

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

For the fiscal year ended December 31, 1997

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:

Table with 2 columns: Title of each class, Name of each exchange on which registered. Rows include Common Stock, \$1 par value and Preferred Stock Purchase Rights, both registered on the 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...

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...

State the aggregate market value of the voting stock held by nonaffiliates of the registrant: \$2,513,964,661 as of March 12, 1998.

Indicate the number of shares outstanding of each of the registrant's classes of common stock: 109,780,858 shares of Common Stock, \$1 par value, outstanding as of March 12, 1998.

DOCUMENTS INCORPORATED BY REFERENCE

Definitive Proxy Statement for 1998 Annual Meeting: Part III

PART I

ITEM 1. Business

General

Louisiana-Pacific Corporation, a Delaware corporation since 1973, is a major forest products firm headquartered in Portland, Oregon. It manufactures lumber, pulp, structural and other panel products, hardwood veneers, and cellulose insulation.

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.

accounted for approximately 95 percent of the registrant's sales revenues, compared to approximately 5 percent for pulp.

#### Building Products

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Panel Products. The registrant manufactures plywood and a variety of reconstituted panel products, including oriented strand board ("OSB") and other panel products such as industrial particleboard, medium density fiberboard ("MDF"), and hardboard. Panel products accounted for 44 percent of L-P's sales in 1997.

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 37 billion square feet annually, of which plywood currently constitutes about 20 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 4.5 billion square feet, including its three plants which manufacture OSB exterior siding. The registrant also has an OSB plant in Ireland. The registrant operates five plywood plants in the South with a combined annual capacity of 1.3 billion square feet.

The registrant's other reconstituted panel products--industrial particleboard, MDF, 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 14 Western (whitewood and redwood) sawmills with an annual production capacity of 1.1 billion board feet ("BBF"), while its 15 Southern sawmills have an annual production capacity of .5 BBF. Lumber represented 28 percent of the registrant's sales revenue in 1997. 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. In

October 1997, the registrant announced its intention to sell its remaining California redwood timberlands and related lumber and certain distribution businesses.

Other Building Products. 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 four engineered I-joist plants located in California, Nevada, North Carolina, and Oregon. OSB is cut into sections and used as the web for the I-joists. The registrant also produces laminated veneer lumber ("LVL") in Nevada, North Carolina and Oregon. 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 significantly increased the registrant's 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 two wood chip mills, two coatings and chemical plants, seven wood-treating plants, and six building materials distribution centers.

The registrant currently owns seven plants in Ohio which manufacture windows and doors and their component parts. In February 1998, L-P announced it had reached an agreement in principle to sell these facilities. L-P expects the transaction to close during the second quarter of 1998.

In October 1997, the registrant also announced plans to sell certain other facilities that it considers non-strategic to its core businesses, including its Creative Point, Inc., subsidiary, its cement fiber roof shake plant and the fiber gypsum plant in Nova Scotia. The Nova Scotia plant was sold prior to year end.

#### Pulp - ----

The registrant has two pulp mills located in Samoa, California, and Chetwynd, British Columbia, Canada. The Chetwynd mill utilizes a state-of-the-art mechanical pulping process and a zero effluent discharge system to produce 100 percent aspen pulp and has an annual capacity of approximately 185 thousand short tons. The Samoa mill produces bleached and unbleached kraft pulp by a chlorine-free process, thereby eliminating dioxins. In October 1997, the registrant announced its intention to sell the Samoa pulp mill. A third mill in Ketchikan, Alaska, which produced a high-grade dissolving pulp, was permanently closed in March 1997. (See Item 7, 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 value-enhanced products to complement its traditional lumber and panel products, such as the OSB

SmartStart(TM) system of siding and exterior products and flooring, and a radiant barrier product known as TechShield(TM). The registrant's Cocoon(TM) cellulosic insulation products utilize wood fiber from waste paper and are believed to have better insulating and sound-deadening properties than fiberglass insulation.

#### Environmental Compliance

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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 the Notes to Financial Statements in Item 8.

#### Additional Statistical Information

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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 Note 10 of the Notes to Financial Statements in Item 8.

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)

	1997	1996	1995	1994	1993
<b>SALES AND PROFIT BY MAJOR PRODUCT GROUP</b>					
<b>SALES:</b>					
Structural panel products	\$ 864 36%	\$ 1,006 40%	\$ 1,127 39%	\$ 1,208 40%	\$ 1,005 40%
Lumber	665 28	614 25	644 23	867 28	816 33
Industrial panel products	181 8	195 8	215 8	240 8	194 8
Other building products	563 23	494 20	523 18	505 17	411 16
Building products	2,273 95	2,309 93	2,509 88	2,820 93	2,426 97
Pulp	130 5	177 7	334 12	220 7	85 3
Total sales	\$ 2,403 100%	\$ 2,486 100%	\$ 2,843 100%	\$ 3,040 100%	\$ 2,511 100%
Export sales (included above)	\$ 240 10%	\$ 268 11%	\$ 457 16%	\$ 371 12%	\$ 252 10%
<b>PROFIT:</b>					
Building products	\$ 20	\$ 174	\$ 346	\$ 636	\$ 562
Pulp	(29)	(91)	44	(5)	(59)
Settlements, charges and other unusual items, net	(32)	(350)	(367)	---	---
General corporate and other expense, net	(80)	(52)	(121)	(72)	(70)
Interest, net	(29)	(8)	3	1	(5)
Income (loss) before taxes, minority interest and accounting changes (1)	\$ (150)	\$ (327)	\$ (95)	\$ 560	\$ 428

SUMMARY OF PRODUCTION VOLUMES

OSB, million square feet 3/8" basis	4,000	4,008	3,445	3,404	3,100
Softwood plywood, million square feet 3/8" basis	1,221	1,613	1,466	1,604	1,507
Lumber, million board feet	1,240	1,201	1,359	1,986	1,796
Industrial panel products (particleboard, medium density fiberboard and hardboard), million square feet 3/4" basis	589	580	582	641	597
Engineered I-Joists, million lineal feet	73	55			
Laminated veneer lumber, thousand cubic feet	5,800	3,900			
Pulp, thousand short tons	377	439	486	441	224

	1997	1996	1995	1994	1993
INDUSTRY PRODUCT PRICE TRENDS (2)					
OSB, MSF, 7/16" -- 24/16 span rating (North Central price)	\$ 143	\$ 184	\$ 245	\$ 265	\$ 236
Southern pine plywood, MSF, 1/2" CDX (3 ply)	26	258	303	302	282
Framing lumber, composite prices, MBF	417	398	337	405	394
Industrial particleboard, 3/4" basis, MSF	262	276	290	295	258
LOGS BY SOURCE (3)					
Fee owned lands	19%	16%	13%	11%	12%
Private cutting contracts	14	14	12	14	15
Government contracts	7	6	9	8	10
Purchased logs	60	64	66	67	63
Total log volume - million board feet	2,398	2,432	2,818	3,138	2,940

- (1) Does not include cumulative effects of accounting changes in 1993.
- (2) Prices represent yearly averages stated in dollars per thousand board feet (MBF), thousand square feet (MSF) or short ton. Source: Random Lengths.
- (3) Stated as a percent of total log volume.

SEE ADDITIONAL INFORMATION REGARDING INDUSTRY SEGMENTS IN THE NOTES TO FINANCIAL STATEMENTS IN ITEM 8.

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

SAWMILLS (BOARD FEET, 2 SHIFTS, 5 DAYS; *1 SHIFT, 5 DAYS)	METRIC 1) CAPACITIES	NORMAL 2) CAPACITIES
WESTERN LUMBER (14 plants)		
Annette, AK	110	70
Belgrade, MT	150	90
Big Lagoon, CA	35	20*
Chilco, ID	205	125
Deer Lodge, MT (3 shifts)	155	95
Deer Lodge, MT (fingerjoint)	130	80
Fort Bragg, CA	115	70
Ketchikan, AK	100	60
Moyie Springs, ID (3 shifts)	220	135
Samoa, CA	165	100
Sandpoint, ID (remanufacturing)	---	---
Saratoga, WY	80	50
Tacoma, WA	100	60
Ukiah, CA	165	100
SOUTHERN LUMBER (15 plants)		
Bernice, LA	65	40*
Bon Wier, TX	40	25*
Cleveland, TX	65	40*
Eatonton, GA	60	35*
Evergreen, AL	70	45*
Hattiesburg, MS	65	40*
Henderson, NC	65	40*
Jasper, TX	90	55*
Kountze, TX	25	15*
Lockhart, AL	35	20*
Marianna, FL	50	30*
New Waverly, TX	25	15*
Philadelphia, MS	65	40*
Statesboro, GA	50	30*
West Bay, FL	60	35*
	-----	-----
Total Lumber Capacity (29 plants)	2,560 =====	1,560 =====

MANUFACTURING FACILITIES

PANEL PRODUCTS PLANTS

SOFTWOOD PLYWOOD PLANTS (3/8-INCH BASIS, SQUARE FEET, 2 SHIFTS, 5 DAYS)	METRIC 1) CAPACITIES	METRIC 2) CAPACITIES
Bon Wier, TX	230	260
Cleveland, TX	250	280
Logansport, LA	195	220
New Waverly, TX	230	260
Urania, LA	220	250
	-----	-----
Total Softwood Plywood Capacity (5 plants)	1,125	1,270
	=====	=====

ORIENTED STRAND BOARD PANEL PLANTS  
(3/8-INCH BASIS, SQUARE FEET, 3 SHIFTS, 7 DAYS)

Athens, GA	295	335
Carthage, TX (under construction)	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
Jasper, TX	355	400
Montrose, CO	130	145
Roxboro, NC	335	375
Sagola, MI	310	350
Silsbee, TX	310	350
Swan Valley, MB, Canada	400	450
Waterford, Ireland	355	400
	-----	-----
Total OSB Capacity (15 plants)	4,300	4,840
	=====	=====

ORIENTED STRAND BOARD SIDING PLANTS  
(3/8-INCH BASIS, SQUARE FEET, 3 SHIFTS, 7 DAYS)

Newberry, MI	115	130
Tomahawk, WI	135	150
Two Harbors, MN	125	140
	-----	-----
Total OSB Siding Capacity (3 plants)	375	420
	=====	=====

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 MDF Capacity (3 plants)	410	230
	=====	=====

PARTICLEBOARD PLANTS  
(3/4-INCH BASIS, SQUARE FEET, 3 SHIFTS, 7 DAYS)

Arcata, CA	220	125
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

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OTHER BUILDING PRODUCTS  
 HARDWOOD VENEER PLANTS  
 (SURFACE MEASURE, SQUARE FEET, 2 SHIFTS, 5 DAYS)

NORMAL 2)  
 CAPACITIES

Mellen, WI (2 plants) 250  
 =====

I-JOIST PLANTS  
 (LINEAL FEET; 1 SHIFT, 5 DAYS)

Fernley, NV 21  
 Hines, OR 21  
 Red Bluff, CA 25  
 Wilmington, NC 20  
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Total I-Joist Capacity (4 plants) 87  
 =====

LAMINATED VENEER LUMBER PLANTS  
 (THOUSAND CUBIC FEET; 2 SHIFTS, 7 DAYS)

Fernley, NV 1,600  
 Hines, OR 2,700  
 Wilmington, NC 1,600  
 -----

Total LVL Capacity (3 plants) 5,900  
 =====

PULP MILLS  
 (THOUSAND SHORT TONS, 3 SHIFTS, 7 DAYS)

METRIC 1)  
 CAPACITIES

NORMAL 2)  
 CAPACITIES

Samoa, CA 195 220  
 Chetwynd, B.C. Canada 170 185  
 -----

Total Pulp Capacity (2 plants) 365 405  
 =====

MANUFACTURING FACILITIES

OTHER MANUFACTURING FACILITIES (23 PLANTS)

Cellulose insulation plants: Phoenix, AZ, Vancouver, B.C.; Sacramento, 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: Oswego, IL

Softwood veneer plant: Rogue River, OR

Wood treating plants: Evergreen and Lockhart, AL; Marianna, FL; Statesboro, GA; New Waverly and Silsbee, TX; Ukiah, CA

DISTRIBUTION CENTERS (6 LOCATIONS)

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

TOTAL FACILITIES: 99

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	158,900	392,500
Idaho: Fir, Pine	16,700	41,200
Louisiana: Pine, Hardwoods	78,700	194,500
Minnesota: Hardwoods	11,400	28,200
North Carolina: Pine, Hardwoods	900	2,100
Texas: Pine, Hardwoods	283,800	701,100
Virginia: Pine, Hardwoods	2,300	5,700
Wisconsin: Hardwoods	600	1,500
Wyoming: Whitewoods	600	1,600
	-----	-----
Total Fee	553,900	1,368,400
	=====	=====

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

Note: See Note 7 of the Notes to Financial Statements in Item 8 for a discussion of an asset sale program involving certain of these timberland holdings and manufacturing facilities. The list does not include window and door manufacturing facilities subject to sale under a letter of intent.

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 5,600 acres and under contracts for shorter periods on approximately 240,800 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 Note 8 of the Notes to Financial Statements under the heading "Contingencies" in Item 8, 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 1997.

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, 1998:

Mark A. Suwyn, age 55, 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 45, joined L-P in June 1996 as Executive Vice President after serving as President of Associated Chemists, Inc., for more than five years previous.

Warren C. Easley, age 56, joined L-P as Vice President, 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 W. Frost, age 46, joined L-P in May 1996 as Vice President, Timberlands and Fiber Procurement. 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.

H. Ward Hubbell, age 37, joined L-P as Director, Corporate Affairs in September 1997. Previously, Mr. Hubbell was employed by International Paper Company beginning in October 1992, first as Communications Director and then as Federal Affairs Manager. Before that, he was vice president of a Washington, D.C., public relations firm.

Karen D. Lundquist, age 42, was named Vice President, Manufacturing in January 1997. Before joining L-P, Ms. Lundquist was an executive officer and director of Rapid Change Technologies, Inc. (formerly known as Creative Breakthroughs, Inc.), from the fall of 1993 to January 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 de Nemours & Co.

