 1988, declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock are entitled under clauses (i)(b) or (ii) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a mandatory dividend or distribution on the Series A Preferred Stock as provided in Section 2(A) immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common

Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a mandatory dividend of \$23.00 per share (\$92.00 per annum) on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Preferred stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall cumulate but shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 30 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Each share of Series A Preferred Stock shall entitle the holder thereof to one vote (and each one one-hundredth of a share of Series A Preferred Stock shall entitle the holder thereof to one one-hundredth of one vote) on all matters submitted to a vote of the stockholders of the Corporation.

(B) Except as otherwise provided in the Certificate of Incorporation or herein or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of the stockholders of the Corporation.

(C) In addition, the holders of shares of Series A Preferred Stock shall have the following special voting rights:

(i) If and whenever accrued dividends on Series A Preferred Stock shall not have been paid or declared

and a sum sufficient for the payment thereof set aside in an amount equivalent to six quarterly dividends on all Shares of Series A Preferred Stock at the time outstanding, then and in each such event the holders of Series A Preferred Stock and each other series of Preferred Stock now or hereafter issued which shall be accorded such class voting right by the Board of Directors and which shall have the right to elect two directors as the result of a prior or subsequent default in payment of dividends on such series (each such other series being hereinafter called "Other Series of Preferred Stock"), voting separately as a class without regard to series, shall be entitled to elect two directors, in addition to the directors to be elected by the holders of all shares of the Corporation entitled to vote for the election of directors, and the holders of all shares (including the Series A Preferred Stock) otherwise entitled to vote for directors, voting separately as a class, shall be entitled to elect the remaining members of the Board of Directors.

(ii) Such special voting right of the holders of Series A Preferred Stock may be exercised until all dividends in default on the Series A Preferred Stock shall have been paid in full or declared and funds sufficient therefor set aside, and when so paid or provided for such special voting right of the holders of Series A Preferred Stock shall cease, but subject always to the same provisions for the vesting of such special voting rights in the case of any such future dividend default or defaults.

(iii) At any time after such special voting rights shall have so vested in the holders of Series A Preferred Stock, the Secretary of the Corporation may, and upon the written request of the holders of record of 10 percent or more in number of shares of Series A Preferred Stock and each Other Series of Preferred Stock then outstanding addressed to him at the principal executive office of the Corporation shall, call a special meeting of the holders of Preferred Stock so entitled to vote for the election of the directors to be elected by them as herein provided, to be held within 60 days after such call and at the place and upon the notice provided by law and in the bylaws for the holding of meetings of stockholders; provided, however, that the Secretary shall not be required to call such special meeting in the case of any such request received less than 90 days before the date fixed for any annual meeting of stockholders, and if in such case such special meeting is not called, the holders of Preferred Stock so entitled to vote shall be

entitled to exercise the special voting rights provided in this Section 3(C) at such annual meeting. If any such special meeting required to be called as above provided shall not be called by the Secretary within 30 days after receipt of any such request, then the holders of record of 10 percent or more in number of shares of Series A Preferred Stock and each Other Series of Preferred Stock then outstanding may designate in writing one of their number to call such meeting, and the person so designated may, at the expense of the Corporation, call such meeting to be held at the place and upon the notice above provided, and for that purpose shall have access to the stock books of the Corporation. No such special meeting and no adjournment thereof shall be held on a date later than 60 days before the annual meeting of the stockholders or a special meeting held in place thereof next succeeding the time when the holders of Series A Preferred Stock become entitled to elect directors as above provided.

(iv) If, at any meeting so called or at any annual meeting held while the holders of shares of Series A Preferred Stock have the special voting rights provided for in this Section 3(C), the holders of not less than 33-1/3 percent of the then outstanding shares of Series A Preferred Stock and each Other Series of Preferred Stock are present in person or by proxy, which percentage shall be sufficient to constitute a quorum for the election of additional directors as herein provided, the then authorized number of directors of the Corporation shall automatically be increased by two, as of the time of such special meeting or the time of the first such annual meeting held while such holders have said special voting rights and such quorum is present, and the holders of the Series A Preferred Stock and each Other Series of Preferred Stock, voting as a class, shall be entitled to elect the additional directors so provided for.

(v) Upon the election at such meeting by the holders of the shares of Series A Preferred Stock and each Other Series of Preferred Stock, voting as a class, of the two directors they are entitled so to elect, the persons so elected, together with such persons as may be or may have been elected as directors by the holders of all shares (including Series A Preferred Stock) otherwise entitled to vote for directors, shall constitute the duly elected directors of the Corporation. The additional directors so elected by holders of Series A Preferred Stock and each Other Series of Preferred Stock, voting as a class, shall

serve until the next annual meeting or until their respective successors shall be elected and qualified, and at each subsequent meeting of stockholders at which the directorship of any director elected by the vote of holders of Series A Preferred Stock and each Other Series of Preferred Stock under the special voting rights set forth in this Section 3(C) is up for election said special voting rights shall apply in the reelection of such director or in the election of his successor; provided, however, that whenever the holders of Series A Preferred Stock and each Other Series of Preferred Stock shall be divested of the special rights to elect two directors as above provided, the terms of office of all persons elected as directors by the holders of Series A Preferred Stock and each Other Series of Preferred Stock, voting as a class, or elected to fill any vacancies resulting from the death, resignation, or removal of directors so elected by the holders of Series A Preferred Stock and each Other Series of Preferred Stock, shall forthwith terminate and the authorized number of directors shall be reduced accordingly.

(vi) If, at any time after a special meeting of stockholders or an annual meeting of stockholders at which the holders of Series A Preferred Stock and each Other Series of Preferred Stock have elected additional directors as provided above, and while the holders of Series A Preferred Stock and each Other Series of Preferred Stock shall be entitled to elect two directors, the number of directors who have been elected by the holders of Series A Preferred Stock and each Other Series of Preferred Stock (or who by reason of one or more resignations, deaths or removals have succeeded any directors so elected) shall by reason of resignation, death or removal be less than two but at least one, the vacancy in the directors elected by the holders of the Series A Preferred Stock and each Other Series of Preferred Stock may be filled by the remaining director elected by such holders, and failing such election within 30 days after such vacancy arises, or if there shall not be incumbent at least one director elected by such holders, the Secretary of the Corporation may, and upon the written request of the holders of record of 10 percent or more in number of shares of Series A Preferred Stock and each Other Series of Preferred Stock then outstanding addressed to him at the principal office of the Corporation shall, call a special meeting of the holder of Preferred Stock so entitled to vote for an election to fill such vacancy or vacancies, to be held within 60 days after such call and at the place and upon the notice provided

by law and in the bylaws for the holding of meetings of stockholders; provided, however, that the Secretary shall not be required to call such special meeting in the case of any such request received less than 90 days before the date fixed for any annual meeting of stockholders, and if in such case such special meeting is not called, the holders of Preferred Stock so entitled to vote shall be entitled to fill such vacancy or vacancies at such annual meeting. If any such special meeting required to be called as above provided shall not be called by the Secretary within 30 days after receipt of any such request, then the holders of record of 10 percent or more in number of shares of Series A Preferred Stock and each Other Series of Preferred Stock then outstanding may designate in writing one of their number to call such meeting, and the person so designated may, at the expense of the Corporation, call such meeting to be held at the place and upon the notice above provided, and for that purpose shall have access to the stock books of the Corporation; no such special meeting and no adjournment thereof shall be held on a date later than 60 days before the annual meeting of the stockholders or a special meeting held in place thereof next succeeding the time when the holders of Series A Preferred Stock and each Other Series of Preferred Stock become entitled to elect directors as above provided.

(D) Nothing herein shall prevent the directors or stockholders from taking any action to increase the number of authorized shares of Series A Preferred Stock, or increasing the number of authorized shares of Preferred Stock of the same class as the Series A Preferred Stock or the number of authorized shares of Common Stock, or changing the par value of the Common Stock or Preferred Stock, or issuing options, warrants, or rights to any class of stock of the Corporation as authorized by the Certificate of Incorporation now, or as it may hereafter be amended.

(E) The provisions of this Section 3 shall govern the election of directors by holders of Series A Preferred Stock notwithstanding any provisions of the Certificate of Incorporation to the contrary, including, without limitation, the first sentence of section (4) of Article Tenth of the Certificate of Incorporation.

(F) Except as set forth herein, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote as set forth in the Certificate of Incorporation or herein or by law) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividend and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividend on, make any other distributions on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any share of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the

Corporation could, under Section 4(A), purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. The Corporation shall take all such action as is necessary so that all such shares shall after their cancellation become authorized but unissued shares of Preferred Stock, without designation as to series, and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

Section 6. Liquidation Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (A) to the holders of shares of stock ranking Junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received the higher of (i) \$1.00 per share (\$.01 per one one-hundredth of a share), plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, or (ii) an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock; nor shall any distribution be made (B) to the holders of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all other such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock are entitled under clause (A)(ii) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common

Stock are exchanged for or changed into other stock or securities, cash and/or any other property, or otherwise changed, then in any such case the shares of Series A Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of share. of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. By Redemption. The shares of Series A Preferred Stock shall not be redeemable. Notwithstanding the foregoing, the Corporation may acquire shares of Series A Preferred Stock in any other manner permitted by law, the Certificate of Incorporation or herein.

Section 9. Rank. Unless otherwise provided in the Certificate of Incorporation or a Certificate of Designations relating to a subsequent series of Preferred Stock of the Corporation, the Series A Preferred Stock shall rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets on liquidation, dissolution or winding up, and senior to the Common Stock of the Corporation.

Section 10. Amendment. The Certificate of Incorporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least a majority of the outstanding shares of Series A Preferred Stock, voting separately as a class.

Section 11. Fractional Shares. Series A Preferred Stock may be issued in one-hundredths of a share or other fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Preferred Stock.

3. The authorized number of shares of Preferred Stock is 15,000,000. The number of shares of Series A Junior Participating Cumulative Preferred Stock is 1,000,000. None of the shares of such series has been issued.

Dated: _____, 1988.

Harry A. Merlo
Chairman and President of
Louisiana-Pacific Corporation

ATTEST:

- -----
Donald R. Holman
Secretary of
Louisiana-Pacific Corporation

Form of Right Certificate

Certificate No. R _____ Rights

NOT EXERCISABLE AFTER JUNE 6, 1998, OR EARLIER IF REDEEMED. THE RIGHTS ARE SUBJECT TO REDEMPTION AT \$.01 PER RIGHT ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN THE RIGHTS AGREEMENT), RIGHTS BENEFICIALLY OWNED BY ACQUIRING PERSONS (AS DEFINED IN THE RIGHTS AGREEMENT) OR ANY SUBSEQUENT HOLDER OF SUCH RIGHTS MAY BECOME NULL AND VOID. [THE RIGHTS REPRESENTED BY THIS RIGHT CERTIFICATE ARE OR WERE BENEFICIALLY OWNED BY A PERSON WHO WAS OR BECAME AN ACQUIRING PERSON OR AN AFFILIATE OR ASSOCIATE OF AN ACQUIRING PERSON (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT). THIS RIGHT CERTIFICATE AND THE RIGHTS REPRESENTED HEREBY ARE VOID IN THE CIRCUMSTANCES SPECIFIED IN THE RIGHTS AGREEMENT.]*

Right Certificate

LOUISIANA-PACIFIC CORPORATION

This certifies that _____, or registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the registered owner thereof, subject to the terms, provisions and conditions of the Rights Agreement restated as of February 3, 1991 (the "Rights Agreement"), between Louisiana-Pacific Corporation, a Delaware corporation (the Company), and First Chicago Trust Company of New York (the "Rights Agent," which term shall include every successor Rights Agent under the Rights Agreement), to purchase from the Company at any time after the Distribution Date (as such term is defined in the Rights Agreement) and prior to 5 p.m. (New York City time) on June 6, 1998, at the office or agency of the Rights Agent or its successor designated for such purpose, one one-hundredth of a fully paid nonassessable share of Series A Junior Participating Cumulative Preferred Stock, \$1 par value (the "Preferred Shares"), of the Company, at a purchase price.

- -----
* That portion of the legend in brackets shall be inserted only if applicable and shall replace the preceding sentence initially of \$___ per one one-hundredth of a Preferred Share (the "Purchase Price"), upon presentation and surrender of this Right Certificate with the Form of Election to Purchase and related

certificate duly executed. As provided in the Rights Agreement, the Purchase Price and the number of Preferred Shares which may be purchased upon the exercise of the Rights evidenced by this Right Certificate are subject to modification and adjustment upon the happening of certain events.

This Right Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Right Certificates. Copies of the Rights Agreement are on file at the principal executive offices of the Company and are available from the Rights Agent or the Company upon written request.

Upon the occurrence of certain events specified in Section 7(f) of the Rights Agreement, if the Rights evidenced by this Right Certificate are or were beneficially owned by an Acquiring Person or an Affiliate or Associate of an Acquiring Person (as such terms are defined in the Rights Agreement) or, under certain circumstances, a transferee of any such Acquiring Person, Affiliate or Associate, such Rights shall become null and void and any holder thereof (whether or not such holder is an Acquiring Person or an Affiliate or Associate of an Acquiring Person) shall thereafter have no right to exercise such Rights.

In certain circumstances described in the Rights Agreement, the Rights evidenced hereby may entitle the holder hereof to purchase capital stock of an entity other than the Company or receive cash or other assets, all as prescribed in the Rights Agreement.

This Right Certificate, with or without other Right Certificates, upon surrender at the office or agency of the Rights Agent designated for such purpose, may be exchanged for another Right Certificate or Right Certificates of like tenor and date evidencing Rights equal to the aggregate number of Rights evidenced by the Right Certificate or Right Certificates surrendered. If this Right Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof another Right Certificate or Right Certificates for the number of whole Rights not exercised. Subject to the provisions of the Rights Agreement, the Rights evidenced by this Right Certificate may, but are not required to, be redeemed by the Company at a redemption price of \$.01 per Right.

No fractional Preferred Shares will be issued upon the exercise of any Right or Rights evidenced hereby (other than fractions which are integral multiples of one one-hundredth of a

Form of Reverse Side of Right Certificate

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Right Certificate.)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto -----

(Please print name and address of transferee)

this Right Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint Attorney, to transfer the within Right Certificate on the books of the within-named Company, with full power of substitution.

Dated: _____, 19__

Signature

Signature Guaranteed:

Certificate

The undersigned hereby certifies by checking the appropriate boxes that:

(1) this Right Certificate is is not being sold, assigned and transferred by or on behalf of a Person who is or was an Acquiring Person or an Affiliate or Associate of any such Acquiring Person (as such terms are defined in the Rights Agreement); and

(2) after due inquiry and to the best knowledge of the undersigned, the undersigned did did not acquire the Rights evidenced by this Right Certificate from any Person who is, was or subsequently became an Acquiring Person or an Affiliate or Associate of an Acquiring Person.

Dated: _____, 19__

Signature

Signature Guaranteed:

Form of Reverse Side of Right Certificate -- continued

NOTICE

This signature to the foregoing Assignment and

Certificate must correspond to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

Signatures must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.

In the event the certification set forth above is not completed, the Company will deem the beneficial owner of the Rights evidenced by this Right Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as such terms are defined in the Rights Agreement) and, in the case of an Assignment, will affix a legend to that effect on any Right Certificates issued in exchange for this Right Certificate.

Form of Reverse Side of Right Certificate -- continued

FORM OF ELECTION TO PURCHASE

(To be executed if holder desires to exercise the Right Certificate.)

To LOUISIANA-PACIFIC CORPORATION

The undersigned hereby irrevocably elects to exercise _____ Rights represented by this Right Certificate to purchase the Preferred Shares issuable upon the exercise of such Rights and requests that certificates for such Preferred Shares be issued in the name of:

(Please print name and address)

Please insert social security or other identifying number:

If such number of Rights shall not be all the Rights evidenced by this Right Certificate, a new Right Certificate for the balance remaining of such Rights shall be registered in the name of and delivered to:

(Please print name and address)

Dated _____, 19__

Signature

Signature Guaranteed:

Certificate

The undersigned hereby certifies by checking the appropriate boxes that:

(1) the Rights evidenced by this Right Certificate [] are [] are not beneficially owned by an Acquiring Person or an Affiliate or an Associate thereof (as such terms are defined in the Rights Agreement); and Form of Reverse Side of Right Certificate -- continued

(2) after due inquiry and to the best knowledge of the undersigned, the undersigned [] did [] did not acquire the Rights evidenced by this Right Certificate from any person who is, was or subsequently became an Acquiring Person or an Affiliate or Associate of an Acquiring Person.

Dated: _____, 19__
Signature

Signature Guaranteed:

NOTICE

The signatures in the foregoing Form of Election to Purchase and Certificate must correspond to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

Signatures must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.

In the event the certification set forth above is not completed, the Company will deem the beneficial owner of the Rights evidenced by this Right Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as such terms are defined in the Rights Agreement) and, in the case of an Assignment, will affix a legend to that effect on any Right Certificates issued in exchange for this Right Certificate.

DESCRIPTION OF COMMON STOCK
OF LOUISIANA-PACIFIC CORPORATION

General

The authorized capital stock of Louisiana-Pacific Corporation ("L-P") consists of 15,000,000 shares of Preferred Stock, \$1 par value ("Preferred Stock"), none of which have been issued, and 75,000,000 shares of Common Stock, \$1 par value ("Common Stock"). All outstanding shares of Common Stock are fully paid and nonassessable. Holders of Common Stock have no preemptive or conversion rights and there are no redemption or sinking fund provisions relating to the Common Stock. As L-P has no Preferred Stock outstanding, there is no restriction on repurchase or redemption of Common Stock as a result of arrearages in the payment of dividends or sinking fund installments with respect to any class of stock issued by L-P. The holders of outstanding shares of Common Stock are entitled to one vote per share. Voting for directors is not cumulative. The board of directors of L-P is divided into three classes serving staggered three-year terms.

Subject to the rights of any Preferred Stock which may be issued in the future, the holders of Common Stock are entitled to such dividends as the board of directors may declare out of funds legally available therefor, at such times and in such amounts as the board deems advisable, and to share pro rata in all assets of L-P available for distribution to its stockholders upon liquidation.

Business Combinations

Article Tenth of L-P's Certificate of Incorporation, relating to certain business combinations, provides that:

(a) At any time a person beneficially owns at least 20 percent of L-P's outstanding Common Stock, certain mergers or other transactions involving L-P, including the issuance of voting securities of L-P other than pursuant to employee benefit plans, must be approved by holders of at least 75 percent of the outstanding Common Stock unless (i) such person acquired its Common Stock in a cash tender offer for all the outstanding Common Stock or has no interest in such merger or other transaction other than solely as a holder of Common Stock, (ii) certain price requirements are met, or (iii) such merger or other transaction has been approved by at least two-thirds of the entire board of directors of L-P;

(b) Changes to L-P's bylaws must be approved by at least two-thirds of the directors, or by the affirmative vote of holders of at least 75 percent of the outstanding Common Stock;

(c) Directors may only be removed for cause and by the affirmative vote of holders of at least 75 percent of the outstanding Common Stock; and

(d) Any stockholder action must be taken at a meeting of stockholders.

Article Tenth may be changed only by the affirmative vote of holders of at least 75 percent of the outstanding Common Stock.

Preferred Stock

The authorized Preferred Stock may be issued in the future without any further action by the holders of the Common Stock, except as provided in Article Tenth of L-P's Certificate of Incorporation discussed above. The board of directors is authorized to divide the Preferred Stock into series and within the limitations provided by law and L-P's charter, to designate the different series and fix and determine the relative rights and preferences of any series so established. If Preferred Stock is issued, the rights of the holders of Common Stock will be subordinated in certain respects to the rights of the holders of the Preferred Stock.

Preferred Stock Purchase Rights

Effective June 6, 1988, L-P distributed purchase rights ("Rights") to holders of Common Stock on the basis of one Right for each share pursuant to a Rights Agreement. A copy of the Rights Agreement as amended and restated as of February 3, 1991 (the "Rights Agreement"), may be obtained by stockholders from L-P. Each Right entitles the registered holder to purchase from L-P one one-hundredth of a share of Series A Junior Participating Cumulative Preferred Stock, \$1 par value, of L-P (the "Preferred Shares"). The Rights are not exercisable and are attached to and trade with shares of Common Stock until the earlier of (i) 10 days following a public announcement that a person, other than certain exempt persons, has acquired, or obtained the right to acquire, beneficial ownership of 20 percent or more of the outstanding Common Stock, other than pursuant to a Qualifying Tender Offer (as defined) (an "Acquiring Person"), or (ii) 10 business days following the commencement of, or announcement of an intention to make, a tender offer or exchange offer (other than a Qualifying Tender Offer) the consummation of which would result in the beneficial ownership by a person of 30 percent or more of the outstanding Common Stock. Upon such an event, the

Rights will trade separately. When the Rights first become exercisable, holders of the Rights will be entitled to receive, upon exercise and the payment of \$75.00 per Right (the "Purchase Price"), one one-hundredth of a Preferred Share. Unless the Rights are earlier redeemed or exchanged, in the event that a person becomes an Acquiring Person, each holder of a Right (other than Rights beneficially owned by the Acquiring Person or certain transferees, which will thereafter be void) will thereafter have the right to receive, upon exercise and payment of the Purchase Price, shares of Common Stock having a value equal to two times the Purchase Price. Similarly, upon the occurrence of certain acquisition transactions involving L-P, proper provision must be made so that each holder of a Right (other than Rights beneficially owned by the Acquiring Person or certain transferees, which will thereafter be void) thereafter will have the right to receive, upon exercise and payment of the Purchase Price, common stock of the acquiring company having a value equal to two times the Purchase Price.

At any time after a person becomes an Acquiring Person and prior to the acquisition by such Acquiring Person of 50 percent or more of the outstanding shares of Common Stock, L-P may exchange the Rights (other than Rights beneficially owned by such Acquiring Person or certain transferees, which became null and void), in whole or in part, for Common Stock at the rate of one share per Right, subject to adjustments to prevent dilution.

Each Preferred Share will be entitled to receive upon declaration the greater of (i) cash and non-cash dividends in an amount equal to 100 times the per share dividends declared on the Common Stock or (ii) a preferential annual dividend of \$92.00 per share. The holders of Preferred Shares, voting as a separate class, will be entitled to elect two directors if dividends on such stock are in arrears in an amount equal to six quarterly dividends. In the event of liquidation, each Preferred Share will be entitled to receive a liquidation payment in an amount equal to the greater of \$1.00 plus all accrued and unpaid dividends and distributions or an amount equal to 100 times the aggregate amount to be distributed per share of Common Stock. Each Preferred Share will have one vote, voting together with the Common Stock. In the event of any merger, consolidation, or other transaction in which shares of Common Stock are exchanged, each Preferred Share will be entitled to receive 100 times the amount received per share of Common Stock.

The Rights will expire on June 6, 1998, unless earlier redeemed or exchanged by L-P. Until the close of business on the earlier of (i) the 10th day following public announcement that a person has become an Acquiring Person or (ii) the expiration date of the Rights, the Rights may be redeemed at

L-P's election in whole, but not in part, at a price of \$.01 per Right. L-P's right of redemption may be reinstated if an Acquiring Person reduces his beneficial ownership to 10 percent or less of the outstanding Common Stock in a transaction not involving a purchase by L-P.

The Rights have certain antitakeover effects, but should not discourage a Qualifying Tender Offer or interfere with any merger or other business combination approved by L-P's board of directors at a time when the Rights are redeemable. The Rights will cause substantial dilution to a person or group that attempts to acquire L-P on terms not approved by L-P's board of directors except pursuant to a Qualifying Tender Offer.

RIGHTS AGREEMENT, AS RESTATED
AMENDMENT NO. 1

Amendment No. 1, dated as of July 28, 1995 (the "Amendment"), to the Rights Agreement, restated as of February 3, 1991 (the "Rights Agreement"), between Louisiana-Pacific Corporation, a Delaware corporation (the "Company"), and First Chicago Trust Company of New York, a New York corporation (the "Rights Agent").

WITNESSETH:

WHEREAS, the Company and the Rights Agent entered into the Rights Agreement; and

WHEREAS, on July 28, 1995, the Board of Directors of the Company, in accordance with Section 27 of the Rights Agreement, determined it desirable and in the best interest of the Company and its stockholders to supplement and amend certain provisions of the Rights Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. Amendment to Section 1(a). Section 1(a) of the Rights Agreement is amended to read in its entirety as follows:

"(a) 'Acquiring Person' shall mean any Person (as defined) who or which, together with all Affiliates and Associates (as defined) of such Person, shall be the Beneficial Owner (as defined) of 15 percent or more of the Common Shares of the Company then outstanding, provided, however, that an Acquiring Person shall not include the Company, any wholly-owned Subsidiary of the Company, any employee benefit plan ("Plan") of the Company or of a Subsidiary of the Company, or any Person holding Common Shares of the Company for or pursuant to the terms of any such Plan. Notwithstanding the foregoing: (i) no Person shall become an 'Acquiring Person' as the result of an acquisition of Common Shares of the Company by the Company which, by reducing the number of Common Shares of the Company outstanding, increases the proportionate number of Common Shares of the Company beneficially owned by such Person to 15 percent or more of the Common Shares of the Company then outstanding, provided, however, that if a Person shall become the Beneficial Owner of

15 percent or more of the Common Shares of the Company then outstanding by reason of such share acquisitions by the Company and shall thereafter become the Beneficial Owner of any additional Common Shares of the Company, then such Person shall be deemed to be an 'Acquiring Person' unless upon the consummation of the acquisition of such additional Common Shares of the Company such Person does not own 15 percent or more of the Common Shares of the Company then outstanding; and (ii) if the Board of Directors determines in good faith that a Person who would otherwise be an 'Acquiring Person' became such inadvertently (including, without limitation, because (A) such Person was unaware that it beneficially owned a percentage of the Common Shares of the Company that would otherwise cause such Person to be an 'Acquiring Person' or (B) such Person was aware of the extent of its Beneficial Ownership of Common Shares of the Company but had no actual knowledge of the consequences of such Beneficial Ownership under this Agreement) and without any intention of changing or influencing control of the Company, and if such Person as promptly as practicable divested or divests itself of Beneficial Ownership of a sufficient number of Common Shares of the Company so that such Person would no longer be an 'Acquiring Person', then such Person shall not be deemed to be or to have become an 'Acquiring Person' for any purposes of this Agreement. For purposes of this subsection (a), in determining the percentage of the outstanding shares of Common Shares of the Company with respect to which a Person is the Beneficial Owner (i) all shares as to which such Person is deemed the Beneficial Owner shall be deemed outstanding and (ii) shares which are subject to issuance upon the exercise or conversion of outstanding conversion rights, rights, warrants and options other than those referred to in clause (i) of this sentence shall not be deemed outstanding. Any determination made by the Board of Directors as to whether any Person is or is not an 'Acquiring Person' shall be conclusive and binding upon all holders of Rights.

Section 2. Amendment to Section 1(j). Section 1(j) of the Rights Agreement is deleted.

Section 3. Amendment to Section 3(a). The first sentence of Section 3(a) of the Rights Agreement is amended by (i) deleting the parenthetical clause "(other than a tender offer which would, upon acceptance of shares for payment, be a Qualifying Tender Offer)", and (ii) deleting the number "30" and inserting in lieu thereof the number "15."

Section 4. Amendments to Section 13(a). (a) The first sentence of Section 13(a) of the Rights Agreement is amended by deleting clause (ii) of said sentence and inserting in lieu thereof the following "(ii) any Person (other than a Subsidiary of the Company in a transaction which complies with Section 11(o) hereof) shall consolidate with the Company, or merge with and into the Company and the Company shall be the continuing or surviving corporation of such merger and, in connection with such consolidation or merger, all or part of the Common Shares shall be changed into or exchanged for stock or other securities of the Company or of any other Person or cash or any other property, or."

(b) The first sentence of Section 13(a) of the Rights Agreement is further amended by deleting the phrase "(other than the Company or any of its Subsidiaries) in one or more transactions each of which complies with Section 11(o)" appearing in clause (iii) of said sentence and inserting in lieu thereof the phrase "(other than the Company or any of its wholly owned Subsidiaries in one or more transactions each of which complies with Section 11(o))", and by deleting the phrase "to any other Person or Persons (other than the Company or one or more of its wholly owned Subsidiaries)" appearing in said sentence. Section 5. Amendment to Section 23(a). Section 23(a) of the Rights Agreement is amended so as to read in its entirety as follows:

"(a) The Company may, at its option, by action of the Board of Directors at any time prior to the earlier of (i) the time that any Person first becomes an Acquiring Person or (ii) the close of business on the Final Expiration Date, redeem all, but not less than all, the then outstanding Rights at a redemption price of \$.01 per Right as such amount may be appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after February 3, 1991 (such redemption price being hereinafter referred to as the 'Redemption Price'."

Section 6. Amendment to Section 23(b). Section 23(b) of the Rights Agreement is deleted.

Section 7. Amendment to Section 24(c). Section 24(c) is amended to read in its entirety as follows:

"(c) In any exchange pursuant to this Section 24, the Company, at its option, may substitute Preferred Shares (or equivalent preferred shares, as such term is defined in Section 11(b)) for Common Shares exchangeable for Rights, at the initial rate (as of February 3, 1991) of one-hundredth of a Preferred Share (or equivalent preferred share) for each Common Share, as appropriately adjusted to

reflect subsequent adjustments in the rights of the Preferred Shares pursuant to the terms thereof, so that the fraction of a Preferred Share delivered in lieu of each Common Share shall have the same rights to participate (taking into account any minimum preferential amounts) in dividends and distributions upon liquidation, dissolution or winding of the Company, as one Common Share."

Section 8. Amendment to Section 27(a). The first two sentences of Section 27(a) are amended by deleting the words "Distribution Date" each place that such words appear therein and inserting in lieu thereof the words "occurrence of a Section 11(a)(ii) event."

Section 9. Rights Agreement as Amended. The term "Agreement" as used in the Rights Agreement shall be deemed to refer to the Rights Agreement as amended hereby. This Amendment shall be effective as of the date hereof and, except as set forth herein, the Rights Agreement shall remain in full force and effect and be otherwise unaffected hereby.

Section 10. Counterparts. This Amendment may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all of such counterparts shall together constitute but one in the same instrument.

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

Attest: LOUISIANA-PACIFIC CORPORATION

By /s/ ANTON C. KIRCHHOF
Anton C. Kirchhof

Financial Officer

By /s/ WILLIAM L. HEBERT
William L. Hebert
Treasurer and Chief

FIRST CHICAGO TRUST COMPANY
OF NEW YORK

By /s/ JAMES KUZMICH
James Kuzmich

By /s/ JOANNE GOROSTIOLA
Joanne Gorostiola
Assistant Vice President

RIGHTS AGREEMENT, AS RESTATED
AMENDMENT NO. 2

Amendment No. 2, dated as of October 30, 1995 (the "Amendment"), to the Rights Agreement, restated as of February 3, 1991 and as amended by Amendment No. 1 thereto dated as of July 28, 1995 (the "Rights Agreement"), between Louisiana-Pacific Corporation, a Delaware corporation (the "Company"), and First Chicago Trust Company of New York, a New York corporation (the "Rights Agent").

WITNESSETH:

WHEREAS, the Company and the Rights Agent have entered into the Rights Agreement; and

WHEREAS, on October 29, 1995, the Board of Directors of the Company, in accordance with Section 27 of the Rights Agreement, determined it desirable and in the best interest of the Company and its stockholders to supplement and amend certain provisions of the Rights Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. Amendment to Section 7(c). The first sentence of Section 7(c) of the Rights Agreement is amended to read in its entirety as follows: "The Purchase Price for each one one-hundredth of a Preferred Share pursuant to the exercise of a Right shall be \$200.00, and shall be payable in lawful money of the United States of America in accordance with Section 7(d) hereof."

Section 2. Rights Agreement as Amended. The term "Agreement" as used in the Rights Agreement shall be deemed to refer to the Rights Agreement as amended hereby. This Amendment shall be effective as of the date hereof and, except as set forth herein, the Rights Agreement shall remain in full force and effect and be otherwise unaffected hereby.

Section 3. Counterparts. This Amendment may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all of such counterparts shall together constitute but one in the same instrument.

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

Attest:

LOUISIANA-PACIFIC CORPORATION

By /s/ Anton C. Kirchof
Anton C. Kirchof

By /s/ William L. Hebert
William L. Hebert
Treasurer and
Chief Financial Officer

FIRST CHICAGO TRUST COMPANY
OF NEW YORK

By /s/ James Kuzmich
James Kuzmich

By /s/ Joanne Gorostiola
Joanne Gorostiola
Assistant Vice President

CREDIT AGREEMENT

DATED AS OF JANUARY 31, 1997

AMONG

LOUISIANA-PACIFIC CORPORATION,

AS THE REVOLVING BORROWER,

LOUISIANA-PACIFIC CANADA LTD.,

AS THE TERM BORROWER,

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,

AS AGENT,

AND

THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO

ARRANGED BY

BANCAMERICA SECURITIES, INC.

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Exhibit A-1	Form of Notice of Borrowing (Revolving Loans and Swingline Loans)
Exhibit A-2	Form of Notice of Borrowing (Term Loans)
Exhibit B	Form of Notice of Conversion/Continuation
Exhibit C	Form of Compliance Certificate
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Exhibit E	Form of Assignment and Acceptance
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Exhibit L	Form of Designation Agreement
Exhibit M	Form of Guaranty

CREDIT AGREEMENT

This CREDIT AGREEMENT, dated as of January 31, 1997, among Louisiana-Pacific Corporation, a corporation organized under the laws of the State of Delaware (the "Revolving Borrower"), Louisiana-Pacific Canada Ltd., a corporation organized under the laws of the province of British Columbia, Canada (the "Term Borrower"), the several financial institutions from time to time party to this Agreement (collectively, the "Banks"; individually, a "Bank"), and Bank of America National Trust and Savings Association, as agent for the Banks and the Designated Bidders.

WITNESSETH THAT:

WHEREAS, the Banks have agreed to make available to the Revolving Borrower a revolving credit facility with a swingline subfacility upon the terms and conditions set forth in this Agreement; and

WHEREAS, the Banks have agreed to make available to the Term Borrower a term loan facility upon the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.01 Certain Defined Terms. In addition to the terms defined elsewhere in this Agreement, the following terms have the meanings indicated for purposes of this Agreement:

"Absolute Rate" has the meaning specified in subsection 2.06(c)(ii)(D).

"Absolute Rate Auction" means a solicitation of Competitive Bids setting forth Absolute Rates pursuant to Section 2.06.

"Absolute Rate Bid Loan" means a Bid Loan that bears interest at a rate determined with reference to the Absolute Rate.

"Agent" means BofA in its capacity as agent for the Banks and the Designated Bidders hereunder, and any successor agent arising under Section 9.09.

"Agent-Related Persons" means BofA in its capacity as Agent and any successor agent arising under Section 9.09, together with their respective affiliates (including, in the

case of BofA, the Arranger), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and affiliates.

"Agent's Payment Office" means the address for payments set forth on Schedule 10.02 in relation to the Agent, or such other address as the Agent may from time to time specify.

"Agreement" means this Credit Agreement.

"Applicable Margin" means, in respect of all Committed Loans outstanding on any date (A) for the period from the Closing Date through March 31, 1997, (i) 0.1700% for Offshore Rate Committed Loans and 0.0000% for Base Rate Committed Loans and Swingline Loans, in each case, to the Revolving Borrower, and (ii) 0.2500% for Offshore Rate Committed Loans and 0.0000% for Base Rate Committed Loans, in each case, to the Term Borrower and (B) from and after April 1, 1997, the percentage specified below opposite the Interest Coverage Ratio (which ratio shall be calculated for the relevant four fiscal quarter period) calculated for the periods described below.

 Applicable Margin with Respect to:

Interest Coverage Ratio	Revolving Loans and Swingline Loans		Term Loans	
	Offshore Rate	Base Rate and Swingline	Offshore Rate	Base Rate
at End of Fiscal Quarter				
Greater than or equal to 5.00 to 1.00	0.1700%	0.0000%	0.2500%	0.0000%
Greater than or equal to 3.00 to 1.00 but less than 5.00 to 1.00	0.2500%	0.0000%	0.3750%	0.0000%
Less than 3.00 to 1.00	0.3250%	0.0000%	0.5000%	0.0000%

The Applicable Margin for each fiscal quarter commencing on or after April 1, 1997 shall be calculated in reliance on the financial reports delivered pursuant to subsections 6.07(a) and 6.07(b) and the certificate delivered with respect thereto pursuant to subsection 6.07(c) with respect to the fiscal quarter ending immediately before the fiscal quarter in question (e.g., March 31 financials determine the Applicable Margin for the fiscal quarter beginning April 1). As such financial reports and certificate are not required to be delivered hereunder until 45 days (or 90 days in the case of fiscal year-end financial reports) after the end of the applicable fiscal quarter, the Applicable Margin for each fiscal quarter shall be assumed for interim calculation and collection purposes, until delivery of such financial

reports and certificate, to be the same as for the immediately preceding fiscal quarter. The Applicable Margin shall be adjusted automatically in accordance with the provisions of Section 2.17 as to all Committed Loans then outstanding (without regard to the timing of Interest Periods) as of the effective date of any change in the Applicable Margin.

"Arranger" means BancAmerica Securities, Inc., a Delaware corporation.

"Bank" has the meaning specified in the introductory clause hereto. References to the "Banks" shall include BofA, including in its capacity as the Swingline Bank; for purposes of clarification only, to the extent that BofA may have any rights or obligations in addition to those of the Banks due to its status as the Swingline Bank, its status as such will be specifically referenced.