J. Keith Matheney, age 49, 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.

Elizabeth T. Smith, age 53, became Director, Environmental Affairs of the registrant in March 1993. Ms. Smith has been employed by L-P in various positions relating to environmental management since 1987.

Curtis M. Stevens, age 45, was appointed as Vice President, Chief Financial Officer and Treasurer of L-P in September 1997. He previously spent 13 years as the senior financial executive of Planar Systems, Inc., a leading manufacturer and supplier of electroluminescent flat panel displays, where he was named Executive Vice President and General Manager in 1996.

Michael J. Tull, age 52, became Vice President, Human Resources of the registrant in May 1996. Mr. Tull was previously employed by Sharp HealthCare, a regional system of hospitals and related facilities in San Diego, California, for more than 10 years, most recently as Corporate Vice President of Employee Quality and Development beginning in 1991.

Gary C. Wilkerson, age 51, joined L-P as Vice President and General Counsel in September 1997. Beginning in early 1997, Mr. Wilkerson served as (acting) Senior Vice President, General Counsel and Secretary for the consumer products division of IVAX Pharmaceuticals. For the previous seven years, he was Senior Vice President, General Counsel and Secretary of Maybelline Co., a cosmetics manufacturer.

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 table in Item 6 headed "High and Low Stock Prices." Holders of the registrant's common stock may automatically reinvest dividends toward purchase of additional shares of the registrant's common stock. At March 12, 1998, L-P had approximately 21,000 stockholders of record. Information regarding cash dividends paid during 1996 and 1997 is included in the table in Item 6 with respect to quarterly data.

ITEM 6. Selected Financial Data

DOLLAR AMOUNTS IN MILLIONS EXCEPT PER SHARE	1996	1997			
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ANNUAL DATA					
Net sales	\$ 2,486.0	\$ 2,402.5			
Net income (loss)	(200.7)	(101.8)			
Net income (loss) per share-basic and diluted	(1.87)	(.94)			
Net cash provided by operating activities	22.8	88.2			
Capital expenditures -- plants, logging roads and timber (includes cash portion of acquisitions)	266.0	204.5			
Working capital	234.5	277.5			
Ratio of current assets to current liabilities	1.68 to 1	1.87 to 1			
Total assets	2,622.4	2,578.4			
Long-term debt, excluding current portion	458.6	572.3			
Long-term debt as a percent of total capitalization	24.3%	30.8%			
Stockholders' equity	1,427.6	1,286.2			
Per ending share of common stock	13.13	11.73			
Number of employees	12,500	12,000			
Number of stockholders of record	23,900	22,000			
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR
1997 QUARTERLY DATA					
Net sales	\$ 554.6	\$ 633.3	\$ 619.5	\$ 595.1	\$ 2,402.5
Gross profit (loss) (1)	(35.1)	(8.2)	(13.8)	(31.4)	(88.5)
Income (loss) before taxes and minority interest	78.3(2)	(14.7)	(176.3)(2)	(37.3)	(150.0)
Net income (loss)	42.0(2)	(10.1)	(112.4)(2)	(21.3)	(101.8)
Net income (loss) per share-basic and diluted	.39(2)	(.10)	(1.03)(2)	(.20)	(.94)
Cash dividends per share	.14	.14	.14	.14	.56
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-basic and diluted	(.03)	.19	(1.89)(2)	(.14)	(1.87)
Cash dividends per share	.14	.14	.14	.14	.56
HIGH AND LOW STOCK PRICES					
1997 High	\$ 22.00	\$ 21.56	\$ 25.56	\$ 25.88	\$ 25.88
Low	19.88	17.00	20.50	17.54	17.00
1996 High	\$ 26.25	\$ 28.13	\$ 23.75	\$ 23.00	\$ 28.13
Low	23.00	22.13	19.63	20.63	19.63

- (1) Gross profit is income before settlements, charges and other unusual items, taxes, minority interest and interest.
- (2) Includes settlements, charges and other unusual items. See the Notes to Financial Statements in Item 8 for explanation of these amounts.

FORWARD LOOKING STATEMENTS

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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, forecasts of future costs and expenditures, evaluation of market conditions, the outcome of legal proceedings, the adequacy of reserves, or plans for product development. Investors are cautioned that forward-looking statements are subject to an inherent risk that actual results may vary materially from those described herein. Factors that may result in such variance, in addition to those 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)

SUMMARY INCOME STATEMENT DATA (2)	1997(4)	1996(4)	1995(4)	1994	1993
Net sales	\$ 2,402.5	\$ 2,486.0	\$ 2,843.2	\$ 3,039.5	\$ 2,511.3
Gross profit (loss) (1)	(88.5)	31.0	268.9	558.6	423.6
Interest, net	(29.0)	(7.8)	2.9	1.0	5.0
Provision (benefit) for income taxes	(43.6)	(125.6)	(45.8)	209.8	173.2
Income (loss) (3)	(101.8)	(200.7)	(51.7)	346.9	254.4
Income (loss) per share (3) - basic	(.94)	(1.87)	(.48)	3.15	2.32
Income (loss) per share (3) - diluted	(.94)	(1.87)	(.48)	3.13	2.29
Cash dividends per share	.56	.56	.545	.485	.43
Average shares of common stock outstanding (thousands)-					
Basic	108,450	107,410	107,040	110,140	109,670
Diluted	108,450	107,410	107,040	110,800	110,880
SUMMARY BALANCE SHEETS					
Current assets	\$ 596.8	\$ 612.9	\$ 618.5	\$ 721.9	\$ 614.1
Timber and timberlands, at cost					
less cost of timber harvested	634.2	648.6	689.6	693.5	673.5
Property, plant and equipment, net	1,191.8	1,278.5	1,452.3	1,273.2	1,145.9
Goodwill and other assets	155.6	82.4	45.0	55.1	32.8
Total assets	\$ 2,578.4	\$ 2,622.4	\$ 2,805.4	\$ 2,743.7	\$ 2,466.3
Current liabilities	319.3	\$ 378.4	\$ 448.5	\$ 344.8	\$ 317.2
Long-term debt, excluding current portion	572.3	458.6	201.3	209.8	288.6
Deferred income taxes and other	400.6	357.8	499.6	339.7	289.1
Stockholders' equity	1,286.2	1,427.6	1,656.0	1,849.4	1,571.4
Total liabilities and stockholders' equity	\$ 2,578.4	\$ 2,622.4	\$ 2,805.4	\$ 2,743.7	\$ 2,466.3

KEY FINANCIAL TRENDS	1997(4)	1996(4)	1995	1994	1993
Working capital	\$ 277.5	\$ 234.5	\$ 170.0	\$ 377.1	\$ 296.9
Plant and logging road additions (5)	\$ 154.8	\$ 244.0	\$ 362.9	\$ 286.0	\$ 208.4
Timber additions, net	49.7	22.0	49.7	66.0	81.5
Total capital additions	\$ 204.5	\$ 266.0	\$ 412.6	\$ 352.0	\$ 289.9
Long-term debt as a percent of total capitalization	31%	24%	11%	10%	16%
Income as a percent of average equity (3)	-8%	-13%	-3%	20%	17%

- (1) Gross profit is income before settlements, charges 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) Includes settlements, charges and other unusual items, net. See the Notes to Financial Statements in Item 8 for explanation of these amounts.
- (5) Includes cash paid in acquisitions.



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

GENERAL

L-P incurred a net loss in 1997 of \$101.8 million (\$.94 per share), which included a pre-tax net charge of \$32.5 million (\$20.6 million after taxes, or \$.19 per share). 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 was \$350.0 million pre-tax (\$215.0 million after tax, or \$2.00 per share) and the 1995 charge was \$366.6 million pre-tax (\$221.8 million after tax, or \$2.07 per share). These charges are discussed in further detail in Note Seven to the financial statements. Prior to the settlements, charges and other unusual items, L-P had an after-tax loss of \$81.2 million (\$.75 per share) in 1997, after-tax income of \$14.3 million in 1996 (\$.13 per share) and after-tax income of \$170.1 million in 1995 (\$1.59 per share).

Sales in 1997 were \$2.40 billion, a 3% decline from 1996 sales of \$2.49 billion. Sales in 1996 were 13% lower than 1995 sales of \$2.84 billion.

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 past 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.

In 1997, the building products segment had a decline in sales and profitability, largely the result of an industry-wide oversupply of structural panel products in North America. In 1997, the pulp segment lost money, but improved from the large losses suffered in 1996. However, the economic crisis in Asia negatively impacted pulp segment results late in the year. Both the building products and pulp segments declined in sales and profitability in 1996 compared to 1995. The weakness in building products was primarily due to the structural panel oversupply, while 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.

BUILDING PRODUCTS

	YEAR ENDED DEC. 31,			INCREASE (DECREASE)	
	1997	1996	1995	97-96	96-95
(DOLLAR AMOUNTS IN MILLIONS)					
Sales:					
Structural panel products	\$ 864	\$1,006	\$1,127	-14%	-11%
Lumber	665	614	644	+8%	-5%
Industrial panel products	181	195	215	-7%	-9%
Other building products	563	494	523	+14%	-6%
Total building products	\$2,273	\$2,309	\$2,509	-2%	-8%
Profit	\$ 20	\$ 174	\$ 346	-89%	-50%

Sales of structural panel products (plywood and oriented strand board (OSB)) suffered in both 1997 and 1996 from industry wide over-capacity. The over-capacity is the result of new OSB plants built by the industry throughout North America at a rate greater than the growth in demand. Average selling prices in 1997 fell approximately 13% compared to 1996, while 1996 average prices were approximately 20% lower than 1995. During the latter part of 1997, L-P's net sales realization was also negatively impacted by increased shipping costs caused by interrupted rail service. Structural panel sales volumes in 1997 decreased 3% from 1996 levels as a result of the permanent closure of two

plywood plants and four OSB plants in 1997 and late 1996. Sales volumes in 1996 increased approximately 14% compared to 1995 due to new OSB plants started-up in that year, despite temporary market-related shut-downs at some of L-P's OSB plants.

Lumber sales increased in 1997 due to a 6% increase in average sales prices and a slight increase in volume sold. Lumber markets experienced strong demand through the first three quarters of 1997, benefiting from a robust U.S. economy, relatively low interest rates and strong housing starts. Late in the year, weakening currencies in Asia limited shipments from North America to those markets which put supply pressure on domestic markets, causing lumber prices to decline. This trend will likely continue into 1998. Lumber sales were lower in 1996 than 1995 as a result of sales volume, which decreased approximately 12%. L-P permanently closed a number of unprofitable sawmills around the country in 1995 and 1996. Average selling prices rose about 9% in 1996 due to a strong U.S. economy, lower production volumes industry wide and lower volumes of lumber imported from Canada.

Industrial panels consist of particleboard, medium density fiberboard (MDF) and hardboard. These sales decreased in 1997 compared to 1996 primarily because of lower sales prices of approximately 6%. The price decline was due primarily to increased industry production relative to demand. Industrial panel sales volumes in 1997 decreased slightly after a slight increase in 1996 compared to 1995. Prices fell approximately 11% in 1996. This price decline was also due to excess industry production.

The increase in other building products sales in 1997 was primarily due to the acquisition of Associated Chemists, Inc. (coatings and chemicals) in mid-1996, GreenStone Industries, Inc. (cellulose insulation) in early 1997 and the assets of Tecton Laminates (engineered I-Joists and LVL) in early 1997. Other building products sales decreased in 1996 due to lower wood chip sales. L-P was producing fewer wood chips due to lower sawmill and plywood production, and wood chip prices weakened significantly, particularly on the West Coast.

The primary factor in the decrease in building products profits in 1997 was further erosion of OSB sales prices. Also, higher log costs in the southern region of the country caused plywood earnings to be significantly reduced. Industrial panel profits also declined in 1997 as a result of lower sales prices. Lumber profits increased in 1997 due to higher average sales prices, which helped offset the profitability declines in structural and industrial panels. Building products profits decreased in 1996 from 1995 due to the lower prices discussed above for structural panel products and industrial panel products. Raw material costs were generally lower in 1996 than in 1995, but did not fully offset the lower sales prices.

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 two of which are the cost and availability of raw materials. L-P is not able to determine to what extent, if any, it will be able to pass any future increases in the price of raw materials on to customers through product price increases.

## PULP

	YEAR ENDED DEC. 31,			INCREASE (DECREASE)	
	1997	1996	1995	97-96	96-95
(DOLLAR AMOUNTS IN MILLIONS)					
Pulp sales	\$130 ====	\$177 ====	\$334 ====	-27%	-47%
Profit (loss)	\$(29) ====	\$(91) ====	\$ 44 ====	+68%	-207%

The single largest factor in the decline in pulp sales in 1997 was the closure in March 1997 of the pulp mill owned by L-P's Ketchikan Pulp Company (KPC) subsidiary. Pulp sales volumes decreased approximately 10%, while average prices dropped approximately 19%. However, KPC pulp had a higher sales average than L-P's two remaining pulp mills. Excluding KPC, L-P's remaining pulp business showed an increase of 11% in sales volume and a price decrease of approximately 6%. The Asian economic crisis caused pulp prices to decline late in 1997, which will likely continue into 1998. Pulp sales plummeted in 1996 as sales prices fell an average of 44% while volumes decreased about 5%. 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 segment profits improved significantly in 1997 due in large part to the shut-down of the KPC mill which had been suffering losses due to market conditions and changes in the timber supply contract. At the two remaining mills, L-P successfully cut its operating costs through a concentrated cost reduction effort, both from more efficient operations and a central purchasing program. After making a profit in 1995, the pulp mills returned to losses in 1996 due to the downturn in the markets and problems experienced with the KPC contract. 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 two of which are the cost and availability of raw materials. L-P is not able to determine to what extent, if any, it will be able to pass any future increases in the price of raw materials on to customers through product price increases. The economic crisis in Asia has continued into 1998, which has negatively impacted pulp markets. A significant portion of L-P's pulp is sold to countries in that region.