"Base Rate" means, for any day, the higher of: (a) 0.50% per annum above the latest Federal Funds Rate; and (b) the rate of interest in effect for such day as publicly announced from time to time by BofA in San Francisco, California, as its "reference rate." (The "reference rate" is a rate set by BofA based upon various factors including BofA's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate.)

Any change in the reference rate announced by BofA shall take effect at the opening of business on the day specified in the public announcement of such change.

"Base Rate Committed Loan" means a Committed Loan that bears interest based on the Base Rate.

"Bid Borrowing" means a Borrowing hereunder consisting of one or more Bid Loans made to the Revolving Borrower on the same day by one or more Banks or Designated Bidders.

"Bid Loan" means a Loan by a Bank or a Designated Bidder to the Revolving Borrower under Section 2.05, which may be a LIBOR Bid Loan or an Absolute Rate Bid Loan.

"Bid Loan Lender" means, in respect of any Bid Loan, the Bank or Designated Bidder making such Bid Loan to the Revolving Borrower.

"Bid Loan Note" has the meaning specified in subsection 2.02(b).

"BofA" means Bank of America National Trust and Savings Association, a national banking association.

"Borrower" means each of the Revolving Borrower and the Term Borrower, and "Borrowers" means both the Revolving Borrower and the Term Borrower.

"Borrowing" means a borrowing hereunder consisting of (i) Committed Loans of the same Type made to the same Borrower on same day by the Banks, (ii) Bid Loans made to the Revolving Borrower on the same day by the Banks or Designated Bidders, or (iii) a Swingline Loan or Loans made to the Revolving Borrower on the same day by the Swingline Bank, in each case pursuant to Article II, and, other than in the case of Base Rate Committed Loans and Swingline Loans, having the same Interest Period.

"Borrowing Date" means any date on which a Borrowing occurs under Section 2.03, Section 2.06, or Section 2.07, as applicable.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York City or San Francisco are authorized or required by law to close and, if the applicable Business Day relates to any Offshore Rate Loan, means such a day on which dealings are carried on in the applicable offshore dollar interbank market.

"Closing Date" means the date on which all conditions precedent set forth in Section 4.01 are satisfied or waived by all Banks (or, in the case of subsection 4.01(e), waived by the Person entitled to receive such payment).

"Code" means the Internal Revenue Code of 1986, and regulations promulgated thereunder.

"Commitment" means, as to each Bank, such Bank's obligation to make Term Loans pursuant to subsection 2.01(a) and Revolving Loans pursuant to subsection 2.01(b).

"Committed Borrowing" means a Borrowing hereunder consisting of Committed Loans made on the same day by the Banks ratably according to their respective Pro Rata Shares and, in the case of Offshore Rate Committed Loans, having the same Interest Period.

"Committed Loan" means a Revolving Loan or a Term Loan, and may be an Offshore Rate Committed Loan or a Base Rate Committed Loan (each, a "Type" of Committed Loan).

"Competitive Bid" means an offer by a Bank or a Designated Bidder to make a Bid Loan in accordance with subsection 2.06(b).

"Competitive Bid Request" has the meaning specified in subsection 2.06(a).

"Compliance Certificate" means a certificate substantially in the form of Exhibit C.

"Conversion/Continuation Date" means any date on which, under Section 2.04, a Borrower (a) converts Committed Loans of one Type to another Type, or (b) continues as Committed Loans of the same Type, but with a new Interest Period, Committed Loans having Interest Periods expiring on such date.

"Default" means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

"Designated Bidder" means an affiliate of a Bank that is an entity described in clause (i) or (ii) of the definition of "Eligible Assignee" and that has become a party hereto pursuant to Section 10.09.

"Designation Agreement" means a designation agreement entered into by a Bank and a Designated Bidder and accepted by the Agent, in substantially the form of Exhibit L.

"Dollars", "dollars", and "\$" means dollars of the United States of America.

"EBIT" means, for any period, for the Revolving Borrower and its Subsidiaries on a consolidated basis, determined in accordance with GAAP, the sum of (a) net income (or net loss) for such period plus (b) all amounts treated as expenses for interest to the extent included in the determination of such net income (or loss), plus (c) all accrued taxes on or measured by income to the extent included in the determination of such net income (or loss); provided, however, that net income (or loss) shall be computed for these purposes without giving effect to extraordinary losses or extraordinary gains or the cumulative effect of changes in accounting principles.

"Eligible Assignee" means (i) a commercial bank organized under the laws of the United States, or any state thereof, and having a combined capital and surplus of at least \$250,000,000; (ii) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development (the "OECD"), or a political subdivision of any such country, and

having a combined capital and surplus of at least \$250,000,000, provided that such bank is acting through a branch or agency located in the United States; and (iii) a Person that is organized under the laws of the United States, or any state thereof, or under the laws of any other country which is a member of the OECD, or a political subdivision of any such country, and acting through a branch or agency located in the United States, and that is primarily engaged in the business of commercial banking and that is (A) a Subsidiary of a Bank, (B) a Subsidiary of a Person of which a Bank is a Subsidiary, or (C) a Person of which a Bank is a Subsidiary.

"ERISA" means the Employee Retirement Income Security Act of 1974, and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Revolving Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Revolving Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Revolving Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate a Pension Plan or Multiemployer Plan, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Revolving Borrower or any ERISA Affiliate.

"Eurodollar Reserve Percentage" has the meaning specified in the definition of "Offshore Rate".

"Event of Default" means any event listed in Section 8.01.

"Existing Agreement" has the meaning specified in subsection 4.01(g).

"Facility Fee Percentage" means (A) for the period from the Closing Date through March 31, 1997, 0.0800%, and (B) from and after April 1, 1997, the percentage specified below opposite the Interest Coverage Ratio (which ratio shall be calculated for the relevant four fiscal quarter period) calculated for the periods described below.

Interest Coverage Ratio at End of Fiscal Quarter -----	Facility Fee Percentage -----
Greater than or equal to 5.00 to 1.00	0.0800%
Greater than or equal to 3.00 to 1.00 but less than 5.00 to 1.00	0.1250%
Less than 3.00 to 1.00	0.1750%

The Facility Fee Percentage for each fiscal quarter commencing on or after April 1, 1997 shall be calculated in reliance on the financial reports delivered pursuant to subsections 6.07(a) and 6.07(b) and the certificate delivered with respect thereto pursuant to subsection 6.07(c) with respect to the fiscal quarter ending immediately before the fiscal quarter in question (e.g., March 31 financials determine the Facility Fee Percentage for the fiscal quarter beginning April 1). As such financial reports and certificate are not required to be delivered hereunder until 45 days (or 90 days in the case of fiscal year-end financial reports) after the end of the applicable fiscal quarter, the Facility Fee Percentage for each fiscal quarter shall be assumed for interim calculation and collection purposes, until delivery of such financial reports and certificate, to be the same as for the immediately preceding fiscal quarter. The facility fee payable hereunder shall be adjusted automatically in accordance with the provisions of Section 2.17 as of the effective date of any change in the Facility Fee Percentage.

"FDIC" means the Federal Deposit Insurance Corporation, and any governmental authority succeeding to any of its principal functions.

"Federal Funds Rate" means, for any day, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, "H.15(519)") on the preceding Business Day opposite the caption "Federal Funds (Effective)"; or, if for any relevant day such rate is not so published on any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Agent of the rates for

the last transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York City time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Agent.

"Fee Letter" has the meaning specified in subsection 2.12(b).

"FRB" means the Board of Governors of the Federal Reserve System, and any governmental authority succeeding to any of its principal functions.

"Funded Debt" means, determined on a consolidated basis for the Revolving Borrower and its Subsidiaries, indebtedness for borrowed money or liability under a lease which is the primary source of payment of industrial revenue or pollution control bonds. Funded Debt also includes Purchase Money Indebtedness, prepayment deposits in respect of sales contracts and unfunded reserves maintained with respect to pending or threatened disputes or settlement thereof.

"GAAP" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

"Guaranty" means a guaranty executed by Louisiana-Pacific Corporation substantially in the form of Exhibit M.

"Indemnified Liabilities" has the meaning specified in Section 10.05.

"Indemnified Person" has the meaning specified in Section 10.05.

"Interest Coverage Ratio" means, as measured quarterly on the last day of each fiscal quarter for the four fiscal quarter period then ending, the ratio of (i) EBIT to (ii) an amount equal to the consolidated interest expense (including capitalized interest) of the Revolving Borrower and its Subsidiaries for the four fiscal quarter period then ending calculated in accordance with GAAP.

"Interest Payment Date" means, (a) as to any Offshore Rate Committed Loan or Bid Loan, the last day of each Interest Period applicable to such Loan, (b) as to any Base Rate Committed Loan, the last Business Day of each calendar quarter and each date such Base Rate Committed Loan is

converted into another Type of Committed Loan, and (c) as to any Swingline Loan, the Business Day agreed upon by the Revolving Borrower and the Swingline Bank, which will not be later than the fourteenth Business Day following the Borrowing Date thereof or, if sooner, the date set forth in clause (a) of the definition of Revolving Termination Date; provided, however, that (i) if any Interest Period for an Offshore Rate Committed Loan exceeds three months, the date that falls three months after the beginning of such Interest Period and after each Interest Payment Date thereafter is also an Interest Payment Date, and (ii) as to any Bid Loan, such intervening dates prior to the maturity thereof as may be specified by the Revolving Borrower and agreed to by the applicable Bid Loan Lender in the applicable Competitive Bid shall also be Interest Payment Dates.

"Interest Period" means, (a) as to any Offshore Rate Committed Loan, the period commencing on the Borrowing Date of such Loan or on the Conversion/Continuation Date on which the Loan is converted into or continued as an Offshore Rate Committed Loan, and ending on the date one, two, three or six months thereafter as selected by the applicable Borrower in its Notice of Borrowing or Notice of Conversion/Continuation, as the case may be; (b) as to any LIBOR Bid Loan, a period of one to twelve months as selected by the Revolving Borrower in the applicable Competitive Bid Request; and (c) as to any Absolute Rate Bid Loan, a period of not less than 7 days and not more than 365 days as selected by the Revolving Borrower in the applicable Competitive Bid Request;

provided that:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless, in the case of an Offshore Rate Loan, the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(ii) any Interest Period pertaining to an Offshore Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period for any Term Loan shall extend beyond the Term Maturity Date and no Interest Period for any Revolving Loan shall extend beyond the

date set forth in clause (a) of the definition of "Revolving Termination Date".

"Invitation for Competitive Bids" means a solicitation for Competitive Bids, substantially in the form of Exhibit F.

"IRS" means the Internal Revenue Service, and any governmental authority succeeding to any of its principal functions under the Code.

"Lending Office" means, as to any Bank or Designated Bidder, the office or offices of such Bank or Designated Bidder specified as its "Lending Office" or "Domestic Lending Office" or "Offshore Lending Office", as the case may be, on Schedule 10.02, or such other office or offices as such Bank or Designated Bidder may from time to time notify the Revolving Borrower and the Agent.

"LIBO Rate" means, for any Interest Period with respect to a LIBOR Bid Loan the rate of interest per annum determined by the Agent to be the arithmetic mean (rounded upward to the nearest 1/16th of 1%) of the rates of interest per annum notified to the Agent by each Reference Bank as the rate of interest at which dollar deposits in the approximate amount of the LIBOR Bid Loans to be borrowed in such Bid Loan Borrowing and having a maturity comparable to such Interest Period would be offered to major banks in the London interbank market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period.

"LIBOR Auction" means a solicitation of Competitive Bids setting forth a LIBOR Bid Margin pursuant to Section 2.06.

"LIBOR Bid Loan" means any Bid Loan that bears interest at a rate based upon the LIBO Rate.

"LIBOR Bid Margin" has the meaning specified in subsection 2.06(c)(ii)(C).

"Loan" means an extension of credit by a Bank, the Swingline Bank or a Designated Bidder, as the case may be, to a Borrower under Article II, and, in the case of the Revolving Borrower, may be a Revolving Loan, a Swingline Loan, or a Bid Loan, and, in the case of the Term Borrower, may be a Term Loan.

"Majority Banks" means (a) at any time prior to the Revolving Termination Date, or after the Revolving Termination Date if no Loans are then outstanding, Banks then holding at least 60% of the Revolving Commitments, and (b) otherwise, Banks then holding at least 60% of the then

aggregate unpaid principal amount of the Loans. For purposes of this definition, each Bank shall be deemed to hold all outstanding Bid Loans of such Bank's Designated Bidders.

"Multiemployer Plan" means a "multiemployer plan", within the meaning of Section 4001(a)(3) of ERISA, to which the Revolving Borrower or any ERISA Affiliate makes, is making, or is obligated to make contributions or, during the preceding three calendar years, has made, or been obligated to make, contributions.

"Net Worth" means the total, determined on a consolidated basis for the Revolving Borrower and its Subsidiaries, of (1) the capital accounts as determined by GAAP and (2) debt of the Revolving Borrower which is subordinated by the holders thereof to the Loans and other sums now or hereafter owed by the Borrowers or their Subsidiaries to the Agent, the Banks or the Designated Bidders with respect to the Loans or otherwise under this Agreement or the Notes, by arrangements or agreements in form and substance satisfactory to the Majority Banks.

"Note" means a Revolving Note, a Term Note or a Bid Loan Note and "Notes" means all of the Revolving Notes, the Term Notes and the Bid Loan Notes.

"Notice of Borrowing" means a notice in substantially the form of Exhibit A-1 in the case of the Revolving Borrower and Exhibit A-2 in the case of the Term Borrower.

"Notice of Conversion/Continuation" means a notice in substantially the form of Exhibit B.

"Offshore Rate" means, for any Interest Period, with respect to Offshore Rate Committed Loans comprising part of the same Borrowing, the rate of interest per annum (rounded upward to the next 1/16th of 1%) determined by the Agent as follows:

$$\text{Offshore Rate} = \frac{\text{LIBOR}}{\text{1.00 - Eurodollar Reserve Percentage}}$$

where,

"Eurodollar Reserve Percentage" means for any day for any Interest Period the maximum reserve percentage (expressed as a decimal, rounded upward to the next 1/100th of 1%) in effect on such day (whether or not applicable to any Bank) under regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement)

with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities"); and

"LIBOR" means the rate of interest per annum determined by the Agent to be the arithmetic mean (rounded upward to the next 1/16th of 1%) of the rates of interest per annum notified to the Agent by each Reference Bank as the rate of interest at which dollar deposits in the approximate amount of the amount of the Loan to be made or continued as, or converted into, an Offshore Rate Committed Loan by such Reference Bank and having a maturity comparable to such Interest Period would be offered to major banks in the London interbank market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period.

The Offshore Rate shall be adjusted automatically as to all Offshore Rate Loans then outstanding as of the effective date of any change in the Eurodollar Reserve Percentage.

"Offshore Rate Committed Loan" means any Committed Loan that bears interest based on the Offshore Rate.

"Offshore Rate Loan" means any LIBOR Bid Loan or any Offshore Rate Committed Loan.

"Other Taxes" means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies (but not including such taxes (including income taxes or franchise taxes) as are imposed on or measured by each Bank's or Designated Bidder's net income) which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other documents or instruments given in connection herewith.

"PBGC" means the Pension Benefit Guaranty Corporation, or any governmental authority succeeding to any of its principal functions under ERISA.

"Pension Plan" means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which the Revolving Borrower sponsors or maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five plan years.

"Permitted Swap Obligations" means all obligations (contingent or otherwise) of either Borrower or any of their Subsidiaries existing or arising under Swap Contracts, provided that each of the following criteria is satisfied:

(a) such obligations are (or were) entered into by such Person for the purpose of directly mitigating risks associated with liabilities, commitments or assets held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person in conjunction with a securities repurchase program not otherwise prohibited hereunder, and not for purposes of speculation or taking a "market view;" and (b) such Swap Contracts do not contain any provision ("walk-away" provision) exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party.

"Person" means any individual, association, joint venture, partnership, joint stock company, corporation, trust, business trust, government, governmental agency, governmental subdivision or other entity.

"Plan" means an employee benefit plan (as defined in Section 3(3) of ERISA) which the Revolving Borrower sponsors or maintains or to which the Revolving Borrower makes, is making, or is obligated to make contributions and includes any Pension Plan.

"Pro Rata Share" means, as to any Bank at any time, (i) with respect to Loans other than Term Loans, the percentage equivalent (expressed as a decimal, rounded to the eighth decimal place) at such time of such Bank's Revolving Commitment divided by the combined Revolving Commitments of all Banks, (ii) with respect to Term Loans, the percentage equivalent (expressed as a decimal, rounded to the eighth decimal place) at such time of the principal amount of such Bank's Term Loan divided by the combined Term Loans of all Banks.

"Purchase Money Indebtedness" means indebtedness incurred for the purchase of assets either by way of deferred payment of the purchase price thereof or by borrowing in order to finance such purchase.

"Reference Banks" means BofA and The Chase Manhattan Bank.

"Reportable Event" means any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

"Requirement of Law" means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a governmental authority, in each case applicable to or binding upon the

Person or any of its property or to which the Person or any of its property is subject.

"Revolving Borrower" is defined in the preamble.

"Revolving Commitment" has the meaning specified in subsection 2.01(b).

"Revolving Loan" has the meaning specified in subsection 2.01(b).

"Revolving Note" has the meaning specified in subsection 2.02(b).

"Revolving Termination Date" means the earlier to occur of:

(a) January 31, 2002; and

(b) the date on which the Commitments terminate in accordance with the provisions of this Agreement.

"Subsidiary" of a Person means any corporation, association, partnership, joint venture or other business entity of which more than 50% of the voting stock or other equity interests (in the case of Persons other than corporations) is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof. Unless the context otherwise clearly requires, references herein to a "Subsidiary" refer to a Subsidiary of the Revolving Borrower.

"Swap Contract" means any agreement, whether or not in writing, relating to any transaction that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction, currency swap, cross-currency rate swap, swaption, currency option or any other, similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a) the amount(s) determined as the

mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include any Bank).

"Swingline Bank" means BofA.

"Swingline Borrowing" means a Borrowing hereunder consisting of one or more Swingline Loans made to the Revolving Borrower on the same day by the Swingline Bank.

"Swingline Clean-Up Day" has the meaning specified in subsection 2.09(c).

"Swingline Commitment" has the meaning specified in subsection 2.01(c).

"Swingline Loan" has the meaning specified in subsection 2.01(c).

"Taxes" means any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Bank, each Designated Bidder and the Agent, such taxes (including income taxes or franchise taxes) as are imposed on or measured by such Person's net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Person is organized or maintains a lending office.

"Term Borrower" is defined in the preamble.

"Term Commitment" means \$125,000,000.

"Term Loan" has the meaning specified in subsection 2.01(a).

"Term Maturity Date" means February 1, 2002.

"Term Note" has the meaning specified in subsection 2.02(b).

"Type" has the meaning specified in the definition of "Committed Loan."

"Unfunded Pension Liability" means the excess of a Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Plan's assets, determined in accordance with the assumptions used for funding that Plan pursuant to Section 412 of the Code for the applicable plan year.

"United States" and "U.S." each means the United States of America.

1.02 Accounting Principles. All financial computations required under this Agreement shall be made, and all financial information required under this Agreement shall be prepared, in accordance with GAAP, consistently applied. References herein to "fiscal year" and "fiscal quarter" refer to such fiscal periods of the Borrowers.

ARTICLE II

THE CREDITS

2.01 Amounts and Terms of Commitments. (a) The Term Credit. Each Bank severally agrees, on the terms and conditions set forth herein, to make a single loan to the Term Borrower (each such loan, a "Term Loan") on the Closing Date in an amount not to exceed the amount set forth on Schedule 2.01 opposite such Bank's name under the heading "Term Commitment". Each Bank's Term Loan shall not exceed its pro rata share (as set forth on Schedule 2.01 opposite such Bank's name under the heading "Pro Rata Share (Term Loans)") of the aggregate Term Loans made on the Closing Date. Amounts borrowed as Term Loans which are repaid or prepaid by the Term Borrower may not be reborrowed.

(b) The Revolving Credit. Each Bank severally agrees, on the terms and conditions set forth herein, to make loans to the Revolving Borrower (each such loan, a "Revolving Loan") from time to time on any Business Day during the period from the Closing Date to the Revolving Termination Date, in an aggregate amount not to exceed at any time outstanding, together with such Bank's participation, if any, in Swingline Loans then outstanding, the amount set forth on Schedule 2.01 under the heading "Revolving Commitment" (such amount as the same may be reduced under Section 2.08 or as a result of one or more assignments under Section 10.08, the Bank's "Revolving Commitment"); provided, however, that, after giving effect to any Committed Borrowing of Revolving Loans, the aggregate principal amount of all outstanding Revolving Loans, together with the aggregate principal amount of all Bid Loans and Swingline Loans outstanding, shall not at any time exceed the combined Revolving Commitments. Within the limits of each Bank's Revolving Commitment, and subject to the other terms and conditions hereof, the Revolving Borrower may borrow under this subsection 2.01(b), prepay under Section 2.09 and reborrow under this subsection 2.01(b).

(c) The Swingline Bank agrees, on the terms and conditions set forth herein, to make a portion of the combined Revolving Commitments of all the Banks available to the Revolving Borrower by making swingline loans (each such loan a "Swingline Loan") to the Revolving Borrower from time to time on any Business Day during the period from the Closing Date to the Revolving Termination Date, in an aggregate principal amount not to exceed at any time outstanding \$25,000,000 (as such amount may be reduced under Section 2.08 or as a result of one or more

assignments under Section 10.08, the Swingline Bank's "Swingline Commitment"), notwithstanding the fact that such Swingline Loans, when aggregated with the Swingline Bank's outstanding Revolving Loans, may exceed the Swingline Bank's Revolving Commitment; provided, however, that, after giving effect to any Borrowing of a Swingline Loan, the aggregate principal amount of all outstanding Revolving Loans, Swingline Loans and Bid Loans shall not at any time exceed the combined Revolving Commitments. Within the foregoing limits, and subject to the other terms and conditions hereof, the Revolving Borrower may borrow under this subsection 2.01(c), prepay under Section 2.09 and reborrow under this subsection 2.01(c).

2.02 Loan Accounts; Notes; Designation of Revolving Borrower.

(a) The Loans made by each Bank or Designated Bidder shall be evidenced by one or more loan accounts or records maintained by such Bank or Designated Bidder in the ordinary course of business. The loan accounts or records maintained by the Agent and each Bank or Designated Bidder shall be rebuttable presumptive evidence of the amount of the Loans made by the Banks and Designated Bidders to each Borrower and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of either Borrower hereunder or under any Note or the Revolving Borrower under the Guaranty to pay any amount owing with respect to the Loans.

(b) Upon the request of any Bank or Designated Bidder made through the Agent, the Revolving Loans, Swingline Loans and Bid Loans made by such Bank or Designated Bidder to the Revolving Borrower may be evidenced by one or more notes in the form of Exhibit I (a "Revolving Note") or Exhibit J (a "Bid Loan Note") as applicable, instead of loan accounts. Upon the request of any Bank made through the Agent, the Term Loan made by such Bank to the Term Borrower may be evidenced by a note in the form of Exhibit K (a "Term Note"), instead of loan accounts. Each such Bank or Designated Bidder shall endorse on the schedules annexed to its Note(s) the date, amount and maturity of each Loan made by it and the amount of each payment of principal made by the applicable Borrower with respect thereto. Each such Bank and Designated Bidder is irrevocably authorized by the applicable Borrower to endorse its Note(s) and each Bank's or Designated Bidder's notations on its Note(s) or other loan accounts or records shall be rebuttable presumptive evidence of the amount of the Loans made by such Bank or Designated Bidder to the applicable Borrower and the payments thereon; provided, however, that the failure of a Bank or Designated Bidder to make, or an error in making, a notation on its Note(s) or other loan accounts or records with respect to any Loan shall not limit or otherwise affect the obligations of either Borrower hereunder or under any such Note or of the Revolving Borrower under the Guaranty to such Bank or Designated Bidder.

(c) The Term Borrower hereby irrevocably appoints the Revolving Borrower as its agent and attorney-in-fact, authorized to execute and deliver on its behalf any and all statements, certificates, documents and agreements as may be required or contemplated hereunder, including Notices of Borrowing and Notices of Conversion/Continuation, and to receive any and all notices and other communications from the Agent and the Banks hereunder and to perform on the Term Borrower's behalf any and all other acts, deeds and requirements of this Agreement.

2.03 Procedure for Committed Borrowing.

(a) Each Committed Borrowing shall be made upon the applicable Borrower's irrevocable written notice delivered to the Agent in the form of a Notice of Borrowing (which notice must be received by the Agent prior to 9:00 a.m. (San Francisco time)) (i) three Business Days prior to the requested Borrowing Date, in the case of Offshore Rate Committed Loans, and (ii) one Business Day prior to the requested Borrowing Date, in the case of Base Rate Committed Loans, specifying:

(A) the amount of the Committed Borrowing, which shall be in an aggregate minimum amount of \$5,000,000 or any multiple of \$1,000,000 in excess thereof;

(B) the requested Borrowing Date, which shall be a Business Day;

(C) the Type of Loans comprising the Committed Borrowing; and

(D) the duration of the Interest Period applicable to any Offshore Rate Committed Loans included in such notice. If the Notice of Borrowing fails to specify the duration of the Interest Period for any Committed Borrowing comprised of Offshore Rate Loans, such Interest Period shall be three months.

(b) The Agent will promptly notify each Bank of its receipt of any Notice of Borrowing and of the amount of such Bank's Pro Rata Share of that Committed Borrowing.

(c) Each Bank will make the amount of its Term Loan available to the Agent for the account of the Term Borrower, or its Pro Rata Share of each Committed Borrowing available to the Agent for the account of the Revolving Borrower, in the case of a Revolving Loan, in each case at the Agent's Payment Office by 11:00 a.m. (San Francisco time) on the Borrowing Date requested by the applicable Borrower in funds immediately available to the Agent. The proceeds of all such Committed Loans received in immediately available funds by the Agent by 11:00 a.m. (San Francisco time) on such Borrowing Date will then be made available to the applicable Borrower by the Agent in immediately

available funds at such office by crediting by 1:00 p.m. (San Francisco time) on such date the account of the applicable Borrower on the books of BofA with the aggregate of the amounts made available in immediately available funds to the Agent by the Banks; provided, that, if on such Borrowing Date all or any portion of the proceeds thereof shall then be required to be applied to the repayment of any outstanding Swingline Loans pursuant to Section 2.07, such proceeds or portion thereof shall be applied to the repayment of such Swingline Loans. Subject to the proviso in the immediately preceding sentence, any proceeds of such Committed Loans received in immediately available funds by the Agent by 11:00 a.m. (San Francisco time) on such Borrowing Date and not credited to the applicable Borrower by 1:00 p.m. (San Francisco time) on such date shall be deemed to have been disbursed on the following Business Day and interest shall begin to accrue thereon on such following Business Day; provided, that, if the failure to credit any such funds received from a Bank by the Agent in immediately available funds by 11:00 a.m. (San Francisco time) on such Borrowing Date to the applicable Borrower by 1:00 p.m. (San Francisco time) on such date is due to the gross negligence or willful misconduct of the Agent, then the Agent shall pay to such Bank interest on such funds at the Federal Funds Rate from such date of receipt by the Agent to the following Business Day.

(d) After giving effect to any Committed Borrowing, there may not be more than seven different Interest Periods in effect in respect of all Committed Loans and Bid Loans together then outstanding.

2.04 Conversion and Continuation Elections for Committed Borrowings.

(a) The applicable Borrower may, upon irrevocable written notice to the Agent in accordance with subsection 2.04(b):

(i) elect, as of any Business Day, in the case of Base Rate Committed Loans, or as of the last day of the applicable Interest Period, in the case of any other Type of Committed Loans, to convert any such Committed Loans (or any part thereof in an amount not less than \$5,000,000, or that is in an integral multiple of \$1,000,000 in excess thereof) into Committed Loans of any other Type; or

(ii) elect, as of the last day of the applicable Interest Period, to continue any Committed Loans having Interest Periods expiring on such day (or any part thereof in an amount not less than \$5,000,000, or that is in an integral multiple of \$1,000,000 in excess thereof);

provided, that if at any time the aggregate amount of Offshore Rate Committed Loans in respect of any Committed Borrowing is reduced, by payment, prepayment, or conversion of part thereof to

be less than \$5,000,000, such Offshore Rate Committed Loans shall automatically convert into Base Rate Committed Loans, and on and after such date the right of the applicable Borrower to continue such Committed Loans as, and convert such Committed Loans into, Offshore Rate Committed Loans shall terminate.

(b) The applicable Borrower shall deliver a Notice of Conversion/Continuation to be received by the Agent not later than 9:00 a.m. (San Francisco time) at least (i) three Business Days in advance of the Conversion/Continuation Date, if the Committed Loans are to be converted into or continued as Offshore Rate Committed Loans and (ii) one Business Day in advance of the Conversion/Continuation Date, if the Committed Loans are to be converted into Base Rate Committed Loans, specifying:

(A) the applicable Borrower;

(B) the proposed Conversion/Continuation Date;

(C) the aggregate amount of Committed Loans to be converted or renewed;

(D) the Type of Committed Loans resulting from the proposed conversion or continuation; and

(E) other than in the case of conversions into Base Rate Committed Loans, the duration of the requested Interest Period.

(c) If upon the expiration of any Interest Period applicable to Offshore Rate Committed Loans, the applicable Borrower has failed to select timely a new Interest Period to be applicable to such Offshore Rate Committed Loans, or if any Default or Event of Default then exists, the applicable Borrower shall be deemed to have elected to convert such Offshore Rate Committed Loans into Base Rate Committed Loans effective as of the expiration date of such Interest Period.

(d) The Agent will promptly notify each Bank of its receipt of a Notice of Conversion/Continuation, or, if no timely notice is provided by the applicable Borrower, the Agent will promptly notify each Bank of the details of any automatic conversion. All conversions and continuations shall be made ratably according to the respective outstanding principal amounts of the Committed Loans with respect to which the notice was given held by each Bank.

(e) Unless the Majority Banks otherwise agree, during the existence of a Default or Event of Default, no Borrower may elect to have a Committed Loan converted into or continued as an Offshore Rate Committed Loan.

(f) After giving effect to any conversion or continuation of Committed Loans, there may not be more than seven different Interest Periods in effect in respect of all Committed Loans and Bid Loans together then outstanding.

2.05 Bid Borrowings. In addition to Committed Borrowings pursuant to Section 2.03, each Bank severally agrees that the Revolving Borrower may, as set forth in Section 2.06, from time to time request the Banks and Designated Bidders prior to the Revolving Termination Date to submit offers to make Bid Loans to the Revolving Borrower; provided, however, that the Banks and Designated Bidders may, but shall have no obligation to, submit such offers and the Revolving Borrower may, but shall have no obligation to, accept any such offers, and any Bank may designate a Designated Bidder to make such offers from time to time and, if such offers are accepted by the Revolving Borrower, to make such Bid Loans; and provided, further, that at no time shall (a) the outstanding aggregate principal amount of all Bid Loans made by all Banks and Designated Bidders plus the outstanding aggregate principal amount of all Revolving Loans made by all Banks plus the aggregate principal amount of all Swingline Loans then outstanding exceed the combined Revolving Commitments or (b) the number of Interest Periods for Bid Loans then outstanding plus the number of Interest Periods for Committed Loans then outstanding exceed seven.

2.06 Procedure for Bid Borrowings.

(a) When the Revolving Borrower wishes to request the Banks and Designated Bidders to submit offers to make Bid Loans hereunder, it shall transmit to the Agent by telephone call followed promptly by facsimile transmission a notice in substantially the form of Exhibit G (a "Competitive Bid Request") so as to be received no later than 9:00 a.m. (San Francisco time) (x) four Business Days prior to the date of a proposed Bid Borrowing in the case of a LIBOR Auction, or (y) two Business Days prior to the date of a proposed Bid Borrowing in the case of an Absolute Rate Auction, specifying:

(i) the date of such Bid Borrowing, which shall be a Business Day;

(ii) the aggregate amount of such Bid Borrowing, which shall be a minimum amount of \$10,000,000 or in multiples of \$1,000,000 in excess thereof;

(iii) whether the Competitive Bids requested are to be for LIBOR Bid Loans or Absolute Rate Bid Loans or both; and

(iv) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of "Interest Period" herein.

Subject to subsection 2.06(c), the Revolving Borrower may not request Competitive Bids for more than three Interest Periods in a single Competitive Bid Request and may not request Competitive Bids more than once in any period of five Business Days.

(b) Upon receipt of a Competitive Bid Request, the Agent will promptly send to the Banks and Designated Bidders by facsimile transmission an Invitation for Competitive Bids, which shall constitute an invitation by the Revolving Borrower to each Bank and Designated Bidder to submit Competitive Bids offering to make the Bid Loans to which such Competitive Bid Request relates in accordance with this Section 2.06.

(c) (i) Each Bank and Designated Bidder may at its discretion submit a Competitive Bid containing an offer or offers to make Bid Loans in response to any Invitation for Competitive Bids. Each Competitive Bid must comply with the requirements of this subsection 2.06(c) and must be submitted to the Agent by facsimile transmission at the Agent's office for notices set forth on Schedule 10.02 (and immediately confirmed by a telephone call) not later than (1) 6:30 a.m. (San Francisco time) three Business Days prior to the proposed date of Borrowing, in the case of a LIBOR Auction or (2) 6:30 a.m. (San Francisco time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction; provided that Competitive Bids submitted by the Agent (or any affiliate of the Agent) in the capacity of a Bank or Designated Bidder may be submitted, and may only be submitted, if the Agent or such affiliate notifies the Revolving Borrower of the terms of the offer or offers contained therein not later than (A) 6:15 a.m. (San Francisco time) three Business Days prior to the proposed date of Borrowing, in the case of a LIBOR Auction or (B) 6:15 a.m. (San Francisco time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction.

(ii) Each Competitive Bid shall be in substantially the form of Exhibit H, specifying therein:

(A) the proposed date of Borrowing;

(B) the principal amount of each Bid Loan for which such Competitive Bid is being made, which principal amount (x) may be equal to, greater than or less than the Commitment of the quoting Bank, (y) must be \$10,000,000 or in multiples of \$1,000,000 in excess thereof, and (z) may not exceed the principal amount of Bid Loans for which Competitive Bids were requested;

(C) in case the Revolving Borrower elects a LIBOR Auction, the margin above or below LIBOR (the "LIBOR Bid Margin") offered for each such Bid Loan, expressed in multiples of 1/1000th of one basis point to be added to or subtracted from the applicable LIBOR and the Interest Period applicable thereto;

(D) in case the Revolving Borrower elects an Absolute Rate Auction, the rate of interest per annum expressed in multiples of 1/1000th of one basis point (the "Absolute Rate") offered for each such Bid Loan; and

(E) the identity of the quoting Bank or Designated Bidder.

A Competitive Bid may contain up to three separate offers by the quoting Bank or Designated Bidder with respect to each Interest Period specified in the related Invitation for Competitive Bids.

(iii) Any Competitive Bid shall be disregarded if it:

(A) is not substantially in conformity with Exhibit H or does not specify all of the information required by subsection (c)(ii) of this Section;

(B) contains qualifying, conditional or similar language;

(C) proposes terms other than or in addition to those set forth in the applicable Invitation for Competitive Bids; or

(D) arrives after the time set forth in subsection (c)(i) of this Section.

(d) Promptly on receipt and not later than 7:00 a.m. (San Francisco time) three Business Days prior to the proposed date of Borrowing, in the case of a LIBOR Auction, or 7:00 a.m. (San Francisco time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction, the Agent will notify the Revolving Borrower of the terms (i) of any Competitive Bid submitted by a Bank or Designated Bidder that is in accordance with subsection 2.06(c), and (ii) of any Competitive Bid that amends, modifies or is otherwise inconsistent with a previous Competitive Bid submitted by such Bank or Designated Bidder with respect to the same Competitive Bid Request. Any such subsequent Competitive Bid shall be disregarded by the Agent unless such subsequent Competitive Bid is submitted solely to correct a manifest error in such former Competitive Bid and only if

received within the times set forth in subsection 2.06(c). The Agent's notice to the Revolving Borrower shall specify (1) the aggregate principal amount of Bid Loans for which offers have been received for each Interest Period specified in the related Competitive Bid Request; and (2) the respective principal amounts and LIBOR Bid Margins or Absolute Rates, as the case may be, so offered. Subject only to the provisions of Sections 3.02, 3.05 and 4.02 hereof and the provisions of this subsection (d), any Competitive Bid shall be irrevocable except with the written consent of the Agent given on the written instructions of the Revolving Borrower.

(e) Not later than 7:30 a.m. (San Francisco time) three Business Days prior to the proposed date of Borrowing, in the case of a LIBOR Auction, or 7:30 a.m. (San Francisco time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction, the Revolving Borrower shall notify the Agent of its acceptance or non-acceptance of the offers so notified to it pursuant to subsection 2.06(d). The Revolving Borrower shall be under no obligation to accept any offer and may choose to reject all offers. In the case of acceptance, such notice shall specify the aggregate principal amount of offers for each Interest Period that is accepted. The Revolving Borrower may accept any Competitive Bid in whole or in part; provided that:

(i) the aggregate principal amount of each Bid Borrowing may not exceed the applicable amount set forth in the related Competitive Bid Request;

(ii) the principal amount of each Bid Borrowing must be \$10,000,000 or in any multiple of \$1,000,000 in excess thereof;

(iii) acceptance of offers may only be made on the basis of ascending LIBOR Bid Margins or Absolute Rates within each Interest Period, as the case may be; and

(iv) the Revolving Borrower may not accept any offer that is described in subsection 2.06(c)(iii) or that otherwise fails to comply with the requirements of this Agreement.