L-P pulp products are sold primarily to export customers and represent the majority of L-P's export sales. Therefore, the decline in pulp sales was the primary reason for L-P's decreased export sales in 1997 and 1996, 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

Net general corporate expense was \$80 million in 1997, compared to \$52 million in 1996, and an unusually high amount of \$121 million in 1995. In 1997 and 1996, the recurring level of general corporate expense has increased largely due to corporate-wide training programs undertaken by current management and the addition of key personnel to drive future growth and improvement initiatives. In 1996, \$17 million of credits, resulting from a gain on the sale of assets, were netted into this expense. The most significant factor in the 1995 amount was higher expenses associated with litigation against the company of approximately \$48 million, including

legal fees and increases in contingency reserves (it did not, however, include amounts recorded in the line item "Settlements, Charges and Other Unusual Items, Net" which is discussed in Note Seven to the financial statements).

SETTLEMENTS, CHARGES AND OTHER UNUSUAL ITEMS, NET  
-----

For a discussion of settlements, charges and other unusual items, net, refer to Note Seven to the financial statements.

INTEREST, NET  
-----

Net interest expense rose significantly in 1997 and 1996 as L-P borrowed funds to cover its settlement obligations and fund capital expenditures. Additionally, interest capitalized has decreased in 1997 and 1996 as construction projects have been completed. Also, interest income was lower in each of the past two years due to lower levels of cash available for investing.

LEGAL AND ENVIRONMENTAL MATTERS  
-----

For a discussion of legal and environmental matters involving L-P and the potential effect on the company, refer to Note Eight to the financial statements.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES  
-----

Net cash provided by operations increased to \$88 million in 1997 from \$23 million in 1996, down from \$335 million in 1995. These fluctuations primarily correlate to changes in the company's net loss. In 1997, L-P received a settlement from the U.S. Government of \$135 million for claims related to the KPC long-term timber supply contract. In 1997 and 1996, L-P paid out \$205 million and \$263 million for obligations related to litigation settlements.

Net cash used in investing activities decreased to \$140 million from \$213 million in 1996 and \$387 million in 1995. Capital expenditures peaked in 1995 with the addition of several new OSB plants and other projects. In 1997 and 1996, L-P received \$64 million and \$62 million of cash for assets sold. L-P has also spent significant amounts on environmental projects (such as pollution control equipment), upgrades of existing production facilities, and timber to supply its operations and logging roads.

L-P increased its net borrowings by \$114 million in 1997 and \$196 million in 1996. The borrowings financed the payments of settlement obligations and capital expenditures. L-P purchased only \$3 million of treasury shares in 1997 and no treasury shares in 1996 after purchasing \$120 million of treasury stock in 1995.

L-P has a revolving credit facility of \$300 million, which was fully borrowed at year-end. Subsequent to year-end, L-P entered into an additional credit facility with a group of banks for an additional \$100 million, which is available to fund cash needs. This additional credit facility must be repaid upon the sale of assets described below.

In October 1997, L-P announced that it intends to sell assets that management considers non-strategic to L-P's core businesses. These assets include, among others, the remaining California redwood timberlands, related lumber and certain distribution businesses, the Samoa, California, pulp mill, the Weather-Seal window and door manufacturing business, the Creative Point, Inc., subsidiary, the Red Bluff, California, cement fiber roof shake plant and the fiber gypsum plant in Nova Scotia. As of year-end, L-P was actively marketing all of these assets and had sold the fiber gypsum plant. L-P presently estimates the proceeds from these sales at \$800 million to

\$1 billion. However, there can be no assurance that net proceeds within the foregoing range will be realized. The proceeds realized will initially be used to fund operations and reduce or eliminate outstanding borrowings on L-P's revolving credit facility. Management is currently studying alternative uses of the proceeds to maximize the long-term value to L-P and its stockholders.

L-P has budgeted capital expenditures, including timber and logging road additions, for 1998 of approximately \$150 million. These expenditures are primarily to complete an 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 \$224 million, of which \$40 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. Management believes that existing cash and cash equivalents combined with additional borrowing available on lines of credit, expected income tax refunds, the significant cash inflow expected from the asset sale program described above and cash to be generated from operations will be sufficient to meet projected cash needs including the payments related to the siding litigation settlement referred to above. The 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.

#### YEAR 2000 COMPLIANCE

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

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

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

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

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

No disclosure is required under this item.

ITEM 8. Financial Statements and Supplementary Data

The consolidated financial statements and accompanying notes to financial statements together with the reports 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 6.

CONSOLIDATED BALANCE SHEETS

DECEMBER 31 (DOLLAR AMOUNTS IN MILLIONS)	1997	1996
-----	-----	-----
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 31.9	\$ 27.8
Accounts receivable, less reserves of \$2.0 and \$1.4	146.2	136.2
Inventories	258.8	264.3
Prepaid expenses	8.9	12.0
Income tax refunds receivable	78.0	99.5
Deferred income taxes	73.0	73.1
	-----	-----
Total current assets	596.8	612.9
Timber and Timberlands, at cost		
less cost of timber harvested	634.2	648.6
Property, Plant and Equipment, at cost:		
Land, land improvements and logging roads,		
net of road amortization	185.6	182.5
Buildings	262.5	269.5
Machinery and equipment	1,876.3	1,953.9
Construction in progress	109.5	80.1
	-----	-----
	2,433.9	2,486.0
Less accumulated depreciation	(1,242.1)	(1,207.5)
	-----	-----
Net property, plant and equipment	1,191.8	1,278.5
Goodwill, net of amortization	70.7	45.9
Other Assets	84.9	36.5
	-----	-----
TOTAL ASSETS	\$ 2,578.4	\$ 2,622.4
	=====	=====

See notes to financial statements.

CONSOLIDATED BALANCE SHEETS

DECEMBER 31 (DOLLAR AMOUNTS IN MILLIONS EXCEPT PER SHARE)

	1997	1996
	----	----
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 22.9	\$ 18.7
Short-term notes payable	22.0	35.4
Accounts payable and accrued liabilities	234.4	224.3
Current portion of contingency reserves	40.0	100.0
	-----	-----
Total current liabilities	319.3	378.4
Long-term Debt, excluding current portion	572.3	458.6
Deferred Income Taxes	178.6	163.2
Contingency Reserves, excluding current portion	184.0	159.8
Other Long-term Liabilities and Minority Interest	38.0	34.8
Commitments and Contingencies		
STOCKHOLDERS' EQUITY:		
Common stock, \$1 par value, 200,000,000 shares authorized, 116,937,022 shares issued	117.0	117.0
	-----	-----
Preferred stock, \$1 par value, 15,000,000 shares authorized, no shares issued		
Additional paid-in capital	472.2	472.7
Retained earnings	977.5	1,140.0
Treasury stock, 7,309,360 shares and 8,170,799 shares, at cost	(163.4)	(183.3)
Loans to Employee Stock Ownership Trusts	(37.7)	(61.6)
Other	(79.4)	(57.2)
	-----	-----
Total stockholders' equity	1,286.2	1,427.6
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,578.4	\$ 2,622.4
	=====	=====

See notes to financial statements.

CONSOLIDATED STATEMENTS OF INCOME

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

	1997 ----	1996 ----	1995 ----
NET SALES	\$ 2,402.5	\$ 2,486.0	\$ 2,843.2
	-----	-----	-----
COSTS AND EXPENSES:			
Cost of sales	2,138.7	2,123.5	2,250.3
Depreciation and amortization	142.8	150.6	152.0
Cost of timber harvested	41.1	41.2	50.6
Selling and administrative	168.4	139.7	121.4
Settlements, charges and other unusual items, net	32.5	350.0	366.6
Interest expense, net of capitalized interest	30.9	14.2	5.3
Interest income	(1.9)	(6.4)	(8.2)
	-----	-----	-----
Total costs and expenses	2,552.5	2,812.8	2,938.0
Income (loss) before taxes and minority interest	(150.0)	(326.8)	(94.8)
Provision (benefit) for income taxes	(43.6)	(125.6)	(45.8)
Minority interest in net income (loss) of consolidated subsidiaries	(4.6)	(.5)	2.7
	-----	-----	-----
NET INCOME (LOSS)	\$ (101.8)	\$ (200.7)	\$ (51.7)
	=====	=====	=====
NET INCOME (LOSS) PER SHARE - BASIC	\$ (.94)	\$ (1.87)	\$ (.48)
	=====	=====	=====
AND DILUTED			
CASH DIVIDENDS PER SHARE OF COMMON STOCK	\$ .56	\$ .56	\$ .545
	=====	=====	=====
AVERAGE SHARES OF COMMON STOCK (thousands)	108,450	107,410	107,040
	=====	=====	=====

See notes to financial statements.



CONSOLIDATED STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31 (DOLLAR AMOUNTS IN MILLIONS)	1997	1996	1995
-----	-----	-----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income (loss)	\$(101.8)	\$(200.7)	\$ (51.7)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation, amortization and cost of timber harvested	183.9	191.8	202.6
Settlements, charges and other unusual items, net	216.6	350.0	366.6
Cash settlements of contingencies	(204.8)	(263.4)	(13.6)
Other adjustments	(54.5)	3.8	26.9
Decrease (increase) in receivables	(4.0)	31.9	28.7
Decrease (increase) in inventories	12.8	31.1	(103.9)
Decrease (increase) in income tax refunds receivable	21.8	(99.5)	---
Decrease (increase) in prepaid expenses	4.7	1.4	(7.0)
Increase (decrease) in accounts payable and accrued liabilities	(1.8)	(1.6)	38.2
Increase (decrease) in income taxes payable	---	---	(7.5)
Increase (decrease) in deferred income taxes	15.3	(22.0)	(144.7)
	-----	-----	-----
Net cash provided by operating activities	88.2	22.8	334.6
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Plant, equipment and logging road additions, including cash used in acquisitions	(154.8)	(244.0)	(362.9)
Timber and timberland additions	(49.7)	(22.0)	(49.7)
Assets sold	63.6	62.4	23.5
Other investing activities, net	1.0	(9.1)	1.8
	-----	-----	-----
Net cash used in investing activities	(139.9)	(212.7)	(387.3)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net increase (decrease) in short-term notes payable	(13.4)	(12.9)	47.8
Long-term borrowings	228.4	262.7	30.0
Repayment of long-term debt	(101.0)	(53.4)	(82.0)
Cash dividends	(60.7)	(60.1)	(58.2)
Purchase of treasury stock	(2.9)	---	(120.2)
Other financing activities, net	5.4	6.0	(5.2)
	-----	-----	-----
Net cash provided by (used in) financing activities	55.8	142.3	(187.8)
	-----	-----	-----
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	4.1	(47.6)	(240.5)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	27.8	75.4	315.9
	-----	-----	-----
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 31.9	\$ 27.8	\$ 75.4
	=====	=====	=====

See notes to financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

DOLLAR AMOUNTS IN MILLIONS EXCEPT PER SHARE	COMMON STOCK		TREASURY STOCK		PAID-IN CAPITAL	ADD'L RETAINED EARNINGS
	SHARES	AMOUNT	SHARES	AMOUNT		
BALANCE						
AS OF DECEMBER 31, 1994	116,937,022	\$ 117.0	4,944,804	\$ (86.3)	\$ 478.4	\$ 1,510.7
Net income (loss)	---	---	---	---	---	(51.7)
Cash dividends, \$.545 per share	---	---	---	---	---	(58.2)
Issuance of shares for employee stock plans and for other purposes	---	---	(689,744)	13.8	(6.0)	---
Purchase of treasury stock	---	---	4,333,397	(120.2)	---	---
Employee stock ownership trust contribution	---	---	---	---	---	---
Currency translation adjustment and pension liability adjustment, net	---	---	---	---	---	---
BALANCE						
AS OF DECEMBER 31, 1995	116,937,022	\$ 117.0	8,588,427	\$ (192.7)	\$ 472.4	\$ 1,400.8
Net income (loss)	---	---	---	---	---	(200.7)
Cash dividends, \$.56 per share	---	---	---	---	---	(60.1)
Issuance of shares for employee stock plans and for other purposes	---	---	(417,628)	9.4	.3	---
Employee stock ownership trust contribution	---	---	---	---	---	---
Currency translation adjustment, pension liability adjustment and deferred compensation, net	---	---	---	---	---	---
BALANCE						
AS OF DECEMBER 31, 1996	116,937,022	\$ 117.0	8,170,799	\$ (183.3)	\$ 472.7	\$ 1,140.0
Net income (loss)	---	---	---	---	---	(101.8)
Cash dividends, \$.56 per share	---	---	---	---	---	(60.7)
Issuance of shares for employee stock plans and for other purposes	---	---	(1,016,534)	22.8	(.5)	---
Purchase of treasury stock	---	---	155,095	(2.9)	---	---
Employee stock ownership trust contribution	---	---	---	---	---	---
Currency translation adjustment, pension liability adjustment and deferred compensation, net	---	---	---	---	---	---
BALANCE						
AS OF DECEMBER 31, 1997	116,937,022	\$ 117.0	7,309,360	\$ (163.4)	\$ 472.2	\$ 977.5

[Table continued on next page of EDGARized text.]

DOLLAR AMOUNTS IN MILLIONS EXCEPT PER SHARE	LOANS TO ESOTs	OTHER EQUITY ADJUST- MENTS	TOTAL STOCK- HOLDERS' EQUITY
	-----	-----	-----
BALANCE			
AS OF DECEMBER 31, 1994	\$ (114.0)	\$ (56.4)	\$ 1,849.4
Net income (loss)	---	---	(51.7)
Cash dividends, \$.545 per share	---	---	(58.2)
Issuance of shares for employee stock plans and for other purposes	---	---	7.8
Purchase of treasury stock	---	---	(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	\$ (85.5)	\$ (56.0)	\$ 1,656.0
Net income (loss)	---	---	(200.7)
Cash dividends, \$.56 per share	---	---	(60.1)
Issuance of shares for employee stock plans and for other purposes	---	---	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	\$ (61.6)	\$ (57.2)	\$ 1,427.6
Net income (loss)	---	---	(101.8)
Cash dividends, \$.56 per share	---	---	(60.7)
Issuance of shares for employee stock plans and for other purposes	---	---	22.3
Purchase of treasury stock	---	---	(2.9)
Employee stock ownership trust contribution	23.9	---	23.9
Currency translation adjustment, pension liability adjustment and deferred compensation, net	---	(22.2)	(22.2)
	-----	-----	-----
BALANCE			
AS OF DECEMBER 31, 1997	\$ (37.7)	\$ (79.4)	\$ 1,286.2
	-----	-----	-----

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

A significant portion of L-P's sales are derived from structural panel products and lumber. Structural panel sales were 36% of total 1997 sales and lumber sales were 28% of the total.