(f) If offers are made by two or more Banks or Designated Bidders with the same LIBOR Bid Margins or Absolute Rates, as the case may be, for a greater aggregate principal amount than the amount in respect of which such offers are accepted for the related Interest Period, the principal amount of Bid Loans in respect of which such offers are accepted shall be allocated by the Agent among such Banks or Designated Bidders as nearly as possible (in such multiples, not less than \$1,000,000, as the Agent may deem appropriate) in proportion to the aggregate principal amounts of such offers. Determination by the Agent of

the amounts of Bid Loans shall be conclusive in the absence of manifest error.

(g) (i) The Agent will promptly notify each Bank or Designated Bidder having submitted a Competitive Bid if its offer has been accepted and, if its offer has been accepted, of the amount of the Bid Loan or Bid Loans to be made by it on the date of the Bid Borrowing.

(ii) Each Bank or Designated Bidder, which has received notice pursuant to subsection 2.06(g)(i) that its Competitive Bid has been accepted, shall make the amounts of such Bid Loans available to the Agent for the account of the Revolving Borrower at the Agent's Payment Office, by 11:00 a.m. (San Francisco time) on such date of Bid Borrowing, in funds immediately available to the Agent for the account of the Revolving Borrower at the Agent's Payment Office. The proceeds of all such Bid Loans received in immediately available funds by the Agent by 11:00 a.m. (San Francisco time) on such date of Bid Borrowing will then be made available to the Revolving Borrower by the Agent in immediately available funds at such office by crediting by 1:00 p.m. (San Francisco time) on such date the account of the Revolving Borrower on the books of BofA with the aggregate of the amounts made available in immediately available funds to the Agent by the Banks. Any proceeds of such Bid Loans received in immediately available funds by the Agent by 11:00 a.m. (San Francisco time) on such date of Bid Borrowing and not credited to the Revolving Borrower by 1:00 p.m. (San Francisco time) on such date shall be deemed to have been disbursed on the following Business Day and interest shall begin to accrue thereon on such following Business Day; provided, that, if the failure to credit any such funds received from a Bank or Designated Bidder by the Agent in immediately available funds by 11:00 a.m. (San Francisco time) on such date of Bid Borrowing to the Revolving Borrower by 1:00 p.m. (San Francisco time) on such date is due to the gross negligence or willful misconduct of the Agent, then the Agent shall pay to such Bank or Designated Bidder interest on such funds at the Federal Funds Rate from such date of receipt by the Agent to the following Business Day.

(iii) Promptly following each Bid Borrowing, the Agent shall notify each Bank and Designated Bidder of the ranges of bids submitted and the highest and lowest bids accepted for each Interest Period requested by the Revolving Borrower and the aggregate amount borrowed pursuant to such Bid Borrowing and the Interest Period applicable thereto.

(iv) From time to time, the Revolving Borrower and the Banks and Designated Bidders shall furnish such information to the Agent as the Agent may request relating to the making of Bid Loans, including the amounts, interest rates, dates of borrowings and maturities thereof, for purposes of the allocation of amounts received from the Revolving Borrower for payment of all amounts owing hereunder.

(h) If, on or prior to the proposed date of Borrowing, the Commitments have not been terminated and if, on such proposed date of Borrowing all applicable conditions to funding referenced in Sections 3.02, 3.05 and 4.02 hereof are satisfied, the Banks and Designated Bidders whose offers the Revolving Borrower has accepted will fund each Bid Loan so accepted. Nothing in this Section 2.06 shall be construed as a right of first offer in favor of the Banks or Designated Bidders or to otherwise limit the ability of the Revolving Borrower to request and accept credit facilities from any Person (including any of the Banks or Designated Bidders), provided that no Default or Event of Default would otherwise arise or exist as a result of the Revolving Borrower executing, delivering or performing under such credit facilities.

2.07 Procedure for Swingline Loans. (a) Each Borrowing of a Swingline Loan shall be made upon the Revolving Borrower's irrevocable written notice delivered to the Agent (with a copy to the Swingline Bank) in the form of a Notice of Borrowing (which notice must be received by the Agent and the Swingline Bank prior to 11:00 a.m. (San Francisco time) on the requested Borrowing Date, specifying: (i) the amount of such Swingline Loan; and (ii) the requested Borrowing Date, which shall be a Business Day. Upon receipt of the Notice of Borrowing, the Swingline Bank will immediately confirm with the Agent (by telephone or in writing) that the Agent has received a copy of the Notice of Borrowing from the Revolving Borrower and, if not, the Swingline Bank will provide the Agent with a copy thereof.

(b) Unless the Swingline Bank has received notice prior to 2:00 p.m. (San Francisco time) on the relevant Swingline Borrowing Date from the Agent (including at the request of any Bank) (i) directing the Swingline Bank not to make the requested Swingline Loan as a result of the limitation set forth in the proviso set forth in Section 2.01(b), or (ii) that one or more conditions specified in Article IV are not then satisfied; then, subject to the terms and conditions hereof, the Swingline Bank will, not later than 3:00 p.m. (San Francisco time) on the Borrowing Date specified in such Notice of Borrowing, make the amount of the requested Swingline Loan available to the Agent for the account of the Revolving Borrower at the Agent's Payment Office in immediately available funds. The proceeds of such Swingline Loan received in immediately available funds by the Agent by 3:00 p.m. (San Francisco time) on such Borrowing Date will then be made available to the Revolving Borrower by the

Agent in immediately available funds by crediting the account of the Revolving Borrower on the books of BofA with the amount made available in immediately available funds to the Agent by the Swingline Bank. Each Swingline Borrowing pursuant to this Section shall be in an aggregate principal amount equal to \$1,000,000 or an integral multiple of \$100,000 in excess thereof, unless otherwise agreed by the Swingline Bank.

(c) After giving effect to any Borrowing of a Swingline Loan, there may not be more than three different Swingline Loans outstanding at any one time.

(d) The Agent will notify the Banks of any Borrowing of a Swingline Loan or repayment thereof promptly after any such Borrowing or repayment.

(e) If (i) any Swingline Loan shall remain outstanding at 9:00 a.m. (San Francisco time) on the Business Day immediately prior to a Swingline Clean-Up Day and by such time on such Business Day the Agent shall have received neither (A) a Notice of Borrowing delivered pursuant to Section 2.03 requesting that Committed Loans be made pursuant to Section 2.01(b) on the Swingline Clean-Up Day in an amount at least equal to the principal amount of such Swingline Loan, nor (B) any other notice indicating the Revolving Borrower's intent to repay such Swingline Loan with funds obtained from other sources, or (ii) any Swingline Loans shall remain outstanding during the existence of a Default or Event of Default and the Swingline Bank shall in its sole discretion notify the Agent that the Swingline Bank desires that such Swingline Loans be converted into Committed Loans; then, the Agent shall be deemed to have received a Notice of Borrowing from the Revolving Borrower pursuant to Section 2.03 requesting that Base Rate Committed Loans be made pursuant to Section 2.01(b) on such Swingline Clean-Up Day (in the case of the circumstances described in clause (i) above) or on the first Business Day subsequent to the date of such notice from the Swingline Bank (in the case of the circumstances described in clause (ii) above) in an amount equal to the aggregate amount of such Swingline Loans, and the procedures set forth in Sections 2.03(b) and 2.03(c) shall be followed in making such Base Rate Committed Loans; provided, that such Base Rate Committed Loans shall be made notwithstanding the Revolving Borrower's failure to comply with the conditions specified in Section 4.02 and notwithstanding that the aggregate amount of such Swingline Loans is less than the minimum amount for borrowing set forth in Section 2.03(a); and provided, further, that if a Borrowing of Committed Loans becomes legally impracticable and if so required by the Swingline Bank at the time such Committed Loans are required to be made by the Banks in accordance with this subsection 2.07(e), each Bank agrees that in lieu of making Committed Loans as described above, such Bank shall purchase a participation from the Swingline Bank in the applicable Swingline Loans in an amount equal to such Bank's Pro Rata Share of the aggregate principal amount of such Swingline Loans, and the

procedures set forth in Sections 2.03(b) and 2.03(c) shall be followed in connection with the purchases of such participations. The proceeds of such Base Rate Committed Loans or purchases of participations, as the case may be, shall be applied to repay such Swingline Loans. A copy of each notice given by the Agent to the Banks pursuant to this subsection 2.07(e) with respect to the making of Committed Loans or the purchases of participations, as the case may be, shall be promptly delivered by the Agent to the Revolving Borrower. Each Bank's obligation in accordance with this Agreement to make the Committed Loans or purchase the participations, as contemplated by this subsection 2.07(e), shall be absolute and unconditional and shall not be affected by any circumstance (except the Swingline Bank's funding of a Swingline Loan when it has received a notice under subsection 2.07(b)(i) or (ii)), including (1) any set-off, counterclaim, recoupment, defense or other right which such Bank may have against the Swingline Bank, the Revolving Borrower or any other Person for any reason whatsoever; (2) the occurrence or continuance of a Default or an Event of Default; or (3) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing; provided, that, nothing in this Section 2.07 shall require any Bank to fund a Committed Loan or purchase a participation to the extent that such Committed Loan or participation interest, when aggregated with such Bank's then-outstanding Committed Loans and participation interests, would exceed such Bank's Commitment.

2.08 Voluntary Termination or Reduction of Commitments. The Revolving Borrower may, upon not less than three Business Days' prior notice to the Agent, terminate the Revolving Commitments, or permanently reduce the Revolving Commitments by an aggregate minimum amount of \$10,000,000 or any integral multiple of \$1,000,000 in excess thereof; unless, after giving effect thereto and to any prepayments of Revolving Loans or Swingline Loans made on the effective date thereof, (i) the then-outstanding principal amount of Revolving Loans, Bid Loans and Swingline Loans would exceed the amount of the combined Revolving Commitments then in effect, or (ii) the then-outstanding principal amount of all Swingline Loans would exceed the amount of the Swingline Commitment then in effect, as adjusted pursuant to the last sentence of this Section 2.08. Once reduced in accordance with this Section, the Revolving Commitments may not be increased. Any reduction of the Revolving Commitments shall be applied to each Bank's Revolving Commitment according to its Pro Rata Share. All accrued facility fees to, but not including, the effective date of any reduction or termination of the Revolving Commitments, shall be paid on the effective date of such reduction or termination. At no time shall the Swingline Commitment exceed the combined Revolving Commitments or the Revolving Commitment of the Swingline Bank and any reduction of the Revolving Commitments or the Revolving Commitment of the Swingline Bank which reduces the combined Revolving Commitments or the Swingline Bank's Revolving Commitment, respectively, below the then-current amount of the Swingline Commitment shall result

in an automatic corresponding reduction of the Swingline Commitment to the amount of the combined Revolving Commitments or the Swingline Bank's Revolving Commitment, respectively, as so reduced, without any action on the part of the Swingline Bank. At the close of business on the Closing Date, the Term Commitments shall automatically be reduced to zero.

2.09 Prepayments. (a) Subject to Section 3.04, each Borrower may, at any time or from time to time, upon irrevocable notice to the Agent, ratably prepay Committed Loans or Swingline Loans in whole or in part, and, in the case of Committed Loans, in minimum amounts of \$5,000,000 or any multiple of \$1,000,000 in excess thereof. Such notice of prepayment shall specify the date and amount of such prepayment, the applicable Borrower, whether such prepayment is of Committed Loans or Swingline Loans, or a combination thereof and, if applicable, the Type(s) of Committed Loans to be prepaid, and must be received by the Agent prior to 9:00 a.m. (San Francisco time) (i) three Business Days prior to the proposed date of prepayment in the case of Offshore Rate Committed Loans, (ii) one Business Day prior to the proposed date of prepayment in the case of Base Rate Committed Loans, and (iii) on the proposed date of prepayment in the case of Swingline Loans. The Agent will promptly notify each Bank of its receipt of any such notice, and, if applicable, of such Bank's Pro Rata Share of such prepayment. If such notice is given by a Borrower, such Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest to such date on the amount prepaid and any amounts required pursuant to Section 3.04.

(b) Bid Loans may not be voluntarily prepaid other than with the consent of the applicable Bid Loan Lender, to be given or withheld in its sole discretion.

(c) (i) If following any reduction of the Swingline Commitment pursuant to Section 2.08 the aggregate outstanding principal amount of Swingline Loans would exceed the Swingline Commitment as reduced, the Revolving Borrower shall prepay without notice or demand on the reduction date of the Swingline Commitment the outstanding principal amount of the Swingline Loans in an amount equal to the excess of the Swingline Loans over the Swingline Commitment as so reduced, and (ii) so that for one Business Day during each successive two calendar week period the aggregate principal amount of Swingline Loans shall be \$0 (a "Swingline Clean-Up Day"), the Revolving Borrower shall prepay without notice or demand on the Swingline Clean-Up Day the outstanding principal amount of the Swingline Loans (which Swingline Loans may not be reborrowed until such Swingline Clean-Up Day has ended).

2.10 Repayment.

(a) The Revolving Credit. The Revolving Borrower shall repay to the Banks on the Revolving Termination Date the aggregate principal amount of Revolving Loans outstanding on such date.

(b) Bid Loans. The Revolving Borrower shall repay each Bid Loan on the last day of the relevant Interest Period.

(c) Swingline Loans. The Revolving Borrower shall repay to the Swingline Bank in full on the Revolving Termination Date the aggregate principal amount of the Swingline Loans outstanding on such date.

(d) The Term Credit. The Term Borrower shall repay to the Banks on the Term Maturity Date the aggregate principal amount of Term Loans outstanding on such date.

2.11 Interest.

(a) (i) Each Committed Loan shall bear interest on the outstanding principal amount thereof from the applicable Borrowing Date at a rate per annum equal to the Offshore Rate or the Base Rate, as the case may be (and subject to the applicable Borrower's right to convert to other Types of Committed Loans under Section 2.04), plus the Applicable Margin, (ii) each Swingline Loan shall bear interest on the outstanding principal amount thereof from the applicable Borrowing Date at a rate per annum equal to the Base Rate plus the Applicable Margin or at such other rate not in excess of the Base Rate plus the Applicable Margin agreed to by the Swingline Bank in its sole discretion at the time of the applicable Swingline Borrowing, and (iii) each Bid Loan shall bear interest on the outstanding principal amount thereof from the applicable Borrowing Date at a rate per annum equal to the LIBO Rate plus (or minus) the LIBOR Bid Margin or at the Absolute Rate, as the case may be.

(b) Interest on each Loan shall be paid in arrears on each Interest Payment Date. Interest shall also be paid on the date of any prepayment of Committed Loans or Swingline Loans under Section 2.09 for the portion of the Loans so prepaid and upon payment (including prepayment) in full thereof and, during the existence of any Event of Default, interest shall be paid on demand of the Agent at the request or with the consent of the Majority Banks.

(c) Notwithstanding subsection (a) of this Section, if any amount of principal of or interest on any Loan or any other amount payable hereunder or under any other document or instrument given in connection herewith is not paid in full when due (whether at stated maturity, by acceleration, demand or otherwise), each Borrower agrees to pay interest on such unpaid principal or other amount, from the date such amount becomes due

until the date such amount is paid in full, and after as well as before any entry of judgment thereon to the extent permitted by law, payable on demand, at a fluctuating rate per annum equal to the Base Rate plus 1%.

(d) Anything herein to the contrary notwithstanding, the obligations of each Borrower to any Bank or Designated Bidder hereunder shall be subject to the limitation that payments of interest shall not be required for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by such Bank or Designated Bidder would be contrary to the provisions of any law applicable to such Bank or Designated Bidder limiting the highest rate of interest that may be lawfully contracted for, charged or received by such Bank or Designated Bidder, and in such event each Borrower shall pay such Bank or Designated Bidder interest at the highest rate permitted by applicable law.

2.12 Fees.

(a) Facility Fees. The Revolving Borrower shall pay to the Agent for the account of each Bank a facility fee on the full amount of such Bank's Revolving Commitment (regardless of usage), computed on a quarterly basis in arrears on the last Business Day of each calendar quarter, at a rate per annum equal to the Facility Fee Percentage. Such facility fee shall accrue from the Closing Date to the Revolving Termination Date and shall be due and payable quarterly in arrears on the last Business Day of each calendar quarter commencing on March 31, 1997 through the Revolving Termination Date, with the final payment to be made on the Revolving Termination Date; provided that, in connection with any reduction or termination of Revolving Commitments under Section 2.08, the accrued facility fee calculated for the period ending on such date shall also be paid on the date of such reduction or termination, with the following quarterly payment being calculated on the basis of the period from such reduction or termination date to such quarterly payment date. The facility fees provided in this subsection shall accrue at all times after the above-mentioned commencement date, including at any time during which one or more conditions in Article IV are not met.

(b) Arrangement, Agency, Bid Loan Fees. The Revolving Borrower shall pay an arrangement fee to the Arranger for the Arranger's own account, and shall pay an agency fee and Bid Loan fees to the Agent for the Agent's own account, as required by the letter agreement ("Fee Letter") between the Revolving Borrower and the Arranger and Agent dated November 20, 1996.

(c) Upfront Fees. The Revolving Borrower shall pay to the Agent on the Closing Date for the account of each Bank which is a party to the Existing Agreement an upfront fee equal to 0.050% times (i) its Commitment hereunder less (ii) its "Commitment" as defined in the Existing Agreement, if, as to such

Bank, the amount set forth in clause (i) less the amount set forth in clause (ii) is greater than zero.

2.13 Computation of Fees and Interest.

(a) All computations of interest for Base Rate Committed Loans and Swingline Loans bearing interest based on the Base Rate when the Base Rate is determined by BofA's "reference rate" shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365-day year). Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof. The Agent will provide to the Borrowers a statement of the amount of interest due on each Interest Payment Date and such other dates that interest is due hereunder and a statement of the amount of fees due on each date that fees are due hereunder; provided that the failure of the Agent to provide any such statement shall not limit or otherwise affect either Borrower's obligations hereunder or under any Note or any other document or instrument given in connection herewith.

(b) Each determination of an interest rate by the Agent shall be conclusive and binding on the Borrowers the Banks and Designated Bidders in the absence of manifest error.

(c) If any Reference Bank's Commitment terminates (other than on termination of all the Commitments), or for any reason whatsoever any Reference Bank ceases to be a Bank hereunder, that Reference Bank shall thereupon cease to be a Reference Bank. The Agent shall promptly appoint another Bank (which Bank shall be approved by the Revolving Borrower) as a replacement Reference Bank for the terminated Reference Bank. Until the appointment of such replacement Reference Bank, the Offshore Rate and LIBO Rate shall be determined on the basis of the rates as notified by the remaining Reference Bank.

(d) Each Reference Bank shall use its best efforts to furnish quotations of rates to the Agent as contemplated hereby. If any of the Reference Banks fails to supply such rates to the Agent upon its request, the rate of interest shall be determined on the basis of the quotations of the remaining Reference Bank.

(e) For the purpose of the Interest Act (Canada) only, where interest is calculated based on a year comprised of 360 days, 365 days, or 366 days, the yearly rate or percentage of interest to which such interest rate is equivalent, is the rate obtained by multiplying the rate by the actual number of days in the year and dividing by 360, 365 or 366 as the case may be.

2.14 Payments by the Borrowers.

(a) All payments to be made by the Borrowers shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by the Borrowers shall be made to the Agent for the account of the Banks and Designated Bidders at the Agent's Payment Office, and shall be made in dollars and in immediately available funds, no later than 11:00 a.m. (San Francisco time) on the date specified herein. The Agent will promptly distribute to each Bank (or Designated Bidder) its Pro Rata Share (or other applicable share as expressly provided herein) of such payment in like funds as received. Any payment received by the Agent later than 11:00 a.m. (San Francisco time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.

(b) Subject to the provisions set forth in the definition of "Interest Period" herein, whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(c) Unless the Agent receives notice from the applicable Borrower prior to the date on which any payment is due to the Banks or Designated Bidders that such Borrower will not make such payment in full as and when required, the Agent may assume that such Borrower has made such payment in full to the Agent on such date in immediately available funds and the Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Bank or Designated Bidder on such due date an amount equal to the amount then due such Bank or Designated Bidder. If and to the extent such Borrower has not made such payment in full to the Agent, each Bank or Designated Bidder shall repay to the Agent on demand such amount distributed to such Bank or Designated Bidder, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Bank or Designated Bidder until the date repaid.

2.15 Payments by the Banks to the Agent.

(a) Unless the Agent receives notice from a Bank on or prior to the Closing Date or, with respect to any Borrowing after the Closing Date, at least one Business Day prior to the date of such Borrowing, that such Bank will not make available as and when required hereunder to the Agent for the account of the applicable Borrower the amount of that Bank's Pro Rata Share of the Committed Borrowing, in the case of a Committed Borrowing, or the Swingline Loan, in the case of a Swingline Borrowing, the Agent may assume that each Bank, in the case of a Committed Borrowing, or the Swingline Bank, in the case of a Swingline Borrowing, has made such amount available to the Agent in

immediately available funds on the Borrowing Date and the Agent may (but shall not be so required), in reliance upon such assumption, make available to the applicable Borrower on such date a corresponding amount. If and to the extent any Bank shall not have made its full amount available to the Agent in immediately available funds and the Agent in such circumstances has made available to such Borrower such amount, that Bank shall on the Business Day following such Borrowing Date make such amount available to the Agent, together with interest at the Federal Funds Rate for each day during the period from the Borrowing Date to the date that Bank makes such amount available to the Agent. A notice of the Agent submitted to any Bank with respect to amounts owing under this subsection (a) shall be conclusive, absent manifest error. If such amount is so made available, such payment to the Agent shall constitute such Bank's Loan as of the date of Borrowing for all purposes of this Agreement. If such amount is not made available to the Agent on the Business Day following the Borrowing Date, the Agent will notify the applicable Borrower of such failure to fund and, upon demand by the Agent, such Borrower shall pay such amount to the Agent for the Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Borrowing.

(b) The failure of any Bank to make any Committed Loan on any Borrowing Date shall not relieve any other Bank of any obligation hereunder to make a Committed Loan on such Borrowing Date, but no Bank shall be responsible for the failure of any other Bank to make the Committed Loan to be made by such other Bank on any Borrowing Date.

2.16 Sharing of Payments, Etc. If, other than as expressly provided elsewhere herein, any Bank shall obtain on account of the Committed Loans made by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its Pro Rata Share, such Bank shall immediately (a) notify the Agent of such fact, and (b) purchase from the other Banks such participations in the Committed Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment pro rata with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Bank, such purchase shall to that extent be rescinded and each other Bank shall repay to the purchasing Bank the purchase price paid therefor, together with an amount equal to such paying Bank's ratable share (according to the proportion of (i) the amount of such paying Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. Each Borrower agrees that any Bank so purchasing a participation from another Bank may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 10.11) with respect

to such participation as fully as if such Bank were the direct creditor of such Borrower in the amount of such participation. The Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Banks following any such purchases or repayments. Any Bank having outstanding both Committed Loans, Swingline Loans, and Bid Loans at any time a right of set-off is exercised by such Bank and applying such setoff to the Loans shall apply the proceeds of such set-off first to such Bank's Committed Loans, until its Committed Loans are reduced to zero, thereafter to its Swingline Loans, until reduced to zero, and thereafter to its Bid Loans.

2.17 Quarterly Adjustments.

(a) If the financial reports delivered pursuant to subsections 6.07(a) and 6.07(b) and the certificate delivered pursuant to subsection 6.07(c) when delivered with respect to any fiscal quarter indicate that the Applicable Margin or Facility Fee Percentage for any period should have been higher than the Applicable Margin or Facility Fee Percentage assumed for such period pursuant to the definitions of such terms, and the interest or fee that would have been collected hereunder based upon the actual Applicable Margin or Facility Fee Percentage exceeds the interest or fee actually collected hereunder, then the applicable Borrower shall pay an amount equal to such excess to the Agent for the account of the Banks. The Agent will provide a statement to the applicable Borrower of such amounts due within five Business Days of the Agent's receipt of such financial reports and certificate, and the applicable Borrower shall pay such amounts within three Business Days of its receipt of such statement; provided that the failure of the Agent to provide any such statement shall not limit or otherwise affect either Borrower's obligations hereunder or under any Note or any other document or instrument given in connection herewith.

(b) If (i) the financial reports delivered pursuant to subsections 6.07(a) and 6.07(b) and the certificate delivered pursuant to subsection 6.07(c) when delivered with respect to any fiscal quarter indicate that the Applicable Margin or Facility Fee Percentage for any period should have been lower than the Applicable Margin or Facility Fee Percentage assumed for such period pursuant to the definitions of such terms, and (ii) the interest or fee actually collected hereunder exceeds the interest or fee that would have been collected hereunder based upon the actual Applicable Margin or Facility Fee Percentage, then the Agent shall credit such excess to interest and fees owing hereunder (including any interest owing under subsection 2.11(c)) during the calendar quarter when such financial reports and certificate were received and, if all such excess is not credited by the end of such calendar quarter, upon request of the Revolving Borrower, each Bank, severally, if no Default or Event of Default exists, shall refund to the Agent for distribution to

the applicable Borrower the amount of such excess actually received and retained by such Bank.

2.18 Guaranty. All obligations of the Term Borrower hereunder and under any Note shall be guaranteed by the Revolving Borrower pursuant to the Guaranty.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes. (a) Any and all payments by the Borrowers to each Bank or Designated Bidder or the Agent under this Agreement and any other document or instrument given in connection herewith shall be made free and clear of, and without deduction or withholding for any Taxes. In addition, the Borrowers shall pay all Other Taxes.

(b) Each Borrower agrees to indemnify and hold harmless each Bank and Designated Bidder and the Agent for the full amount of Taxes or Other Taxes imposed on any payments by such Borrower under this Agreement (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section) paid by such Bank or Designated Bidder or the Agent and any liability (including penalties, interest, additions to tax and expenses, unless arising from the gross negligence or willful misconduct of such Bank or Designated Bidder or the Agent) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date such Bank or Designated Bidder or the Agent makes written demand therefor.

(c) If a Borrower shall be required by law to deduct or withhold any Taxes or Other Taxes from or in respect of any sum payable hereunder to any Bank or Designated Bidder or the Agent, then:

(i) the sum payable shall be increased as necessary so that after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section) such Bank or Designated Bidder or the Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made;

(ii) such Borrower shall make such deductions and withholdings;

(iii) such Borrower shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and

(iv) such Borrower shall also pay to each Bank or Designated Bidder or to the Agent for the account of such Bank or Designated Bidder, at the time interest is paid, all additional amounts which the respective Bank or Designated Bidder specifies as necessary to preserve the after-tax yield such Bank or Designated Bidder would have received if such Taxes or Other Taxes had not been imposed.

(d) Within 30 days after the date of any payment by a Borrower of Taxes or Other Taxes, such Borrower shall furnish the Agent the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to the Agent.

(e) If a Borrower is required to pay additional amounts to any Bank or Designated Bidder or the Agent for such Person's account pursuant to subsection (c) of this Section, then such Bank or Designated Bidder shall use reasonable efforts (consistent with legal and regulatory restrictions) to change the jurisdiction of its Lending Office so as to eliminate any such additional payment by such Borrower which may thereafter accrue, if such change in the judgment of such Bank or Designated Bidder is not otherwise disadvantageous to such Bank or Designated Bidder, as the case may be.

3.02 Illegality.

(a) If any Bank reasonably determines that the introduction of any Requirement of Law, or any change in any Requirement of Law, or in the interpretation or administration of any Requirement of Law, has made it unlawful, or that any central bank or other governmental authority has asserted that it is unlawful, for any Bank or its applicable Lending Office, or such Bank's Designated Bidders in the case of LIBOR Bid Loans, to make Offshore Rate Loans, then, on notice thereof by the Bank to the Borrowers through the Agent, any obligation of that Bank or Designated Bidder to make Offshore Rate Loans (including in respect of any LIBOR Bid Loan as to which the Revolving Borrower has accepted such Bank's or Designated Bidder's Competitive Bid, but as to which the Borrowing Date has not arrived) shall be suspended until such Bank notifies the Agent and the Borrowers that the circumstances giving rise to such determination no longer exist.

(b) If a Bank reasonably determines that it is unlawful for such Bank or such Bank's Designated Bidder to maintain any Offshore Rate Loan, upon its receipt of notice of such fact and demand from such Bank (with a copy to the Agent) (i) the Revolving Borrower shall prepay in full such Offshore Rate Loans to it of that Bank or its Designated Bidder then outstanding, together with interest accrued thereon and amounts required under Section 3.04, either on the last day of the Interest Period thereof, if such Bank or its Designated Bidder may lawfully continue to maintain such Offshore Rate Loans to

such day, or immediately, if such Bank or its Designated Bidder may not lawfully continue to maintain such Offshore Rate Loans, and (ii) the Offshore Rate Loan of the Term Borrower to that Bank shall be automatically converted to a Base Rate Committed Loan, either on the last day of the Interest Period thereof, if such Bank may lawfully continue to maintain such Offshore Rate Loan to such day, or immediately, if such Bank may not lawfully continue to maintain such Offshore Rate Loan, and, in the case of a conversion to a Base Rate Committed Loan prior to the last day of the Interest Period thereof, the Term Borrower shall pay, on the date of such automatic conversion, interest accrued thereon to such day and amounts required under Section 3.04. If the Revolving Borrower is required to so prepay any Offshore Rate Committed Loan that is a Revolving Loan, then concurrently with such prepayment, the Revolving Borrower shall borrow from the affected Bank, in the amount of such repayment, a Base Rate Committed Loan.

(c) If the obligation of any Bank to make or maintain Offshore Rate Committed Loans has been so terminated or suspended, the applicable Borrower may elect, by giving notice to such Bank through the Agent that all Loans which would otherwise be made by such Bank as Offshore Rate Committed Loans shall be instead Base Rate Committed Loans.

3.03 Increased Costs and Reduction of Return.

(a) If any Bank determines that, due to either (i) the introduction of or any change (other than any change by way of imposition of or increase in reserve requirements included in the calculation of the Offshore Rate) in or in the interpretation of any law or regulation or (ii) the compliance by that Bank with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to such Bank of agreeing to make or making, funding or maintaining any Offshore Rate Committed Loans, then each Borrower shall be liable for, and shall from time to time, upon demand (with a copy of such demand to be sent to the Agent), pay to the Agent for the account of such Bank, additional amounts as are sufficient to compensate such Bank for such increased costs.

(b) If any Bank or, in the case of Bid Loans, such Bank's Designated Bidder, shall have determined that (i) the introduction of any Capital Adequacy Regulation, (ii) any change in any Capital Adequacy Regulation, (iii) any change in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other governmental authority charged with the interpretation or administration thereof, or (iv) compliance by such Bank or Designated Bidder (or the Lending Office of either) or any corporation controlling such Bank or Designated Bidder with any Capital Adequacy Regulation, affects or would affect the amount of capital required or expected to be maintained by such Bank or Designated Bidder or any corporation

controlling such Bank or Designated Bidder and (taking into consideration such Bank's or such Designated Bidder's or such corporation's policies with respect to capital adequacy and such Bank's or such Designated Bidder's or such corporation's desired return on capital) determines that the amount of such capital is increased as a consequence of its Commitments, Swingline Commitment (in the case of the Swingline Bank), loans, credits or obligations under this Agreement, then, upon demand of such Bank or such Designated Bidder to the applicable Borrower through the Agent, such Borrower shall pay to such Bank or Designated Bidder, as applicable, from time to time as specified by such Bank or such Designated Bidder, additional amounts sufficient to compensate such Bank or Designated Bidder for such increase. For purposes of this subsection, "Capital Adequacy Regulation" means any guideline, request or directive of any central bank or other governmental authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of any bank or of any corporation controlling a bank.

3.04 Funding Losses. Each Borrower shall reimburse each Bank and, in the case of Bid Loans, each Bank's Designated Bidder, and hold each Bank and, in the case of Bid Loans, each Bank's Designated Bidder, harmless from any loss or expense which such Bank or Designated Bidder may sustain or incur as a consequence of:

(a) the failure of such Borrower to make on a timely basis any payment of principal of any Offshore Rate Loan;

(b) the failure of such Borrower to borrow, continue or convert a Committed Loan after such Borrower has given (or is deemed to have given) a Notice of Borrowing or a Notice of Conversion/Continuation;

(c) the failure of such Borrower to make any prepayment of any Committed Loan in accordance with any notice delivered under Section 2.09;

(d) the prepayment (including pursuant to Section 2.09) or other payment (including after acceleration thereof) of any Offshore Rate Loan or Absolute Rate Bid Loan on a day that is not the last day of the relevant Interest Period; or

(e) the automatic conversion under Section 2.04 or subsection 3.02(b) of any Offshore Rate Committed Loan to a Base Rate Committed Loan on a day that is not the last day of the relevant Interest Period;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Offshore Rate Loans or from fees payable to terminate the deposits from which such funds were obtained.

3.05 Inability to Determine Rates. If the Agent determines that for any reason adequate and reasonable means do not exist for determining the Offshore Rate or the LIBO Rate for any requested Interest Period with respect to a proposed Offshore Rate Loan, or that the Offshore Rate or the LIBO Rate applicable pursuant to subsection 2.11(a) for any requested Interest Period with respect to a proposed Offshore Rate Loan does not adequately and fairly reflect the cost to the Banks of funding such Loan, the Agent will promptly so notify the Borrowers and each Bank. Thereafter, the obligation of the Banks to make or maintain Offshore Rate Loans, as the case may be, hereunder shall be suspended until the Agent revokes such notice in writing. Upon receipt of such notice, each Borrower may revoke any Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If such Borrower does not revoke such Notice of Borrowing, the Banks shall make, convert or continue the Committed Loans, as proposed by such Borrower, in the amount specified in the applicable notice submitted by such Borrower, but such Committed Loans shall be made, converted or continued as Base Rate Committed Loans instead of Offshore Rate Committed Loans.

3.06 Survival. The agreements and obligations of the Borrowers in this Article III shall survive the payment of all other obligations hereunder.

ARTICLE IV

CONDITIONS PRECEDENT

4.01 Conditions of Initial Loans. The effectiveness of this Agreement, the obligation of each Bank to make its initial Committed Loan hereunder and to receive through the Agent the initial Competitive Bid Request, and the obligation of the Swingline Bank to make its initial Swingline Loan hereunder, is subject to the condition that the Agent have received on or before the Closing Date all of the following, in form and substance satisfactory to the Agent and each Bank, and in sufficient copies for each Bank:

(a) Credit Agreement, the Guaranty and Notes. This Agreement, the Guaranty and, if requested by any Bank, the Note(s), executed by each party thereto;

(b) Legal Opinions. (i) An opinion, dated the Closing Date, of Miller, Nash, Wiener, Hager & Carlsen LLP, counsel to the Revolving Borrower, substantially in the form of Exhibit D-1, (ii) an opinion, dated the Closing Date, of Russell & DuMoulin, Canadian counsel to the Term Borrower, substantially in the form of Exhibit D-2, and (iii) an opinion, dated the Closing Date, of Morrison & Foerster, special California counsel to the Agent, substantially in the form of Exhibit D-3;

(c) Resolutions. A copy of a resolution or resolutions passed by the Board of Directors of each Borrower,

certified by the Secretary or an Assistant Secretary of such Borrower as being in full force and effect on the Closing Date, authorizing the Borrowings and Guaranty provided for herein and the execution, delivery and performance of this Agreement and any instrument or agreement required hereunder;

(d) Incumbency. A certificate, signed by the Secretary or an Assistant Secretary of each Borrower and dated the Closing Date, as to the incumbency, and containing the specimen signature or signatures, of the person or persons authorized to execute and deliver this Agreement and any instrument or agreement required hereunder on behalf of such Borrower;

(e) Payment of Fees. Evidence of payment by the Revolving Borrower of all accrued and unpaid fees, costs and expenses to the extent then due and payable on the Closing Date, together with attorney costs of BofA to the extent invoiced prior to or on the Closing Date, plus such additional amounts of attorney costs as shall constitute BofA's reasonable estimate of attorney costs incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude final settling of accounts between the Borrowers and BofA with respect to such costs); including any such costs, fees and expenses arising under or referenced in Sections 2.12(b) and (c) and 10.04;

(f) Certificates. A certificate signed by a duly authorized officer of each Borrower, dated as of the Closing Date, stating that:

(i) the representations and warranties contained in Article V are true and correct on and as of such date, as though made on and as of such date; and

(ii) no Default or Event of Default exists or would result from the initial Borrowing to be made by it;

(g) Termination of Existing Agreement. Evidence (i) that all commitments to extend credit under the Credit Agreement (the "Existing Agreement") dated as of February 16, 1996 among the Revolving Borrower, the financial institutions party thereto, and BofA, as agent for such financial institutions, have been terminated, and (ii) of payment or repayment (or provision satisfactory to the Agent for payment or repayment thereof out of the proceeds of a Borrowing hereunder on the Closing Date) by the Revolving Borrower of (A) all facility fees accrued to the Closing Date under subsection 2.12(a) of the Existing Agreement and (B) all principal and accrued interest outstanding thereunder and any amounts payable under Section 3.04 of the Existing Agreement; it being agreed by each of the Banks which is party to the Existing Agreement (x) that, upon satisfaction or waiver of all other conditions set forth in this Section 4.01, its commitment to extend credit under the Existing Agreement shall be

deemed to be terminated, notwithstanding the notice provisions of Section 2.08 of the Existing Agreement, which each such Bank hereby waives, and the condition set forth in clause (i) of this subsection 4.01(g) shall be deemed to be satisfied, and (y) promptly after the Closing Date, such Bank will return to the Agent for return to the Revolving Borrower any promissory note given to it by the Revolving Borrower under the Existing Agreement; and

(h) Other Documents. Certified copies of all approvals, consents, exemptions and other actions by, and notices to and filings with, any governmental authority and any trustee or holder of any indebtedness or obligation of either Borrower which, in any Bank's opinion, are required in connection with any transaction contemplated hereby.