Use of Estimates in the Preparation of Financial Statements

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

Principles of Presentation

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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

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Basic and diluted earnings per share have been computed based on the weighted average number of shares of common stock outstanding during the periods. The effect of potentially dilutive common stock equivalents is not included in the calculation of dilutive earnings per share because it is currently anti-dilutive as a result of L-P's net losses. 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 (763,786 shares at December 31, 1997).

Cash and Cash Equivalents

-----

L-P considers all highly liquid securities with an original maturity of three months or less to be cash equivalents. Cash paid during 1997, 1996 and 1995 for interest (net of capitalized interest) was \$29.2 million, \$13.4 million and \$4.6 million. Net cash paid (received) during 1997, 1996 and 1995 for income taxes was \$(80.7) million, \$(4.1) million and \$109.0 million.

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

NOTES TO FINANCIAL STATEMENTS

Inventory Valuation

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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)	1997	1996
- - - - -	----	----
Logs	\$ 112.4	\$ 106.4
Lumber	37.6	47.4
Panel products	56.6	54.4
Other building products	82.1	70.0
Pulp	15.3	25.4
Other raw materials	25.1	26.3
Supplies	21.3	23.0
LIFO reserve	(91.6)	(88.6)
	- - - - -	- - - - -
Total	\$ 258.8	\$ 264.3
	=====	=====

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 1997, 1996 and 1995 was \$4.8 million, \$7.1 million and \$10.9 million.

L-P defers start-up costs on major construction projects during the start-up phase. No start-up costs were deferred in 1997. Start-up costs deferred during 1996 and 1995 were \$3.8 million and \$3.1 million.

Asset Impairments

- - - - -

Long-lived assets to be held and used by the Company are reviewed for impairment when events and circumstances indicate costs may not be recoverable. Losses are recognized when the book values exceed expected undiscounted future cash flows. If impairment exists, the asset's book value

NOTES TO FINANCIAL STATEMENTS

is written down to its estimated fair value. Assets to be disposed are written down to their estimated fair value, less sales costs. See Note Seven for a discussion of charges in 1997, 1996 and 1995 related to impairment of property, plant and equipment.

Derivative Financial Instruments  
- - - - -

L-P has only limited involvement with derivative financial instruments. At December 31, 1997, L-P had no material exposure to derivative financial instruments.

Foreign Currency Translation  
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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  
- - - - -

Goodwill has resulted from the purchase of subsidiaries and is being amortized on a straight-line basis over 10 to 25 years. The amortization period and recoverability of this goodwill are periodically reviewed by the Company.

Notes Receivable  
- - - - -

Included in other assets are notes receivable related to a timber and timberland sale that occurred during 1997. The Company received \$47.9 million in notes from a third party. The notes are due in principal payments of \$20 million in 2008, \$20 million in 2009, and \$7.9 million in 2012. Interest is to be received in semi-annual installments with rates varying from 5.62% to 7.5%. These notes provide collateral for L-P's senior secured notes.

Acquisitions  
- - - - -

Acquisitions are accounted for under the purchase method of accounting, whereby the results of acquired companies are included in L-P's consolidated results from the date of their acquisition.

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)	1997	1996
- - - - -	- - - - -	- - - - -
Accounts payable	\$ 153.0	\$ 124.0
Salaries and wages payable	27.4	36.6
Taxes other than income taxes	8.7	12.2
Workers' compensation	13.5	12.0
Other accrued liabilities	31.8	39.5
	- - - - -	- - - - -
	\$ 234.4	\$ 224.3
	=====	=====

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)	1997	1996	1995
Domestic	\$(87.0)	\$(255.1)	\$(123.0)
Foreign	(63.0)	(71.7)	28.2
	=====	=====	=====
	\$(150.0)	\$(326.8)	\$ (94.8)

Provision (benefit) for income taxes includes the following:

YEAR ENDED DECEMBER 31 (IN MILLIONS)	1997	1996	1995
Current tax provision (benefit):			
U.S. federal	\$(65.0)	\$(87.4)	\$ 74.4
State and local	(4.3)	(10.0)	14.7
Foreign	3.6	12.2	6.1
Total current tax provision (benefit)	=====	=====	=====
	\$(65.7)	\$(85.2)	\$ 95.2
Deferred tax provision (benefit):			
U.S. federal	32.2	\$ 2.6	\$(129.2)
State and local	3.4	.3	(16.4)
Foreign	(13.5)	(43.3)	4.6
Total deferred tax provision (benefit)	=====	=====	=====
	\$ 22.1	\$(40.4)	\$(141.0)

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

DECEMBER 31 (IN MILLIONS)	1997	1996
Property, plant and equipment	\$ 134.0	\$ 95.3
Timber and timberlands	156.9	143.0
Inventories	(4.2)	(1.2)
Accrued liabilities	(84.1)	(33.7)
Contingency reserves	(86.7)	(100.5)
Benefit of foreign capital loss and NOL carryover	(27.8)	(13.6)
Benefit of foreign ITC carryover	(62.3)	(68.4)
Other	41.6	26.0
Valuation allowance	38.2	43.2
Net deferred tax liability	105.6	90.1
Less net current deferred tax assets	(73.0)	(73.1)
Net noncurrent deferred tax liabilities	=====	=====
	\$ 178.6	\$ 163.2

The reduction in the valuation allowance reflects the expiration of tax credits and a change in the foreign currency exchange rate between balance sheet dates.

L-P's Canadian subsidiary, Louisiana-Pacific Canada Ltd. (LPC), has unrealized foreign investment tax credits (ITC) of approximately C\$89 million (Canadian dollars). These credits can be carried forward to offset future tax

NOTES TO FINANCIAL STATEMENTS

of LPC and reduce LPC's basis in the related property, plant and equipment. The credits expire C\$18 million in 1999, C\$6 million in 2000, C\$47 million in 2001, C\$4 million in 2003, C\$13 million in 2004 and C\$1 million in 2005. In addition, LPC has a capital loss carryover of C\$29 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 -----	1997 ----	1996 ----	1995 ----
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)
Foreign losses not benefited	6		
Other, net	4	1	(4)
	---	---	---
	(29)%	(38)%	(48)%
	===	===	===

4. LONG-TERM DEBT

(IN MILLIONS) -----	INTEREST RATE AT 12/31/97 -----	DECEMBER 31, 1997 ----	1996 ----
Project Bank Financings --			
Chetwynd, B.C. pulp mill, repaid in 1997,	---%	\$ ---	\$ 51.0
Nova Scotia fiber gypsum plant, repaid in 1997,	---	---	34.7
Waterford, Ireland, OSB plant, payable 1998-2003, interest rate variable	8.3	32.9	41.4
Project Revenue Bond Financings, payable 1998-2009, interest rates variable	4.4-7.3	26.0	26.1
Employee Stock Ownership Trust (ESOT) Loans --			
Hourly ESOT, payable annually through 1999, interest rate variable	8.3	17.0	25.5
Salaried ESOT, payable annually through 1999, interest rate variable	4.9	12.0	18.0
Senior Secured Notes, payable 2008-2112, interest rates fixed	7.1-7.5	47.9	---
Bank Credit Facility --			
Revolving credit facility, payable in 2002, interest rate variable	6.3	300.0	275.0
Term loan facility, payable in 2002, interest rate variable	6.3	125.0	---
Other, including capital lease obligations, payable in varying amounts through 2010, interest rates vary	4.0-8.5	34.4	5.6
		-----	-----
		595.2	477.3
Less current portion		(22.9)	(18.7)
		-----	-----
		\$ 572.3	\$ 458.6
		=====	=====

The carrying amounts of L-P's long-term debt approximates fair market value since the debt is primarily variable rate debt. Project bank financings are typically secured by the underlying assets of the related project. The senior secured notes are collateralized by notes receivable related to timber and timberland sales. Many of L-P's loan agreements contain lender's standard covenants and restrictions. L-P was in compliance with all of the covenants and restrictions of these agreements at December 31, 1997.



At December 31, 1997, L-P had a \$425 million bank credit facility with a group of banks which is due in 2002. This facility includes a \$300 million revolving credit facility and a \$125 million term loan facility. Interest on borrowings under the facility is computed on one of numerous variable interest rate formulas at L-P's option. L-P pays a commitment fee on the unused credit line. Borrowings in 1997 are classified as long-term debt as amounts are not expected or required to be repaid during 1998. Additionally, L-P's subsidiary, L-P Canada Ltd. has a \$30 million (Canadian) revolving credit facility which is classified as short-term notes payable. Subsequent to year-end, L-P entered into an additional credit facility with a group of banks for an additional \$100 million, which must be repaid upon the sale of assets described in Note Seven.

The weighted average interest rate for all debt at December 31, 1997 and 1996 was 6.4 percent and 6.2 percent. Required repayment of principal for long-term debt is as follows:

YEAR ENDED DECEMBER 31 (IN MILLIONS)	
1998	\$ 22.9
1999	34.5
2000	6.6
2001	6.4
2002	456.2
2003 and after	68.6
	-----
	\$ 595.2
	=====

5. RETIREMENT PLANS

L-P maintains tax-qualified Employee Stock Ownership Trusts (ESOTs), for eligible salaried and hourly employees in the U.S. under which 10 percent of the eligible employees' annual earnings are contributed to the plans. Approximately 9,800 L-P employees participate in the ESOTs.

The annual allocation of shares to participant accounts and compensation expense are generally based on the ESOTs' cost of the shares. However, as required, compensation expense for the 1,843,621 shares 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 approximately 11,868,000 shares at December 31, 1997 of which approximately 9,734,000 were allocated to participants' accounts. ESOT expense is included in the retirement plan expense table below.

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

L-P also has a number of defined benefit pension plans covering its hourly employees, most of which were frozen in 1994. 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.

NOTES TO FINANCIAL STATEMENTS

In 1997, L-P adopted the L-P Supplemental Executive Retirement Plan (SERP), a non-qualified defined benefit plan intended to provide supplemental retirement benefits to key executives. Benefits are generally based on compensation in the years prior to retirement. The projected benefit obligation was \$1.4 million at December 31, 1997. Expense for this plan is included in the retirement plan expense table below. L-P established a grantor trust to informally provide funding for the benefits payable under the SERP. During 1997, L-P contributed \$4.2 million to the trust. The funds were invested in corporate-owned life insurance policies. At December 31, 1997, the trust assets were valued at \$3.9 million and included in other assets in L-P's consolidated balance sheet.

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

	1997 ----		1996 ----	
	Plan with Assets in Excess of Accumulated Benefits	Plan with Accumulated Benefits In Excess of Assets	Plans with Assets in Excess of Accumulated Benefits	Plans with Accumulated Benefits In Excess of Assets
DECEMBER 31 (IN MILLIONS)				
Accumulated benefit obligation				
Vested portion	\$ 11.2	\$ 101.1	\$ 19.9	\$ 89.8
Non-vested portion	--	2.1	.2	2.9
	-----	-----	-----	-----
Total	11.2	103.2	20.1	92.7
Effect of future compensation	--	--	--	--
	-----	-----	-----	-----
Projected benefit obligation	11.2	103.2	20.1	92.7
Plan assets	13.2	89.1	39.6	87.3
	-----	-----	-----	-----
Net funded (unfunded) status	2.0	(14.1)	19.5	(5.4)
Unrecognized asset at transition	(.3)	(6.5)	(5.1)	(8.0)
Unrecognized net loss and other	3.9	29.3	.2	20.9
Adjustment to recognize minimum liability	--	(22.9)	--	(9.7)
	-----	-----	-----	-----
Net prepaid (accrued) pension expense	\$ 5.6	\$ (14.2)	\$ 14.6	\$ (2.2)
	=====	=====	=====	=====

The actuarial assumptions used to determine pension expense and the funded status of the plans for 1997 and 1996 were: a discount rate on benefit obligations of 7.25 percent and 7.75 percent, and an 8.75 percent expected long-term rate of return on plan assets.

The assets of the plans at December 31, 1997 and 1996 consist mostly of government obligations, and minor amounts in equity securities and cash and cash equivalents.

Retirement plan expense included the following components:

YEAR ENDED DECEMBER 31 (IN MILLIONS)	1997	1996	1995
-----	----	----	----
Benefits earned by employees	\$ .2	\$ .5	\$ .4
Interest cost on projected benefit obligation	7.9	8.3	7.9
Return on plan assets	(9.0)	(10.9)	(10.2)
Net amortization and deferral	(1.0)	(1.7)	(2.4)
Net periodic pension expense (income)	(1.9)	(3.8)	(4 .3)
Expense related to ESOTs multiemployer, defined contribution and non-qualified plans	28.8	29.1	30.1
Loss from settlement of pension plan	7.3	---	---
Net retirement plan expense	\$ 34.2	\$ 25.3	\$ 25.8
	=====	=====	=====

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

#### 6. STOCK OPTIONS AND PLANS

The Financial Accounting Standards Board issued SFAS 123, "Accounting for Stock-Based Compensation" which establishes a fair value approach to measuring compensation expense related to employee stock plans for grants on or after January 1, 1995. As 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 SFAS Statement 123, L-P's net income (loss) and net income (loss) per share would have been reduced to the pro forma amounts indicated below:

YEAR ENDED DECEMBER 31 (IN MILLIONS, EXCEPT PER SHARE)	1997	1996	1995
-----	----	----	----
Net income (loss)			
As reported	\$ (101.8)	\$ (200.7)	\$ (51.7)
Pro forma	(108.6)	(206.0)	(53.6)
Net income (loss) per share			
As reported	\$ (.94)	\$ (1.87)	\$ (.48)
Pro forma	(1.00)	(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 2.5 percent to 3.2 percent dividend yield, expected volatility of 29 percent in 1997 and 27 percent in 1996 and 1995, and a risk free interest rate of 6.6 percent in 1997 and 6.7 percent in 1996 and 1995.