4.02 Conditions to All Borrowings. The obligation of each Bank to make any Committed Loan to be made by it, the obligation of any Bank or Designated Bidder to make any Bid Loan as to which the Revolving Borrower has accepted the relevant Competitive Bid, and the obligation of the Swingline Bank to make any Swingline Loan hereunder (including, in each case, its initial Loan), is subject to the satisfaction of the following conditions precedent on the relevant Borrowing Date:

(a) Notice of Borrowing. As to any Committed Loan, the Agent shall have received (with, in the case of the initial Loan only, a copy for each Bank) a Notice of Borrowing;

(b) Continuation of Representations and Warranties. The representations and warranties in Article V (exclusive of the last two sentences of Section 5.13) shall be true and correct on and as of such Borrowing Date with the same effect as if made on and as of such Borrowing Date;

(c) Financial Statements. The financial statements then most recently supplied to the Banks under both subsections 6.07(a) and 6.07(b) shall have been prepared in accordance with the provisions of such subsections as of the dates and periods therein specified, and since such dates and periods there shall have been no change in the Revolving Borrower's consolidated financial condition or results of operations sufficient to impair the Revolving Borrower's ability to repay the Loans in accordance with the terms hereof, and neither the Revolving Borrower nor any Subsidiary shall have any contingent obligations, liabilities for taxes or other outstanding financial obligations which are material in the aggregate to the Revolving Borrower, except as shall have been disclosed in such financial statements, or as shall have been otherwise previously disclosed to the Banks in writing; and

(d) No Existing Default. No Default or Event of Default shall exist or shall result from such Borrowing.

Each Notice of Borrowing and Competitive Bid Request submitted by a Borrower hereunder shall constitute a representation and warranty by such Borrower hereunder, as of the date of each such notice or request and as of each Borrowing Date, that the conditions in this Section 4.02 are satisfied.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Each Borrower represents and warrants to the Agent and each Bank that:

5.01 Corporate Existence. Each Borrower is a corporation duly organized and existing under the laws of the jurisdiction of its incorporation, and is properly qualified as a foreign corporation and in good standing in every jurisdiction in which such Borrower is doing business of a nature that requires such qualification;

5.02 Subsidiaries. Each of its Subsidiaries is duly organized and existing under the laws of the jurisdiction of its formation, and is properly qualified as a foreign corporation and in good standing in every jurisdiction in which it is doing business of a nature that requires such qualification;

5.03 Corporate Authorization. The execution, delivery and performance of this Agreement and any instrument or agreement required hereunder to be executed by it, including, in the case of the Revolving Borrower, the Guaranty, are within such Borrower's powers, have been duly authorized, and are not in conflict with the terms of any charter, bylaw or other organization papers of such Borrower, or any instrument or agreement to which such Borrower or any of its Subsidiaries is a party or by which such Borrower or any of its Subsidiaries is bound or affected;

5.04 Governmental Authorization. No approval, consent, exemption or other action by, or notice to or filing with, any governmental authority is necessary in connection with the execution, delivery or performance by such Borrower of this Agreement or any instrument or agreement required hereunder to be executed by it, including, in the case of the Revolving Borrower, the Guaranty, except as may have been obtained and certified copies of which have been delivered to the Agent and each Bank;

5.05 No Contravention. There is no law, rule or regulation applicable to such Borrower or any of its Subsidiaries, nor is there any judgment, decree or order of any court or governmental authority binding on such Borrower or any its Subsidiaries, which would be contravened by the execution, delivery, performance or enforcement of this Agreement or any instrument or agreement required hereunder, including, in the case of the Revolving Borrower, the Guaranty;

5.06 Binding Effect. This Agreement is a legal, valid and binding agreement of such Borrower, enforceable against such Borrower in accordance with its terms, and any instrument or agreement required hereunder, including, in the case of the Revolving Borrower, the Guaranty, when executed and delivered, will be similarly legal, valid, binding and enforceable;

5.07 Encumbrances. The properties and assets of such Borrower and its Subsidiaries are free and clear of all security interests, liens, encumbrances or rights of others, except for security interests, liens and encumbrances permitted under Section 7.04;

5.08 Compliance with Laws. Such Borrower and each of its Subsidiaries are in compliance with all applicable federal, state and local laws, ordinances and regulations relating to hazardous materials or wastes or hazardous or toxic substances, except where failure to so comply would not have a material adverse effect on the Revolving Borrower's consolidated financial condition or operations or materially impair such Borrower's ability to perform its obligations hereunder or under any instrument or agreement required hereunder, including, in the case of the Revolving Borrower, the Guaranty;

5.09 Litigation. Except as disclosed in reports filed by the Revolving Borrower with the Securities and Exchange Commission, copies of which have been delivered to the Banks, or in Exhibit A to the legal opinion delivered under subsection 4.01(b)(i), there are no suits, proceedings, claims or disputes pending or, to the knowledge of such Borrower, threatened against or affecting such Borrower or any of its Subsidiaries or their respective properties, the adverse determination of which might reasonably be expected to materially affect the Revolving Borrower's consolidated financial condition or operations or materially impair such Borrower's ability to perform its obligations hereunder or under any instrument or agreement required hereunder, including, in the case of the Revolving Borrower, the Guaranty;

5.10 No Default. No Default or Event of Default has occurred and is continuing or would result from the incurring of obligations by either Borrower under this Agreement or the Notes or, in the case of the Revolving Borrower, under the Guaranty;

5.11 Use of Proceeds; Margin Regulations. The proceeds of the Loans are to be used solely for the purposes set forth in and permitted by Section 6.01 and Section 7.05. Neither of the Borrowers nor any of their Subsidiaries is generally engaged in the business of purchasing or selling "margin stock" as such term is defined in Regulation G, T, U or X of the FRB or extending credit for the purpose of purchasing or carrying such margin stock;

5.12 Regulated Entities. None of the Borrowers, any Person controlling either Borrower, or any Subsidiary of either Borrower is an "Investment Company" within the meaning of the Investment Company Act of 1940. Neither of the Borrowers is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other Federal or state statute or regulation limiting its ability to incur indebtedness;

5.13 Financial Statements. All consolidated financial statements for the year ended December 31, 1995, and subsequent periods, furnished by the Revolving Borrower to the Agent and the Banks present fairly, in all material respects, the consolidated financial position of the Revolving Borrower (unless otherwise therein noted and any changes in accounting principles and practices are concurred with by the accountants referred to in subsection 6.07(b)) and, together with all other information and data furnished by the Revolving Borrower to the Agent and the Banks, are complete and correct as of the dates and periods therein specified. Since such dates there has been no change in the Revolving Borrower's consolidated financial condition or results of operations sufficient to impair the Borrowers' ability to repay the Loans in accordance with the terms hereof. Neither of the Borrowers nor any of its Subsidiaries has any contingent obligations, liabilities for taxes or other outstanding financial obligations which are material in the aggregate, except as disclosed in such statements, information and data;

5.14 ERISA Compliance.

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS and, to the best knowledge of the Revolving Borrower, nothing has occurred which would cause the loss of such qualification. The Revolving Borrower and each ERISA Affiliate have made all required contributions to any Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan;

(b) There are no pending or, to the best knowledge of the Revolving Borrower, threatened claims, actions or lawsuits, or action by any governmental authority, with respect to any Plan which have resulted or could reasonably be expected to result in a material adverse change in the Revolving Borrower's consolidated financial condition or results of operations. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in a material adverse change in the Revolving Borrower's consolidated financial condition or results of operations;

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) except as disclosed in Schedule 5.14(c), no Plan has any Unfunded Pension Liability; (iii) neither the Revolving Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither the Revolving Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) neither the Revolving Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA; and

(d) The Term Borrower (i) does not sponsor or maintain or make, is not making, and is not obligated to make contributions, and in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has not made contributions at any time during the immediately preceding five plan years to a pension plan (as defined in Section 3(2) of ERISA) subject to ERISA, (iii) does not make, is not making and is not obligated to make contributions nor, during the preceding three calendar years, has it made or been obligated to make contributions to a "multiemployer plan", within the meaning of Section 4001(a)(3) of ERISA, and (iii) does not sponsor or maintain and does not make, is not making, and is not obligated to make contributions to an employee benefit plan (as defined in Section 3(3) of ERISA) subject to ERISA; and

5.15 Swap Obligations. Neither Borrower nor any of their Subsidiaries has incurred any outstanding obligations under any Swap Contracts, other than Permitted Swap Obligations.

ARTICLE VI

AFFIRMATIVE COVENANTS

So long as any Bank shall have any Commitment hereunder, the Swingline Bank shall have any Swingline Commitment hereunder, or any Loan or other obligation hereunder shall remain unpaid or unsatisfied, each Borrower will and, with respect to Sections 6.02, 6.03, 6.04, 6.05, 6.06 and 6.08, will cause each of its Subsidiaries to, unless the Majority Banks waive compliance in writing:

6.01 Use of Proceeds. Use the proceeds of the Loans for general corporate purposes not in contravention of any Requirement of Law;

6.02 Preservation of Corporate Existence, Etc. Preserve all rights, privileges and franchises useful or necessary for ordinary business operations and keep all properties useful or

necessary for ordinary business operations in good working order and condition, and from time to time make all needful repairs, renewals and replacements thereto and thereof so that the efficiency of such property shall be fully maintained and preserved;

6.03 Notices. Promptly give notice in writing to the Agent and each Bank of:

(a) all litigation when the aggregate amount of claims pending is \$50,000,000 or more and the litigation involves \$15,000,000 or more and either Borrower, or a Subsidiary thereof, is a defendant;

(b) any dispute which may exist between either Borrower or any of its Subsidiaries and any governmental regulatory body or any threatened action by any governmental agency to acquire or condemn any of the properties of either Borrower or any of its Subsidiaries where the amount involved is \$30,000,000 or more;

(c) any strike involving 1,000 or more employees of either Borrower or any of its Subsidiaries which has continued for thirty (30) days;

(d) any proceeding or order before any court or administrative body requiring either Borrower or any of its Subsidiaries to comply with any statute or regulation regarding protection of the environment if such compliance would require (i) expenditures in the amount of \$50,000,000 or more or (ii) if such violation involves the possibility of the imposition of a fine of \$10,000,000 or more;

(e) the occurrence of any of the following events affecting either Borrower or any ERISA Affiliate (but in no event more than 10 days after such event), and deliver to the Agent and each Bank a copy of any notice with respect to such event that is filed with a governmental authority and any notice delivered by a governmental authority to either Borrower or any ERISA Affiliate with respect to such event:

(i) an ERISA Event;

(ii) a material increase in the Unfunded Pension Liability of any Plan;

(iii) the adoption of, or the commencement of contributions to, any Plan subject to Section 412 of the Code by either Borrower or any ERISA Affiliate; or

(iv) the adoption of any amendment to a Plan subject to Section 412 of the Code, if such amendment results in a material increase in contributions or Unfunded Pension Liability; and

(f) any Default or Event of Default known to either Borrower.

Each notice under this Section shall be accompanied by a written statement by the chief financial officer of the Revolving Borrower setting forth details of the occurrence referred to therein and stating what action the Revolving Borrower or any affected Subsidiary proposes to take with respect thereto and at what time. Each notice under subsection 6.03(f) shall describe with particularity any and all clauses or provisions of this Agreement that have been breached or violated;

6.04 Payment of Obligations. Promptly pay and discharge all material obligations, including tax claims, at maturity, except such as may be contested in good faith or as to which a bona fide dispute may exist;

6.05 Insurance. Maintain such insurance as is usually maintained by others in the business of the same nature as the business of the Borrowers and each of their Subsidiaries, as the case may be, or maintain a program of self insurance, with reserves, in accordance with sound business practices;

6.06 Inspection of Property and Books and Records. Maintain adequate books, accounts and records in accordance with good accounting standards and permit representatives of the Majority Banks or the Agent to inspect such books and records and to visit the properties of the Borrowers and their Subsidiaries;

6.07 Financial Statements. From time to time as hereinafter set forth promptly prepare, or cause to be prepared, and deliver to the Agent, with sufficient copies for each Bank, in form and detail satisfactory to the Majority Banks:

(a) On a consolidated basis summary balance sheets and statements of income, shareholders' equity and cash flows for the Revolving Borrower and its Subsidiaries as of the end of each of the first three quarterly accounting periods in each fiscal year of the Revolving Borrower; such statements shall be delivered within 45 days from the end of the period covered and shall be furnished with a Compliance Certificate signed by a responsible officer of the Revolving Borrower;

(b) (i) On a consolidated basis summary balance sheets and statements of income, shareholders' equity and cash flows for the Revolving Borrower and its Subsidiaries as of the end of each fiscal year of the Revolving Borrower, certified by an independent certified public accountant or accountants selected by the Revolving Borrower and acceptable to the Majority Banks; such independent certified public accountant or accountants shall also certify to the effect that in the course of making their audit they obtained no knowledge of any existing unremedied Default or

Event of Default by either Borrower under this Agreement, or a statement disclosing any such defaults if any are found; and (ii) on a consolidated basis unaudited summary balance sheets and statements of income, shareholders' equity and cash flows for the Term Borrower and its Subsidiaries as of the end of each fiscal year of the Term Borrower; such statements referred to in clauses (i) and (ii) of this Section 6.07(b) shall be delivered within 90 days from the end of the period covered and shall be furnished with a Compliance Certificate signed by a responsible officer of the Revolving Borrower;

(c) Within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Revolving Borrower and within 90 days after the end of each fiscal year of the Revolving Borrower, a Compliance Certificate, with schedules containing the information and calculations necessary to substantiate compliance with Section 7.01 and the calculation of the Interest Coverage Ratio, certified by a responsible officer of the Revolving Borrower and, in the case of financial statements as of the end of each fiscal year, reviewed by the Revolving Borrower's independent certified public accountant or accountants as being true and correct;

(d) Within 90 days after the end of each fiscal year of the Revolving Borrower, a list of Subsidiaries;

(e) Within 15 days after filing with the Securities and Exchange Commission, a copy of all public documents (with the exception of Forms S-8) filed by the Revolving Borrower with the Securities and Exchange Commission; and

(f) Such other financial statements, lists of property and accounts, forecasts, legal opinions or reports as to either Borrower or any of its Subsidiaries, as any Bank may reasonably request from time to time; and

6.08 ERISA Compliance. (a) Maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law; (b) cause each Plan which is qualified under Section 401(a) of the Code to maintain such qualification; (c) make all required contributions to any Plan subject to Section 412 of the Code, and cause each of its ERISA Affiliates to do each of the foregoing; and (d) not take or permit any action which would cause the representations in subsection 5.14(d) with respect to the Term Borrower to cease to be true and correct in all material respects.

ARTICLE VII

NEGATIVE COVENANTS

So long as any Bank shall have any Commitment hereunder, the Swingline Bank shall have any Swingline Commitment hereunder, or any Loan or other obligation hereunder shall remain unpaid or unsatisfied, no Borrower will, nor will it permit any of its Subsidiaries to, unless the Majority Banks waive compliance in writing:

7.01 Funded Debt to Net Worth. On a consolidated basis, permit the Funded Debt to Net Worth ratio, measured as of the end of each fiscal quarter, to be in excess of 1.00 to 1.00;

7.02 Disposition of Property. Sell, lease, sell and lease back, exchange, transfer or otherwise dispose of:

(a) in a transaction, or a series of transactions, all or substantially all of the property and assets of the Term Borrower or of the Revolving Borrower and its Subsidiaries on a consolidated basis;

(b) during any calendar year, any of its fixed or capital assets with a fair market value exceeding on a cumulative basis for such year for all such dispositions by the Revolving Borrower and its Subsidiaries ten percent (10%) of the total consolidated assets of the Revolving Borrower (determined as of the immediately preceding December 31); or

(c) any of its material assets, to the extent not otherwise prohibited by this Section, except for full, fair and reasonable consideration;

7.03 Mergers. Merge or consolidate with any other Person or liquidate or dissolve; provided, however, that:

(a) either Borrower may merge or consolidate with any other Person if, (i) in the case of a merger or consolidation of the Revolving Borrower, the Revolving Borrower (or the resulting corporation in a consolidation) will be the surviving corporation, (ii) in the case of a merger or consolidation of the Term Borrower, the resulting corporation will, under applicable Canadian law, succeed by operation of law to all rights and obligations of the Term Borrower, and (iii), in all events, such Borrower (or such resulting corporation) will not be in default under any of the terms of this Agreement immediately after the merger or consolidation; provided that, in the case of a merger or consolidation of the Term Borrower and the Revolving Borrower, the Revolving Borrower will be the surviving corporation; and

(b) any Subsidiary may be merged with or dissolved into the Revolving Borrower or with or into any other Subsidiary; provided that, (i) in the case of a merger with or dissolution

into the Revolving Borrower, the Revolving Borrower will be the surviving corporation, and (ii) in the case of a merger with or dissolution into the Term Borrower, the resulting corporation will, under applicable Canadian law, succeed by operation of law to all rights and obligations of the Term Borrower;

7.04 Encumbrances. Subject any property to any mortgage, deed of trust, encumbrance, or voluntary lien; provided, however, that this Section 7.04 shall not be deemed to prohibit the assumption of, or purchase subject to, mortgages already existing upon property being acquired, or the execution of purchase money mortgages, or the coming into being of other encumbrances, including in support of industrial revenue or pollution control bonds which are capitalized and treated as indebtedness by the Revolving Borrower (provided that the maximum aggregate outstanding balance of indebtedness secured by such mortgages, purchase money mortgages, or other encumbrances, including such bonds, shall never be in excess of \$100,000,000), liens for taxes, or loggers' liens, or mechanics' liens, or other liens arising by law out of the nature of the operations involved;

7.05 Use of Proceeds. (a) Use any portion of the Loan proceeds, directly or indirectly, (i) to purchase or carry "margin stock" as such term is defined in Regulation G, T, U or X of the FRB, (ii) to repay or otherwise refinance indebtedness of either Borrower or others incurred to purchase or carry such margin stock, (iii) to extend credit for the purpose of purchasing or carrying any such margin stock, or (iv) to acquire any security in any transaction that is subject to Section 13 or 14 of the Securities and Exchange Act of 1934, and regulations promulgated thereunder; or

(b) directly or indirectly, use any portion of the Loan proceeds (i) knowingly to purchase Ineligible Securities from the Arranger during any period in which the Arranger makes a market in such Ineligible Securities, (ii) knowingly to purchase during the underwriting or placement period Ineligible Securities being underwritten or privately placed by the Arranger, or (iii) to make payments of principal or interest on Ineligible Securities underwritten or privately placed by the Arranger and issued by or for the benefit of either Borrower or any Affiliate of either Borrower. The Arranger is a registered broker-dealer and permitted to underwrite and deal in certain Ineligible Securities; and "Ineligible Securities" means securities which may not be underwritten or dealt in by member banks of the Federal Reserve System under Section 16 of the Banking Act of 1933 (12 U.S.C. ss. 24, Seventh), as amended; or

7.06 ERISA. (a) engage in one or more prohibited transactions or violations of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in liability of the Revolving Borrower in an aggregate amount in excess of \$50,000,000; or (b) engage in a transaction that could be subject to Section 4069 or 4212(c) of

ERISA, and the Revolving Borrower shall not suffer or permit any of its ERISA Affiliates to do any of the foregoing.

ARTICLE VIII

EVENTS OF DEFAULT

8.01 Events of Default. Any of the following shall constitute an "Event of Default":

(a) Either Borrower shall fail to pay, within five (5) Business Days after the date when due, any installment of interest or principal or any other sum due under this Agreement in accordance with the terms hereof;

(b) Any representation or warranty herein or in any agreement, instrument or certificate executed pursuant hereto or in connection with any transaction contemplated hereby shall prove to have been false or misleading in any material respect when made or when deemed to have been made;

(c) A writ, execution or attachment, or any similar process, shall be levied against all or any substantial portion of the property of either Borrower or any of its Subsidiaries or any judgment shall be entered against either Borrower or any of its Subsidiaries in an amount in excess of \$15,000,000 and such writ, execution, attachment, process or judgment is not released, bonded, satisfied, vacated or appealed from within 60 days after its levy or entry, or the total of all judgments against the Borrowers and their Subsidiaries outstanding at any time which have not been released, bonded, satisfied, vacated or appealed from within 60 days from the respective dates of entry thereof shall exceed \$45,000,000 in the aggregate;

(d) Either Borrower or any of its Subsidiaries shall fail to pay its debts generally as they come due, or shall file any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors;

(e) An involuntary petition shall be filed under any bankruptcy statute against either Borrower or any of its Subsidiaries, or a custodian, receiver, trustee, assignee for the benefit of creditors (or other similar official) shall be appointed to take possession, custody, or control of the properties of either Borrower or any of its Subsidiaries, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within 45 days from the date of said filing or appointment;

(f) (i) Any default shall occur under any other agreement involving the borrowing of money or the extension of credit under which either Borrower or any of its Subsidiaries may be obligated as borrower having an aggregate principal amount

(including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than \$25,000,000, if such default consists of the failure to pay any such indebtedness when due or if such default causes (or upon a lapse of time or notice or both would cause) the acceleration of any such indebtedness or the termination of any commitment to lend, or if such default permits (or upon a lapse of time or notice or both would permit) the holder or holders of such indebtedness or beneficiary or beneficiaries of such indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to accelerate any indebtedness or to terminate any commitment to lend, or (ii) there occurs under any Swap Contract an Early Termination Date resulting from (1) any event of default under such Swap Contract as to which either Borrower or any of its Subsidiaries is the Defaulting Party or (2) any Termination Event as to which either Borrower or any of its Subsidiaries is an Affected Party, and, in either event, the Swap Termination Value owed by either Borrower or such Subsidiary as a result thereof is greater than \$25,000,000; for purposes of this subsection (f), the terms "Early Termination Date", "Defaulting Party", "Termination Event", and "Affected Party" shall have the meanings assigned to them in the relevant Swap Contract, it being understood that such definitions contemplate Swap Contracts documented on International Swaps and Derivatives Association ("ISDA") standard forms; if such Swap Contract is not documented on an ISDA standard form, such terms shall be given similar or analogous meanings as used in such non-ISDA standard agreements;

(g) (i) Any one or more ERISA Events shall occur with respect to one or more Pension Plans or Multiemployer Plans which has or have resulted or could reasonably be expected to result in liability of the Revolving Borrower under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of \$50,000,000; (ii) the aggregate amount of Unfunded Pension Liability among all Pension Plans at any time exceeds \$50,000,000; or (iii) the Revolving Borrower or any ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period, any installment payment or payments with respect to its withdrawal liability under Section 4201 of ERISA under any one or more Multiemployer Plans, which payment or payments are in an aggregate amount in excess of \$50,000,000;

(h) The entering of a final order by any court or administrative agency requiring either Borrower or any of its Subsidiaries to divest itself of such a substantial part of its assets that the ability of the Borrowers to pay, when due and payable, either at the fixed maturity thereof or otherwise, the Loans or any part thereof, or any installment of interest thereon, or the principal of or interest on any other obligation for borrowed money, will be or may reasonably be expected to be materially adversely affected, which order is not subject to appeal or review by any court or as to which order the right to

appeal or review has expired, and such order remains in effect for more than 60 days;

(i) Any Person or related group of Persons (other than employees of the Revolving Borrower or its Subsidiaries and any Plan for the benefit of such employees) shall beneficially own or shall control by proxy or otherwise, or shall enter into any agreement to obtain any right to acquire, more than thirty percent (30%) of the Revolving Borrower's voting securities;

(j) At any time prior to termination or expiration of the Term Commitment and payment in full of the Term Loans and any other obligations of the Term Borrower hereunder and under any other document or instrument given in connection herewith, (i) the Revolving Borrower shall fail to beneficially own, free and clear of all liens, 100% of the issued and outstanding shares of the voting and nonvoting stock (including warrants, options, conversion rights, and other rights of purchase or convert into such stock) of the Term Borrower on a fully diluted basis, or (ii) there shall occur the creation or imposition of any lien on any shares of capital stock of the Term Borrower;

(k) At any time prior to termination or expiration of the Term Commitment and payment in full of the Term Loans and any other obligations of the Term Borrower hereunder and under any other document or instrument given in connection herewith and of any amounts due under the Guaranty, the Guaranty is for any reason partially (including with respect to future advances) or wholly revoked or invalidated, or otherwise ceases to be in full force and effect, or the Revolving Borrower or any other Person contests in any manner the validity or enforceability thereof or denies that it has any further liability or obligation thereunder; or

(l) Either Borrower shall breach, or default under, any covenant, term, condition, provision, representation or warranty contained in this Agreement not specifically referred to in this Article, and, except in the case of a breach or default under Section 7.03, such breach or default shall continue for thirty days after the earlier of its discovery by any elected or appointed officer of such Borrower or written notice thereof to the Borrowers by the Agent or any Bank.

8.02 Remedies. If any Event of Default occurs, the Agent shall, at the request of, or may, with the consent of, the Majority Banks,

(a) declare the commitment of each Bank to make Committed Loans and the commitment of the Swingline Bank to make Swingline Loans to be terminated, whereupon such commitments shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and

all other amounts owing or payable hereunder or under any other document or instrument given in connection herewith to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by each Borrower; and

(c) exercise on behalf of itself and the Banks and Designated Bidders all rights and remedies available to it and the Banks and Designated Bidders under this Agreement, the Notes, the Guaranty or applicable law;

provided, however, that upon the occurrence of any event specified in subsection (d) or (e) of Section 8.01 (in the case of subsection (e) upon the expiration of the 45-day period mentioned therein), the obligation of each Bank to make Loans shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Agent or any Bank or Designated Bidder.

8.03 Rights Not Exclusive. The rights provided for in this Agreement and the other documents or instruments given in connection herewith are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

8.04 Notice of Default. The Agent shall give notice to the Borrowers under subsection 8.01(1) promptly upon being requested to do so by any Bank and shall thereupon notify all the Banks thereof.

ARTICLE IX

THE AGENT

9.01 Appointment and Authorization; "Agent". Each Bank and Designated Bidder hereby irrevocably (subject to Section 9.09) appoints, designates and authorizes the Agent to take such action on its behalf under the provisions of this Agreement and each other document or instrument given in connection herewith and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any such document or instrument, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any such document or instrument, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Agent have or be deemed to have any fiduciary relationship with any Bank or Designated Bidder, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other document or instrument given in connection herewith or otherwise exist against the Agent. Without limiting the generality of the

foregoing sentence, the use of the term "agent" in this Agreement with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom and is intended to create or reflect only an administrative relationship between independent contracting parties.

9.02 Delegation of Duties. The Agent may execute any of its duties under this Agreement or any other document or instrument given in connection herewith by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

9.03 Liability of Agent. None of the Agent-Related Persons shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other document or instrument given in connection herewith or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Banks or Designated Bidders for any recital, statement, representation or warranty made by either Borrower or any Subsidiary or affiliate of either Borrower, or any officer thereof, contained in this Agreement or in any other such document or instrument, or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or any other document or instrument given in connection herewith, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other such document or instrument, or for any failure of either Borrower or any other party to any other such document or instrument to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Bank or Designated Bidder to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other such document or instrument, or to inspect the properties, books or records of either Borrower or any of such Borrower's Subsidiaries or affiliates.

9.04 Reliance by Agent.

(a) The Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to either Borrower), independent accountants and other experts selected by the Agent. The Agent shall be fully justified in

failing or refusing to take any action under this Agreement or any other document or instrument given in connection herewith unless it shall first receive such advice or concurrence of the Majority Banks (or, when expressly required hereby, all of the Banks) as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other document or instrument given in connection herewith in accordance with a request or consent of the Majority Banks (or, when expressly required hereby, all of the Banks) and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

(b) For purposes of determining compliance with the conditions specified in Section 4.01, each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Bank.

9.05 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Agent for the account of the Banks or Designated Bidders, unless the Agent shall have received written notice from a Bank or a Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". The Agent will notify the Banks of its receipt of any such notice. The Agent shall take such action with respect to such Default or Event of Default as may be requested by the Majority Banks in accordance with Article VIII; provided, however, that unless and until the Agent has received any such request, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks and Designated Bidders.

9.06 Credit Decision. Each Bank (which for purposes of this Section 9.06 shall include each Designated Bidder) acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by the Agent hereinafter taken, including any review of the affairs of either Borrower or its Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Bank. Each Bank represents to the Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the

business, prospects, operations, property, financial and other condition and creditworthiness of the Borrowers and their Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrowers hereunder. Each Bank also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other documents or instruments given in connection herewith, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrowers. Except for notices, reports and other documents expressly herein required to be furnished to the Banks by the Agent, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of either Borrower which may come into the possession of any of the Agent-Related Persons.

9.07 Indemnification of Agent. Whether or not the transactions contemplated hereby are consummated, the Banks shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of the Borrowers and without limiting the obligation of either Borrower to do so), pro rata, from and against any and all Indemnified Liabilities; provided, however, that no Bank shall be liable for the payment to the Agent-Related Persons of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse the Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including attorney costs) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other document or instrument given in connection herewith, or any document contemplated by or referred to herein, to the extent that the Agent is not reimbursed for such expenses by or on behalf of the Borrowers. The undertaking in this Section shall survive the payment of all obligations hereunder and the resignation or replacement of the Agent.

9.08 Agent in Individual Capacity. BofA (or any successor agent) and its affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Borrowers and their Subsidiaries and affiliates as though BofA (or such successor agent) were not the Agent hereunder and

without notice to or consent of the Banks or Designated Bidders. The Banks and the Designated Bidders acknowledge that, pursuant to such activities, BofA (or such successor agent) or its affiliates may receive information regarding the Borrowers or their Subsidiaries or affiliates (including information that may be subject to confidentiality obligations in favor of such Borrower or such Subsidiaries or affiliates) and acknowledge that the Agent shall be under no obligation to provide such information to them. With respect to its Loans, BofA (or such successor) shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Agent, and the terms "Bank" and "Banks" include BofA (or such successor) in its individual capacity.

9.09 Successor Agent. The Agent may, and at the request of the Majority Banks shall, resign as Agent upon 30 days' notice to the Revolving Borrower and the Banks. If the Agent resigns under this Agreement, the Majority Banks shall appoint from among the Banks a successor agent for the Banks. If no successor agent is appointed prior to the effective date of the resignation of the Agent, the Agent may appoint, after consulting with the Banks and the Revolving Borrower, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Agent and the term "Agent" shall mean such successor agent and the retiring Agent's appointment, powers and duties as Agent shall be terminated. The Borrowers may continue to deal with the retiring Agent as Agent hereunder until the Revolving Borrower receives notice of the appointment of such a successor agent. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article IX and Sections 10.04 and 10.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor agent has accepted appointment as Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Agent hereunder until such time, if any, as the Majority Banks appoint a successor agent as provided for above. If the Revolving Borrower has not received notice of the appointment of a successor agent within 30 days of the retiring Agent's notice of resignation, the Borrowers shall deal directly with the Banks and Designated Bidders until the Revolving Borrower receives notice of the appointment of a successor agent as provided above. Notwithstanding the foregoing, however, BofA may not be removed as the Agent at the request of the Majority Banks unless BofA shall also simultaneously be replaced as "Swingline Bank" hereunder pursuant to documentation in form and substance reasonably satisfactory to BofA.

9.10 Withholding Tax.

(a) If any Bank (which for purposes of this Section 9.10 shall include any Designated Bidder) is a "foreign corporation, partnership or trust" within the meaning of the Code and such Bank claims exemption from, or a reduction of, U.S. withholding tax under Sections 1441 or 1442 of the Code, such Bank agrees with and in favor of the Agent, to deliver to the Agent:

(i) if such Bank claims an exemption from, or a reduction of, withholding tax under a United States tax treaty, properly completed IRS Forms 1001 and W-8 before the payment of any interest in the first calendar year and before the payment of any interest in each third succeeding calendar year during which interest may be paid under this Agreement;

(ii) if such Bank claims that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected with a United States trade or business of such Bank, two properly completed and executed copies of IRS Form 4224 before the payment of any interest is due in the first taxable year of such Bank and in each succeeding taxable year of such Bank during which interest may be paid under this Agreement, and IRS Form W-9; and

(iii) such other form or forms as may be required under the Code or other laws of the United States as a condition to exemption from, or reduction of, United States withholding tax.

Such Bank agrees to promptly notify the Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(b) If any Bank claims exemption from, or reduction of, withholding tax under a United States tax treaty by providing IRS Form 1001 and such Bank sells, assigns, grants a participation in, or otherwise transfers all or part of the obligations of the Borrowers hereunder to such Bank, such Bank agrees to notify the Agent of the percentage amount in which it is no longer the beneficial owner such obligations of the Borrowers to such Bank. To the extent of such percentage amount, the Agent will treat such Bank's IRS Form 1001 as no longer valid.

(c) If any Bank claiming exemption from United States withholding tax by filing IRS Form 4224 with the Agent grants a participation in all or part of the obligations of the Borrowers hereunder to such Bank, such Bank agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code.

(d) If any Bank is entitled to a reduction in the applicable withholding tax, the Agent may withhold from any interest payment to such Bank an amount equivalent to the applicable withholding tax after taking into account such reduction. If the forms or other documentation required by subsection (a) of this Section are not delivered to the Agent, then the Agent may withhold from any interest payment to such Bank not providing such forms or other documentation an amount equivalent to the applicable withholding tax.

(e) If the IRS or any other governmental authority of the United States or other jurisdiction asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Bank (because the appropriate form was not delivered, was not properly executed, or because such Bank failed to notify the Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Bank shall indemnify the Agent fully for all amounts paid, directly or indirectly, by the Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Agent under this Section, together with all costs and expenses (including attorney costs). The obligation of the Banks under this subsection shall survive the payment of all obligations and the resignation or replacement of the Agent.

ARTICLE X

MISCELLANEOUS

10.01 Amendments and Waivers. No amendment or waiver of any provision of this Agreement or any other document or instrument given in connection herewith, and no consent with respect to any departure by either Borrower therefrom, shall be effective unless the same shall be in writing and signed by the Majority Banks (or by the Agent at the written request of the Majority Banks) and the Borrowers and acknowledged by the Agent, and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such waiver, amendment, or consent shall, unless in writing and signed by all the Banks and the Borrowers and acknowledged by the Agent, do any of the following:

(a) increase or extend any Commitment of any Bank (or reinstate any Commitment terminated pursuant to Section 8.02);

(b) postpone or delay any date fixed by this Agreement or any other document or instrument given in connection herewith for any payment of principal, interest, fees or other amounts due to the Banks or the Designated Bidders (or any of them) hereunder or under any other such document or instrument;

(c) reduce the principal of, or the rate of interest specified herein on, any Loan or (subject to clause (iii) below) any fees or other amounts payable hereunder or under any other document or instrument given in connection herewith;

(d) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans which is required for the Banks or any of them to take any action hereunder;

(e) amend this Section, or Section 2.16, or any provision herein providing for consent or other action by all Banks; or

(f) release the Revolving Borrower from its obligations under the Guaranty or terminate the Guaranty, except in each case as expressly provided for therein;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Majority Banks or all the Banks, as the case may be, affect the rights or duties of the Agent under this Agreement or any other document or instrument given in connection herewith, (ii) no amendment, waiver or consent shall, unless in writing and signed by the Swingline Bank in addition to the Majority Banks or all the Banks, as the case may be, affect the rights or duties of the Swingline Bank under this Agreement or any other document or instrument given in connection herewith, and (iii) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed by the parties thereto.

10.02 Notices.

(a) All notices, requests and other communications shall be in writing (including, unless the context expressly otherwise provides, by facsimile transmission, provided that any matter transmitted by or to either Borrower by facsimile (i) shall be immediately confirmed by a telephone call to the recipient at the number specified on Schedule 10.02, and (ii) except in the case of a Notice of Borrowing, Notice of Conversion/Continuation, or Competitive Bid Request, in which case the facsimile copy shall be deemed to be the operative original document, shall be followed promptly by delivery of a hard copy original thereof) and mailed, faxed or delivered, to the address or facsimile number specified for notices on Schedule 10.02; or, if directed to either Borrower or the Agent, to such other address as shall be designated by such party in a written notice to the other parties, and if directed to any other party, at such other address as shall be designated by such party in a written notice to the Borrowers and the Agent.

(b) All such notices, requests and communications shall, when transmitted by overnight delivery, or faxed, be effective upon the next Business Day after delivery for overnight (next-day) delivery, or when transmitted in legible form by

facsimile machine, respectively, or if mailed, upon the third Business Day after the date deposited into the U.S. mail, or if delivered, upon delivery; except that notices pursuant to Article II or IX shall not be effective until actually received by the Agent.

(c) Any agreement of the Agent and the Banks and Designated Bidders herein to receive certain notices by facsimile is solely for the convenience and at the request of the Borrowers. The Agent and the Banks and Designated Bidders shall be entitled to rely on the authority of any Person purporting to be a Person authorized by a Borrower to give such notice and the Agent and the Banks and Designated Bidders shall not have any liability to the Borrowers or other Person on account of any action taken or not taken by the Agent or the Banks or Designated Bidders in reliance upon such facsimile notice. The obligation of each Borrower to repay the Loans made to it shall not be affected in any way or to any extent by any failure by the Agent and the Banks and Designated Bidders to receive written confirmation of any facsimile notice or the receipt by the Agent and the Banks and Designated Bidders of a confirmation which is at variance with the terms understood by the Agent and the Banks and Designated Bidders to be contained in the facsimile notice.

10.03 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent or any Bank or Designated Bidder, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10.04 Costs and Expenses. The Borrowers shall:

(a) whether or not the transactions contemplated hereby are consummated, pay or reimburse BofA (including in its capacity as Agent) within five Business Days after demand (subject to subsection 4.01(e)) for all costs and expenses incurred by BofA (including in its capacity as Agent) in connection with the development, preparation, delivery, administration and execution of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement and any other documents prepared in connection herewith, and the consummation of the transactions contemplated hereby and thereby, including reasonable attorney costs incurred by BofA (including in its capacity as Agent) with respect thereto; and

(b) pay or reimburse the Agent and each Bank and Designated Bidder within five Business Days after demand (subject to subsection 4.01(e)) for all costs and expenses (including attorney costs) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights

or remedies under this Agreement or any other document or instrument given in connection herewith during the existence of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any insolvency proceeding or appellate proceeding).

10.05 Borrower Indemnification. Whether or not the transactions contemplated hereby are consummated, the Borrowers shall indemnify and hold the Agent-Related Persons, and each Bank and Designated Bidder and each of their respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including attorney costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans and the termination, resignation or replacement of the Agent or replacement of any Bank or Designated Bidder) be imposed on, incurred by or asserted against any such Person in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any insolvency proceeding or appellate proceeding) related to or arising out of this Agreement or the Loans or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"); provided, that the Borrowers shall have no obligation hereunder to any Indemnified Person with respect to (i) Indemnified Liabilities to the extent resulting from the gross negligence or willful misconduct of such Indemnified Person (ii) any violation of any banking law or regulation by such Indemnified Person, (iii) any liability as between or among any Indemnified Person or their respective shareholders and controlling persons, (iv) any default hereunder by any Person other than the Borrowers, or (v) any Taxes or Other Taxes, except to the extent such Taxes or Other Taxes are indemnified against by other provisions of this Agreement. The agreements in this Section shall survive payment of all other obligations of the Borrowers.

10.06 Payments Set Aside. To the extent that a Borrower makes a payment to the Agent or the Banks or Designated Bidders, or the Agent or the Banks or Designated Bidders exercise their right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Agent or such Bank or Designated Bidder in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any insolvency proceeding or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended

to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Bank severally agrees to pay (and to cause any Designated Bidder designated by it to pay) to the Agent upon demand its pro rata share of any amount so recovered from or repaid by the Agent.

10.07 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that no Borrower may assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Agent and each Bank.

10.08 Assignments, Participations, etc.

(a) Any Bank may, with the written consent of the Revolving Borrower at all times other than during the existence of an Event of Default and the Agent, which consents shall not be unreasonably withheld, at any time assign and delegate to one or more Eligible Assignees (each an "Assignee") all, or any ratable (in the case of Committed Loans) part of all, of the Loans, the Commitments and the other rights and obligations of such Bank hereunder, in a minimum amount of \$10,000,000, it being agreed that no Bank shall assign all or a portion of its Revolving Commitment without assigning a ratable portion of its Term Loan and no Bank shall assign all or a portion of its Term Loan without assigning a ratable portion of its Revolving Commitment; provided, however, that the Borrowers and the Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Borrowers and the Agent by such Bank and the Assignee; (ii) such Bank and its Assignee shall have delivered to the Borrowers and the Agent an Assignment and Acceptance substantially in the form of Exhibit E ("Assignment and Acceptance"); and (iii) the assignor Bank or Assignee has paid to the Agent a processing fee in the amount of \$3,000. In connection with any assignment by the Swingline Bank, its Swingline Commitment may be in whole or in part included as part of the assignment transaction, and the Assignment and Acceptance may be appropriately modified to include an assignment and delegation of its Swingline Commitment and any outstanding Swingline Loans.

(b) From and after the date that the Agent notifies the assignor Bank that it has received (and provided its consent with respect to) an executed Assignment and Acceptance and payment of the above-referenced processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Bank under this Agreement and the other

documents or instruments given in connection herewith, and (ii) the assignor Bank shall, to the extent that rights and obligations hereunder and under such documents or instruments have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations hereunder and under such other documents and instruments; provided, that the assignor Bank and the Assignee shall each be entitled to the benefits of the indemnification provisions which would otherwise survive the payment of the other obligations of the Borrowers.

(c) Within five Business Days after its receipt of notice by the Agent that it has received an executed Assignment and Acceptance and payment of the processing fee (and provided that it consents to such assignment if required under subsection 10.08(a)), each Borrower shall execute and deliver to the Agent, new Notes evidencing such Assignee's assigned Loans and Commitment and, if the assignor Bank has retained a portion of its Loans and its Commitment, as applicable, replacement Notes in the form of Exhibit I and Exhibit K in the principal amount of the Revolving Commitment and Term Loan, respectively, retained by the assignor Bank (such Notes to be in exchange for, but not in payment of, the Notes with respect to Committed Loans held by such Bank, which shall be returned to the applicable Borrower, along with any Bid Loan Note held by such Bank if it is not retaining a portion of its Loans and its Revolving Commitment, concurrently with the delivery by such Borrower of its replacement Notes). Immediately upon each assignor Bank's or Assignee's making its processing fee payment under the Assignment and Acceptance, this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Commitments arising therefrom. The Commitment allocated to each Assignee shall reduce the Commitment of the assigning Bank pro tanto.

(d) Any Bank or Designated Bidder may at any time sell to one or more commercial banks or other Persons not affiliates of either Borrower (a "Participant") participating interests in any Loans, the Commitment of that Bank and the other interests of that Bank or Designated Bidder (the "Originator") hereunder and under the other documents and instruments given in connection herewith; provided, however, that (i) the Originator's obligations under this Agreement shall remain unchanged, (ii) the Originator shall remain solely responsible for the performance of such obligations, (iii) the Borrowers and the Agent shall continue to deal solely and directly with the Originator in connection with the Originator's rights and obligations under this Agreement and the other documents and instruments given in connection herewith, and (iv) no Bank shall transfer or grant any participating interest under which the Participant has rights to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other document or instrument given in connection herewith, except to the extent such amendment, consent

or waiver would require unanimous consent of the Banks as described in the first proviso to Section 10.01. In the case of any such participation, the Participant shall not have any rights under this Agreement, or any of the other documents or instruments given in connection herewith, and all amounts payable by the Borrowers hereunder shall be determined as if such Originator had not sold such participation; except that, if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Bank or Designated Bidder (as the case may be) under this Agreement.

(e) Notwithstanding any other provision in this Agreement, any Bank or Designated Bidder may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement and the Notes held by it in favor of any Federal Reserve Bank in accordance with Regulation A of the FRB or U.S. Treasury Regulation 31 CFR ss.203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.

10.09 Designated Bidders. Any Bank from time to time may designate one Designated Bidder to have a right to offer and make Bid Loans pursuant to Section 2.06; provided, however, that (i) no such Bank may make more than 3 such designations, (ii) each such Bank making any such designation shall retain the right to make Bid Loans, and (iii) the parties to each such designation shall execute and deliver to the Agent a Designation Agreement. Upon its receipt of an appropriately completed Designation Agreement executed by a designating Bank and a designee representing that it is a Designated Bidder, the Agent will accept such Designation Agreement and give prompt notice thereof to the Revolving Borrower, whereupon such designation of such Designated Bidder shall become effective and such designee shall become a party to this Agreement as a "Designated Bidder."

10.10 Confidentiality. Each Bank and Designated Bidder agrees to take and to cause its affiliates to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information provided to it by the Borrowers or any of their Subsidiaries, or by the Agent on such Borrower's or Subsidiary's behalf, under this Agreement or any other document or instrument given in connection herewith, and neither it nor any of its affiliates shall use any such information other than in connection with or in enforcement of this Agreement and the other documents and instruments given in connection herewith or in connection with other business now or hereafter existing or contemplated with either Borrower or any of its Subsidiaries, except to the extent such information (i) was or becomes generally available to the public other than as a

result of disclosure by such Bank or Designated Bidder in breach of this Section 10.10, or (ii) was or becomes available on a non-confidential basis from a source other than a Borrower, provided that such source is not bound by a confidentiality agreement with a Borrower known to such Bank or Designated Bidder; provided, however, that any Bank or Designated Bidder may disclose such information (A) at the request or pursuant to any requirement of any governmental authority to which such Bank or Designated Bidder is subject or in connection with an examination of such Bank or Designated Bidder by any such authority; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to which the Agent, any Bank or Designated Bidder or their respective affiliates may be party; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other document or instrument given in connection herewith; (F) to such Bank's or Designated Bidder's independent auditors and other professional advisors; (G) to any Participant or Assignee, actual or potential, provided that such Person agrees in writing to keep such information confidential to the same extent required of the Banks hereunder; and (H) as to any Bank or Designated Bidder or its affiliates, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which a Borrower or any of its Subsidiaries is party or is deemed party with such Bank or Designated Bidder or such affiliate.

10.11 Set-off. In addition to any rights and remedies of the Banks and Designated Bidders provided by law, if an Event of Default exists or the Loans have been accelerated, each Bank and each Designated Bidder is authorized at any time and from time to time, without prior notice to either Borrower, any such notice being waived by each Borrower to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Bank or Designated Bidder to or for the credit or the account of such Borrower against any and all obligations of such Borrower owing to such Bank or Designated Bidder, now or hereafter existing, irrespective of whether or not the Agent or such Bank or Designated Bidder shall have made demand under this Agreement or any document or instrument given in connection herewith and although such obligations may be contingent or unmatured. Each Bank and each Designated Bidder agrees promptly to notify the applicable Borrower and the Agent after any such set-off and application made by such Bank or Designated Bidder; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

10.12 Notification of Addresses, Lending Offices, Etc. Each Bank and each Designated Bidder shall notify the Agent in writing of any changes in the address to which notices to such Bank or Designated Bidder should be directed, of addresses of any

Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Agent shall reasonably request.

10.13 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument.

10.14 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

10.15 No Third Parties Benefited. This Agreement is made and entered into for the sole protection and legal benefit of the Borrowers, the Banks, the Designated Bidders, the Agent-Related Persons, and their permitted successors and assigns, and no other Person shall be a direct or indirect (other than Participants, to the extent provided for herein) legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other documents or instruments given in connection herewith.

10.16 Certain Interpretive Provisions.

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "hereof", "herein", "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection, Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) (i) The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced; (ii) the term "including" is not limiting and means "including but not limited to;" and (iii) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including."

(d) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited

by the terms of this Agreement, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(f) This Agreement and other documents or instruments given in connection herewith may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms.

(g) References to "attorney costs" in this Agreement or in the Notes or any other document or instrument given in connection herewith means and includes all fees and disbursements of any law firm or other external counsel, the allocated cost of internal legal services and all disbursements of internal counsel.

(g) This Agreement and the other documents and instruments given in connection herewith are the result of negotiations among and have been reviewed by counsel to the Agent, the Borrowers, and the other parties, and are the products of all parties. Accordingly, they shall not be construed against the Banks, the Designated Bidders, the Swingline Bank or the Agent merely because of the Agent's, Banks', Designated Bidders' or Swingline Bank's involvement in their preparation.

10.17 Governing Law; Submission to Jurisdiction. (a) THIS AGREEMENT AND THE NOTES AND THE GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA; PROVIDED THAT THE AGENT AND THE BANKS AND DESIGNATED BIDDERS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) SUBJECT TO SECTION 10.18, ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT, THE NOTES, THE GUARANTY OR ANY OTHER DOCUMENT OR INSTRUMENT GIVEN IN CONNECTION HERewith MAY BE BROUGHT IN THE COURTS OF THE STATE OF CALIFORNIA OR OF THE UNITED STATES OF AMERICA FOR THE NORTHERN DISTRICT OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE BORROWERS, THE BANKS, THE DESIGNATED BIDDERS AND THE AGENT HEREBY CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE JURISDICTION OF THE AFORESAID COURTS. EACH OF THE BORROWERS, THE BANKS, THE DESIGNATED BIDDERS AND THE AGENT HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. EACH BORROWER HEREBY WAIVES

PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY CALIFORNIA LAW.

10.18 Arbitration; Reference Proceeding.

(a) THE BORROWERS, THE BANKS, THE DESIGNATED BIDDERS AND THE AGENT EACH AGREE THAT ANY CONTROVERSY OR CLAIM BETWEEN OR AMONG THE PARTIES ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE NOTES, THE GUARANTY OR ANY OTHER DOCUMENT OR INSTRUMENT GIVEN IN CONNECTION HERewith, AND ANY CLAIM BASED ON OR ARISING FROM AN ALLEGED TORT RELATED HERETO OR THERETO, SHALL AT THE REQUEST OF ANY PARTY BE DETERMINED BY ARBITRATION. THE ARBITRATION SHALL BE CONDUCTED IN ACCORDANCE WITH THE UNITED STATES ARBITRATION ACT (TITLE 9, U.S. CODE), NOTWITHSTANDING ANY CHOICE OF LAW PROVISION IN THIS AGREEMENT, AND UNDER THE COMMERCIAL RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("AAA"). THE ARBITRATION SHALL BE CONDUCTED WITHIN THE COUNTY OF SAN FRANCISCO, CALIFORNIA. THE ARBITRATORS SHALL GIVE EFFECT TO STATUTES OF LIMITATION IN DETERMINING ANY CLAIM. ANY CONTROVERSY CONCERNING WHETHER AN ISSUE IS ARBITRABLE SHALL BE DETERMINED BY THE ARBITRATORS. JUDGMENT UPON THE ARBITRATION AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION. THE INSTITUTION AND MAINTENANCE OF AN ACTION FOR JUDICIAL RELIEF OR PURSUIT OF A PROVISIONAL OR ANCILLARY REMEDY SHALL NOT CONSTITUTE A WAIVER OF THE RIGHT OF ANY PARTY, INCLUDING THE PLAINTIFF, TO SUBMIT THE CONTROVERSY OR CLAIM TO ARBITRATION IF ANY OTHER PARTY CONTESTS SUCH ACTION FOR JUDICIAL RELIEF.

(b) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (a), NO CONTROVERSY OR CLAIM SHALL BE SUBMITTED TO ARBITRATION WITHOUT THE CONSENT OF ALL PARTIES IF, AT THE TIME OF THE PROPOSED SUBMISSION, SUCH CONTROVERSY OR CLAIM ARISES FROM OR RELATES TO AN OBLIGATION TO THE AGENT OR ANY BANK OR DESIGNATED BIDDER WHICH IS SECURED BY REAL PROPERTY COLLATERAL LOCATED IN CALIFORNIA. IF ALL PARTIES DO NOT CONSENT TO SUBMISSION OF SUCH A CONTROVERSY OR CLAIM TO ARBITRATION, THE CONTROVERSY OR CLAIM SHALL BE DETERMINED AS PROVIDED IN SUBSECTION (c).

(c) A CONTROVERSY OR CLAIM WHICH IS NOT SUBMITTED TO ARBITRATION AS PROVIDED AND LIMITED IN SUBSECTIONS (a) AND (b) SHALL, AT THE REQUEST OF ANY PARTY, BE DETERMINED BY A REFERENCE IN ACCORDANCE WITH CALIFORNIA CODE OF CIVIL PROCEDURE SECTIONS 638 ET SEQ. IF SUCH AN ELECTION IS MADE, THE PARTIES SHALL DESIGNATE TO THE COURT A REFEREE OR REFEREES SELECTED UNDER THE AUSPICES OF THE AAA IN THE SAME MANNER AS ARBITRATORS ARE SELECTED IN AAA-SPONSORED PROCEEDINGS. THE PRESIDING REFEREE OF THE PANEL, OR THE REFEREE IF THERE IS A SINGLE REFEREE, SHALL BE AN ACTIVE ATTORNEY OR RETIRED JUDGE. JUDGMENT UPON THE AWARD RENDERED BY SUCH REFEREE OR REFEREES SHALL BE ENTERED IN THE COURT IN WHICH SUCH PROCEEDING WAS COMMENCED IN ACCORDANCE WITH CALIFORNIA CODE OF CIVIL PROCEDURE SECTIONS 644 AND 645.

(d) NO PROVISION OF THIS SECTION SHALL LIMIT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO EXERCISE SELF-HELP REMEDIES

SUCH AS SET-OFF, TO FORECLOSE AGAINST OR SELL ANY REAL OR PERSONAL PROPERTY COLLATERAL OR SECURITY OR TO OBTAIN PROVISIONAL OR ANCILLARY REMEDIES FROM A COURT OF COMPETENT JURISDICTION BEFORE, AFTER, OR DURING THE PENDENCY OF ANY ARBITRATION OR OTHER PROCEEDING. THE EXERCISE OF A REMEDY DOES NOT WAIVE THE RIGHT OF ANY PARTY TO RESORT TO ARBITRATION OR REFERENCE. AT THE MAJORITY BANKS' OPTION, FORECLOSURE UNDER A DEED OF TRUST OR MORTGAGE MAY BE ACCOMPLISHED EITHER BY EXERCISE OF POWER OF SALE UNDER THE DEED OF TRUST OR MORTGAGE OR BY JUDICIAL FORECLOSURE.

10.19 Waiver of Jury Trial. IF A CONTROVERSY OR CLAIM IS NOT SUBMITTED TO ARBITRATION AS PROVIDED AND LIMITED IN SUBSECTIONS (a) AND (b) OF SECTION 10.18 AND IS NOT DETERMINED BY A REFERENCE AS PROVIDED IN SUBSECTION (c) OF SUBSECTION 10.18, THEN THE BORROWERS, THE BANKS, THE DESIGNATED BIDDERS AND THE AGENT EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE NOTES, THE GUARANTY, AND ANY OTHER DOCUMENT OR INSTRUMENT GIVEN IN CONNECTION HEREWITH, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY SUCH ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE BORROWERS, THE BANKS, THE DESIGNATED BIDDERS AND THE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT, THE NOTES, THE GUARANTY OR ANY OTHER DOCUMENT OR INSTRUMENT GIVEN IN CONNECTION HEREWITH OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, THE NOTES, THE GUARANTY AND ANY OTHER DOCUMENT OR INSTRUMENT GIVEN IN CONNECTION HEREWITH.

10.20 Judgment. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or under any other document or instrument given in connection herewith in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of each Borrower in respect of any such sum due from it to the Agent or any Bank hereunder or under such other documents or instruments shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Agent (for its own account or for the account of any Bank) of any sum adjudged to be so due in the Judgment Currency, the Agent may in accordance with

normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Agent or such Bank in the Agreement Currency, each Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Agent or the Person to whom such obligation was owing against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Agent or such Bank in such currency, the Agent or such Bank agrees to return the amount of any excess to the applicable Borrower (or to any other Person who may be entitled thereto under applicable law).

10.21 Provisions With Respect to Term Borrower. All representations, warranties, covenants and obligations of the Term Borrower set forth herein and in all other documents and instruments given in connection herewith shall terminate and be of no further force and effect after termination or expiration of the Term Commitment and payment in full of the Term Loans and all other monetary obligations of the Term Borrower then due and owing hereunder and thereunder; provided, that the use of the term "Subsidiary" or "Subsidiaries" herein shall continue to include the Term Borrower.

10.22 Entire Agreement. This Agreement, together with the other documents and instruments given in connection herewith, including the Notes and the Fee Letter, embodies the entire agreement and understanding among the Borrowers, the Banks and the Agent and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

In Witness Whereof, the parties hereto have executed this Agreement by their duly authorized officers as of the day and year first above written.

LOUISIANA-PACIFIC CORPORATION

By: /s/ MICHAEL D. HANNA
Title: Executive Vice President

By: /s/ WILLIAM L. HEBERT
Title: Vice President, Treasurer &
Controller

LOUISIANA-PACIFIC CANADA LTD.

By: /s/ WILLIAM L. HEBERT
Title: Vice President, Treasurer &
Controller

By: /s/ LYNN L. MILLER
Title: Assistant Treasurer

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,
as Agent

By: /s/ MICHAEL J. BALOK
Title: Managing Director

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION, as Swingline
Bank and as a Bank

By: /s/ MICHAEL J. BALOK
Title: Managing Director

ABN AMRO BANK N.V.

By: /s/ ERRETT E. HUMMEL
Title: Errett E. Hummel, Vice President

By: /s/ BRIAN W. DIXON
Title: Brian W. Dixon, Senior Manager

ROYAL BANK OF CANADA

By: /s/ J. BLAINE SHAUM
Title: Regional Manager

SOCIETE GENERALE

By: /s/ J. BLAINE SHAUM
Title: Regional Manager

By:
Title:

SOCIETE GENERALE FINANCE
(IRELAND) LIMITED

By: /s/ J. BLAINE SHAUM
Title: Regional Manager

By:
Title:

THE BANK OF NOVA SCOTIA

By: /s/ -----
Title: Officer

By: /s/ -----
Title: Officer

THE CHASE MANHATTAN BANK

By: /s/ HELEN SANTO
Title: Vice President

THE FIRST NATIONAL BANK OF CHICAGO

By: /s/ GARY S. GAGE
Title: Senior Vice President

UNITED STATES NATIONAL BANK OF
OREGON

By: /s/ JANICE T. THEDE
Title: Vice President

WACHOVIA BANK OF GEORGIA, N.A.

By: /s/ WILLIAM F.
Title: Senior Vice President

WELLS FARGO BANK, N.A.

By: /s/-----
Title: Vice President

By: /s/ EDITH LIM
Title: Vice President

1984 EMPLOYEE STOCK OPTION PLAN

1. Purpose. The continued growth and success of Louisiana-Pacific Corporation (the "Corporation") are dependent upon its ability to retain the services of key employees of the highest competence and to provide incentive for effective service and superior performance. The purpose of this 1984 Employee Stock Option Plan (the "Plan") is to provide an incentive to certain key employees of the Corporation and its subsidiaries (as hereinafter defined) to continue in their employment and also to afford them the opportunity to acquire, or increase, stock ownership in the Corporation in order that they may have a direct proprietary interest in its success.

2. Stock. The stock subject to option and other provisions of the Plan shall be shares of the Corporation's authorized but unissued, or reacquired, \$1 par value common stock ("Common Stock"). The total number of shares of Common Stock with respect to which options may be granted shall not exceed in the aggregate 1,000,000, provided that such aggregate number of shares shall be subject to adjustment in accordance with the provisions of paragraph 5(g).

In the event that any outstanding option under the Plan shall terminate or expire prior to the end of the period during which options may be granted under the Plan, the shares of Common Stock allocable to the unexercised portion of such option may be made the subject of additional options and stock appreciation rights granted under the Plan.

3. Administration; Grant of Options and Stock Appreciation Rights.

(a) The Plan shall be administered by the Board of Directors; however, any action relating to the Plan may be taken by the Board of Directors only if a majority of the Board of Directors and a majority of the directors acting in the matter are disinterested persons. The term "disinterested person" as used in this Plan shall mean a person who is not at the time he exercises discretion in administering the Plan eligible, and has not at any time within one year prior thereto been eligible, for selection as a person to whom stock may be allocated or to whom stock options or stock appreciation rights may be granted pursuant to the Plan or any other plan of the Corporation or any of its affiliates entitling the participants therein to acquire stock, stock options or stock appreciation rights of the Corporation or any of its affiliates.

(b) In administering the Plan, the Board of Directors may adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and decision of the Board of Directors with regard to any question arising under the Plan shall be final and conclusive. No member of the Board of Directors shall be liable for any action taken or determination made in good faith.

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(c) Subject to the provisions of paragraph 3(a), the Board of Directors shall grant options and stock appreciation rights pursuant to the Plan. Options or stock appreciation rights may be granted to the same employee on more than one occasion. Options may be granted without related stock appreciation rights. Stock appreciation rights may be granted only with respect to a related option.

(d) Pursuant to the bylaws of the Corporation, the Board of Directors may designate a committee of not less than three directors, all of whom shall be "disinterested persons" as that term is defined in paragraph 3(a), which, in lieu of the Board of Directors, shall have full authority pursuant to the foregoing subparagraphs (a), (b) and (c) of paragraph 3, in the administration of the Plan with respect to the participation therein of officers or former officers of the Corporation.

4. Eligibility. The individuals who shall be eligible to participate in the Plan shall be such salaried employees (including officers who may also be directors) of the Corporation or of any corporation in which the Corporation owns, directly or indirectly, stock possessing more than 50 percent of the total combined voting power of all classes of stock (such a corporation being herein called a "subsidiary") as the Board of Directors shall determine.

5. Terms and Conditions of Options. Options granted pursuant to the Plan shall be evidenced by agreements in such form as the Board of Directors shall from time to time approve, which agreements shall comply with and be subject to the following terms and conditions:

(a) Payment: Upon exercise of an option, in whole or in part, the option price for shares to which the exercise relates shall be paid in full in cash; except that

(1) shares to be issued pursuant to exercise of stock appreciation rights pursuant to paragraph 11, if any, shall be issued without any cash payment by the optionee; and

(2) the Board of Directors may, in its discretion, designate an option, at the time of grant or thereafter, as eligible for alternative methods of payment of the option price on the following

terms and conditions:

(A) Method of Payment: Payment of the option price of shares subject to an option so designated may be made, at the election of the optionee, either in cash or by delivering to the Corporation shares of Common Stock having a fair market value equal to the option price, or any combination of cash and Common Stock having a combined value equal to the option price. Shares of Common Stock may not be used in payment or partial payment unless an option for at least 2,000 shares is being exercised.

(B) Payment in Common Stock: Payment in shares of Common Stock shall be made by delivering to the Corporation certificates, duly endorsed for transfer, representing shares of Common Stock having an aggregate fair market value on the date of exercise equal to that portion of the option price which is to be paid in Common Stock. The fair market value of a share of Common Stock on the date of exercise shall be deemed to be the closing price per share of Common Stock on the New York Stock Exchange on the date of exercise or, if no sale of Common Stock shall have been made on that Exchange on that date, on the next preceding business day on which there was a sale of such stock on that Exchange.

(C) Fractional Shares: Whenever payment of the option price would require delivery of a fractional share, the optionee shall deliver the next lower whole number of shares of Common Stock and a cash payment shall be made by the optionee for the balance of the option price.

(D) Limitations on Exercises: The Corporation may, in the discretion of its Board of Directors, refuse to permit repeated and successive exercises of options, payment of which is to be made in Common Stock, if the effect of such exercises would be to excessively compound or pyramid the number of shares of Common Stock owned by the optionee.

(b) Number of Shares: The option shall state the total number of shares of Common Stock subject thereto.

(c) Option Price: The option price shall be not less than 85 percent of the fair market value of the shares of Common Stock on the date of the granting of the option. The fair market value of a share of Common Stock on any such date is defined as the closing price per share thereof on the New York Stock Exchange on that date or, if no sale of Common Stock shall have been made on that Exchange on that date, on the next preceding business day on which there was a sale of such stock on that Exchange.

(d) Terms of Options: Each option granted under the Plan shall expire not more than ten years from the date the option is granted.

(e) Date of Exercise: Any option may be exercised at any time, in whole or in part, unless the Board of Directors shall provide that an option may not be exercised by the optionee, in whole or in part, for any period or periods of time; provided, however, that no option shall be exercisable in part with respect to a number of shares fewer than 100.

(f) Termination of Employment: In the event that an optionee's employment by the Corporation shall terminate, his option shall terminate three months following the date of termination of his employment; however, if the employee shall die while in the employ of the Corporation during a period of continuous employment by the Corporation, which includes the date on which the option was granted, his estate, personal representative or beneficiary

shall have the right, subject to the provisions of paragraphs 5(d) and (e) hereof, to exercise his option at any time within twelve months from the date of his death. Whether an authorized leave of absence or absence on military or government service shall constitute a termination of employment for the purposes of the Plan shall be determined by the Board of Directors, which determination shall be final and conclusive. For purposes of this paragraph, an optionee's employment by a subsidiary shall be deemed to be employment by the Corporation.

(g) Recapitalization: In the event of any change in capitalization which affects the Common Stock, whether by stock dividend, stock distribution, stock split-up, subdivision or combination of shares, merger or consolidation or otherwise, such proportionate adjustments, if any, as the Board of Directors in its discretion deems appropriate to reflect such change shall be made with respect to the total number of shares of Common Stock in respect of which options may be granted under the Plan, the number of shares covered by each outstanding option, and the price per share under each such option; however, any fractional shares resulting from any such adjustment shall be eliminated.

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

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

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

(i) Employee's Agreements: Each optionee shall agree to remain in the employ of and to render his services to the Corporation or a subsidiary for a period of two years from the date of grant of the option.

(j) Rights as a Stockholder: An optionee shall have no rights as a stockholder with respect to shares covered by his option until the date of the issuance or transfer of the

shares to him and only after such shares are fully paid. Except as provided in paragraph 5(g) no adjustment shall be made for dividends or other rights for which the record date is prior to the date of such issuance or transfer.

(k) Provision for Taxes: It shall be a condition to the Corporation's obligation to issue or reissue shares of Common Stock upon exercise of any option or any related stock appreciation rights that the optionee pay, or make provision satisfactory to the Corporation for payment of, any federal and state income and other taxes which the Corporation is obligated to withhold or collect with respect to the issue or reissue of such shares.

(l) Other Provisions: The option agreements shall contain such other provisions as the Board of Directors shall deem advisable.

6. Term of Plan and Effective Date. Options may be granted pursuant to the Plan from time to time within ten years after January 30, 1984, the date of adoption of the Plan by the Board of Directors of the Corporation. The Plan shall be subject to approval by the affirmative vote of the holders of at least a majority of the securities of the Corporation present, or represented by proxy, and entitled to vote at a meeting (to be duly held in accordance with the applicable laws of the state of Delaware) for which proxies are solicited substantially in accordance with rules and regulations, if any, as are then in effect under Section 14(a) of the Securities Exchange Act of 1934, which approval must occur within twelve months after said date of adoption of the Plan by the Board of Directors. Options and stock appreciation rights granted pursuant to the Plan prior to such approval shall be subject to such approval.

7. Amendment and Discontinuance. The Board of Directors of the Corporation may alter, amend, suspend or terminate the Plan; however, any amendment of the Plan which would materially (i) increase the benefits accruing to optionees under the Plan, (ii) increase the number of securities which may be issued under the Plan or (iii) modify the requirements as to eligibility for participation in the Plan, shall be subject to approval by holders of securities of the Corporation in the same manner as specified in paragraph 6 within twelve months before or after the date of such amendment by the Board of Directors.

8. Application of Proceeds. The proceeds received by the Corporation from the sale of Common Stock pursuant to options shall be available for general corporate purposes.

9. No Obligation to Exercise Option. The granting of an option shall impose no obligation upon the optionee to exercise the same, in whole or in part.

10. Restrictions on Exercise. Any provision of the Plan to the contrary notwithstanding, no option granted pursuant to the Plan shall be exercisable at any time, in whole or in part, (i) prior to the shares of Common Stock subject to the option being authorized for listing on the New York Stock Exchange, or (ii) if issuance and delivery of the shares of Common Stock subject to the option would be in violation of any applicable laws or regulations.

11. Stock Appreciation Rights.

(a) Grant of Stock Appreciation Rights: Stock appreciation rights may be granted, in connection with all or any part of any option granted under the Plan, either at the time of the grant of the option or at any time thereafter during the term of the option. The number of stock appreciation rights granted to an optionee shall not exceed the number of shares of Common Stock which the optionee may purchase upon exercise of a related option or options granted to him under the Plan.

(b) Exercise and Termination of Stock Appreciation Rights:

(1) A holder of stock appreciation rights may exercise such rights, in whole or in part, in lieu of exercise of his related option, or any part thereof, to the extent the option is then exercisable and unexercised; in which event the optionee shall (i) surrender his option with respect to a number of shares equal to the number of stock appreciation rights exercised, and (ii) receive the number of shares of Common Stock or amount of cash determined pursuant to paragraph 11(c)(3). The number of shares of Common Stock available for the grant of future options and stock appreciation rights under the Plan shall be reduced by the number of shares with respect to which an option is so surrendered.

(2) Upon any exercise of an option or the related stock appreciation rights, both the number of shares subject to the option and the number of the optionee's stock appreciation rights shall be reduced by the number (i) of shares as to which the option is exercised, or (ii) of stock appreciation rights exercised. Upon expiration or termination of an optionee's option, his stock appreciation rights granted in connection therewith shall also terminate or expire and may no longer be exercised.

(c) Terms and Conditions of Stock Appreciation Rights: Stock appreciation rights granted to an optionee pursuant to the Plan shall be evidenced by an agreement and shall be subject to the following terms and conditions, and to such other terms and conditions not inconsistent with the Plan as shall from time to time be provided by the Board of Directors:

(1) Stock appreciation rights may be exercised at the election of the holder at such time or times, and to the same proportionate extent that the option to which they relate shall be exercisable.

(2) In the event of any adjustment, pursuant to paragraph 5(g), in the number of shares of Common Stock subject to an option granted under the Plan, the number of stock appreciation rights granted thereunder in connection with such option shall be proportionately adjusted.

(3) Upon exercise of stock appreciation rights, in consideration of the surrender or partial surrender of his related option and services theretofore rendered

to the Corporation or a subsidiary, the holder thereof shall be entitled to receive, with respect to each such right, an amount equal to the difference between:

(A) The fair market value of a share of Common Stock at the time of exercise, and

(B) The per share option price for the shares subject to the related option and the stock appreciation right being exercised; however, if paid in cash such amount shall not exceed twice such per share option price. Such amount shall be payable as the optionee shall elect, in cash, shares of Common Stock or any combination thereof; however, the Board of Directors, or the committee appointed pursuant to paragraph 3(d), shall have sole discretion to consent to or disapprove any election to receive cash in full or partial payment of such amount. Such consent or disapproval may be given at any time after the election to which it relates and no amount shall be paid in cash prior to action by the Board of Directors (or the committee, if one is appointed) consenting to such payment. If the optionee is to receive all or a portion of such amount in shares, the number of shares shall be determined by dividing such amount or portion thereof by the fair market value of one share of Common Stock at the time of exercise. If the number of shares so determined is not a whole number, such number shall be reduced to the next lower whole number.

For purposes of this paragraph 11(c)(3), the fair market value of a share of Common Stock at the time of exercise of a stock appreciation right shall be (i) in the case of any such right exercised during the period specified in Rule 16b-3(e)(3) (iii) under the Securities Exchange Act of 1934 (a "window period"), the fair market value of the Common Stock for such window period as designated by the Board of Directors (or the committee, if one is appointed) in its discretion, which value shall not exceed the highest daily closing price per share of Common Stock on the New York Stock Exchange during such window period and shall be not less than the arithmetic mean of the daily closing prices of the Common Stock on the New York Stock Exchange during such window period, or (ii) in all other cases, the closing price per share of Common Stock on the New York Stock Exchange on the date of exercise or, if no sale of Common Stock shall have been made on that Exchange on that date, on the next preceding business day on which there was a sale of such stock on that Exchange.

1991 EMPLOYEE STOCK OPTION PLAN

1. Purpose. The continued growth and success of Louisiana-Pacific Corporation (the "Corporation") are dependent upon its ability to retain the services of key employees of the highest competence and to provide incentives for effective service and superior performance. The purpose of this 1991 Employee Stock Option Plan (the "Plan") is to provide an incentive to certain key employees of the Corporation and its subsidiaries (as hereinafter defined) to continue in their employment and also to afford them the opportunity to acquire, or increase, stock ownership in the Corporation in order that they may have a direct proprietary interest in its success. Options granted under the Plan shall be nonqualified options which are not intended to qualify as incentive stock options under Section 422A of the Internal Revenue Code.

2. Stock. The stock subject to option and other provisions of the Plan shall be shares of the Corporation's authorized but unissued, or reacquired, \$1 par value common stock ("Common Stock"). The total number of shares of Common Stock with respect to which options may be granted shall not exceed in the aggregate 1,000,000, provided that such aggregate number of shares shall be subject to adjustment in accordance with the provisions of paragraph 5(g).

In the event that any outstanding option under the Plan shall be canceled or terminate or expire prior to the end of the period during which options may be granted under the Plan, the shares of Common Stock allocable to the unexercised portion of such option may be made the subject of additional options and stock appreciation rights granted under the Plan.

3. Administration; Grant of Options and Stock Appreciation Rights.

(a) The Plan shall be administered by the Board of Directors of the Corporation; however, any action relating to the Plan may be taken by the Board of Directors only if a majority of the Board of Directors and a majority of the directors acting in the matter are disinterested persons. The term "disinterested person" as used in this Plan shall have the meaning ascribed to it in the rules and regulations promulgated by the Securities and Exchange Commission pursuant to Section 16 of the Securities Exchange Act of 1934 (the "Exchange Act").

(b) In administering the Plan, the Board of Directors may adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and decision of the Board of Directors with regard to any question arising under the Plan shall be final and conclusive. No member of the Board of Directors shall be liable for any action taken or determination made in good faith with respect to the Plan or to any options or stock appreciation rights granted pursuant to the Plan.

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(c) Subject to the provisions of paragraph 3(a), the Board of Directors shall grant options and stock appreciation rights pursuant to the Plan. Options or stock appreciation rights may be granted to the same employee on more than one occasion. Options may be granted without related stock appreciation rights. Stock appreciation rights may be granted only with respect to a related option.

(d) Pursuant to the bylaws of the Corporation, the Board of Directors may designate a committee of not less than three directors, all of whom shall be "disinterested persons" as that term is defined in paragraph 3(a), which, in lieu of the Board of Directors, shall have full authority pursuant to the foregoing subparagraphs (a), (b) and (c) of paragraph 3, or such lesser authority as the Board of Directors may provide in such designation. To the extent of such designation, any reference to "Board of Directors" in the Plan shall be deemed to refer to such committee.