#### Stock Option Plans

L-P grants options to key employees to purchase L-P common stock. Past options were granted at 85 to 100 percent of market price. The current stock award plan requires that options be granted at 100 percent of market price. The options become exercisable over 3 or 5 years beginning one year after the grant date and expire 5 or 10 years after the date of grant. Compensation expense recognized for stock options was \$.7 million in 1997, \$.7 million in 1996 and \$1.0 million in 1995. At December 31, 1997, 4.5 million shares were available under the current stock award plan for future option grants and all other stock-based awards.

NOTES TO FINANCIAL STATEMENTS

Changes in options outstanding and exercisable were as follows:

YEAR ENDED DECEMBER 31 -----	NUMBER OF SHARES		
	1997 ----	1996 ----	1995 ----
Options outstanding at January 1	1,647,530	1,370,410	2,611,123
Options granted	789,505	605,000	114,000
Options exercised	(154,880)	(196,530)	(1,046,412)
Options canceled	(78,300)	(131,350)	(308,301)
	-----	-----	-----
Options outstanding at December 31	2,203,855	1,647,530	1,370,410
	=====	=====	=====
Options exercisable at December 31	912,144	762,850	668,900
	=====	=====	=====

YEAR ENDED DECEMBER 31 -----	WEIGHTED AVERAGE PRICE PER SHARE		
	1997 ----	1996 ----	1995 ----
EXERCISE PRICE			
Options granted	\$ 19.97	\$ 22.18	\$ 21.57
	=====	=====	=====
Options exercised	\$ 13.91	\$ 12.13	\$ 11.55
	=====	=====	=====
Options canceled	\$ 24.21	\$ 21.39	\$ 12.73
	=====	=====	=====
Options outstanding	\$ 21.09	\$ 21.14	\$ 19.40
	=====	=====	=====
Options exercisable	\$ 21.09	\$ 19.05	\$ 17.05
	=====	=====	=====
FAIR VALUE AT DATE OF GRANT			
Options granted	\$ 6.05	\$ 8.38	\$ 8.98
	=====	=====	=====

Performance-Contingent Stock Awards

L-P has granted performance-contingent stock awards to senior executives as allowed under the current stock award plan. The awards entitle the participant to receive a number of shares of L-P common stock determined by comparing L-P's cumulative total stockholder return to the mean total stockholder return of five other forest products companies for the four-year period beginning in the year of the grant. During 1997, a target of 54,569 performance-contingent awards were granted. Depending on L-P's four-year total stockholder return, the actual number of shares issued at the end of the four-year period could range from zero to 200 percent of this target.

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 relate. L-P did not meet the performance criteria in 1997, 1996 or 1995 and therefore recognized no compensation expense for restricted stock awards.

Changes in the Restricted Stock Awards outstanding were as follows:

YEAR ENDED DECEMBER 31 -----	NUMBER OF SHARES		
	1997 -----	1996 -----	1995 -----
Restricted awards outstanding			
at January 1	109,458	251,208	664,500
Restricted awards granted	73,000	---	145,000
Restricted awards exercised	---	---	(42,875)
Restricted awards canceled	(110,334)	(141,750)	(515,417)
	-----	-----	-----
Restricted awards outstanding at December 31	72,124	109,458	251,208
	=====	=====	=====
Fair value at date of grant	\$ 21.13	\$ N/A	\$ 27.00
	=====	=====	=====

NOTES TO FINANCIAL STATEMENTS

L-P has also granted restricted stock 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. 150,000 of such shares were granted and issued in 1996. In 1997, 30,000 shares vested and became transferable. The remaining shares vest 30,000 shares in 1998, 30,000 shares 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 1997 and 1996 related to these restricted shares was \$.8 million.

Stock Purchase Plans

L-P offers employee stock purchase plans to most employees. Under each plan, employees may subscribe to purchase shares of L-P stock over 24 months at 85 percent of the market price. At December 31, 1997, 671,196 shares and 498,185 shares were subscribed at \$18.89 and \$18.59 per share under the 1997 and 1996 Employee Stock Purchase Plans. During 1997, L-P issued 259,141 shares to employees at an average price of \$22.36 under all Employee Stock Purchase Plans, including the completion of the purchase period for the 1995 Plan.

7. SETTLEMENTS, CHARGES AND OTHER UNUSUAL ITEMS, NET

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

	1997 ----	1996 ----	1995 ----
KPC settlement	\$ 135.0	\$ ---	\$ ---
Charges for litigation, property impairments and other	(223.1)	(350.0)	(374.6)
Gains on asset sales	55.6	---	8.0
	-----	-----	-----
	<u>\$ (32.5)</u>	<u>\$ (350.0)</u>	<u>\$ (366.6)</u>

1997

In the first quarter of 1997, L-P's Ketchikan Pulp Company subsidiary recorded a net gain of \$121.9 million (\$73.7 million after taxes, or \$.68 per share) to reflect the initial proceeds of \$135 million received under a settlement agreement with the U.S. Government over KPC's claims related to the long-term timber supply contract in Alaska. Adjustments to pulp mill closure-related accruals were netted against this gain. The agreement also provides KPC with sufficient timber volumes to run its two sawmills through the end of 1999.

In the third quarter of 1997, L-P recorded a \$210.0 million charge (\$128.3 million after taxes, or \$1.18 per share) to reflect the write-down of certain properties which L-P intends to sell, to adjust reserves for litigation settlements and to accrue for certain other costs. Gains from the sale of 79,000 acres of timber and timberland in California during the third quarter of 1997 in the amount of \$55.6 million (\$34.0 million after taxes, or \$.31 per share) were netted against the charges.

NOTES TO FINANCIAL STATEMENTS

In October 1997, L-P announced that it intends to sell assets that management considers non-strategic to L-P's business. These assets include, among others, the remaining California redwood timberlands, related lumber and certain distribution businesses, the Samoa, California, pulp mill, the Weather-Seal window and door manufacturing business, the Creative Point, Inc., subsidiary, the Red Bluff, California, cement fiber roof shake plant and the fiber gypsum plant in Nova Scotia. As of year-end, L-P was actively marketing all of these assets and had sold the fiber gypsum plant. The total third quarter charge related to property and equipment write-downs, was \$35.0 million. The facilities covered by this charge incurred operating losses of approximately \$17 million in 1997, all of which was related to the building products related assets.

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 included 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.

In 1996, as part of the implementation of 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 operations. The facilities were 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 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 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.

Detail regarding the industry segments to which this \$350.0 million charge relates is presented in Note Ten 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

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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

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

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

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

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

L-P maintains a reserve for estimated environmental loss contingencies. The balance of the reserve was \$29.3 million and \$49.9 million at December 31, 1997 and 1996. The decrease during 1997 was primarily the result of expenditures related to the closure of operations at the KPC pulp mill. As with all accounting estimates, significant uncertainty exists in the reliability and precision of the estimates because the facts and circumstances surrounding each contingency vary from case to case. L-P continually monitors its estimated exposure for environmental liabilities and adjusts its accrual accordingly. As additional information about the environmental contingencies becomes known, L-P's estimate of its liability for environmental loss contingencies may change significantly, although no estimate of the range of any potential adjustment of the liability can be made at this time. L-P cannot estimate the time frame over which these accrued amounts are likely to be paid out. A portion of L-P's environmental reserve is related to liabilities for clean-up of properties which are currently owned or have been owned in the past by L-P. Certain of these sites are subject to cost-sharing arrangements with other parties who were also involved with the site. L-P does not believe that any of these cost-sharing arrangements will result in additional material liability to L-P due to non-performance by the other

party. L-P has not reduced its 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, results of operations or liquidity 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.

In November 1995, the Court bifurcated the environmental and fraud felony counts. A trial date of April 13, 1998, had been set in the environmental case. However, a Notice of Disposition and Joint Motion to Vacate Trial Date was filed with the Court.

After pleading guilty to one environmental count, on February 18, 1998, the former superintendent of the mill was sentenced to six months of home detention, five years probation and a fine of \$10,000. The former plant manager pled guilty to one environmental count and is scheduled to be sentenced in April 1998.

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 USFS.

L-P maintains a reserve for its estimate of the cost of the Montrose criminal proceedings, although as with any estimate, there is uncertainty concerning the actual costs to be incurred. At the present time, L-P cannot predict whether or to what extent the circumstances described above will result in further civil litigation or investigation by government authorities, or the potential financial impact of any such current or future proceedings, in which case the resolution of the above matters could have a materially adverse 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, have owned, or subsequently acquire property on which L-P's OSB siding was installed prior to January 1, 1996, excluding persons who timely opted out of the settlement and persons who are members of the settlement class in the Florida litigation described below. Under the settlement agreement, an eligible claimant whose claim is filed prior to January 1, 2003 (or earlier in certain cases), and is approved by an independent claims administrator will be entitled to receive from the settlement fund established under the agreement a payment equal to the replacement cost (to be determined by a third-party construction cost estimator and currently estimated to be in the range of \$2.20 to \$6.40 per square foot depending on the type of product and geographic location) of damaged siding, reduced by a specific adjustment (of up to 65 percent) based on the age of the siding. Class members who have previously submitted or resolved claims under any other warranty or claims program of L-P may be entitled to receive the difference between the amount which would be payable under the settlement agreement and the amount previously paid. Independent adjusters will determine the extent of damage to OSB siding at each claimant's property in accordance with a specified protocol. There will be no adjustment to settlement payments for improper maintenance or installation.

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

L-P is required to pay \$275 million into the settlement fund in seven annual installments beginning in mid-1996: \$100 million, \$55 million, \$40 million, \$30 million, \$20 million, \$15 million, and \$15 million. As of December 31, 1997, L-P had funded the first three installments. If at any time after the fourth year of the settlement period the amount of approved

claims (paid and pending) equals or exceeds \$275 million, then the settlement agreement will terminate as to all claims in excess of \$275 million unless L-P timely elects to provide additional funding within 12 months equal to the lesser of (i) the excess of unfunded claims over \$275 million or (ii) \$50 million and, if necessary to satisfy unfunded claims, a second payment within 24 months equal to the lesser of (i) the remaining unfunded amount or (ii) \$50 million. If the total payments to the settlement fund are insufficient to satisfy in full all approved claims filed prior to January 1, 2003, then L-P may elect to satisfy the unfunded claims by making additional payments into the settlement fund at the end of each of the next two 12-month periods or until all claims are paid in full, with each additional payment being in an amount equal to the greater of (i) 50 percent of the aggregate sum of all remaining unfunded approved claims or (ii) 100 percent of the aggregate amount of unfunded approved claims, up to a maximum of \$50 million. If L-P fails to make any such additional payment, all class members whose claims remain unsatisfied from the settlement fund may pursue any available legal remedies against L-P without regard to the release of claims provided in the settlement agreement.

If L-P makes all payments required under the settlement agreement, including all additional payments as specified above, class members will be deemed to have released L-P from all claims for damaged OSB Inner-Seal siding, except for claims arising under their existing 25-year limited warranty after termination of the settlement agreement. The settlement agreement does not cover consequential damages resulting from damage to OSB Inner-Seal siding or damage to utility grade OSB siding (sold without any express warranty), either of which could create additional claims. In the event all claims filed prior to January 1, 2003, that are approved have been paid without exhausting the settlement fund, any amounts remaining in the settlement fund revert to L-P. In addition to payments to the settlement fund, L-P was required to pay fees of class counsel in the amount of \$26.25 million, as well as expenses of administering the settlement fund and inspecting properties for damage and certain other costs. As of December 31, 1997, approximately \$40 million remained of the \$195 million paid into the fund to date, after accruing interest on undisbursed funds and deducting class notification costs, prior claims costs (including payments advanced to homeowners in urgent circumstances) and payment of claims under the settlement.

The claims submitted to the claims administrator substantially exceed the \$275 million of payments that L-P is required to make under the settlement agreement. As calculated under the terms of the settlement, claims submitted and inspected exceed \$325 million. There are insufficient data to project the future volume of claims or the total dollar value of additional claims that may be made against the settlement fund. L-P has not decided whether it will provide the optional funding discussed above in excess of the required \$275 million after the fourth year of the settlement. Alternatively, L-P could elect to pursue other options, including allowing the settlement agreement to terminate, thereby entitling claimants with unsatisfied claims to pursue available legal remedies against L-P.

A settlement of a Florida class action was approved by the Circuit Court for Lake County, Florida. Under the settlement, L-P has established a claims procedure pursuant to which members of the settlement class may report problems with L-P's OSB Inner-Seal siding and have their properties inspected by an independent adjuster, who will measure the amount of damage and also determine the extent to which improper design, construction, installation, finishing, painting, and maintenance may have contributed to any damage. The maximum payment for damaged siding is \$3.40 per square foot for lap siding and \$2.82 per square foot for panel siding, subject to reduction of up to 75 percent for damage resulting from improper design, construction, installation,

finishing, painting, or lack of maintenance, and also subject to reduction for age of siding more than three years old. L-P has agreed that the deduction from the payment to a member of the Florida class will be not greater than the deduction computed for a similar claimant under the national settlement agreement described above. Class members will be entitled to make claims for up to five years after October 4, 1995.

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

Other OSB Matters  
- - - - -

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

On February 27, 1998, the United States District Court for the Northern District of California entered an order approving a settlement that would resolve the above actions. The settlement class is composed of all persons who purchased L-P OSB sheathing or acquired real property or structures in the United States containing L-P OSB sheathing between January 1, 1984, and October 22, 1997. However, persons who purchased L-P sheathing during the class period, but who do not retain ownership of the product, are not included in the class. Under the settlement agreement, an eligible claimant whose claim is filed prior to October 22, 2017, and is reviewed by the claims administrator will be entitled to recover the reasonable cost of repair or replacement of any L-P OSB sheathing determined to have failed to perform its essential function as warranted and not occasioned by misuse, negligent or intentional misconduct of a third party or an event over which L-P had no control.

Independent adjusters will determine the extent of damage to the OSB sheathing at each claimant's property. There will be an adjustment to the settlement payments for improper installation and maintenance. If a class member is dissatisfied with the result, he or she may reject the award and request a second inspection, or elect arbitration or initiate a civil suit for compensatory damages (but not for multiple or punitive damages). If a class member rejects the award, elects arbitration and recovers a greater sum than was found to be owing by the independent adjuster, L-P will pay for the administrative cost of the arbitration.