4. Eligibility. The individuals who shall be eligible to participate in the Plan shall be such salaried employees (including officers who may also be directors) of the Corporation or of any corporation in which the Corporation owns, directly or indirectly, stock possessing more than 50 percent of the total combined voting power of all classes of stock (such a corporation being herein called a "subsidiary") as the Board of Directors shall determine.

5. Terms and Conditions of Options. Options granted pursuant to the Plan shall be evidenced by agreements in such form as the Board of Directors shall from time to time approve, which agreements shall comply with and be subject to the following terms and conditions:

(a) Payment: Upon exercise of an option, in whole or in part, the option price for shares to which the exercise relates shall be paid in full in cash; except that

(1) shares to be issued pursuant to exercise of stock appreciation rights pursuant to paragraph 11, if any, shall be issued without any cash payment by the optionee; and

(2) the Board of Directors may, in its discretion, designate an option, at the time of grant or thereafter, as eligible for

alternative methods of payment of the option price on the following terms and conditions:

(A) Method of Payment: Payment of the option price of shares subject to an option so designated may be made, at the election of the optionee, either in cash or by delivering to the Corporation shares of Common Stock having a fair market value equal to the option price, or any combination of cash and Common Stock having a combined value equal to the option price. Shares of Common Stock may not be used in payment or partial payment unless an option for at least 2,000 shares is being exercised.

(B) Payment in Common Stock: Payment in shares of Common Stock shall be made by delivering to the Corporation certificates, duly endorsed for transfer, representing shares of Common Stock having an aggregate fair market value on the date of exercise equal to that portion of the option price which is to be paid in Common Stock. The fair market value of a share of Common Stock on the date of exercise shall be deemed to be the closing price per share of Common Stock on the New York Stock Exchange on the date of exercise or, if no sale of Common Stock shall have been made on that Exchange on that date, on the next preceding business day on which there was a sale of such stock on that Exchange.

(C) Fractional Shares: Whenever payment of the option price would require delivery of a fractional share, the optionee shall deliver the next lower whole number of shares of Common Stock and a cash payment shall be made by the optionee for the balance of the option price.

(D) Limitations on Exercises: The Corporation may, in the discretion of its Board of Directors, refuse to permit repeated and successive exercises of options, payment of which is to be made in Common Stock, if the effect of such exercise would be to excessively compound or pyramid the number of shares of Common Stock owned by the optionee.

(b) Number of Shares: The option shall state the total number of shares of Common Stock subject thereto.

(c) Option Price: The option price shall be not less than 85 percent of the fair market value of the shares of Common Stock on the date of the granting of the option. The fair market value of a share of Common Stock on any such date is defined as the closing price per share thereof on the New York Stock Exchange on that date or, if no sale of Common Stock shall have been made on that Exchange on that date, on the next preceding business day on which there was a sale of such stock on that Exchange.

(d) Term of Option: Each option granted under the Plan shall expire not more than ten years from the date the option is granted.

(e) Date of Exercise: Any option may be exercised at any time following the expiration of six months after the date of grant, in whole or in part, unless the Board of Directors shall provide that an option may not be exercised by the optionee, in whole or in part, for any period or periods of time; provided, however, that no option shall be exercisable in part with respect to a number of shares fewer than 100. An option agreement may, in the discretion of the Board of Directors, provide that an option will become immediately and fully exercisable (i) in the event of death of the optionee or (ii) upon the occurrence of a change of control of the Corporation. For purposes of the Plan, a change of control shall be deemed to occur if (x) any person or group, together with its affiliates and associates (other than the Corporation or any of its subsidiaries or employee benefit plans),

acquires direct or indirect beneficial ownership of 20 percent or more of the then outstanding shares of Common Stock or commences a tender or exchange offer for 30 percent or more of the then outstanding shares of Common Stock, or (y) the Corporation is to be liquidated or dissolved. The terms "group," "affiliates," "associates" and "beneficial ownership" shall have the meanings ascribed to them in the rules and regulations promulgated under the Exchange Act.

(f) Termination of Employment: In the event that an optionee's employment by the Corporation shall terminate, his option shall terminate three months following the date of termination of his employment; however, if the employee shall die while in the employ of the Corporation during a period of continuous employment by the Corporation, which includes the date on which the option was granted, his estate, personal representative or beneficiary shall have the right, subject to the provisions of paragraph 5(e), to exercise his option at any time within 12 months from the date of his death, notwithstanding the option term specified pursuant to paragraph 5(d). Whether an authorized leave of absence or absence on military or government service shall constitute a termination of employment for the purposes of the Plan shall be determined by the Board of Directors. For purposes of this paragraph, optionee's employment by a subsidiary shall be deemed to be employment by the Corporation.

(g) Recapitalization: In the event of any change in capitalization which affects the Common Stock, whether by stock dividend, stock distribution, stock split, subdivision or combination of shares, merger or consolidation or otherwise, such proportionate adjustments, if any, as the Board of Directors in its discretion deems appropriate to reflect such change shall be made with respect to the total number of shares of Common Stock in respect of which options may be granted under the Plan, the number of shares covered by each outstanding option, and the exercise price per share under each such option; however, any fractional shares resulting from any such adjustment shall be eliminated.

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

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

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

(i) Employee's Agreements: Each option shall agree to remain in the employ of and to render his services to the Corporation or a subsidiary for a period of one year from the date of grant of the option.

(j) Rights as a Stockholder: An optionee shall have no rights as a stockholder with respect to shares covered by his option until the date of the issuance or transfer of the shares to him and only after such shares are fully paid. Except as provided in paragraph 5(g) no adjustment shall be made for dividends or other rights for which the record date is prior to the date of such issuance or transfer.

(k) Provision for Taxes: It shall be a condition to the Corporation's obligation to issue or reissue shares of Common Stock upon exercise of any option or any related stock appreciation rights that the optionee pay, or make provision satisfactory to the Corporation for payment of, any federal and state income and other taxes which the Corporation is obligated to withhold or collect with respect to the issue or reissue of such shares.

(l) Other Provisions: The option agreements shall contain such other provisions as the Board of Directors shall deem advisable.

6. Effective Date and Term of Plan. Options may be granted pursuant to the Plan from time to time beginning February 3, 1991, the date of adoption of the Plan by the Board of Directors of the Corporation. The Plan shall continue in effect until options have been granted covering all available shares of Common Stock as specified in paragraph 2 or until the Plan is terminated by the Board of Directors, whichever is earlier, except as provided below.

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

7. Amendment or Termination. The Board of Directors may alter, amend, suspend or terminate the Plan at any time. Amendments to the Plan shall be subject to stockholder approval to the extent required to comply with any exemption to the short-swing profit provisions of Section 16(b) of the Exchange Act pursuant to rules and regulations promulgated thereunder or with the rules and regulations of any securities exchange on which

the Common Stock is listed. Expiration or termination of the Plan shall not affect outstanding options or stock appreciation rights except as provided in paragraph 6. The Board of Directors may also modify the terms and conditions of any outstanding option, subject to the consent of the optionee and consistent with the provisions of the Plan.

8. Application of Proceeds. The proceeds received by the Corporation from the sale of Common Stock pursuant to options shall be available for general corporate purposes.

9. No Obligation to Exercise Option. The granting of an option shall impose no obligation upon the optionee to exercise the same, in whole or in part.

10. Restrictions on Exercise. Any provision of the Plan to the contrary notwithstanding, no option granted pursuant to the Plan shall be exercisable at any time, in whole or in part, (i) prior to the shares of Common Stock subject to the option being authorized for listing on the New York Stock Exchange, or (ii) if issuance and delivery of the shares of Common Stock subject to the option would be in violation of any applicable laws or regulations.

11. Stock Appreciation Rights.

(a) Grant of Stock Appreciation Rights: Stock appreciation rights may be granted, in connection with all or any part of any option granted under the Plan, either at the time of the grant of the option or at any time thereafter during the term of the option. The number of stock appreciation rights granted to an optionee shall not exceed the number of shares of Common Stock which the optionee may purchase upon exercise of a related option or options granted to him under the Plan.

(b) Exercise and Termination of Stock Appreciation Rights:

(1) A holder of stock appreciation rights may exercise such rights, in whole or in part, in lieu of exercise of his related option, or any part thereof, to the extent the option is then exercisable and unexercised; in which event the optionee shall (i) surrender his option with respect to a number of shares equal to the number of stock appreciation rights exercised, and (ii) receive the number of shares of Common Stock or amount of cash determined pursuant to paragraph 11(c)(3). The number of shares of Common Stock available for the grant of future options and stock appreciation rights under the Plan shall be reduced by the number of shares with respect to which an option is so surrendered.

(2) Upon any exercise of an option or the related stock appreciation rights, both the number of shares subject to the option and the number of the optionee's stock appreciation rights shall be reduced by (i) the number of shares as to which the option is exercised, or (ii) the number of stock appreciation rights exercised. Upon expiration or termination of an optionee's option, his stock appreciation rights granted in connection therewith shall also terminate or expire and may no longer be exercised.

(c) Terms and Conditions of Stock Appreciation Rights: Stock appreciation rights granted to an optionee pursuant to the Plan shall be evidenced by an agreement and shall be subject to the following terms and conditions, and to such other terms and conditions not inconsistent with the Plan as shall from time to time be provided by the Board of Directors:

(1) Stock appreciation rights may be exercised at the election of the holder at such time or times, and to the same proportionate extent that the option to which they relate shall be exercisable.

(2) In the event of any adjustment, pursuant to paragraph 5(g), in the number of shares of Common Stock subject to an option granted under the Plan, the number of stock appreciation rights granted thereunder in connection with such option shall be proportionately adjusted.

(3) Upon exercise of stock appreciation rights, in consideration of the surrender or partial surrender of his related option and services theretofore rendered to the Corporation or a subsidiary, the holder thereof shall be entitled to receive, with respect to each such right, an amount equal to the difference between:

(A) The fair market value of a share of Common Stock at the time of exercise, and

(B) The per share option price for the shares subject to the related option and the stock appreciation right being exercised; however, if paid in cash such amount shall not exceed twice such per share option price.

Such amount shall be payable as the optionee shall elect, in cash, shares of Common Stock or any combination thereof; however, the Board of Directors shall have sole discretion to consent to or disapprove any election to receive cash in full or partial payment of such amount. Such consent or disapproval may be given at any time after the election to which it relates and no amount shall be paid in cash prior to action by the Board of Directors consenting to such payment. If the optionee is to receive all or a portion of such amount in shares, the number of shares shall be determined by dividing such amount or portion thereof by the fair market value of one share of Common Stock at the time of exercise. If the number of shares so determined is not a whole number, such number shall be reduced to the next lower whole number.

For purposes of this paragraph 11(c)(3), the fair market value of a share of Common Stock at the time of exercise of a stock appreciation right shall be (i) in the case of any such right exercised during the period specified in Rule 16b-3(e)(3)(iii) under the Exchange Act (or any successor rule) (a "window period"), the fair market value of the Common Stock for such window period as designated by the Board of Directors in its discretion, which value shall not exceed the highest daily closing price per share of Common Stock on the New York Stock Exchange during such window period and shall be not less than the arithmetic mean of the closing price per share of the Common Stock on the New York Stock Exchange during

such window period, or (ii) in all other cases, the closing price per share of Common Stock on the New York Stock Exchange on the date of exercise or, if no sale of Common Stock shall have been made on that Exchange on that date, on the next preceding business day on which there was a sale of such stock on that Exchange.

LOUISIANA-PACIFIC CORPORATION
DIRECTORS' DEFERRED COMPENSATION PLAN
August 1, 1985

This Plan shall be known as the Louisiana-Pacific Corporation Directors' Deferred Compensation Plan. The purpose of this Plan is to provide for deferral of directors' compensation.

ARTICLE I

Eligibility

Any member of the Board of Directors of Louisiana-Pacific Corporation (the "Company") other than an employee of the Company or one of its subsidiaries who is entitled to compensation from the Company for services as a director ("Eligible Director") may elect to defer receipt of such compensation.

ARTICLE II

Participation

1. Election. An Eligible Director becomes a Participant by filing with the Company a form of election to participate provided by the Company. An Eligible Director may elect to defer either:

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(a) The Eligible Director's annual director's fees; or

(b) All compensation to be earned as a director of the Company, including annual director's fees and fees for attendance at or participation in board of directors or committee meetings.

2. Election Deadlines. An Eligible Director may file an election on or prior to December 31 to defer compensation earned for subsequent calendar years.

Any person who becomes an Eligible Director and who was not an Eligible Director on the preceding December 31 may file an election before he attends his first meeting as a director to defer compensation earned during the remainder of that calendar year and subsequent calendar years.

ARTICLE III

Deferred Account

A deferred reserve account (the "Deferred Account") shall be established for each Participant for bookkeeping purposes only and not as a fund. Deferred compensation earned during a quarter shall be credited to the Deferred Account as of the end of such quarter.

There shall be credited to each Participant's Deferred Account as of the end of each quarter an amount equal to interest on the account balance at the beginning of such quarter at a rate equal to the 90-day commercial paper rate for high-grade unsecured notes

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sold through dealers by major corporations as reported in the "Money Rates" report of the Wall Street Journal for the first business day of such quarter.

A Participant's rights are limited to receiving from the Company payment of the balance in the Deferred Account.

The Deferred Account of a Participant shall continue for all purposes to be a part of the general funds of the Company. A Participant's rights shall be no greater than the rights of any unsecured general creditor of the Company.

ARTICLE IV

Nonassignment

A Participant's right to his Deferred Account shall not be in any manner assigned, transferred, pledged, or encumbered by a Participant except by will or the laws of descent and distribution, and shall not be subject to levy, attachment, garnishment or other process by or on behalf of any of the Participant's creditors.

ARTICLE V

Payment of Deferred Account

Payment of a Participant's Deferred Account shall begin on the first day of the first quarter after the Participant ceases being a director of the Company.

A Participant must elect (in the form of election to participate) to receive payment of his Deferred Account in either a lump sum or in equal quarterly installments payable over a five-year or a ten-year period.

Payments shall be made to the Participant or, if he dies prior to receiving full payment of his Deferred Account, to his surviving spouse or, if there is no surviving spouse, in one lump sum to his estate.

ARTICLE VI

Administration

This Plan shall be administered by the Compensation Committee of the Board (the "Committee"). The Committee shall have full power and authority to interpret the provisions and to supervise the administration of this Plan and to take all action in connection therewith as it deems necessary or advisable. All decisions and interpretations of the Committee shall be final.

ARTICLE VII

Termination

1. Termination of Participation. A Participant may terminate participation by signing and filing with the Company a notice of termination. A notice of termination filed on or prior to December 31 shall be effective for compensation earned in subsequent calendar years. A Director's Deferred Account will continue to be subject to the provisions

of this Plan following termination of participation. An Eligible Participant who terminates participation may again elect to participate in the Plan.

2. Termination of Plan. This Plan shall continue in effect until terminated by resolution of the Board. In the event of termination of the Plan, Deferred Accounts existing prior to termination shall continue to be subject to the provisions of the Plan as if the Plan had not been terminated.

ARTICLE VIII

Amendment

This Plan may be amended from time to time by resolution of the Board, but no such amendment shall permit a Deferred Account established pursuant to the Plan prior to the amendment to be paid to a Participant prior to the time the Participant would otherwise be entitled to receive it.

ARTICLE IX

Effective Date

This Plan is effective January 1, 1986, and applies to compensation earned by Participant on or after that date.

ELECTION TO PARTICIPATE IN THE
LOUISIANA-PACIFIC CORPORATION DIRECTORS'
DEFERRED COMPENSATION PLAN

I elect to participate in the Louisiana-Pacific Corporation Directors' Deferred Compensation Plan (the "Plan"), and I agree to be bound by the terms and conditions of the Plan.

I elect to defer pursuant to the Plan:

___ My annual directors' fees.

___ All compensation to be earned by me as a director, including annual directors' fees and fees for attendance at or participation in board of directors or committee meetings.

I further elect that my Deferred Account to be established pursuant to the Plan shall be paid to me as follows:

___ In a lump sum on the first day of the first calendar quarter after I cease being a director of Louisiana-Pacific Corporation.

___ In equal quarterly installments over a period of

___ five years or
___ ten years

beginning on the first day of the first calendar quarter after I cease being a director of Louisiana-Pacific Corporation.

I understand that this election irrevocably (i) defers receipt of my compensation as a director of Louisiana-Pacific Corporation while this election is effective, and (ii) establishes the method of payment of my Deferred Account to be established pursuant to the Plan.

Dated: _____, 19__

Director

Receipt Acknowledged:
Louisiana-Pacific Corporation

By _____

Dated: _____

LOUISIANA-PACIFIC CORPORATION
KEY EMPLOYEE RESTRICTED STOCK PLAN

1. Purpose.

The continued growth and success of Louisiana-Pacific Corporation are dependent upon its ability to attract and retain the services of key employees of the highest competence and to provide incentives for their effective service and superior performance. The purpose of the Louisiana-Pacific Corporation Key Employee Restricted Stock Plan is to advance the interests of Louisiana-Pacific Corporation through a program permitting grants of restricted stock which will attract, motivate, and retain key employees and encourage key employees to identify with the interests of the stockholders of Louisiana-Pacific Corporation.

2. Definitions.

When used in the Plan, the following terms shall have the meanings set forth below:

(a) Agreement. "Agreement" means the written Restricted Stock Award Agreement that evidences a Restricted Stock Award.

(b) Award Date. "Award Date" means the date on which a Restricted Stock Award is made.

(c) Board. "Board" means the Board of Directors of Louisiana-Pacific.

(d) Committee. "Committee" means the Compensation Committee of the Board.

(e) Exchange Act. "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(f) Executive Officer. "Executive Officer" means the president or any vice president of Louisiana-Pacific.

(g) Fair Market Value. "Fair Market Value" of a Share on any date means the closing price of a Share as reported on the New York Stock Exchange Composite Tape for that date or, if no Share was sold on that Exchange on that date, on the next preceding day on which a Share was sold on that Exchange.

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(h) Louisiana-Pacific. "Louisiana-Pacific" means Louisiana-Pacific Corporation, a Delaware corporation.

(i) Participant. "Participant" means an eligible employee who has received a Restricted Stock Award under the Plan.

(j) Plan. "Plan" means the Louisiana-Pacific Corporation Key Employee Restricted Stock Plan as described herein.

(k) Restricted Stock Award. "Restricted Stock Award" or "Award" means an award of the right to receive a grant of Restricted Shares under the Plan.

(l) Share. "Share" means a share of Louisiana-Pacific's \$1 par value common stock.

(m) Subsidiary. "Subsidiary" means any corporation in which Louisiana-Pacific owns, directly or indirectly, stock possessing more than 50 percent of the total combined voting power of all classes of stock in such corporation.

Capitalized terms not otherwise defined herein shall have the meanings as the definitions of such terms included in the General Rules and Regulations under the Exchange Act.

3. Eligibility.

The persons who shall be eligible to receive Restricted Stock Awards under the Plan shall be salaried employees (including officers who may also be directors) of Louisiana-Pacific and its subsidiaries.

4. Administration.

The Plan shall be administered by the Committee. However, no

action regarding the Plan may be taken by the Committee unless the Committee consists of three or more persons all of whom are "disinterested persons" as that term is defined in Rule 16b-3(d)(3) under the Exchange Act.

The Committee shall be authorized, subject to the provisions of the Plan, to adopt, amend, and rescind rules and regulations for administration of the Plan and for its own acts and proceedings and to take all action necessary or appropriate to administer the Plan, to interpret the Plan's provisions, and to decide all questions and resolve all controversies and disputes which may arise in connection with the Plan. All decisions, determinations, and interpretations of the Committee with regard to any question arising under the Plan shall be conclusive and binding upon all parties concerned. No member of

the Committee or the Board shall be liable for any action taken or determination made in good faith.

5. Grant of Restricted Stock Awards.

The Committee shall have the sole authority and discretion to make Restricted Stock Awards to Executive Officers, division general managers, and other key employees recommended for such Awards by an Executive Officer or a division general manager and to determine the number of Shares of each such Award.

Each Restricted Stock Award shall be evidenced by an Agreement in such form and containing such terms, not inconsistent with the Plan, as the Committee from time to time shall approve. Restricted Stock Awards may be made to the same person on more than one occasion.

6. Shares Subject to Restricted Stock Awards.

Shares subject to Restricted Stock Awards under the Plan may be either authorized but unissued Shares or treasury Shares. The total number of Shares with respect to which Restricted Stock Awards may be made under the Plan shall not exceed 1,700,000 Shares, or such greater number of Shares as is determined pursuant to an adjustment in accordance with Section 8. In the event that any Shares previously subject to Awards under the Plan are forfeited, such Shares shall again be available for use in connection with new Restricted Stock Awards under the Plan.

7. Terms of Restricted Stock Awards.

(a) Issuance of Shares. No Shares shall be issued on the Award Date. Shares subject to a Restricted Stock Award shall be issued on the date or dates set forth in the Agreement evidencing such Award, provided that no such date shall occur earlier than the first anniversary of the Award Date except as provided in Section 8 below, and provided further that the Participant is employed by Louisiana-Pacific or any of its Subsidiaries on such date. Such Shares shall be represented by stock certificates registered in the name of the Participant and, if not delivered to the Participant pursuant to subsection (c) hereof immediately following issuance, shall be held in the custody of Louisiana-Pacific.

(b) Rights as Stockholder Prior to Delivery of Shares. After issuance of the Shares and prior to delivery of the Shares, the Participant shall have the right to receive dividends, to vote the Shares, and to enjoy all other stockholder rights, with the exception that (i) the Participant shall not be entitled to delivery of a stock certificate for the Shares, (ii) Louisiana-Pacific shall retain custody of the shares, and (iii) the Participant may not sell, transfer, assign, pledge, exchange, encumber, or otherwise dispose of the Shares.

(c) Delivery of Shares. Subject to the provisions of the Plan, and any additional conditions and restrictions (including, but not limited to, performance criteria based on earnings per share, return on assets, return on equity, net income, or such other standard as the Committee deems appropriate) that may be imposed by the Committee and set forth in the Agreement, one or more stock certificates for the Shares subject to a Restricted Stock Award shall be delivered to the Participant on such date or dates as shall be set forth in the Agreement evidencing such Award, provided that such Shares have been issued pursuant to subsection (a) hereof. The Committee may at any time, in its sole discretion, accelerate the date of delivery of all or a portion of the Shares issued pursuant to an Award. A Participant shall enjoy all stockholder rights with respect to Shares that may have been delivered and such Shares shall no longer be subject to the terms of the Plan or the Agreement.

(d) Termination of Employment. Notwithstanding any other provisions to the contrary, in the event that a Participant's employment with Louisiana-Pacific and its Subsidiaries terminates for any reason (including retirement, death, or disability), (i) any Restricted Stock Award granted to the Participant shall immediately expire, (ii) no further Shares shall be delivered to the Participant pursuant to a Restricted Stock Award, and (iii) any Shares issued pursuant to a Restricted Stock Award that have not yet been delivered to the Participant shall be forfeited back to Louisiana-Pacific. The date of termination of a Participant's employment shall be determined by the Committee, which determination shall be final.

(e) Nontransferability of Award. No Restricted Stock Award shall be subject to sale, transfer, assignment, pledge, or encumbrance, and any such attempted action shall be void.

8. Changes Affecting Shares.

In the event of any change in capitalization which affects the Shares, whether by stock dividend, stock distribution, stock split, subdivision or combination of Shares, merger or consolidation, or otherwise, such proportionate adjustments, if any, as the Committee in its discretion deems appropriate to reflect such change shall be made with respect to the total number of Shares for which Restricted Stock Awards may be granted under the Plan and the number of Shares covered by outstanding Awards; however, any fractional Shares resulting from any such adjustment shall be eliminated.

If (i) any person or Group, together with its Affiliates and Associates (other than Louisiana-Pacific or any of its Affiliates, subsidiaries or employee benefit plans), acquires direct or indirect Beneficial ownership of 20 percent or more of the then outstanding Shares or commences a tender or exchange offer for 30 percent or more of the then outstanding Shares, or (ii) Louisiana-Pacific is to be liquidated or dissolved, the Committee in its sole discretion may accelerate the date on which Shares are to be issued pursuant to Section 7(a) or may terminate outstanding Restricted Stock Awards.

In the event of a change in Louisiana-Pacific's presently authorized Shares which is limited to a change of all of its presently authorized shares of \$1 par value common stock into the same number of shares with a different par value or into the same number of shares without par value, the shares resulting from any such change shall be deemed to be Shares within the meaning of the Plan.

9. Effective Date.

The Plan shall become effective upon adoption by the Board, subject to approval by the holders of a majority of the securities of Louisiana-Pacific present, or represented by proxy, and entitled to vote at a meeting (to be duly held in accordance with the applicable laws of the state of Delaware) for which proxies are solicited substantially in accordance with rules and regulations, if any, as are then in effect under Section 14(a) of the Exchange Act, provided the total vote cast on the proposal to approve the Plan represents over 50 percent in interest of all securities entitled to vote. Restricted Stock Awards made under the Plan prior to such approval shall be subject to such approval.

10. Amendment and Termination of Plan.

The Board may amend, suspend, or terminate the Plan, in whole or in part, from time to time, provided that, without a Participant's consent, no such amendment, suspension, or termination shall impair rights or obligations pursuant to outstanding Restricted Stock Awards; and, provided further, that stockholder approval shall be obtained for any such amendment, suspension, or termination which materially (i) increases the benefits accruing to Participants under the Plan, (ii) increases the number of Shares which may be issued under the Plan (other than pursuant to Section 8 hereof), or (iii) modifies the requirements as to eligibility for participation in the Plan.

11. Miscellaneous Provisions.

(a) No Right of Continued Employment. Nothing in the Plan, or in any Restricted Stock Award granted pursuant to the Plan, shall confer upon any person the right to continue in the employ of Louisiana-Pacific or any of its Subsidiaries, or interfere in any way with the right of Louisiana-Pacific or any Subsidiary to terminate the person's employment at any time.

(b) Withholding Taxes. A Participant shall be required to pay to Louisiana-Pacific an amount sufficient to provide for any withholding taxes in connection with a Restricted Stock Award. The Committee may, in its discretion and subject to such rules as it may adopt, permit a Participant to satisfy this withholding obligation by electing (i) to have Louisiana-Pacific withhold from the Shares otherwise to be delivered to the Participant that number of Shares that would satisfy the withholding obligation or (ii) to

transfer to Louisiana-Pacific already owned Shares to satisfy the withholding obligation. In addition, the Committee may permit a Participant to elect withholding in the manner specified above in excess of statutory minimum withholding requirements as long as such withholding in the aggregate does not exceed a Participant's estimated tax obligations arising from recognition of compensation income in connection with a Restricted Stock Award. All withholding elections must be made on or before the date that the amount of tax to be withheld is determined.

(c) Delaware Law to Govern. The Plan and all Agreements entered into under the Plan shall be constructed pursuant to the laws of the State of Delaware.

(d) Restrictions on Issuance and Delivery of Shares. Notwithstanding any other provision to the contrary, Louisiana-Pacific reserves the right to restrict the issuance and delivery of Shares pursuant to a Restricted Stock Award under the Plan until such time as (i) satisfactory assurances are received that the Shares when issued shall be duly listed on the New York Stock Exchange, (ii) any legal requirements or regulations have been met relating to the registration of the Shares under the Securities Act of 1933 and any applicable state laws, and (iii) any other legal requirements have been met.

LOUISIANA-PACIFIC CORPORATION
1997 INCENTIVE STOCK AWARD PLAN
Effective March 1, 1997

LOUISIANA-PACIFIC CORPORATION
1997 INCENTIVE STOCK AWARD PLAN

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LOUISIANA-PACIFIC CORPORATION
1997 INCENTIVE STOCK AWARD PLAN

ARTICLE 1. ESTABLISHMENT AND PURPOSE

1.1 Establishment. LOUISIANA-PACIFIC CORPORATION ("Corporation"), hereby establishes the Louisiana-Pacific Corporation 1997 Incentive Stock Award Plan (the "Plan"), effective as of March 1, 1997, subject to stockholder approval as provided in Article .

1.2 Purpose. The purpose of the Plan is to promote the long-term interests of Corporation and its stockholders by enabling Corporation to attract, retain, and reward key employees of Corporation and its subsidiaries and to strengthen the mutuality of interests between such employees and Corporation's stockholders. The Plan is designed to serve this purpose by offering stock options and other equity-based incentive awards and encourage key employees to acquire an ownership in Corporation.

ARTICLE 2. DEFINITIONS

2.1 Defined Terms. The following definitions are applicable to the Plan:

"AWARD" means an award or grant made to a Participant pursuant to the Plan.

"AWARD AGREEMENT" means an agreement as described in Section of the Plan.

"BOARD" means the Board of Directors of Corporation.

"CODE" means the Internal Revenue Code of 1986, as amended and in effect from time to time, or any successor thereto, together with rules, regulations, and interpretations promulgated thereunder. Where the context so requires, any reference to a particular Code section will be construed to refer to the successor provision to such Code section.

"COMMITTEE" means the Compensation Committee of the Board.

"COMMON STOCK" means the common stock, \$1 par value, of Corporation or any security of Corporation issued in substitution, exchange, or lieu thereof.

"CORPORATION" means Louisiana-Pacific Corporation, a Delaware corporation, or any successor corporation thereto.

"EXCHANGE ACT" means the Securities Exchange Act of 1934.

"FAIR MARKET VALUE" means on any given date, the closing price per share of Common Stock as reported for such day by the principal exchange or trading market on which Common Stock is traded (as determined by the Committee) or, if Common Stock was not traded on such date, on the next preceding day on which Common Stock was traded. If the Common Stock is not listed on a stock exchange or if trading activities for Common Stock are not reported, the Fair Market Value will be determined by the Committee.

"PARTICIPANT" means an employee of Corporation or a Subsidiary who is granted an Award under the Plan.

"PLAN" means this Louisiana-Pacific Corporation 1997 Incentive Stock Award Plan, as set forth herein and as it may be hereafter amended and from time to time.

"SHARE" means a share of Common Stock.

"SUBSIDIARY" means any corporation in which Corporation directly or indirectly controls 50 percent or more of the total combined voting power of all classes of stock having voting power.

"VEST" or "VESTED" means:

(a) In the case of an Award that requires exercise, to be or to become immediately and fully exercisable and free of all restrictions;

(b) In the case of an Award that is subject to forfeiture, to be or to become nonforfeitable, freely transferable, and free of all restrictions;

(c) In the case of an Award that is required to be earned by attaining specified performance goals, to be or to become earned and nonforfeitable, freely transferable, and free of all restrictions; or

(d) In the case of any other Award as to which payment is not dependent solely upon the exercise of a right, election, exercise, or option, to be or to become immediately payable and free of all restrictions.

ARTICLE 3. ADMINISTRATION

3.1 General. The Plan will be administered by the Committee. The Committee will have full power and authority to administer the Plan in its sole discretion. A majority of the members of the Committee will constitute a quorum and action approved by a majority will be the act of the Committee.

3.2 Authority of the Committee. Subject to the terms of the Plan, the Committee:

(a) Will select the Participants, determine the types of Awards to be granted to Participants, determine the shares or share units subject to Awards, and determine the terms and conditions of individual Award Agreements;

(b) Has the authority to interpret the Plan, to establish, amend, and revoke any rules and regulations relating to the Plan, to make all other determinations necessary or advisable for the administration of the Plan; and

(c) May correct any deficit, supply any omission, or reconcile any inconsistency in the Plan or in any Award Agreement in the manner and to the extent the Committee deems desirable to carry out the purposes of the Plan.

Decisions of the Committee, or any delegate as permitted by the Plan, will be final, conclusive, and binding on all Participants.

3.3 Liability of Committee Members. No member of the Committee will be liable for any action or determination made in good faith with respect to the Plan, any Award, or any Participant.

ARTICLE 4. DURATION OF THE PLAN AND SHARES SUBJECT TO THE PLAN

4.1 Duration of the Plan. The Plan is effective March 1, 1997, subject to approval by Corporation's stockholders as provided in Article . The Plan will remain in effect until Awards have been granted covering all the available Shares and all outstanding Awards have been exercised, settled, or terminated in accordance with the terms of the applicable Award Agreement, or the Plan is otherwise terminated by the Board. Termination of the Plan will not affect outstanding Awards.

4.2 Other Stock Plans. The Plan is separate from the following existing plans (the "Prior Plans"):

Louisiana-Pacific Corporation 1991 Employee Stock Option Plan;
Louisiana-Pacific Corporation 1984 Employee Stock Option Plan;
and Louisiana-Pacific Corporation Key Employee Restricted
Stock Plan.

The Plan will neither affect the operation of the Prior Plans nor be affected by the Prior Plans, except that no further stock options or restricted stock awards will be granted under any of the Prior Plans after the date the Plan is approved by Corporation's stockholders as described in Article .

4.3 General Limitation on Awards. Subject to adjustment pursuant to Article of the Plan, the maximum number of Shares for which Awards may be granted under the Plan may not exceed 5 million Shares.

4.4 Cancellation or Expiration of Awards. If an Award under the Plan is canceled or expires for any reason prior to having been fully vested or exercised by a Participant or is settled in cash in lieu of Shares or is exchanged for other Awards, all Shares covered by such Awards will again become available for additional Awards under the Plan.

ARTICLE 5. ELIGIBILITY

Officers and other key employees of Corporation and its Subsidiaries (including employees who may also be directors of Corporation or a Subsidiary) who, in the Committee's judgment, are or will be contributors to the long-term success of Corporation will be eligible to receive Awards under the Plan.

ARTICLE 6. AWARDS

6.1 Types of Awards. Awards under the Plan may consist of: stock options (either incentive stock options, within the meaning of Section 422 of the Code, or nonstatutory stock options), stock appreciation rights, performance shares, restricted stock grants, and other stock-based awards (as described in Article of the Plan). Awards of performance shares and restricted stock may provide the Participant with dividends or dividend equivalents and voting rights prior to vesting.

6.2 Award Agreements. Each Award will be evidenced by a written Award Agreement between Corporation and the Participant. Award Agreements may, subject to the provisions of the Plan, contain any provision approved by the Committee. Any Award Agreement may make provision for any matter that is within the discretion of the Committee or may retain the Committee's discretion to approve or authorize any action with respect to the Award during the term of the Award Agreement.

6.3 Nonuniform Determinations. The Committee's determinations under the Plan or under one or more Award Agreements, including without limitation, (a) the selection of Participants to receive Awards, (b) the type, form, amount, and timing of

Awards, (c) the terms of specific Award Agreements, and (d) elections and determinations made by the Committee with respect to exercise or payments of Awards, need not be uniform and may be made by the Committee selectively among Participants and Awards, whether or not Participants are similarly situated.

6.4 Provisions Governing All Awards. All Awards will be subject to the following provisions:

(a) Transferability. Except as otherwise provided in this Section, each Award (but not Shares issued following Vesting or exercise of an Award) will not be transferable other than by will or the laws of descent and distribution and Awards requiring exercise will be exercisable during the lifetime of the Participant only by the Participant or, in the event the Participant becomes legally incompetent, by the Participant's guardian or legal representative. Notwithstanding the foregoing, the Committee, in its discretion, may include in any Award Agreement a provision that the Award is transferable, without payment of consideration, to immediate family members of the Participant or to a trust for the benefit of or a partnership composed solely of such family members.

(b) Employment Rights. Neither the adoption of the Plan nor the granting of any Award will confer on any person the right to continued employment with Corporation or any Subsidiary, nor will it interfere in any way with the right of Corporation or a Subsidiary to terminate such person's employment at any time for any reason, with or without cause.

(c) Effect of Change in Control. The Committee may, in its discretion, include in any Award Agreement a provision that upon the effective date of a change in control of Corporation (as that term may be defined in the Award Agreement), all or a specified portion of the Award (i) will become fully Vested, (ii) will terminate, or (iii) may be converted into shares of an acquiror. In any such change in control provision, the Committee may provide whether or to what extent such acceleration in the Vesting of an Award will be conditioned to avoid resulting in an "excess parachute payment" within the meaning of Section 280G(b) of the Code.

ARTICLE 7. STOCK OPTIONS

The option price for each stock option may not be less than 100 percent of the Fair Market Value of the Common Stock on the date of grant. Stock options will be exercisable for such period as specified by the Committee in the applicable Award Agreement, but in no event may options be exercisable for a period of more than ten years after their date of grant. The option price of each Share as to which a stock option is exercised must be paid in full at the time of exercise. The Committee may, in its discretion, provide in any Award Agreement for a stock option that payment of the option

price may be made in cash, by tender of Shares owned by the Participant valued at Fair Market Value as of the date of exercise, subject to such guidelines for the tender of Shares as the Committee may establish, in such other consideration as the Committee deems appropriate, or a combination of cash, shares of Common Stock, and such other consideration. The number of Shares subject to options and stock appreciation rights granted under the Plan to any individual Participant during any three-calendar year period may not exceed 200,000.

In the case of an Option designated as an incentive stock option, the terms of the option and the Award Agreement must conform with the statutory and regulatory requirements specified pursuant to Section 422 of the Code, as in effect on the date such incentive stock option is granted.

The Committee may, in its discretion, include in an Award Agreement for any option a provision that in the event previously acquired Shares are surrendered by a Participant in payment of all or a portion of either (a) the option exercise price or (b) the Participant's federal, state, or local tax withholding obligation with respect to such exercise, the Participant will automatically be granted a replacement or reload option (with an option price equal to the Fair Market Value of a Share on the date of such exercise) for a number of Shares equal to all or a portion of the number of Shares surrendered. Such replacement option will be subject to such terms and conditions as the Committee determines.