An independent, professional ombudsperson will oversee the implementation of the settlement and receive and consider complaints from class members with respect to L-P's performance of the settlement.

Additionally, the settlement agreement provides that L-P will pay a \$1.5 million grant to the University of California Forest Products Laboratory, will pay reasonable attorneys' fees of class counsel, and will consent to an injunction prohibiting it from failing to comply with product testing protocols or falsely representing that its products comply with certain testing requirements.

As with most class action settlements, a number of opt out notices were received. Those who opted out retain all rights which were available to them prior to the settlement.

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

Executive Employment Matter

On June 19, 1997, the United States District Court for the Southern District of New York entered a judgment in favor of Mark Suwyn and L-P in the action entitled International Paper Company v. Mark A. Suwyn and Louisiana-Pacific Corporation. The complaint had alleged that Mr. Suwyn's employment as chief executive officer of L-P violated the terms of a previous employment agreement with the plaintiff and sought an injunction prohibiting Mr. Suwyn from continuing his employment with L-P for 18 months and other relief.

Other

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

Contingency Reserves

The balance of contingency reserves, exclusive of the environmental reserves discussed above, was \$194.7 million and \$209.9 million at December 31, 1997 and 1996. As L-P receives additional information regarding actual claim rates and average claim amounts, L-P will monitor its estimated exposure and adjust its accrual accordingly. The amounts ultimately paid for these contingencies could differ materially from the amount currently recorded, although no estimate of the timing or range of any potential adjustment can be made at this time.

9. COMMITMENTS

L-P is obligated to purchase timber under certain cutting contracts which extend to 2002. L-P's best estimate of its commitment at current contract rates under these contracts is approximately \$20.2 million for approximately 113 million board feet of timber.

Payments under all operating leases that were charged to expense during 1997, 1996, and 1995 were \$17.5 million, \$17.0 million and \$10.7 million. Future minimum rental payments under non-cancelable operating leases are not significant.

## 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.

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

YEAR ENDED DECEMBER 31 (IN MILLIONS)	1997	1996	1995
-----	----	----	----
Total sales -- point of origin			
U.S.	\$ 2,330	\$ 2,389	\$ 2,703
Canada and other	128	162	191
Intersegment sales to U.S.	(55)	(65)	(51)
	-----	-----	-----
Total sales	\$ 2,403	\$ 2,486	\$ 2,843
	=====	=====	=====
Export sales (included above)	\$ 240	\$ 268	\$ 457
	=====	=====	=====
Profit (loss)			
U.S.	\$ 39	\$ 107	\$ 353
Canada and other	(48)	(24)	37
Settlements, charges and other unusual items, net	(32)	(350)	(367)
General corporate expense and interest, net	(109)	(60)	(118)
	-----	-----	-----
Income (loss) before taxes and minority interest	\$ (150)	\$ (327)	\$ (95)
	=====	=====	=====
Identifiable assets			
U.S.	\$ 2,220	\$ 2,195	\$ 2,305
Canada	285	308	434
All other	73	86	66
	-----	-----	-----
Total assets	\$ 2,578	\$ 2,589	\$ 2,805
	=====	=====	=====

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

YEAR ENDED DECEMBER 31 (IN MILLIONS)	1997	1996	1995
-----	----	----	----
Total sales			
Building products	\$ 2,280	\$ 2,328	\$ 2,535
Pulp	130	177	334
Intersegment sales to pulp	(7)	(19)	(26)
	-----	-----	-----
Total sales	\$ 2,403	\$ 2,486	\$ 2,843
	=====	=====	=====
Profit (loss)			
Building products	\$ 20	\$ 174	\$ 346
Pulp	(29)	(91)	44
Settlements, charges and other unusual items, net (1)	(32)	(350)	(367)
General corporate expense, net	(80)	(52)	(121)
Interest, net	(29)	(8)	3
	-----	-----	-----
Income (loss) before taxes and minority interest	\$ (150)	\$ (327)	\$ (95)
	=====	=====	=====
Identifiable assets			
Building products	\$ 1,420	\$ 1,346	\$ 1,389
Pulp	294	341	457
Timber, timberlands, logging equipment and roads	671	682	727
General corporate assets	193	220	232
	-----	-----	-----
Total assets	\$ 2,578	\$ 2,589	\$ 2,805
	=====	=====	=====
Depreciation, amortization and cost of timber harvested			
Building products	\$ 164	\$ 164	\$ 158
Pulp	17	25	36
Capital expenditures			
Building products	145	203	286
Pulp	4	36	47
Timber, timberlands, logging equipment and roads	63	38	69

(1) In 1997, of the net \$32 million charge, a \$122 million gain relates to a gain from a settlement received by a subsidiary from the U.S. Government and is not allocable to a segment, a \$56 million gain relates to timber and timberland sold and a \$210 million charge relates to building products.

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 \$367 million charge related to class action settlements concerning the Company's siding product and therefore would be primarily allocated to building products.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS  
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The Board of Directors and Stockholders of Louisiana-Pacific Corporation:

We have audited the accompanying consolidated balance sheet of Louisiana-Pacific Corporation and subsidiaries as of December 31, 1997, and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended. 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 audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Louisiana-Pacific Corporation and subsidiaries as of December 31, 1997, and the results of their operations and their cash flows for the year then ended, in conformity with generally accepted accounting principles.

/s/ DELOITTE & TOUCHE LLP

Portland, Oregon  
February 6, 1998

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS  
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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 the related consolidated statements of income, stockholders' equity and cash flows for each of the two 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 the results of their operations and their cash flows for each of the two years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP

Portland, Oregon  
January 31, 1997



Report of Management  
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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	CURTIS M. STEVENS
Chairman and Chief Executive Officer	Vice President, Treasurer and Chief Financial Officer

February 6, 1998

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure  
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A change in auditors was reported in the registrant's current report on Form 8-K dated October 26, 1997.

PART III

ITEM 10. Directors and Executive Officers of the Registrant  
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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 1998 annual meeting of stockholders (the "1998 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." Information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated herein by reference to the material included under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in the 1998 Proxy Statement.

ITEM 11. Executive Compensation  
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Information regarding executive compensation is incorporated herein by reference to the material under the captions "Compensation Committee--Interlocks and Insider Participation," "Compensation of Executive Officers," "Retirement Benefits," "Directors' Compensation," and "Agreements with Executive Officers" in the 1998 Proxy Statement.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management  
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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 1998 Proxy Statement.

ITEM 13. Certain Relationships and Related Transactions  
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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 1998 Proxy Statement.

PART IV

ITEM 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K  
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A. FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The following financial statements are included in this report:

Consolidated Balance Sheets--December 31, 1997, and 1996.

Consolidated Statements of Income--years ended December 31, 1997, 1996, and 1995.

Consolidated Statements of Cash Flows--years ended December 31, 1997, 1996, and 1995.

Consolidated Statements of Stockholders' Equity--years ended December 31, 1997, 1996, and 1995.

Notes to Financial Statements.

Reports of Independent Public Accountants.

No financial statement schedules are required to be filed.

B. REPORTS ON FORM 8-K

The registrant filed a Form 8-K dated October 26, 1997, reporting a change in auditors.

C. EXHIBITS

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

SIGNATURES

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

Date: March 27, 1998

LOUISIANA-PACIFIC CORPORATION  
(Registrant)

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

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

Date	Signature and Title
- - - - -	-----
March 27, 1998	/s/ MARK A. SUWYN Mark A. Suwyn Chief Executive Officer, Chairman of the Board (Principal Executive Officer)
March 27, 1998	/s/ CURTIS M. STEVENS Curtis M. Stevens Vice President, Treasurer and Chief Financial Officer (Principal Financial & Accounting Officer)

Date  
- - - - -

Signature and Title  
-----

March 27, 1998

/s/ WILLIAM C. BROOKS  
William C. Brooks  
Director

March 27, 1998

/s/ ARCHIE W. DUNHAM  
Archie W. Dunham  
Director

March 27, 1998

/s/ PIERRE S. DU PONT  
Pierre S. du Pont  
Director

March 27, 1998

/s/ WILLIAM E. FLAHERTY  
William E. Flaherty  
Director

March 27, 1998

/s/ BONNIE G. HILL  
Bonnie G. Hill  
Director

March 27, 1998

/s/ DONALD R. KAYSER  
Donald R. Kayser  
Director

March 27, 1998

/s/ LEE C. SIMPSON  
Lee C. Simpson  
Director

March 27, 1998

/s/ CHARLES E. YEAGER  
Charles E. Yeager  
Director

SIGNATURES

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

Date: April 1, 1998

LOUISIANA-PACIFIC CORPORATION  
(Registrant)

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

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: Ward Hubbell, Director of Corporate Affairs, Louisiana-Pacific Corporation, 111 S.W. Fifth Avenue, Portland, Oregon 97204.

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

Exhibit -----	Description 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 July 29, 1997. Incorporated by reference to Exhibit 3 to the registrant's Form 10-Q report for the quarter ended June 30, 1997.
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. Incorporated by reference to Exhibit 4.A.1 to the registrant's Form 10-K report for 1996.  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, 1997. 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. Incorporated by reference to Exhibit 4.A.2 to the registrant's Form 10-K report for 1996.
10.A	1984 Employee Stock Option Plan as amended. Incorporated by reference to Exhibit 10.A to the registrant's Form 10-K report for 1996.*
10.B	1991 Employee Stock Option Plan. Incorporated by reference to Exhibit 10.B to the registrant's Form 10-K report for 1996.*
10.C	1992 Non-Employee Director Stock Option Plan and Related Form of Option Agreement as amended February 1, 1997.*
10.D	Non-Employee Directors' Deferred Compensation Plan effective July 1, 1997.*
10.E(1)	The registrant's Key Employee Restricted Stock Plan as amended. Incorporated by reference to Exhibit 10.E(1) to the registrant's Form 10-K report for 1996.*

Exhibit	Description of Exhibit
10.E(2)	Form of Restricted Stock Award Agreement under Exhibit 10.E(1). Incorporated by reference to Exhibit 10.H(2) to the registrant's Form 10-K report for 1992.*
10.F(1)	1997 Incentive Stock Award Plan. Incorporated by reference to Exhibit 10 to the registrant's Form 10-Q report for the quarter ended June 30, 1997.*
10.F(2)	Form of Award Agreements for Non-Qualified Stock Options and Performance Shares under the Louisiana-Pacific 1997 Incentive Stock Award Plan. Incorporated by reference to Exhibit 10.F(2) to the registrant's Form 10-K report for 1996.*
10.G	Annual Cash Incentive Award Plan effective March 1, 1997. Incorporated by reference to Exhibit 10.F(3) to the registrant's Form 10-K report for 1996.*
10.H	The registrant's Supplemental Executive Retirement Plan effective July 1, 1997.*
10.I	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.J	Restricted Stock Award Agreement between the registrant and Mark A. Suwyn dated January 31, 1996.*
10.K	1997 Cash Incentive Award for Mark A. Suwyn adopted March 11, 1997. Incorporated by reference to Exhibit 10.K to the registrant's Form 10-K report for 1996.*
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. Incorporated by reference to Exhibit 10.L to the registrant's Form 10-K report for 1996.*
10.M	Executive Employment Agreement effective as of January 1, 1997, by and between the registrant and Karen D. Lundquist. Incorporated by reference to Exhibit 10.M to the registrant's Form 10-K report for 1996.*
10.N	Letter agreement dated August 14, 1997, relating to the employment of Gary C. Wilkerson with the registrant.*
10.O	Letter agreement dated July 16, 1997, relating to the employment of Curtis M. Stevens with the registrant.*
10.P	Executive Deferred Compensation Plan effective May 1, 1997.*
21	List of subsidiaries of the registrant.
23.A	Consent of Arthur Andersen LLP.
23.B	Consent of Deloitte & Touche LLP.
27	Financial data schedule.



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

(Restated as of February 1, 1997)

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

2. STOCK. The stock subject to options granted under the Plan shall be shares of the Corporation's authorized but unissued, or reacquired, \$1 par value common stock ("Common Stock"). The total number of shares of Common Stock with respect to which options may be granted shall not exceed in the aggregate 600,000, provided that such aggregate number of shares shall be subject to adjustment in accordance with the provisions of paragraph 6(g).

In the event that any outstanding option under the Plan shall be canceled or terminate or expire prior to the end of the period during which options may be granted under the Plan, the shares of Common Stock allocable to the unexercised portion of such option may be made the subject of additional options granted under the Plan.

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

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

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

5. GRANT OF OPTIONS.

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

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

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

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

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

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

(b) OPTION PRICE. The option price for each option shall be the greater of (i) 85 percent of the Fair Market Value on the date the option is granted, or (ii) the book value per share as of the last day of the last calendar quarter ending on or before the date the option is granted (the "Book Value"); provided, however, that if the Fair Market Value per share is less than the Book Value per share, the option price shall be the Fair Market Value per share.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9. APPLICATION OF PROCEEDS. The proceeds received by the Corporation from the sale of Common Stock pursuant to options shall be available for general corporate purposes.

10. NO OBLIGATION TO EXERCISE OPTION. The granting of an option shall impose no obligation upon the optionee to exercise the same, in whole or in part.

11. RESTRICTIONS ON EXERCISE. Any provision of the Plan to the contrary notwithstanding, no option granted pursuant to the Plan shall be exercisable at any time, in whole or in part, (i) prior to the shares of Common Stock subject to the option being authorized for listing on the New York Stock Exchange, or (ii) if issuance and delivery of the shares of Common Stock subject to the option would be in violation of any applicable laws or regulations.

DIRECTORS' DEFERRED COMPENSATION PLAN

Effective July 1, 1997

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LOUISIANA-PACIFIC CORPORATION

DIRECTORS' DEFERRED COMPENSATION PLAN

ARTICLE I--PURPOSE; EFFECTIVE DATE

The purpose of this Directors' Deferred Compensation Plan (the "Plan") is to provide current tax planning opportunities as well as supplemental funds for retirement or death for Directors of Louisiana-Pacific Corporation (the "Corporation"). It is intended that the Plan will aid in attracting and retaining Directors of exceptional ability by providing them with these benefits. The Plan shall be effective as of July 1, 1997. The terms of this Plan supersede and replace the terms of the Louisiana-Pacific Corporation Director's Deferred Compensation Plan dated August 1, 1985 ("Prior Plan"), and, effective on and after July 1, 1997, the amount of any Director's deferred account under the Prior Plan, computed as of June 30, 1997, shall be subject to and governed by the terms of this Plan.

ARTICLE II--DEFINITIONS

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

2.1 Account

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

2.2 Acquiring Person

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

(a) Corporation or any of its Subsidiaries;

(b) Any employee benefit plan or related trust of Corporation or any of its Subsidiaries;

(c) Any entity holding voting capital stock of Corporation for or pursuant to the terms of any such employee benefit plan; or

(d) Any person or group solely because such person or group has voting power with respect to capital stock of Corporation arising from a revocable proxy or consent given in response to a public proxy or consent solicitation made pursuant to the Exchange Act.

2.3 Actuarial Equivalent

"Actuarial Equivalent" means equivalence in value between two (2) or more forms and/or times of payment based on a determination by an actuary chosen by the Corporation, using sound actuarial assumptions at the time of such determination.

2.4 Beneficiary

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

2.5 Board

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

2.6 Change in Control

A "Change in Control" shall occur upon:

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

(i) Any acquisition directly from Corporation;

(ii) Any acquisition by Corporation;

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

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

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

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

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

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

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

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

#### 2.7 Committee

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

#### 2.8 Compensation

"Compensation" means Board and meeting fees payable to a Participant during the calendar year. Compensation does not include expense reimbursements, or any form of noncash compensation or benefits.

#### 2.9 Corporation

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

#### 2.10 Deferral Commitment

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

2.11 Deferral Period

"Deferral Period" means the period over which a Participant has elected to defer a portion of his or her Compensation. The Deferral Period shall be one (1) calendar year. The initial Deferral Period shall be from July 1, 1997 through December 31, 1997. The Deferral Period may be modified pursuant to Section 3.3 or Section 3.5.

2.12 Determination Date

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

2.13 Elective Deferred Compensation

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

2.14 Financial Hardship

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

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

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

(c) By cessation of deferrals under the Plan;

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

2.15 Interest

"Interest" on a Determination Date shall be equal to the monthly equivalent of the annual yield plus two (2) percentage points of the Moody's Average Corporate Bond Yield Index for the preceding calendar month as published by Moody's Investor Service, Inc. (or any successor thereto) or, if such index is no longer published, a substantially similar index selected by the Board.

2.16 Participant

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

2.17 Participation Agreement

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

2.18 Plan Benefit

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

ARTICLE III--PARTICIPATION AND DEFERRAL COMMITMENTS

3.1 Eligibility and Participation

(a) ELIGIBILITY. Eligibility to participate in the Plan shall be limited to the Directors of the Corporation.

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

(c) PART-YEAR PARTICIPATION. In the event that a Director first becomes eligible to participate during a Deferral Period, a Participation Agreement must be submitted to the Committee no later than thirty (30) days following notification of the Director of eligibility to participate. Such Participation Agreement shall be effective only with regard to Compensation earned or payable following the submission of the Participation Agreement to the Committee.

3.2 Form of Deferral

DEFERRAL COMMITMENT. A Participant may elect to defer any portion of his or her compensation for the Deferral Period. The amount to be deferred shall be stated as a percentage or dollar amount and may not be less than two thousand four hundred dollars (\$2,400) per year.

3.3 Elections for Part Years

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

3.4 Limitation of Deferral

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

3.5 Modification of Deferral Commitment

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

#### ARTICLE IV--DEFERRED COMPENSATION ACCOUNT

##### 4.1 Accounts

For recordkeeping purposes only, an Account shall be maintained for each Participant.

##### 4.2 Initial Account Balance

Each Participant shall be deemed to have an initial balance in his Account equal to the balance (if any) in the Prior Plan as of June 30, 1997.

##### 4.3 Elective Deferred Compensation

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

##### 4.4 Interest

The Accounts shall be credited monthly with the appropriate Interest earned based on the interest rates specified in Section 2.15. Interest earned shall be calculated as of each Determination Date based upon the average daily balance of the Account since the preceding Determination Date and shall be credited to the Participant's Accounts at that time.

##### 4.5 Determination of Accounts

Each Participant's Account as of each Determination Date shall consist of the balance of the Participant's Accounts as of the immediately preceding Determination Date, plus the Participant's Elective Deferred Compensation credited, and the appropriate Interest earned, minus the amount of any withdrawals or distributions made since the immediately preceding Determination Date.

##### 4.6 Vesting of Accounts

Each Participant shall be one hundred percent (100%) vested at all times in the amount of Compensation elected to be deferred under the Plan and Interest thereon.

4.7 Statement of Accounts

The Committee shall submit to each Participant, within one hundred twenty (120) days after the close of each calendar year and at such other time as determined by the Committee, a statement setting forth the balance to the credit of each Account maintained for a Participant.

ARTICLE V--PLAN BENEFITS

5.1 Plan Benefit

If a Participant terminates service on the Board for any reason other than death, the Corporation shall pay a Plan benefit equal to the Participant's Account as determined in accordance with Article IV.

5.2 Death Benefit

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

(a) POSTTERMINATION. If the Participant dies after termination of service on the Board, the amount payable shall be equal to the remaining unpaid balance of the Participant's Account.

(b) PRETERMINATION. If the Participant dies prior to termination of service, the amount payable shall be the Participant's Account balance.

5.3 In-Service Withdrawals

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

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

(b) AMOUNT OF WITHDRAWAL. The amount which a Participant can elect to withdraw with respect to any Deferral Commitment shall be limited to one hundred percent (100%) of the amount of such Deferral Commitment plus interest.

(c) FORM OF IN-SERVICE WITHDRAWAL PAYMENT. The amount elected to be withdrawn shall be paid in a lump sum unless the Committee approves an alternative form of payment at the time elected by the Participant in the Participation Agreement wherein he or she elected the in-service withdrawal.

5.4 Hardship Distributions

Upon a finding that a Participant has suffered a Financial Hardship or a Disability, the Committee may, in its sole discretion, make distributions from the Participant's Account prior to the time specified for



payment of benefits under the Plan. The amount of such distribution shall be limited to the amount reasonably necessary to meet the Participant's requirements during the Financial Hardship or Disability.

#### 5.5 Form of Benefit Payment

(a) All Plan Benefits other than In-Service Withdrawals or Hardship Distributions shall be paid in the form selected by the Participant at the time of the Deferral Commitment from among the following alternatives:

(i) Lump sum payment

(ii) Substantially equal annual installments of the Account and Interest amortized over a period of five (5) years

(iii) Substantially equal annual installments of the Account and Interest amortized over a period of ten (10) years

(iv) Substantially equal annual installments of the Account and Interest amortized over a period of fifteen (15) years

(v) Any other method that is the Actuarial Equivalent of the Participant's appropriate Account balance

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

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

#### 5.6 Small Accounts

Notwithstanding Section 5.5(a), if a Participant's Account is less than twenty thousand dollars (\$20,000), the Committee may, in its sole discretion, pay the Participant in a lump sum.

#### 5.7 Accelerated Distribution

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

#### 5.8 Payment to Guardian

If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of his or her property, the Committee may direct payment of such Plan Benefit to

the guardian, legal representative, or person having the care and custody of such minor, incompetent, or person. The Committee may require proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distribution of the Plan Benefit. Such distribution shall completely discharge the Committee from all liability with respect to such benefit.

#### ARTICLE VI--BENEFICIARY DESIGNATION

##### 6.1 Beneficiary Designation

Subject to Section 6.3, each Participant shall have the right, at any time, to designate one or more persons or an entity as Beneficiary (both primary as well as secondary) to whom benefits under the Plan shall be paid in the event of Participant's death prior to complete distribution of the Participant's Account. Each Beneficiary designation shall be in a written form prescribed by the Committee and shall be effective only when filed with the Committee during the Participant's lifetime.

##### 6.2 Changing Beneficiary

Subject to Section 6.3, any Beneficiary designation may be changed by a Participant without the consent of the previously named Beneficiary by the filing of a new designation with the Committee. The filing of a new designation shall cancel all designations previously filed. If a Participant's Compensation is community property, any Beneficiary designation shall be valid or effective only as permitted by applicable law.

##### 6.3 Community Property

If the Participant resides in a community property state, the following rules shall apply:

(a) Designation by a married Participant of a Beneficiary other than the Participant's spouse shall not be effective unless the spouse executes a written consent that acknowledges the effect of the designation, or it is established the consent cannot be obtained because the spouse cannot be located.

(b) A married Participant's Beneficiary designation may be changed by a Participant with the consent of the Participant's spouse as provided for in Section 6.3(a) by the filing of a new designation with the Committee.

(c) If the Participant's marital status changes after the Participant has designated a Beneficiary, the following shall apply:

(i) If the Participant is married at the time of death but was unmarried when the designation was made, the designation shall be void unless the spouse has consented to it in the manner prescribed in Section 6.3(a).

(ii) If the Participant is unmarried at the time of death but was married when the designation was made:

a) The designation shall be void if the spouse was named as Beneficiary unless Participant had submitted a change of beneficiary listing the former spouse as the beneficiary.

b) The designation shall remain valid if a nonspouse Beneficiary was named.

(iii) If the Participant was married when the designation was made and is married to a different spouse at death, the designation shall be void unless the new spouse has consented to it in the manner prescribed above.

#### 6.4 No Beneficiary Designation

In the absence of an effective Beneficiary Designation, or if all designated Beneficiaries predecease the Participant or dies prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be the person in the first of the following classes in which there is a survivor:

(a) The surviving spouse;

(b) The Participant's children, except that if any of the children predeceases the Participant but leaves issue surviving, then such issue shall take by right of representation the share the parent would have taken if living;

(c) The Participant's estate.

#### 6.5 Effect of Payment

The payment to the deemed Beneficiary shall completely discharge the Corporation's obligations under the Plan.

### ARTICLE VII--ADMINISTRATION

#### 7.1 Committee; Duties

The Plan shall be administered by the Committee, which shall consist of not less than three (3) persons appointed by the Chief Executive Officer and which may include the CEO as a member. The Committee shall have the authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as may arise in connection with the Plan. A majority vote of the Committee members shall control any decision. Members of the Committee may be Participants under the Plan.

#### 7.2 Agents

The Committee may, from time to time, employ other agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Corporation.

#### 7.3 Binding Effect of Decisions

The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

7.4 Indemnity of Committee

The Corporation shall indemnify and hold harmless the members of the Committee against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to the Plan, except in the case of gross negligence or willful misconduct.

ARTICLE VIII--CLAIMS PROCEDURE

8.1 Claim

Any person claiming a benefit, requesting an interpretation or ruling under the Plan, or requesting information under the Plan shall present the request in writing to the Committee, which shall respond in writing as soon as practicable.

8.2 Denial of Claim

If the claim or request is denied, the written notice of denial shall state:

(a) The reasons for denial, with specific reference to the Plan provisions on which the denial is based.

(b) A description of any additional material or information required and an explanation of why it is necessary.

(c) An explanation of the Plan's claim review procedure.

8.3 Review of Claim

Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Committee. The claim or request shall be reviewed by the Committee which may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

8.4 Final Decision

The decision on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE IX--AMENDMENT AND TERMINATION OF PLAN

9.1 Amendment

The Corporation may at any time amend the Plan in whole or in part; provided, however, that any such amendment that would materially increase the benefits provided under the Plan shall be subject to the prior approval of the Board. Provided, further, that no amendment shall be effective to decrease or restrict the amount accrued to the date of Amendment in any Account maintained under the Plan. Changes in the definition of "Interest" shall be subject to the following restrictions:

(a) NOTICE. A change shall not become effective before the first day of the calendar year which follows the adoption of the amendment and at least thirty (30) days written notice of the amendment to the Participant.

(b) CHANGE IN CONTROL. Any change in the definition of Interest after a Change in Control shall apply only to those amounts credited to the Participant's Account as a result of Deferral Commitments made after the Change in Control.

9.2 Corporation's Right to Terminate

The Corporation may at any time partially or completely terminate the Plan if, in its judgment, the tax, accounting or other effects of the continuance of the Plan, or potential payments thereunder would not be in the best interests of the Corporation.

(a) PARTIAL TERMINATION. The Corporation may partially terminate the Plan by instructing the Committee not to accept any additional Deferral Commitments. In the event of such a Partial Termination, the Plan shall continue to operate and be effective with regard to Deferral Commitments entered into prior to the effective date of such Partial Termination.

(b) COMPLETE TERMINATION. The Corporation may completely terminate the Plan by instructing the Committee not to accept any additional Deferral Commitments, and by terminating all ongoing Deferral Commitments. In the event of Complete Termination, the Plan shall cease to operate and the Corporation shall pay out to each Participant their Account as if the Participant had terminated service as of the effective date of the Complete Termination. Payments shall be made in equal annual installments over the period listed below, based on the Account balance:

RETIREMENT ACCOUNT BALANCE	PAYOUT PERIOD
Less than \$10,000	1 Year
\$10,000 but less than \$50,000	3 Years
More than \$50,000	5 Years

ARTICLE X--MISCELLANEOUS

10.1 Unfunded Plan

The Plan is intended to be an unfunded plan maintained solely for Directors and is not an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and as such is not intended to be covered by ERISA. In the event of such termination, all ongoing Deferral Commitments shall terminate, no additional Deferral Commitments will be accepted by the Committee, and the amount of each Participant's vested Account balance shall be distributed to such Participant at such time and in such manner as the Committee, in its sole discretion, determines.

#### 10.2 Unsecured General Creditor

In the event of Corporation's insolvency, Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interest or claims in any property or assets of the Corporation, nor shall they be Beneficiaries of, or have any rights, claims or interests in any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by the Corporation. In that event, any and all of the Corporation's assets and policies shall be, and remain, the general, unpledged, unrestricted assets of the Corporation. The Corporation's obligation under the Plan shall be that of an unfunded and unsecured promise of the Corporation to pay money in the future.

#### 10.3 Trust Fund

The Corporation shall be responsible for the payment of all benefits provided under the Plan. At its discretion, the Corporation may establish one or more trusts, with such trustees as the Board may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Corporation's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the Corporation shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, the Corporation.