ARTICLE 8. STOCK APPRECIATION RIGHTS

Stock appreciation rights may be granted in tandem with a stock option, in addition to a stock option, or may be freestanding and unrelated to a stock option. Stock appreciation rights granted in tandem or in addition to a stock option may be granted either at the same time as the stock option or at a later time. No stock appreciation right may be exercisable earlier than six months after grant, except in the event of the Participant's death or disability. A stock appreciation right will entitle the Participant to receive from Corporation an amount equal to the increase in the Fair Market Value of a Share on the exercise of the stock appreciation right over the grant price. The Committee may determine in its discretion whether the stock appreciation right may be settled in cash, shares, or a combination of cash and shares.

ARTICLE 9. PERFORMANCE SHARES

9.1 General. Performance shares may be granted in the form of actual Shares or Share units having a value equal to Shares. An Award of performance shares will be granted to a Participant subject to such terms and conditions set forth in the Award Agreement as the Committee deems appropriate, including, without limitation, the condition that the performance shares or a portion thereof will Vest only in the event specified performance goals are met within a specified performance period, as set forth in the Award Agreement. An Award Agreement for a performance share Award may also, in addition to specifying performance goals, condition Vesting of such Award on continued employment

for a period specified in the Award Agreement. In the event that a stock certificate is issued in respect of performance shares, the certificate will be registered in the name of the Participant but will be held by Corporation until the time the performance shares become Vested. The performance conditions and the length of the performance period will be determined by the Committee. The Committee may, in its discretion, reduce or eliminate the Vesting of performance shares if, in the Committee's judgment, it determines that the Vesting of the performance share Award is not appropriate given actual performance over the applicable performance period. The maximum number of Shares issuable to any individual Participant with respect to performance share Awards in any four calendar-year period may not exceed 100,000 Shares. The Committee, in its sole discretion, may provide in an Award Agreement whether performance shares granted in the form of share units will be paid in cash, shares, or a combination of cash and shares.

9.2 Performance Goals for Executive Officers. The performance goals for performance share awards granted to executive officers of Corporation may relate to corporate performance, business unit performance, or a combination of both.

Corporate performance goals will be based on financial performance goals related to the performance of Corporation as a whole and may include one or more measures related to earnings, profitability, efficiency, or return to stockholders such as earnings per share, operating profit, stock price, costs of production, or other measures.

Business unit performance goals will be based on a combination of financial goals and strategic goals related to the performance of an identified business unit for which a Participant has responsibility. Strategic goals for a business unit may include one or a combination of objective factors relating to success in implementing strategic plans or initiatives, introductory products, constructing facilities, or other identifiable objectives. Financial goals for a business unit may include the degree to which the business unit achieves one or more objective measures related to its revenues, earnings, profitability, efficiency, operating profit, costs of production, or other measures.

Any corporate or business unit goals may be expressed as absolute amounts or as ratios or percentages. Success may be measured against various standards, including budget targets, improvement over prior periods, and performance relative to other companies, business units, or industry groups.

ARTICLE 10. RESTRICTED STOCK

Restricted stock may be granted in the form of actual Shares or Share units having a value equal to Shares. A restricted stock Award will be subject to such terms and conditions set forth in the Award Agreement as the Committee deems appropriate, including, without limitation, restrictions on the sale, assignment, transfer, or other disposition of such restricted stock and provisions that such restricted stock or stock units be forfeited upon termination of the Participant's employment for specified reasons within a specified period of time or upon other conditions, as set forth in the Award Agreement.

The Award Agreement for a restricted stock Award may also, in addition to conditioning Vesting of the Award on continued employment, further condition Vesting on attainment of performance goals. In the event that a stock certificate is issued in respect of restricted stock, such certificate will be registered in the name of the Participant but will be held by the Corporation until the end of the restricted period. The employment conditions and the length of the period for vesting of restricted stock will be established by the Committee at the time of grant and set forth in the Award Agreement. The Committee, in its sole discretion, may provide in an Award Agreement whether restricted stock granted in the form of Share units will be paid in cash, Shares, or a combination of cash and Shares.

ARTICLE 11. OTHER STOCK-BASED AND COMBINATION AWARDS

The Committee may grant other Awards under the Plan pursuant to which Shares are or may in the future be acquired, or Awards denominated in or measured by Share equivalent units, including Awards valued using measures other than the market value of Shares. For such other stock-based awards that are granted to executive officers of Corporation and that condition Vesting of such Awards, in whole or in part, on attaining performance goals, such Awards will be subject to the same limitations on types of performance goals and the same limitation on the maximum number of Shares issuable to any individual Participant as provided in Article 9 of the Plan. The Committee may also grant Awards under the Plan in tandem or combination with other Awards or in exchange for Awards, or in tandem or combination with, or as alternatives to, grants or rights under any other employee plan of Corporation.

ARTICLE 12. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION

In the event of any change in capitalization affecting the Common Stock of Corporation, such as a stock dividend, stock split, recapitalization, merger, consolidation, split-up, spinoff, combination or exchange of shares, or other form of reorganization, or corporate change, or any distribution with respect to Common Stock other than regular cash dividends, the Committee may make such substitution or adjustment, if any, that it deems to be equitable as to the number and kind of Shares or other securities issued or reserved for issuance pursuant to the Plan and to outstanding Awards.

ARTICLE 13. AMENDMENT AND TERMINATION

The Board may amend, suspend, or terminate the Plan or any portion of the Plan at any time, provided no amendment may be made without stockholder approval if such approval is required by applicable law or the requirements of an applicable stock exchange.

ARTICLE 14. MISCELLANEOUS

14.1 Tax Withholding. Corporation will have the right to deduct from any settlement of any Award under the Plan, including the delivery or vesting of Shares, any

federal, state, or local taxes of any kind required by law to be withheld with respect to such payments or to take such other action as may be necessary in the opinion of Corporation to satisfy all obligations for the payment of such taxes. The recipient of any payment or distribution under the Plan must make arrangements satisfactory to Corporation for the satisfaction of any such withholding tax obligations. Corporation will not be required to make any such payment or distribution under the Plan until such obligations are satisfied. The Committee, in its discretion, may permit a Participant to satisfy the Participant's federal, state, or local tax, or tax withholding obligations with respect to an Award by having Corporation retain the number of Shares having a Fair Market Value equal to the amount of taxes or withholding taxes.

14.2 Securities Law Restrictions. No Shares will be issued under the Plan unless counsel for Corporation is satisfied that such issuance will be in compliance with applicable federal and state securities laws. Certificates for Shares delivered under the Plan may be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed, and any applicable federal or state securities law. The Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

14.3 Governing Law. Except with respect to references to the Code or federal securities laws, the Plan and all actions taken thereunder will be governed by and construed in accordance with the laws of the state of Oregon.

ARTICLE 15. STOCKHOLDER APPROVAL

The adoption of the Plan and the grant of Awards under the Plan are expressly subject to the approval of the Plan by the affirmative vote of at least a majority of the stockholders of Corporation present, or represented by proxy, and entitled to vote at Corporation's 1997 annual meeting of stockholders.

AWARD AGREEMENT
UNDER THE
LOUISIANA-PACIFIC CORPORATION
1997 INCENTIVE STOCK AWARD PLAN

NONQUALIFIED STOCK OPTION

Corporation: LOUISIANA-PACIFIC CORPORATION
111 S.W. Fifth Avenue
Portland, Oregon 97204

Participant: -----

Grant Date: -----

Option: A Nonqualified Stock Option

Option Shares: _____ Shares

Exercise Price: \$_____ per Share

Subject to the terms and conditions of the Louisiana-Pacific Corporation 1997 Incentive Stock Award Plan (the "Plan") and this Agreement, effective as of the Grant Date, Corporation grants to Participant the Option to purchase the Option Shares at the Exercise Price.

The provisions of Appendix A attached to this Agreement are incorporated by reference as part of this Agreement.

LOUISIANA-PACIFIC CORPORATION

By _____
Its _____

Participant

APPENDIX A
TO
AWARD AGREEMENT FOR NONQUALIFIED STOCK OPTION

This Award Agreement evidences the grant of a Nonqualified Stock Option (the "Option") to Participant under the Plan.

Capitalized terms are defined in Section 8.

1. OPTION SHARES; ADJUSTMENT

In the event of a declaration of a stock dividend or a stock split (whether effected as a dividend or otherwise) by Corporation where the record date for such dividend or stock split is after the Grant Date, the number of Option Shares and the Exercise Price will automatically be adjusted proportionately to reflect the effect of such dividend or stock split.

2. TERMS OF THE OPTION

The Option is subject to all applicable provisions of the Plan and to the following terms and conditions:

2.1 Nonqualified Stock Option. The Option is not intended to qualify as an incentive stock option meeting the requirements of IRC ss. 422.

2.2 Term. The term of the Option extends ten years from the Grant Date unless terminated earlier in accordance with this Agreement.

2.3 Exercisability. The Option initially will not be exercisable and, unless the Option is terminated or canceled earlier or the exercisability of the Option is accelerated in accordance with this Agreement, the Option may be exercised from time to time to purchase a whole number of Option Shares up to the following limits:

(a) Prior to the first anniversary of the Grant Date, the Option may not be exercised;

(b) During the one-year period beginning on the first anniversary of the Grant Date, the Option may be exercised to purchase up to one-third of the total Option Shares;

(c) During the one-year period beginning on the second anniversary of the Grant Date, the Option may be exercised to purchase up to two-thirds of the total Option Shares; and

(d) On and after the third anniversary of the Grant Date, the Option may be exercised to purchase all the Option Shares.

2.4 Effect of Termination of Employment. The Option may not be exercised (in whole or in part) unless Participant is continuously Employed by an Employer from the Grant Date through at least the first anniversary of the Grant Date. If Participant ceases to be an Employee for any reason on or after the first anniversary of the Grant Date, the term of the Option will continue for the applicable Continuation Period. The Option will remain exercisable during the Continuation Period, if at all, only to the extent the Option had become exercisable pursuant to Sections 2.3 and 2.10 of this Agreement on or prior to the Termination Date. The Option, to the extent not previously exercised, will be canceled automatically at the end of the applicable Continuation Period.

2.5 Method of Exercise. The Option, or any portion thereof, may be exercised, to the extent it has become exercisable pursuant to this Agreement, by delivery of written notice to Corporation stating the number of Shares, form of payment, and proposed date of closing.

2.6 Other Documents. Upon any exercise of the Option, Participant must furnish Corporation before the closing of such exercise such other documents or representations as Corporation may require to assure compliance with applicable laws and regulations.

2.7 Payment. The Exercise Price for the Shares purchased upon exercise of the Option must be paid in full in United States dollars at or before closing by one or a combination of the following:

2.7.1 Payment in cash or certified check or bank draft payable to the order of Corporation;

2.7.2 Delivery of previously acquired Shares having a Fair Market Value equal to the Exercise Price; or

2.7.3 By delivery (in a form approved by the Committee) of an irrevocable direction to a securities broker acceptable to the Committee:

(a) To sell Shares subject to the Option and to deliver all or a part of the sales proceeds to Corporation in payment of all or a part of the Exercise Price and withholding taxes due; or

(b) To pledge Shares subject to the Option to the broker as security for a loan and to deliver all or a part of the loan proceeds to Corporation in payment of all or a part of the Exercise Price and withholding taxes due.

2.8 Previously Acquired Shares. Delivery of previously acquired Shares in full or partial payment for the exercise of the Option is subject to the following conditions:

2.8.1 The Shares tendered must be in good delivery form;

2.8.2 Any Shares remaining after satisfying the payment for the Option will be reissued in the same manner as the Shares tendered;

2.8.3 No fractional Shares will be issued and whenever payment of the full Exercise Price with Shares would require delivery of a fractional Share, Participant must deliver the next lower whole number of Shares and make a cash payment to Corporation for the balance of the Exercise Price; and

2.8.4 Shares may be tendered in full or partial payment of the Exercise Price only in connection with the exercise of the Option with respect to at least 2,000 Shares.

2.9. Transferability.

2.9.1 General. Except as provided in Section 2.9.2, the Option is not transferable other than by will or the laws of descent and distribution and may be exercised during the lifetime of Participant only by Participant or, in the case Participant becomes legally incompetent, by Participant's guardian or legal representative. No assignment or transfer of the Option in violation of the foregoing restriction, whether voluntary, involuntary or by operation of law or otherwise, except by will or the laws of descent and distribution, will vest in the assignee or transferee any interest or right whatsoever, but immediately upon any attempt to assign or transfer the Option, the Option will terminate and be of no force or effect. Whenever the word "Participant" is used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to the executor, administrator, or the person or persons to whom this Option may be transferred by will or by the laws of descent and distribution, it will be deemed to include such person or persons.

2.9.2 Permitted Family Transfers. The Option may be transferred by Participant, without payment of consideration, to Participant's immediate family members or lineal descendants ("Permitted Family Members"), to trusts for the benefit of Permitted Family Members, or to family partnerships or limited liability companies of which Participant and Permitted Family members are the only partners or members. For purposes of this Section, a transfer of the Option to a family partnership or limited liability company in exchange for a partnership or limited liability company interest will be deemed to be a transfer without payment of consideration.

2.10 Effect of Change in Control.

2.10.1 Acceleration of Vesting. Upon a Change in Control Date, the Option, to the extent it had not yet become exercisable, will become fully exercisable. This acceleration will not extend the date on which the Option terminates. If, or to the extent, the acceleration of the exercisability of the Option pursuant to this Section 2.10.1 results in an "excess parachute payment" within the meaning of Section 280G of the Code, Corporation will reimburse Participant, on an after-tax basis, for (1) any excise tax imposed by Section 4999(a) of the Code that is directly attributable to the acceleration of the exercisability of the Option, and (2) any income taxes and excise taxes imposed on any reimbursement pursuant to this sentence. For purposes of computing any after-tax reimbursement, Participant will be deemed to pay federal, state, and local income taxes (for the state and locality of Participant's residence) at the highest effective combined marginal rates (giving effect to the deductibility of state and local taxes) for the tax year in which the reimbursement payment is made. No reimbursement will be due pursuant to this Section 2.10.1 if, or to the extent, Participant is entitled to payment or reimbursement for the same amounts under any other agreement with Corporation.

2.10.2 Dissolution. The Option will terminate upon the effective date of a dissolution or liquidation of Corporation.

2.10.3 Merger. In the event of a merger or consolidation in which Corporation is not the resulting or surviving corporation (or in which Corporation is the resulting or surviving corporation but becomes a subsidiary of another corporation), the Option will automatically be converted into an option to purchase a number of shares of the stock of the resulting or surviving corporation (or, in the event Corporation becomes a subsidiary of another corporation, such other corporation) into which Corporation's Shares are converted in the transaction with such terms and conditions, both as to number of shares, option price, and otherwise, as will substantially preserve the economic rights and benefits of Participant under this Agreement.

3. TAX REIMBURSEMENT

It is a condition of Corporation's obligation to issue Shares in connection with an exercise of the Option that Participant pay to Corporation, or make provision satisfactory to Corporation for the payment of, an amount sufficient to provide for any withholding or similar tax liability imposed on Corporation in connection with or with respect to any exercise of the Option.

4. CONDITIONS PRECEDENT

The Option granted pursuant to this Agreement is expressly subject to the approval of the Plan by Corporation's stockholders pursuant to Article 15 of the Plan.

Corporation will use its best efforts to obtain approval of the Plan and this

Option by any state or federal agency or authority that Corporation determines has jurisdiction. If Corporation determines that any required approval cannot be obtained, this Option will terminate on notice to Participant to that effect. Without limiting the foregoing, Corporation will not be required to issue any Shares upon exercise of all or any portion of the Option until Corporation has taken all action required to comply with all applicable federal and state securities laws.

5. SUCCESSORSHIP

Subject to restrictions on transferability set forth in Section 2.9, this Agreement will be binding upon and benefit the parties, their successors and assigns.

6. NOTICES

Any notices under this Option must be in writing and will be effective when actually delivered personally or, if mailed, when deposited as registered or certified mail directed to the address of Corporation's records or to such other address as a party may certify by notice to the other party.

7. ARBITRATION

Any dispute or claim that arises out of or that relates to this Agreement or to the interpretation, breach, or enforcement of this Agreement, must be resolved by mandatory arbitration in accordance with the then effective arbitration rules of Arbitration Service of Portland, Inc., and any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

8. DEFINED TERMS

When used in this Agreement, the following terms have the meaning specified below:

o ACQUIRING PERSON means any person or related person or related persons which constitute a "group" for purposes of Section 13(d) and Rule 13d-5 under the Securities Exchange Act of 1934 (the "Exchange Act"), as such Section and Rule are in effect as of the Grant Date; provided, however, that the term Acquiring Person shall not include (a) Corporation or any of its Subsidiaries, (b) any employee benefit plan or related trust of Corporation or any of its Subsidiaries, (c) any entity holding voting capital stock of Corporation for or pursuant to the terms of any such employee benefit plan, or (d) any person or group solely because such person or group has voting power with respect to capital stock of Corporation arising from a revocable proxy or consent given in response to a public proxy or consent solicitation made pursuant to the Exchange Act.

o APPROVED RETIREMENT means termination of employment with an Employer after Participant attains age 60, but only if such retirement is approved by Corporation's Chief Executive Officer, in his sole discretion.

o CHANGE IN CONTROL of Corporation means:

(a) The acquisition by any Acquiring Person of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of 20 percent or more of the combined voting power of the then outstanding Voting Securities; provided, however, that for purposes of this paragraph (a) the following acquisitions will not constitute a Change in Control: (i) any acquisition directly from Corporation, (ii) any acquisition by Corporation, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Corporation or any corporation controlled by Corporation, or (iv) any acquisition by any corporation pursuant to a transaction that complies with clauses (i), (ii), and (iii) of paragraph (c) of this definition of Change in Control; or

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

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

Securities, (ii) no Person (excluding any employee benefit plan, or related trust, of Corporation or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20 percent or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

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

o CHANGE IN CONTROL DATE means the first date following the Grant Date on which a Change in Control has occurred.

o CONTINUATION PERIOD means a period during which the Option continues to be exercisable after termination of Employment, namely the period ending on the earlier of the expiration of the original term of the Option or:

(a) If the termination of Employment is by reason of Participant's death or Disability, the expiration of one year following the Termination Date;

(b) If the termination of Employment is by reason of Participant's Approved Retirement, the expiration of two years following the Termination Date;

(c) In the case of an involuntary termination of Participant's Employment by an Employer, the expiration of five business days following the Termination Date; or

(d) If the termination of Employment is for any other reason, the expiration of 30 days following the Termination Date.

o DISABILITY means the condition of being permanently unable to perform Participant's duties for an Employer by reason of a medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of at least 12 months.

o EMPLOYEE AND EMPLOYMENT both refer to service by Participant as a full-time or part-time employee of an Employer, and include periods of illness or other leaves of absence authorized by an Employer. A transfer of Participant's Employment from one Employer to another will not be treated as a termination of Employment.

o EMPLOYER means Corporation or a Subsidiary of Corporation.

o TERMINATION DATE means the date Participant ceases to be an Employee.

o VOTING SECURITIES means Corporation's issued and outstanding securities ordinarily having the right to vote at elections of directors.

o Capitalized terms not otherwise defined in this Agreement have the meanings given them in the Plan.

AWARD AGREEMENT
UNDER THE
LOUISIANA-PACIFIC CORPORATION
1997 INCENTIVE STOCK AWARD PLAN

NONQUALIFIED STOCK OPTION

Corporation: LOUISIANA-PACIFIC CORPORATION
111 S.W. Fifth Avenue
Portland, Oregon 97204

Participant: -----

Grant Date: -----

Award: Performance Shares

Target Shares: _____ Shares

Performance Period: The four calendar year period ending
December 31, 2000

Subject to the terms and conditions of the Louisiana-Pacific Corporation 1997 Incentive Stock Award Plan (the "Plan") and this Agreement, effective as of the Grant Date, Corporation grants to Participant the right to receive a number of Performance Shares equal to up to 200 percent of the Target Shares.

The provisions of Appendix A attached to this Agreement are incorporated by reference as part of this Agreement.

LOUISIANA-PACIFIC CORPORATION

By _____
Its _____

Participant

APPENDIX A
TO
AWARD AGREEMENT FOR PERFORMANCE SHARES

This Award Agreement evidences the grant of Performance Shares to Participant under the Plan.

Capitalized terms are defined in Section 9.

1. PERFORMANCE SHARES; ADJUSTMENT

In the event of a declaration of a stock dividend or a stock split (whether effected as a dividend or otherwise) by Corporation where the record date for such dividend or stock split is after the Grant Date, the number of Target Shares will automatically be adjusted proportionately to reflect the effect of such dividend or stock split. Furthermore, the number of Target Shares will be increased to reflect reinvestment (using the Fair Market Value of a Share on the dividend payment date) of cash dividends paid with respect to Corporation's common stock during the Performance Period.

2. TERMS OF AWARD

This Award is subject to all the provisions of the Plan and to the following terms and conditions:

2.1 Performance Goals. The number of Performance Shares, if any, to be issued pursuant to this Award will be based on corporate performance by Corporation during the Performance Period (or, in the case of an Approved Retirement prior to the end of the Performance Period, during the Short Period described in Section 2.5.3(a)) based on a comparison of Corporation's annualized total stockholder return for the period to the mean annualized total stockholder return for the Peer Group companies.

2.2 Determination of Payout Percentage. The Committee will compute the positive or negative difference in percentage points (the "TSR Difference") by subtracting the Peer Group TSR from Corporation's TSR for the Performance Period (or, if applicable, the Short Period). The Payout Percentage will be determined from the following table based on the TSR Difference.

TSR Difference -----	Payout Percentage -----
Less than negative 3%	0%
Negative 3%	20%
0%	60%
Positive 3%	100%
Positive 13% and above	200%

For TSR Differences between the levels represented in the table, the Payout Percentage will be interpolated on a straight-line basis and rounded to the nearest whole percent.

2.3 Performance Shares. If Participant remains an Employee through the end of the Performance Period, Participant will be entitled to receive a number of Performance Shares (the "Payout Shares") equal to the product of the Payout Percentage determined pursuant to Section 2.2 multiplied by the number of Target Shares (and rounded down to a whole number of Shares). In the event Participant terminates Employment before the end of the Performance Period, Participant will be entitled to receive the number of Performance Shares, if any, described in Section 2.5. Any portion of this Award that does not become Vested pursuant to this Agreement will be canceled and Participant will not receive any Shares or other payment with respect to such non-Vested portion of the Award.

2.4 Settlement of Award.

2.4.1 General. Except as provided in Section 2.4.2, this Award will be settled on a settlement date selected by the Committee as soon as practicable after the end of the Performance Period by the delivery to Participant of:

(a) An unrestricted certificate for 50 percent of the Payout Shares; and

(b) A certificate subject to the restrictions described in Section 2.7 of this Agreement for the balance of the Payout Shares (the "Restricted Payout Shares").

2.4.2 Early Settlement. In the event Participant (or Participant's representative) becomes entitled to receive Performance Shares pursuant to Section 2.5.2 (on account of death or Disability), Section 2.5.3(a) (on account of Approved Retirement), or 2.6.1(a) (on account of a Change in Control), this Award will be settled on a settlement date selected by the Committee as soon as practical after the Termination Date, the end of the Retirement Year, or the Change in Control Date, respectively, by the delivery to Participant of an unrestricted certificate for all the Performance Shares determined pursuant to those Sections.

2.5 Employment Requirement.

2.5.1 General. Except as otherwise expressly provided in Sections 2.5.2 and 2.5.3, if Participant ceases to be an Employee for any reason prior to the end of the Performance Period, this Award will be canceled and Participant will not receive any Shares or other payment with respect to this Award.

2.5.2 Effect of Death or Disability.

(a) In the event Participant dies or terminates Employment by reason of Disability prior to the end of the Performance Period, Participant or Participant's representative will be entitled to receive a number of Performance Shares equal to 100 percent of the number of Target Shares.

(b) In the event Participant dies or terminates Employment by reason of Disability after the end of the Performance Period but before the end of the Restriction Period, the Restricted Payout Shares (if any) will automatically become fully Vested as of the Termination Date.

2.5.3 Effect of Approved Retirement.

(a) In the event Participant terminates Employment by reason of Approved Retirement prior to the end of the Performance Period, the Committee will determine the TSR Difference for the Short Period consisting of the portion of the Performance Period ending on the last day of the Retirement Year. A Payout Percentage will be determined from the table set forth in Section 2.2 based on that Short Period TSR Difference. Participant will be entitled to receive a prorated number of Performance Shares (rounded down to a whole number of Shares) equal to (a) the product of the Payout Percentage multiplied by the number of Target Shares, multiplied by (b) a fraction with a numerator equal to the number of whole fiscal years from the beginning of the Performance Period through the last day of the Retirement year and a denominator equal to the whole number of fiscal years in the Performance Period.

(b) In the event Participant terminates Employment by reason of Approved Retirement after the end of the Performance Period but before the end of the Restriction Period, the Restricted Payout Shares (if any) will automatically become fully Vested as of the Termination Date.

2.6 Effect of Change in Control.

2.6.1 General.

(a) Upon the occurrence of a Change in Control Date prior to the end of the Performance Period, Participant will be entitled to a number of Performance Shares equal to 100 percent of the Target Shares.

(b) Upon the occurrence of a Change in Control Date during the Restriction Period all Restricted Payout Shares (if any) will automatically become fully Vested.

2.6.2 Reimbursement. If, or to the extent, (a) the determination of Participant's Performance Shares pursuant to Section 2.6.1(a) as a result of a Change in Control or (b) the Vesting of Restricted Payout Shares in connection with a Change in

Control pursuant to Section 2.6.1(b) results in an "excess parachute payment" within the meaning of Section 280G of the Code, Corporation will reimburse Participant, on an after-tax basis, for (i) any excise tax imposed by Section 4999(a) of the Code that is directly attributable to such determination or Vesting, and (2) any income taxes and excise taxes imposed on any reimbursement pursuant to this Section 2.6.2. For purposes of computing any after-tax reimbursement, Participant will be deemed to pay federal, state, and local income taxes (for the state and locality of Participant's residence) at the highest effective combined marginal rates (giving effect to the deductibility of state and local taxes) for the tax year in which the reimbursement payment is made. No reimbursement will be due pursuant to this Section 2.6.2 if, or to the extent, Participant is entitled to payment or reimbursement for the same amounts under any other agreement with Corporation.

2.7 Restricted Payout Shares. A certificate for the Restricted Payout Shares (if any) will be issued in Participant's name but will be retained by Corporation. During the Restriction Period, the Restricted Payout Shares may not be sold, assigned, or encumbered. If Participant dies or terminates Employment by reason of Disability or Approved Retirement before the expiration of the Restriction Period, the Restricted Payout Shares will be governed by Sections 2.5.2 and 2.5.3. If a Change in Control Date occurs during the Restriction Period, the Restricted Payout Shares will be governed by Section 2.6.1(b). If Participant terminates Employment for any other reason prior to the expiration of the Restriction Period, all the Restricted Payout Shares will be forfeited and the certificate for such Restricted Payout Shares will be canceled. If Participant remains an Employee through the Restriction Period, the restrictions of this Section 2.7 will lapse upon the expiration of the Restriction Period and an unrestricted certificate for the Restricted Payout Shares will be issued to Participant. During the Restriction Period, dividends paid with respect to the Restricted Payout Stock will be reinvested (using the Fair Market Value of a Share on the dividend payment date) in additional Restricted Payout Shares and Participant will be entitled to exercise all voting rights with respect to the Restricted Payout Shares.

2.8 Other Documents. Participant will be required to furnish Corporation such other documents or representations as Corporation may require to assure compliance with applicable laws and regulations as a condition of Corporation's obligation to issue any performance Shares.

2.9 Adjustment of Payout Percentage. Pursuant to authority granted under the Plan, the Committee may, in its discretion, reduce (even to zero) the Payout Percentage if, in the Committee's judgment, the Payout Percentage determined in accordance with Section 2.2 of this Agreement is not appropriate given actual performance by Corporation over the Performance Period (or, if applicable, the Short Period).

2.10. Transferability.

2.10.1 General. Except as provided in Section 2.10.2, the Award is not transferable other than by will or the laws of descent and distribution. No assignment or transfer of the Award in violation of the foregoing restriction, whether voluntary, involuntary

or by operation of law or otherwise, except by will or the laws of descent and distribution, will vest in the assignee or transferee any interest or right whatsoever, but immediately upon any attempt to assign or transfer the Award, the Award will terminate and be of no force or effect. Whenever the word "Participant" is used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to the executor, administrator, or the person or persons to whom this Award may be transferred by will or by the laws of descent and distribution, it will be deemed to include such person or persons.

2.10.2 Permitted Family Transfers. The Award may be transferred by Participant, without payment of consideration, to Participant's immediate family members or lineal descendants ("Permitted Family Members"), to trusts for the benefit of Permitted Family Members, or to family partnerships or limited liability companies of which Participant and Permitted Family Members are the only partners or members. For purposes of this Section, a transfer of the Award to a family partnership or limited liability company in exchange for a partnership or limited liability company interest will be deemed to be a transfer without payment of consideration.

3. RIGHTS AS STOCKHOLDER

Prior to the issuance of Performance Shares in settlement of this Award, Participant will have no rights as a stockholder of Corporation with respect to this Award or the Target Shares. Participant's rights with respect to Restricted Payout Shares during the Restriction Period will be as set forth in Section 2.7 of this Agreement.

4. WITHHOLDING TAXES

Corporation will have the right to require Participant to remit to Corporation, or to withhold from other amounts payable to Participant, as compensation or otherwise, or from Payout Shares to be delivered to Participant in settlement of this Award (or Restricted Payout Shares to be delivered to Participant at the expiration of the Restriction Period), an amount sufficient to satisfy all federal, state and local withholding tax requirements with respect to the Award or the Payout Shares. Participant may, by written notice to Committee which complies with any applicable timing restrictions imposed pursuant to Rule 16b-3 under the Exchange Act, elect to have withholding taxes satisfied by withholding Vested Shares. To the extent required by Rule 16b-3, such election will be subject to approval by the Committee.

5. CONDITIONS PRECEDENT

This Award is expressly subject to the approval of the Plan by Corporation's stockholders pursuant to Article 15 of the Plan.

Corporation will use its best efforts to obtain approval of the Plan and this Award by any state or federal agency or authority that Corporation determines has jurisdiction. If Corporation determines that any required approval cannot be obtained, this

Award will terminate on notice to Participant to that effect. Without limiting the foregoing, Corporation will not be required to issue any certificates for Payout Shares, or any portion thereof, until Corporation has taken all action required to comply with all applicable federal and state securities laws.

6. SUCCESSORSHIP

Subject to restrictions on transferability set forth in Section 2.10, this Agreement will be binding upon and benefit the parties, their successors and assigns.

7. NOTICES

Any notices under this Agreement must be in writing and will be effective when actually delivered personally or, if mailed, when deposited as registered or certified mail directed to the address of Corporation's records or to such other address as a party may certify by notice to the other party.

8. ARBITRATION

Any dispute or claim that arises out of or that relates to this Agreement or to the interpretation, breach, or enforcement of this Agreement, shall be resolved by mandatory arbitration in accordance with the then effective arbitration rules of Arbitration Service of Portland, Inc., and any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

9. DEFINED TERMS

When used in this Agreement, the following terms have the meaning specified below:

o ACQUIRING PERSON means any person or related person or related persons which constitute a "group" for purposes of Section 13(d) and Rule 13d-5 under the Securities Exchange Act of 1934 (the "Exchange Act"), as such Section and Rule are in effect as of the Grant Date; provided, however, that the term Acquiring Person shall not include (a) Corporation or any of its Subsidiaries, (b) any employee benefit plan or related trust of Corporation or any of its Subsidiaries, (c) any entity holding voting capital stock of Corporation for or pursuant to the terms of any such employee benefit plan, or (d) any person or group solely because such person or group has voting power with respect to capital stock of Corporation arising from a revocable proxy or consent given in response to a public proxy or consent solicitation made pursuant to the Exchange Act.

o APPROVED RETIREMENT means termination of Employment with an Employer after Participant attains age 60, but only if such retirement is approved by Corporation's Chief Executive Officer, in his sole discretion.

o CHANGE IN CONTROL of Corporation means:

(a) The acquisition by any Acquiring Person of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of 20 percent or more of the combined voting power of the then outstanding Voting Securities; provided, however, that for purposes of this paragraph (a) the following acquisitions will not constitute a Change in Control: (i) any acquisition directly from Corporation, (ii) any acquisition by Corporation, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Corporation or any corporation controlled by Corporation, or (iv) any acquisition by any corporation pursuant to a transaction that complies with clauses (i), (ii), and (iii) of paragraph (c) of this definition of Change in Control; or

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

(c) Consummation of a reorganization, merger, or consolidation or sale or other disposition of all or substantially all of the assets of Corporation (a "Business Combination") in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners of the Voting Securities outstanding immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50 percent of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns Corporation or all or substantially all of Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Voting Securities, (ii) no Person (excluding any employee benefit plan, or related trust, of Corporation or such corporation resulting from such Business

Combination) beneficially owns, directly or indirectly, 20 percent or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

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

o CHANGE IN CONTROL DATE means the first date following the Grant Date on which a Change in Control has occurred.

o DISABILITY means the condition of being permanently unable to perform Participant's duties for an Employer by reason of a medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of at least 12 months.

o EMPLOYEE AND EMPLOYMENT both refer to service by Participant as a full-time or part-time employee of an Employer, and include periods of illness or other leaves of absence authorized by an Employer. A transfer of Participant's Employment from one Employer to another will not be treated as a termination of Employment.

o EMPLOYER means Corporation or a Subsidiary of Corporation.

o PAYOUT PERCENTAGE means the percentage determined as provided in Section 2.2 used to determine the number of Performance Shares to be issued to Participant pursuant to this Award.

o PEER GROUP means the following forest products companies: Boise Cascade, Georgia-Pacific, Potlatch, Weyerhaeuser, and Willamette Industries. In the event that during the Performance Period any of the foregoing companies (1) is subject to a Change in Control, or (2) becomes a debtor in a voluntary or involuntary bankruptcy case, such company automatically will be excluded from the Peer Group for the entire Performance Period.

o PEER GROUP TSR means the mean annualized total stockholder return (computed in the same manner as described in the definition of TSR or Total Stockholder Return) for the members of the Peer Group.

o PERFORMANCE PERIOD means the period described on the cover page to this Agreement.

o PERFORMANCE SHARES means the number of Shares issuable to Participant pursuant to this Award as provided in Section 2.3.

o RESTRICTION PERIOD means the two-year period following the expiration of the Performance Period during which the restrictions described in Section 2.7 are applicable.

o RETIREMENT YEAR means the fiscal year during which Participant terminates Employment by reason of an Approved Retirement.

o SHORT PERIOD means, in the event of an Approved Retirement, the portion of the Performance Period through the end of the Retirement Year determined as provided in Section 2.5.3.

o TSR OR TOTAL STOCKHOLDER RETURN means, for the Performance Period or, if applicable, the Short Period, an amount (expressed as a percentage) equal to 1 less than:

(a) the ratio of the Closing Investment to the Base Investment;

(b) raised to an exponential power with an exponent equal to 1 divided by the number of years in the Performance Period (or the Short Period).

For purposes of the forgoing calculation:

(i) BASE PRICE means the mean daily stock price (based on reported closing stock trading prices for each day on the principal exchange or market on which the Shares trade) of the Shares for the last fiscal quarter of the fiscal year preceding the Performance Period.

(ii) BASE INVESTMENT means \$100.

(iii) CLOSING PRICE means the mean daily stock price (computed in the same manner as described above for Base Price) of the Shares for each trading day of the last fiscal quarter of the Performance Period (or, for an Approved Retirement, the last fiscal quarter of the Short Period).

(iv) CLOSING INVESTMENT means the product of the Closing Price and a number of Shares equal to:

(A) The Base Investment divided by the Base Price;

(B) Increased, as of the ex-dividend date of each dividend or distribution paid during the Performance Period (or Short Period), by a number (or fractional number) of Shares equal to the dollar amount or, in the case of a non-cash distribution, the market value (as of the date of distribution) of each such dividend or distribution divided by the closing stock trading price of the Shares on the ex-dividend date;

(C) With all closing prices and dividend or distribution amounts adjusted to reflect any stock dividends or stock splits or similar changes in capitalization.

o TSR DIFFERENCE means the positive or negative difference computed by subtracting the Peer Group TSR for a period from Corporation's TSR for that period.

o TARGET SHARES means the number of Shares set forth on the cover page to this Agreement that is used to determine the number of Performance Shares to be issued to Participant under this Award.

o TERMINATION DATE means the date Participant ceases to be an Employee.

o VOTING SECURITIES means Corporation's issued and outstanding securities ordinarily having the right to vote at elections of directors.

o Capitalized terms not otherwise defined in this Agreement have the meanings given them in the Plan.

LOUISIANA-PACIFIC CORPORATION
ANNUAL CASH INCENTIVE AWARD PLAN

THIS ANNUAL CASH INCENTIVE AWARD PLAN (the "Plan") was adopted by Louisiana-Pacific Corporation, a Delaware corporation ("Corporation"), effective March 1, 1997. Capitalized terms that are not otherwise defined herein have the meanings set forth in Section 4.

SECTION 1. INCENTIVE AWARDS

1.1 Target Award. Each Award opportunity will specify a targeted incentive opportunity (the "Target Award") expressed either as a dollar amount or as a percentage of a Participant's regular annualized base salary.

1.2 Incentive Awards. The amount paid for each Award will be equal to the ----- product of:

(a) The Total Success Percentage for the Participant for the Plan Year; multiplied by

(b) The Participant's Target Award for the Plan Year.

However, in no event may a Participant's Award payment for a Plan Year exceed the lesser of (i) 150 percent of the Participant's Target Award, or (ii) \$1,250,000.

1.3 Performance Goals. The Goals that will be used to measure a Participant's Award will consist of one or more of the following:

(a) Corporate Goals measuring financial performance related to the Corporation as a whole. Corporate Goals may include one or more measures related to earnings, profitability, efficiency, or return to stockholders and may include earnings, earnings per share, operating profit, stock price, costs of production, or other measures, whether expressed as absolute amounts, as ratios, or percentages of other amounts. Success may be measured against various standards, including budget targets, improvement over prior years, and performance relative to other companies or industry groups.

(b) Business Unit Goals measuring financial or strategic performance of an identified business unit for which a Participant has responsibility. Strategic Business Unit Goals may include one or a combination of objective factors related to success in implementing strategic plans or initiatives, introducing products, constructing facilities, or other identifiable objectives. Financial Business Unit Goals may include the degree to which the business unit achieves one or more measures related to its revenues, earnings, profitability, efficiency, operating profit, costs of production, or other

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measures, whether expressed as absolute amounts or as ratios or percentages, which may be measured against various standards, including budget targets, improvement over prior years, and performance relative to other companies or business units.

(c) Individual Goals measuring success in developing and implementing particular tasks assigned to an individual Participant. Individual Goals will naturally vary depending upon the responsibilities of individual Participants and may include, without limitation, goals related to success in developing and implementing particular management plans or systems, reorganizing departments, establishing business relationships, or resolving identified problems.

1.4 Weighting of Goals. Each Goal will be weighted with a Weighting Percentage so that the total Weighting Percentages for all Goals used to determine a Participant's Award is 100 percent.

1.5 Achievement Percentage. Each Goal will also specify the Achievement Percentages (ranging from 0 to 150 percent) to be used in computing the payment of an Award based upon the extent to which the particular Goal is achieved. Achievement Percentages for a particular Goal may be based on:

o An "all or nothing" measure that provides for a specified Achievement Percentage if the Goal is met, and a zero Achievement Percentage if the Goal is not met;

o Several levels of performance or achievement (such as a Threshold Level, a Target Level, and a Maximum Level) that each correspond to a specified Achievement Percentage; or

o Continuous or numerical measures that define a sliding scale of Achievement Percentages.

1.6 Computation of Awards. As soon as possible after the completion of each Plan Year, a computation will be made for each Participant of:

o The extent to which Goals were achieved and the corresponding Achievement Percentages for each Goal:

o A Weighted Achievement Percentage for each Goal equal to the product of the Achievement Percentage and the Weighting Percentage for that Goal;

o The Total Success Percentage equal to the sum of all the Weighted Achievement Percentages for all the Participant's Goals; and

o An Award amount equal to the product of the Total Success Percentage and the Participant's Target Award.

1.7 Right to Receive Award. A Participant must continue Employment with Corporation until the end of a Plan Year in order to be entitled to receive an Award for that Plan Year. If a Participant terminates Employment with Corporation before the end of the Plan Year for a reason other than death, Disability, or Approved Retirement, the Participant will not be entitled to any Award for that Plan Year. If a Participant terminates Employment with Corporation before the end of the Plan Year due to death or Disability, the Participant or the Participant's beneficiary or estate will be entitled to an Award equal to 100 percent of the Participant's Target Award. If a Participant terminates Employment with Corporation by reason of Approved Retirement prior to the expiration of the Plan year, the Participant will be entitled to an Award computed as follows:

o The Total Success Percentage will be determined after the end of the Plan Year as if the Participant had remained an Employee for the entire Plan Year; and

o The Participant's Award computed pursuant to Section 1.6 will be prorated based on the number of days before and the number of days after the effective date of the Approved Retirement.

1.8 Payment of Awards. Each Participant's Award will be paid in cash in a lump sum within 30 days after the amount of the Award has been determined.

SECTION 2. ADMINISTRATION

For each Plan Year, the Committee will approve the Target Awards for all Participants and will approve Corporate Goals and Achievement Percentages for the Corporate Goals. After the end of each Plan Year, the Committee will certify the extent to which the Corporate Goals have been achieved. In addition, the Committee will have exclusive authority to establish Goals, Weighting Percentages, and Achievement Percentages, to certify achievement, and to take all other actions with respect to Awards for Corporation's Chief Executive Officer and any other Participants that the Committee determines may be subject to Section 162(m) of the Internal Revenue Code of 1986.

SECTION 3. MISCELLANEOUS

3.1 Nonassignability of Benefits. A Participant's benefits under the Plan cannot be sold, transferred, anticipated, assigned, pledged, hypothecated, seized by legal process, subjected to claims of creditors in any way, or otherwise disposed of.

3.2 No Right of Continued Employment. Nothing in the Plan will confer upon any Participant the right to continued Employment with Corporation or interfere in any way with the right of Corporation to terminate the person's Employment at any time.

3.3 Amendments and Termination. The Committee has the power to terminate this Plan at any time or to amend this Plan at any time and in any manner that it may deem advisable.

SECTION 4. DEFINITIONS

For purposes of this Plan, the following terms have the meanings set forth in this Section 4:

"ACHIEVEMENT PERCENTAGE" means a percentage (from 0 to 150 percent) corresponding to a specified level of achievement or performance of a particular Goal.

"APPROVED RETIREMENT" means termination of employment with an Employer after Participant attains age 60, but only if such retirement is approved by Corporation's Chief Executive Officer, in his sole discretion.

"AWARD" means an incentive award under the Plan.

"CORPORATION" means Louisiana-Pacific Corporation, a Delaware corporation.

"COMMITTEE" means the Compensation Committee of the Board.

"DISABILITY" means the condition of being permanently unable to perform Participant's duties for an Employer by reason of a medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of at least 12 months.

"EMPLOYEE AND EMPLOYMENT" both refer to service by Participant as a full-time or part-time employee of Corporation, and include periods of illness or other leaves of absence authorized by Corporation.

"GOAL" means one of the elements of performance used to determine Awards under the Plan as described in Section 1.3.

"PARTICIPANT" means an eligible employee selected to participate in the Plan for all or a portion of a Plan Year.

"PLAN YEAR" means a calendar year.

"TARGET AWARD" means the targeted incentive award for a Participant for a Plan Year as provided in Section 1.1.

"TOTAL SUCCESS PERCENTAGE" means the sum of the Weighted

Achievement Percentages for each Goal for a Participant.

"WEIGHTED ACHIEVEMENT PERCENTAGE" means the product of the Achievement Percentage and the Weighting Percentage for a Goal as provided in Section 1.6.

SUPPLEMENTAL BENEFITS PLAN

THIS SUPPLEMENTAL BENEFITS PLAN (the "Plan") is established by Louisiana-Pacific Corporation ("L-P"), a Delaware corporation, effective January 1, 1989.

1. A participant in the Louisiana-Pacific Salaried Employee Stock Ownership Trust (the "ESOT") whose share of employer contributions and forfeitures which would otherwise be contributed and allocated to the participant's accounts in the profit sharing fund and the stock bonus fund of the ESOT is reduced for a plan year by reason of the application of Section 401(a)(17) of the Internal Revenue Code (limiting compensation which can be taken into account under the ESOT to \$200,000 as adjusted for cost of living) shall be entitled to a supplemental benefit under this Plan for the plan year in an amount equal to the reduction.

2. The supplemental benefit will not be paid to the participant currently. Rather, the employer (L-P or, if a subsidiary of L-P is the employer, the subsidiary) shall credit to a book reserve (the "Supplemental Benefit Account") the amount of the supplemental benefit. The credit shall be made as of December 31 of the applicable ESOT plan year. There shall be a separate account for each participant who is entitled to a supplemental benefit under this Plan.

3. Except as provided in paragraph 5 relating to an unforeseeable emergency, the supplemental benefit, plus the additional amount credited to the Supplemental Benefit Account under paragraph 7, shall be paid to the participant upon termination of employment for any reason other than death, or to a beneficiary designated by the participant should the participant die while employed.

4. The amount of the Supplemental Benefit Account shall be paid to the participant or designated beneficiary in a single lump sum cash payment within 60 days after termination of employment. If at the time of death no beneficiary has been designated or the designated beneficiary is not then living, the amount shall be paid to the participant's estate.

5. In the event that the participant incurs a financial need as a result of an "unforeseeable emergency," the employer may, in its sole discretion, pay all or a portion of the Supplemental Benefit Account to the participant prior to the time it would otherwise be payable under the terms of paragraph 4. Any such payment because of an unforeseeable emergency shall be made only to the extent reasonably necessary to satisfy the emergency need.

For purposes of this Plan, an unforeseeable emergency is a severe financial hardship resulting from a sudden and unexpected illness or accident of the participant or a dependent,

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loss of property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the participant's control. The circumstances that will constitute an unforeseeable emergency will depend upon the facts of each case, but, in any case, payment may not be made to the extent that any hardship is or may be relieved:

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

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

Examples of what shall not be considered to be an unforeseeable emergency include the need to send a child to college or the desire to purchase a home.

6. The beneficiary referred to in paragraphs 3 and 4 may be designated or changed by the participant (without the consent of the spouse or any prior beneficiary) by written notice to L-P sent by certified or registered mail, addressed as follows:

Louisiana-Pacific Corporation
111 S.W. Fifth Avenue
Portland, Oregon 97204

Attention: Treasurer

7. There shall be credited to the Supplemental Benefit Account an additional amount (i.e., in addition to the principal amount credited to such account under paragraph 2 hereof) equal to the interest which would have accrued on such principal amount if such amount had earned interest, compounded quarterly at the rate specified below, from the date such amount was credited to the account until paid out pursuant to the foregoing provisions of the Plan. The rate of interest for each calendar quarter shall equal the 90-day commercial paper rate for high-grade unsecured notes sold through dealers by major corporations as reported in the "Money Rates" report of the Wall Street Journal for the first business day of such quarter. Notwithstanding the foregoing, if, at any time interest is to be computed under this paragraph 7, the participant is indebted to the employer for borrowed funds other than an employee relocation loan, the interest rate under this paragraph shall not exceed the interest rate being paid by the participant with respect to such borrowed funds.

8. No payment under this Plan shall be made unless the participant is fully vested in the participant's accounts under the ESOT. If the participant's accounts under the ESOT are forfeited, then the participant's Supplemental Benefit Account under this Plan shall also be forfeited, subject to being restored upon return to employment if the circumstances are such that the participant's accounts under the ESOT would also have been restored.

9. Nothing contained in this Plan and no action taken under its provisions shall create or be construed to create a trust of any kind, or a fiduciary relationship between the employer and the participant, the participant's designated beneficiary, or any other

person. The supplemental benefit under the provisions of this Plan shall continue for all purposes to be a part of the general funds of the employer and subject to claims of unsecured general creditors of the employer. To the extent that any person acquires a right to receive payments from the employer under the Plan, such right shall be unsecured.

10. A participant's right or that of any other person to a payment pursuant to the Plan shall not be assigned, transferred, pledged or encumbered except by will or by the laws of descent and distribution.

11. If the employer shall find that any person to whom any payment is payable under the Plan is unable to care for his affairs because of illness or accident or is a minor, any payment due (unless a prior claim therefor shall have been made by a duly appointed guardian, committee or other legal representative) may be paid to the spouse, child, a parent, or a brother or sister, or to any person deemed by the employer to have incurred expense for such person otherwise entitled to payment, in such manner and proportions as the employer may determine. Any such payment shall be a complete discharge of the liabilities of the employer under the Plan.

12. Nothing contained herein shall be construed as conferring upon any participant the right to continue in the employ of the employer in an executive or any other capacity.

13. Payments under the Plan will not constitute compensation for purposes of any retirement or life insurance benefit plan of the employer, including, without limitation, the ESOT, as any such plan or trust may be amended from time to time.

14. The Board of Directors of L-P shall have full power and authority to interpret, construe and administer the Plan and the Board's interpretation and construction thereof and actions thereunder, including the amount or recipient of the payment to be made therefrom, shall be binding and conclusive on all persons for all purposes. No member of the Board shall be liable to any person for any action taken or omitted in connection with the interpretation and administration of the Plan, unless attributable to his own willful misconduct or lack of good faith.

15. The Plan shall be binding upon and inure to the benefit of L-P and its subsidiaries, its successors and assigns and the participants and their heirs, executors, administrators, and legal representatives.

16. The Plan shall be governed by and construed in accordance with the laws of Oregon and applicable federal law (federal law shall be controlling in the event of any conflict with Oregon law).

IN WITNESS WHEREOF, L-P has caused this Plan to be executed by its duly authorized officers as of the date first above written.

LOUISIANA-PACIFIC CORPORATION

By /s/ JOHN C. HART
(Vice) President

By /s/ DONALD R. HOLMAN
Secretary

1997 CASH INCENTIVE AWARD

MARK A. SUWYN

The Compensation Committee of the board of directors of Louisiana-Pacific Corporation ("L-P") has approved and adopted this Cash Incentive Award for calendar year 1997 for Mark A. Suwyn ("Suwyn"), pursuant to the Louisiana-Pacific Corporation Annual Cash Incentive Award Plan. Subject to approval of the performance goals for annual cash incentive awards by the stockholders, L-P will pay to Suwyn as additional cash compensation the amounts set forth below if the corresponding performance goals are attained on or before December 31, 1997.

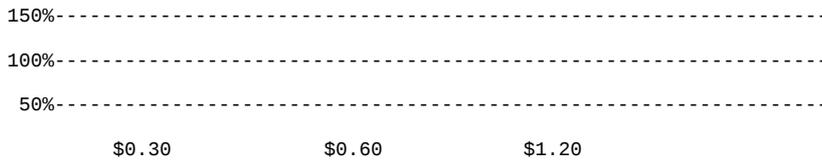
1. Acquisitions. Acquire business(es) that add at least \$500 million in sales and \$50 million in earnings, both on an annualized basis as of the acquisition date(s)	\$ 30,000
2. West Coast Timberlands. Establish and gain board of director approval of a plan to enhance the value to be realized from the West Coast timberlands	30,000
3. Ketchikan Pulp Company. Shut down the pulp mill by March 31 and, unless the sawmills cannot operate for reasons beyond the company's control, generate \$10 million in cash from sawmill operations	30,000
4. Commodity Business. Achieve \$150 million in operating earnings in the commodity business of structural panels, lumber and industrial panels	20,000
5. Specialty Division. Achieve \$20 million in operating earnings and achieve growth in sales of \$110 million over 1996 in the Specialty Division	20,000
6. Pulp Division. Limit losses in the Pulp Division to less than \$15 million and achieve a final board of director-approved resolution of L-P's long-term position in the pulp business	20,000
7. Siding. Approve and implement a long-term plan which determines the direction of siding as a product line	20,000
8. Culture Change and Improvement. Complete the training of at least 11,000 employees in RCT fundamentals, complete the development of the BPI training program and have at least 5,000 employees complete the initial training, and have strategic plans approved for each business segment	20,000
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9. EPA Suspension and Debarment. Settle the EPA suspension and debarment proceeding (case no. 95-0156-00) with the result that there is no continuing suspension or debarment with respect to any facilities of L-P	20,000
10. Safety. Implement a safety management system in at least 15 major manufacturing facilities	10,000
11. Employee Compensation and Development Systems. Establish and implement a new compensation system for all salaried employees and establish a new employee development system (including performance management and career development) for all salaried employees	10,000
12. Information Systems. Establish and implement a strategic plan for new information systems	10,000
Total Cash Incentive Target Award Based on Suwyn Performance Goals:	\$240,000

Additional Award. If the actual Award achieved is \$240,000, L-P shall pay Suwyn an additional \$120,000 (an additional 50 percent of the Target Award). If the actual Award achieved is less than \$240,000 but at least \$180,000, L-P shall pay to Suwyn an additional \$90,000 (an additional 37.5 percent of the Target Award).

Certification of Performance. No part of the above Award amounts shall be paid until the Compensation Committee has certified in writing that the relevant performance goals have been achieved.

Pursuant to the Annual Cash Incentive Award Plan, the Compensation Committee hereby approves an additional Award opportunity of a Target amount of \$240,000, with the actual Award amount to be paid to Suwyn determined on the basis of L-P's earnings per share (EPS) for calendar year 1997, as follows:

PERCENT OF TARGET AWARD TO BE PAID



EPS Performance

No part of the above Award based upon corporate performance shall be paid until L-P's audited consolidated financial statements for 1997 have been completed.

Adopted by the Compensation Committee March 11, 1997

April 19, 1996

111 S.W. Fifth Avenue
 Portland, Oregon 97204
 503/221-0800
 FAX: 503/796-0204

Mr. Mike Hanna
 President
 Associated Chemists, Inc.

Dear Mike:

The purpose of the memo is to capture the essence of our discussions regarding your position with Louisiana-Pacific in the event the pending acquisition of ACI is completed.

In the first month while we await the Hart Scott Rodino ruling, you should plan on spending some of your time traveling to our operations to learn better what we do and how ACI might leap forward in sales with L-P. As you will not yet be an employee, you will be in a perfect position to talk and observe. I anticipate announcing at the OPC meeting Saturday that if the deal goes through, I anticipate you working with additional parts of the company.

Once aboard, I see you with the following responsibilities in the beginning (refer to attached organizational chart):

*The Specialty Products groups will report to you directly. These will tend to be stand-alone businesses with a single person running each one. They represent the growth segment of our business plan. *Building Products Sales & Marketing will report directly to you. This organization will have the responsibility to develop the marketing approaches to and carry out sales of all our building products to the retail and wholesale trades. The two primary thrusts envisioned at this time are building and maintaining the preferred position as a supplier of building products to the retail trade (Home Depot, Lowes, etc.) a becoming the clear #1 developer and manufacturer of Engineered Wood Products to the building trades.

Depending on the number and type of acquisitions we make (and therefore the complexity we create) this position would also take responsibility in about a year for the Manufacturing Division which will be run by a VP-Manufacturing to be selected soon.

You will have the responsibility to convene and lead the Operating Policy Committee (OPC) which is comprised of the key Senior Managers across the company. This committee meets every 2-3 months to deal with major operational issues, sets the tone and direction for the

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manner in which we deal with our people and recommends policy changes necessary to support our business and management thrusts.

In this position, you will have the primary role in all business operations. You will be a key member of the Senior Management team and therefore involved in all Strategic Issues and decisions. You will be my substitute in meetings with customers, shareholders and employees that I can not attend.

Your compensation, benefits and contractual arrangements at ACI will be honored for the first three years after the acquisition is completed. During the year your compensation will be adapted into a new L-P plan, but will not diminish your compensation as noted below:

* Salary	\$280,000
* Annual Bonus for 1996	
-40% paid on July 15, 1996	\$ 88,000
-60% paid December 1996 or January 1997	\$132,000

At the end of three years your compensation, benefits and contractual arrangements will be folded into standard Senior Executive L-P Plans. In addition, you will be awarded stock options to purchase 45,000 shares, 1/3 of which will vest on 1/1/97, 1/1/98, and 1/1/99. The options will be granted at 85% of the market price on the date of the ACI closing, pending extension of this feature by the Board. These options will vest immediately upon a changed of control of the company.

I look forward to working with you.

Sincerely,

/s/ MARK A. SUWYN

Mark A Suwyn

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EMPLOYMENT AGREEMENT

DATED: January 15, 1995
FROM: Associated Chemists, Inc.
OWNERS: Richard L. Rosenberg and Mary M. Rosenberg
TO: Michael D. Hanna

1. Employment

(a) The Corporation agrees to employ Hanna and Hanna agrees to be employed by the Corporation in the capacity of President and Chief Operating Officer. The term of the employment shall be for two years effective January 15, 1995 and is subject to termination only for Cause.

(b) The Corporation and Hanna further agree to a two year notice period for termination or separation, other than for cause. This paragraph is intended to bind both parties to a two-year notice regardless of the date given in Paragraph 1(a).

ASSOCIATED CHEMISTS, INC.

By Michael D. Hanna
President

Richard L. Rosenberg
Richard L. Rosenberg - "OWNER"

Mary M. Rosenberg
Mary M. Rosenberg - "OWNER"

Michael D. Hanna
Michael D. Hanna - "HANNA"

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is entered into effective as of January 1, 1997, by and between LOUISIANA PACIFIC CORPORATION, a corporation organized and existing under the laws of Delaware (the "Corporation"), and KAREN D. LUNDQUIST (the "Executive"). The Corporation and Executive are herein referred to collectively as the "Parties," or singly as a "Party" as the context requires or permits. All references to Section and subsections refer to Sections and subsections of this Agreement, and all reference to Exhibits and Schedules are to Exhibits and Schedules annexed hereto each of which is made a part hereof for all purposes.

PREMISES:

A. The Corporation desires to hire the services of Executive and to provide Executive with compensation and terms of employment which will retain, motivate and competitively reward the Executive;

B. Executive is not currently a party to any employment contract that would prevent her from being employed by the Corporation in accordance with the terms of this Agreement;

C. Executive represents that her employment by the Corporation will not violate any federal immigration laws and regulations promulgated thereunder; and

D. Executive desires to render services to the Corporation upon the following terms and conditions.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and of the mutual benefits to the Parties to be derived hereunder, the Corporation and Executive agree as follows:

1. EMPLOYMENT. Corporation hereby employs Executive to perform those duties generally described in this Agreement, and Executive hereby accepts and agrees to such employment on the terms and conditions set forth.

2. TERM. The "Term" of this Agreement shall be for a period of three (3) years commencing effective as of January 1, 1997, and expiring at midnight on December 31, 1999, unless earlier terminated in the manner provided herein. In the event the Parties have not agreed to extend this Agreement or have not entered into a new agreement prior to the end of the Term, then Executive's employment with the Corporation shall continue in accordance with all of the provisions of this Agreement until such time as this Agreement is amended or superseded by a new employment agreement.

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3. DUTIES.

3.1 During the Term, Executive shall be employed by Corporation as the Vice President of Manufacturing of the Corporation, and shall have all of the rights, powers and obligations normally associated with or attributed to an executive officer of the Corporation. Executive is hired to perform the following duties: (i) head of manufacturing for all commodity operations which includes lumber, OSB, plywood and industrial panel facilities world-wide, (ii) managing four manufacturing managers reporting directly to Executive plus such additional staff as required, and (iii) being a participating member of the Senior Management Team which sets policy and direction for the Corporation. Executive shall devote her full working time, attention and energy to the business of the Corporation, and shall not during the term be engaged in any other business activities which will significantly interfere or conflict with the reasonable performance of her duties hereunder, except as provided in Section 3.2. In the performance of these duties, Executive will initially report directly to Mark Suwyn, the Corporation's Chief Executive Officer.

3.2 The Parties acknowledge that Executive is a founder, shareholder, director, and officer of Creative Breakthroughs, Inc. ("Company"), a company that renders services to the Corporation as an independent contractor. Executive will resign her position of officer and will not participate directly in negotiations involving the Corporation and Company for services. Executive will, however, remain active as a compensated director of the Company and retain her shareholdings in the Company. It is acknowledged that the Company may continue to render services to the Corporation. The Parties agree that Executive's continued activities as a director on behalf of the Company shall not be asserted by the Corporation as a conflict of interest or a breach by Executive of her duties and responsibilities (fiduciary or other) to Corporation or other breach of this Agreement or applicable laws.

4. COMPENSATION. For services rendered by Executive, Corporation shall compensate Executive as follows:

4.1 BASE SALARY. Corporation shall pay Executive a base

salary of \$190,000 per year, payable as earned in equal monthly or twice-monthly payments. Base salary shall be adjusted annually based upon performance and shall be subject to Corporation's executive compensation plans in effect from time to time. All salary payments shall be subject to withholding and other applicable taxes.

4.2 SHORT TERM INCENTIVE COMPENSATION. Executive shall be paid a minimum of \$50,000 incentive compensation prior to the first annual anniversary of the term of this Agreement. Following such first anniversary, this incentive compensation may be increased or decreased which determination shall be based on Executive's performance.

4.3 LONG TERM INCENTIVE COMPENSATION. As an additional incentive to Executive to utilize her talents and skills to maximize the growth and profitability of Corporation, Corporation will establish, annually, in advance, criteria for bonus

compensation for Executive based on Executive's contribution to the strategic objectives of the Corporation. Such bonus compensation shall be in the range between \$20,000 and \$50,000 but in no event less than \$20,000 per annum.

4.4 STOCK OPTIONS.

4.4.1 As a further incentive to Executive, promptly upon execution of this Agreement and subject to Board approval which approval the Chief Executive Officer will recommend, the Corporation will grant to Executive options entitling her to acquire 30,000 of the Corporation's shares trading in a public medium pursuant to the terms (including price) and conditions of its share option plan available to other senior executive officers of the Corporation. Under such plan, so long as Executive is rendering services under this Agreement, Executive shall become vested (on each following January 1 during the Term commencing January 1, 1997) in an option to acquire 10,000 of such shares and Executive will have a period of five (5) years from the time of vesting to exercise each option. The price per share of each share subject to such option shall be an amount equal to the closing price of such shares as of the last trading day of 1996. Once vested such option shall not be forfeitable for any reason.

4.4.2 Notwithstanding anything contained in this Agreement to the contrary, upon the occurrence of any of the following events, Executive shall be Immediately vested in all options to such 30,000 shares:

4.4.2.1 Executive's employment with Corporation shall be terminated without cause or due to death or disability as defined in paragraph 7.4;

4.4.2.2 The Chief Executive Officer of the Corporation as of January I 1997, shall be replaced.

4.4.2.3 Executive's duties are significantly curtailed or reduced.

4.4.2.4 The effective control of the Corporation shall change as defined in the standard form option agreement used for executive options from those persons and/or entities who effectively control the Corporation as of January 1, 1997, to other persons and/or entities.

4.5 MOVING EXPENSES. Executive shall have paid for her, or reimbursed, all the expenses of her move to Portland, Oregon including, without limitation the following:

4.5.1 Packing and unpacking and transporting all household goods;

4.5.2 Expenses associated with Minnesota residential premises lease severance;

4.5.3 Expenses associated with preparing for shipment, transporting and delivering two horses;

4.5.4 Usual and customary closing costs and expenses of purchasing and closing title to a home in Portland, Oregon area;

4.5.5 Expenses associated with preparing for shipment, transporting and receiving two vehicles, and

4.5.6 Personal travel expenses from Minnesota to Portland, Oregon for as many trips as are reasonably necessary for Executive to complete her move to Portland, Oregon.

4.6 OTHER BENEFITS. Executive will be eligible to participate in all regular salaried executive employee benefit programs: Health Care Coverage, Life and Accidental Death & Dismemberment Insurance, Long Term Disability coverage, Personal Accident Insurance, Employee Stock Ownership Trust, and Employee Stock Purchase Plans. Executive shall be entitled to participate in any health and life insurance, retirement, pension, profit-sharing, or other benefit plan as hereafter adopted by the Corporation on the same basis as other employees.

4.7 VACATION\SICK PAY. Executive shall be entitled to four (4) weeks paid vacation time and such additional paid time for sick and personal leave time on the same basis as other senior executives of the Corporation are provided such leave time. Upon termination of Executive's employment for any reason, the Corporation shall compensate Executive for such unused and accrued vacation time at Executive's then current base salary.

5. WORKING FACILITIES. Corporation shall provide Executive with such reasonable working facilities and services, including an office and secretarial assistance, as are necessary and appropriate for the performance of her duties. Such facilities and services shall be provided to Executive at Corporation's principal place of business or such other place as may be agreed to by the Corporation and Executive.

6. EXPENSES. Corporation will reimburse Executive for actual and reasonable business expenses incurred by Executive in connection with the business of Corporation, including expenses for automobile, entertainment, travel, attendance at conventions, employee training and similar items, on Executive's periodic presentation of an itemized account of such expenses, together with supporting documentation.

7. TERMINATION OF EMPLOYMENT.

7.1 TERMINATION FOR CAUSE. Corporation may terminate this Agreement, without liability, for "cause" (as defined below) by delivering to Executive thirty (30) days' advance written notice of termination setting forth the reasons for such termination. Upon delivery of such notice, except as expressly herein or in the Corporation's policies provided

to the contrary, all obligations of the Corporation hereunder shall cease. As used herein, the term "Cause" shall mean the following: (i) Executive shall have been incompetent in the performance of her duties hereunder; (ii) material, willful or gross misconduct by Executive in the performance of her duties hereunder; (iii) the failure by Executive to perform or observe any substantial obligation of such employment that is not remedied within thirty (30) days after the receipt of written notice thereof from Corporation (provided such neglect or failure is unrelated to disability); or (iv) a final nonappealable conviction of or a plea of guilty or nolo contendere by Executive to any felony or misdemeanor involving fraud, embezzlement, theft or dishonesty involving Corporation.

7.2 TERMINATION WITHOUT CAUSE. Corporation may terminate Executive's employment with Corporation at any time upon ninety (90) days' prior written notice without cause. If the Corporation so terminates Executive's employment without cause at any time prior to January 1, 2000, it agrees to pay Executive a severance payment of an amount equal to nine (9) months of Executive's then base salary or if the Corporation so terminates Executive's employment without cause after December 31, 1999, it agrees to pay Executive a severance payment of an amount equal to (i) nine (9) months of Executive's then base salary, plus (ii) one (1) month of Executive's then base salary for each full or partial year of employment with the Corporation to a maximum of eighteen (18) months' salary, plus the greater of (a) Executive's annual short and long term incentive compensation earned by Executive for the last year's short and long term incentive compensation prorated to the date of termination of Executive's employment, or (b) the amount of such incentive compensation due Executive at the time of termination, if determinable. In addition, Corporation shall, at its expense, make available to Executive out placement services of first class quality.

7.3 BY DEATH. This Agreement shall terminate automatically upon the death of Executive, and, except for the Corporation's obligations (hereby assumed by the Corporation) for the payment of accrued base salary and incentive compensation (determined pursuant to the provisions of Section 7.2 as if Executive were terminated without cause) and except as expressly herein or in the Corporation's policies provided to the contrary, all obligations of Corporation hereunder shall cease.

7.4 BY DISABILITY. If Executive shall be prevented from properly performing her duties hereunder by reason of any physical or mental incapacity for a period of more than one hundred eighty (180) consecutive calendar days in any twelve-month period, then, to the extent permitted by law, the Corporation may terminate Executive's employment by delivery of thirty (30) days' advance written notice of termination. Thirty (30) days following delivery of such notice of termination, except for the Corporation's obligations (hereby assumed by the Corporation) for the payment of accrued base salary and incentive compensation (determined pursuant to the provisions of Section 7.2 as if Executive were terminated without cause) and except as expressly herein or in the Corporation's policies provided to the contrary, all obligations of the Corporation hereunder shall cease.

8. NOTICES. All notices or other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered

by hand or mailed, postage prepaid, by certified or registered mail, return receipt requested, or by Federal Express (or other established express delivery service which maintains delivery records), freight prepaid, and addressed as follows:

If to Corporation: Louisiana Pacific Corporation
111 S.W. Fifth Avenue
Portland, Oregon 97204
Attn: General Counsel

If to Executive: Karen D. Lundquist
c/o Parsons, Davies, Kinghorn & Peters
185 South State Street, Suite 700
Salt Lake City, Utah 84111
Attention: John Parsons

Notice of change of address shall be effective only when made in accordance with this Section.

9. GOVERNING LAW. This Agreement shall be governed by and interpreted in accordance with the laws of the state of Oregon.

10. ARBITRATION. In the event of a dispute or controversy between the Parties as to the provisions or performance of this Agreement, such dispute or controversy shall be submitted to arbitration in Portland, Oregon in accordance with the Commercial Rules of Arbitration of the American Arbitration Association.

11. EXPENSES OF LEGAL PROCEEDINGS. If any action, suit or proceeding is brought by a Party with respect to a matter or matters governed by this Agreement, all costs and expenses of the prevailing Party incurred in connection with such proceeding, including reasonable attorneys' fees, shall be paid by the nonprevailing Party.

12. ENTIRE AGREEMENT. Except for incentive compensation, stock options and benefits that require reference to extraneous documents for further definition, this Agreement contains the entire agreement between the Parties with respect to any written or oral negotiations, commitments and understandings. No letter, telegram or other communication passing between the Parties shall be deemed a part of this Agreement; nor shall a subsequent communication have the effect of modifying or adding to this Agreement unless it is distinctly stated in such letter, telegram or other communication that it is to constitute a part of this Agreement and is signed by the Parties to this Agreement.

13. SEVERABILITY. If and to the extent that any court of competent jurisdiction holds any provision, or any part thereof, of this Agreement to be invalid or unenforceable, such holding shall in no way affect the validity of the remainder of this Agreement.

14. WAIVER. No failure by either Party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach hereof shall constitute a waiver of any such breach, any subsequent breach of the same obligation, or of any other covenant, agreement, term, or condition.

15. COUNTERPARTS AND HEADINGS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. All headings in this Agreement are inserted for convenience or reference and shall not affect the meaning or interpretation of this Agreement.

16. BINDING EFFECT. The rights and obligations of the Parties under this Agreement shall inure to the benefit of and shall bind the respective legal representatives, successors and permitted assigns of the Parties.

DATED as of the date first above written.

Corporation: LOUISIANA PACIFIC CORPORATION

By /s/ MARK A. SUWYN
Duly Authorized Officer

Executive:

/s/ KAREN D. LUNDQUIST
Karen D. Lundquist

EXHIBIT 11

LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES
 CALCULATION OF NET INCOME PER SHARE
 FOR THE YEAR ENDED DECEMBER 31, 1996

	Number of Shares	
	Including Common Stock Equivalents	Excluding Common Stock Equivalents (1)
Weighted average number of shares		
of common stock outstanding	116,937,022	116,937,022
Weighted average number of shares sold to ESOTs subsequent to January 1, 1994, not allocated to participate accounts (2)	(1,227,983)	(1,227,983)
Weighted average number of shares of treasury stock held during the period	(8,302,837)	(8,302,837)
Common stock equivalents: Application of the "treasury stock" method to stock option and purchase plans	27,481	----
	-----	-----
Weighted average number of shares of common stock and common stock equivalents	107,433,683	107,406,202
	=====	=====
Rounded to	107,430,000	107,410,000
	=====	=====
Net income (loss)	\$(200,700,000)	\$(200,700,000)
	=====	=====
Net income (loss) per share	\$(1.87)	\$(1.87)
	=====	=====

(1) Accounting Principles Board Opinion No. 15, "Earnings Per Share," allows companies to disregard dilution of less than 3 percent in the computation of earnings per share. Therefore, shares used in computing earnings per share for financial reporting purposes is 107,040,000 shares.

(2)

American Institute of Certified Public Accountants Statement of Position No. 93-6, "Employers' Accounting for Employee Stock Ownership Plans" requires that shares held by registrant's ESOTs which were acquired by the ESOTs on or after January 1, 1994, which are not allocated to participant's accounts, are not considered outstanding for purposes of computing earnings per share. Shares held by the ESOTs which were acquired by the ESOTs prior to January 1, 1994, continue to be considered outstanding (whether or not allocated to participant's accounts) for purposes of computing earnings per share.

SUBSIDIARIES OF THE REGISTRANT

The following table lists the registrant and each of its subsidiaries and the jurisdiction under the laws of which the registrant and each subsidiary is incorporated. Each subsidiary is identified underneath its immediate parent. Except as indicated, each subsidiary is 100 percent owned by its parent.

Name -----	Jurisdiction -----
Louisiana-Pacific Corporation	Delaware
Domestic Subsidiaries -----	
Associated Chemists, Inc.	Oregon
Creative Point, Inc.	California
GreenStone Industries, Inc.	Delaware
Pacific Rim Recycling, Inc.	Delaware
GreenStone Industries-Ft. Wayne, Inc.	Indiana
Ketchikan Pulp Company	Washington
Louisiana-Pacific Corporation (W. Va.)	West Virginia
Louisiana-Pacific Polymers, Inc.	Oregon
L-P Foreign Sales Corporation	Guam
New Waverly Transportation, Inc.	Texas
Foreign Subsidiaries -----	
Louisiana-Pacific Canada Ltd.	British Columbia, Canada
Louisiana-Pacific Forest Products, Ltd.	British Columbia, Canada
Louisiana-Pacific de Mexico, S.A. de C.V.	Mexico
Louisiana-Pacific, S.A. de C.V.	Mexico
Louisiana-Pacific de Venezuela, C. A.	Venezuela
Louisiana-Pacific Coillte Ireland Limited	Ireland

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 10-K into the registrants' previously filed Registration Statement Nos. 2-97014, 33-42276, 33-50958, 33-60264, 33-62944, 33-54859, 33-55105, 33-62317 and 333-10987.

/s/ ARTHUR ANDERSEN LLP

Portland, Oregon
March 27, 1997

This schedule contains summary financial information extracted from Consolidated Financial Statements and Notes included in this Form 10-K and is qualified in its entirety by reference to such financial statements.

1,000
 12-MOS
 DEC-31-1996
 JAN-01-1996
 DEC-31-1996

	27,800
	0
	102,500
	(1,400)
	264,300
	579,200
	2,486,000
	(1,207,500)
	2,588,700
344,700	
	458,600
0	
	0
	117,000
2,588,700	1,310,600
	2,486,000
2,486,000	2,315,300
	2,805,000
	0
	0
	14,200
	(326,800)
	(125,600)
(200,700)	
	0
	0
	0
	(200,700)
	(1.87)
	0