#### 10.4 Nonassignability

Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

#### 10.5 Not a Contract of Future Service on Board

The terms and conditions of the Plan shall not be deemed to constitute a contract of future service between the Corporation and the Participant, and the Participant (or his or her Beneficiary) shall have no rights against the Corporation except as may otherwise be specifically provided herein. Moreover, nothing in the Plan shall be deemed to give a Participant the right to be retained in the service of the Corporation.

#### 10.6 Protective Provisions

A Participant will cooperate with the Corporation by furnishing any and all information requested by the Corporation, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as the Corporation may deem necessary and taking such other action as may be requested by the Corporation.

#### 10.7 Terms

Whenever any words are used herein in the masculine, they shall be construed as though they were

used in the feminine in all cases where they would so apply; and wherever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

10.8 Captions

The captions of the articles, sections and paragraphs of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

10.9 Governing Law; Arbitration

The provisions of the Plan shall be construed and interpreted according to the laws of the State of Oregon. Any dispute or claim that arises out of or that relates to the Plan or to the interpretation, breach, or enforcement of the Plan, must be resolved by mandatory arbitration in accordance with the then effective arbitration rules of Arbitration Service of Portland, Inc., and any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof

10.10 Validity

In case any provision of the Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but the Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10.11 Notice

Any notice or filing required or permitted to be given to the Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to any member of the Committee or the Secretary of the Corporation. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

10.12 Successors

The provisions of the Plan shall bind and inure to the benefit of the Corporation and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of the Corporation, and successors of any such corporation or other business entity.

LOUISIANA-PACIFIC CORPORATION

By: /s/ Mark A. Suwyn  
-----  
Chairman and Chief Executive Officer

By: /s/ Anton C. Kirchhof  
-----  
Secretary

Dated: March 13, 1998  
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SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Effective July 1, 1997

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LOUISIANA-PACIFIC CORPORATION

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

ARTICLE I--PURPOSE; EFFECTIVE DATE

The purpose of this Supplemental Executive Retirement Plan (the "Plan") is to provide supplemental retirement and death benefits for certain key employees of Louisiana-Pacific Corporation (the "Corporation"). It is intended that the Plan will aid in retaining and attracting employees of exceptional ability by providing them with these benefits. This Plan shall be effective as of July 1, 1997.

ARTICLE II--DEFINITIONS

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

2.1 Acquiring Person

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

(a) Corporation or any of its Subsidiaries;

(b) Any employee benefit plan or related trust of Corporation or any of its Subsidiaries;

(c) Any entity holding voting capital stock of Corporation for or pursuant to the terms of any such employee benefit plan; or

(d) Any person or group solely because such person or group has voting power with respect to capital stock of Corporation arising from a revocable proxy or consent given in response to a public proxy or consent solicitation made pursuant to the Exchange Act.

2.2 Actuarial Equivalent

"Actuarial Equivalent" means equivalence in value between two (2) or more forms and/or times of payment based on a determination by an actuary chosen by the Corporation, using sound actuarial assumptions at the time of such determination.

2.3 Beneficiary

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

2.4 Change in Control

A "Change in Control" shall occur upon:

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

(i) Any acquisition directly from Corporation;

(ii) Any acquisition by Corporation;

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

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

(b) During any period of twelve (12) consecutive calendar months, individuals who at the beginning of such period constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual who becomes a director during the period whose election, or nomination for election, by Corporation's shareholders was approved by a vote of at least a majority of the directors then constituting the Incumbent Board will be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person (as such term is used in Section 3(d) and 14(d) of the Exchange Act) other than the Board; or

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

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

(ii) No Person (excluding any employee benefit plan, or related trust, of Corporation or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, twenty percent (20%) or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined

voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination; and

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

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

#### 2.5 Committee

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

#### 2.6 Compensation

"Compensation" means base pay and annual incentives paid to a Participant during the calendar year, before reduction for amounts deferred under the Louisiana-Pacific Executive Deferred Compensation Plan or any other salary reduction program. Compensation does not include expense reimbursements, any form of noncash Compensation or benefits, group life insurance premiums, or any other payments or benefits other than normal Compensation.

#### 2.7 Corporation

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

#### 2.8 Deferred Retirement Date

"Deferred Retirement Date" means the first day of the month coincident with or next following the Participant's severance of employment if it occurs after the Participant's Normal Retirement Date.

#### 2.9 Disability

"Disability" means a physical or mental condition which, in the opinion of the Committee, prevents an employee from satisfactorily performing employee's usual duties for Employer. The Committee's decision as to Disability will be based upon medical reports and/or evidence satisfactory to the Committee. In no event shall a Disability be deemed to occur or to continue after a Participant's Normal Retirement Date.

#### 2.10 Early Retirement Date

"Early Retirement Date" means the date on which the Participant terminates employment if it occurs on or after the first day of the month coincidental with or next following a Participant's attainment of age fifty-five (55) and completion of five (5) Years of Participation, but prior to his Normal Retirement Date.

#### 2.11 Employer

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

2.12 Final Average Compensation

"Final Average Compensation" means the Participant's Compensation during the sixty (60) consecutive calendar months out of the last one hundred twenty (120) months of employment with the Employer in which the Participant's Compensation is the highest divided by sixty (60).

2.13 Final Compensation

"Final Compensation" means a Participant's base pay for the twelve (12) months prior to termination of employment with the Employer, plus the average annual incentive paid the last three (3) years, divided by twelve (12). If the Participant has not been a Participant in the Employer's annual incentive plan for three (3) full years or been an employee for a full twelve (12) months, then the preceding determination shall be adjusted pro rata.

2.14 Involuntarily Terminated

"Involuntarily Terminated" means a Participant is discharged or resigns in response to a change in day-to-day duties, or reduction in Compensation or benefits, to a downward change of title, or to a relocation requested by Employer.

2.15 Normal Retirement Date

"Normal Retirement Date" means the first day of the month coincident with or next following the Participant's attainment of age sixty-two (62).

2.16 Participant

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

2.17 Participation Agreement

"Participation Agreement" means the agreement filed by a Participant which acknowledges assent to the terms of the Plan.

2.18 Qualified Retirement Plan

"Qualified Retirement Plan" means the Louisiana-Pacific Corporation Salaried Employees' Stock Ownership Trust and any successor thereof.

2.19 Retirement

"Retirement" means a Participant's separation from employment with the Employer at the Participant's Early Retirement Date, Normal Retirement Date, or Deferred Retirement Date.

2.20 Spouse

"Spouse" means a Participant's wife or husband who is lawfully married to the Participant at the time of the Participant's death.

2.21 Supplemental Retirement Benefit

"Supplemental Retirement Benefit" means the benefit determined under Article V of this Plan.

2.22 Target Retirement Percentage

"Target Retirement Percentage" means the percentage of Final Average Compensation which will be used as a target from which other forms of retirement benefits are subtracted, as provided in Article V, to arrive at the amount of the Supplemental Retirement Benefit actually payable to a Participant. This percentage shall equal fifty percent (50%) multiplied by a fraction, the numerator of which is the Participant's Years of Credited Service, not to exceed fifteen (15), and the denominator of which is fifteen (15). The adjusted Target Retirement Percentage shall be rounded to four (4) decimal places.

2.23 Years of Credited Service

"Years of Credited Service" means the number of years of credited vesting service determined under the provisions of the Employer's Qualified Retirement Plan.

2.24 Years of Participation

"Years of Participation" means the number of twelve (12) month periods the Participant has been a Participant in the Plan as set out in Section 3.1(b) of this Plan. For the initial Participants, as set out in Appendix A, Years of Participation shall be measured from January 1, 1997.

ARTICLE III--PARTICIPATION AND VESTING

3.1 Eligibility and Participation

(a) ELIGIBILITY. Eligibility to participate in the Plan shall be limited to those employees who are designated by the Committee.

(b) PARTICIPATION. An employee's participation in the Plan shall be effective upon notification of the employee of his status as a Participant by the Committee. Participation in the Plan shall continue until such time as the Participant terminates employment with the Employer, and as long thereafter as the Participant is eligible to receive benefits under this Plan.

3.2 Vesting

Each Participant shall be one hundred percent (100%) vested in benefits under this Plan after completing five (5) Years of Participation in the Plan. The preceding notwithstanding, each Participant shall be one hundred percent (100%) vested in benefits under this Plan upon death, Disability or a Change in Control.

3.3 Cessation of Eligibility

Notwithstanding Section 3.1(b) of this Plan, if a Participant ceases to be designated by the Committee as eligible to participate in the Plan, by reason of a change in employment status or otherwise, participation herein and eligibility to receive benefits hereunder shall be limited to the Participant's interest in such benefits as of the date designated by the Committee.

#### ARTICLE IV--PRERETIREMENT SURVIVOR BENEFIT

##### 4.1 Pretermination Survivor Benefit

If a Participant dies while employed by the Employer, the Employer shall pay a supplemental survivor benefit to the Participant's Spouse. The amount of this benefit shall be equal to one-half (1/2) of the monthly accrued Supplemental Retirement Benefit payable monthly for the life of the Spouse.

#### ARTICLE V--SUPPLEMENTAL RETIREMENT BENEFITS

##### 5.1 Normal Retirement Benefit

If a Participant retires on their Normal Retirement Date, the Employer shall pay to the Participant a monthly Supplemental Retirement Benefit equal to the Target Retirement Percentage multiplied by the Participant's Final Average Compensation, less

(a) Fifty percent (50%) of the Participant's primary Social Security benefit determined at age sixty-two (62), and

(b) An amount equal to the Participant's Qualified Retirement Plan balance converted to a monthly life annuity. Such conversion shall be at the PBGC immediate annuity rate;

times the vesting percentage determined under Section 3.2 of this Plan.

##### 5.2 Deferred Retirement Benefit

If a Participant retires at a Deferred Retirement Date, the Employer shall pay to the Participant a Supplemental Retirement Benefit calculated pursuant to Section 5.1, except that 5.1(a) and 5.1(b) shall be measured at the Participant's date of termination.

##### 5.3 Early Retirement Benefit

If a Participant retires at an Early Retirement Date, the Employer shall pay to the Participant a monthly Supplemental Retirement Benefit equal to the Target Retirement Percentage multiplied by the Participant's Final Average Compensation, less

(a) Fifty percent (50%) of the Participant's primary Social Security benefit projected to be paid at age sixty-two (62) based on the then current law and assuming no future increases in Compensation, and

(b) An amount equal to the Participant's Qualified Retirement Plan balance at termination converted to a life annuity using the PBGC immediate annuity rate;



times the vesting percentage determined under Section 3.2 of this Plan.

If a Participant retires with the approval of the Committee, the above Early Retirement Benefit shall be reduced by three percent (3%) for each year by which the benefit commencement date precedes the Participant's sixty-second (62nd) birthday (prorated for partial years on a monthly basis). If a Participant retires without the approval of the Committee, the above Early Retirement Benefit shall be reduced by five percent (5%) for each year by which the benefit commencement date precedes the Participant's sixty-second (62nd) birthday (prorated for partial years on a monthly basis). For Participants who retire without approval of the Committee, this benefit shall be further reduced by a fraction equal to the Participant's Actual Years of Service at termination over Years of Service the Participant would have had at age sixty-two (62). The Participant may elect to delay the receipt of Early Retirement benefits if the election is filed ninety (90) days before termination. Benefits may not be delayed beyond age sixty-five (65).

#### 5.4 Early Termination Retirement Benefit

If a Participant terminates employment prior to Early Retirement, the Employer shall pay to the Participant a monthly Supplemental Retirement Benefit equal to the product of (a) times (b) times (c) where:

(a) is an amount equal to the Target Retirement Percentage multiplied by the Participant's Final Average Compensation, less

(i) Fifty percent (50%) of the Participant's primary Social Security benefit determined at age sixty-two (62), and

(ii) An amount equal to the Qualified Retirement Plan balance at age sixty-two (62) converted to life annuity using the PBGC immediate annuity rate;

(b) is the vesting percentage determined under Section 3.2 of this Plan; and

(c) is a fraction equal to the Participant's Years of Service at termination over Years of Service the Participant would have had at age sixty-two (62).

#### 5.5 Change in Control Benefits

If a Participant is Involuntarily Terminated within thirty-six (36) months of a Change in Control, such Participant shall be granted two (2) extra Years of Service under the Plan, and the greater of Final Compensation or Final Average Compensation shall be used in determining the Participant's benefit. For such Involuntarily Terminated Participants, benefits shall be payable at the later of age fifty-five (55) or their date of termination. Such benefit shall be calculated pursuant to Section 5.3 and as if the Participant Retired with the approval of the Committee. In Section 5.3(b), the measurement date of the Qualified Retirement Plan balance shall be the date benefits commence.

#### 5.6 Minimum Benefit

All Participants shall receive a minimum benefit under this Plan equal to any benefit payable from the Louisiana-Pacific Supplemental Benefit Plan, payable in the form of a life annuity.

#### 5.7 Disability Retirement Benefit

If a person terminates employment prior to Normal Retirement as a result of Disability, the Employer shall pay to the Participant a Supplemental Retirement Benefit commencing at the Participant's Normal Retirement Date equal to the amount the Participant would have received at such time under the Normal Retirement provisions of this Article. For purposes of this calculation, Years of Credited Service and Years of Participation shall continue to accrue during the period of Disability and the Participant's Final Average Compensation shall be based only on the amounts earned during the sixty (60) months prior to Disability if this provides the Participant with a greater benefit.

#### 5.8 Payment of Benefits

(a) FORM OF BENEFIT PAYMENTS. The normal form of benefit payment shall be a life annuity. Any other form of benefit elected by the Participant shall be the Actuarial Equivalent to a life annuity. At the time of enrollment the Participant shall elect the form of benefit payment. The form of benefit payments available to the Participant shall be:

- (i) Life Annuity.
- (ii) 10-Year Certain and Life.
- (iii) 50% Joint and Survivor.
- (iv) 100% Joint and Survivor.

Participants may amend their form of benefit election by filing a change form with the Committee at least ninety (90) days before termination of employment.

(b) COMMENCEMENT OF BENEFIT PAYMENTS. The Supplemental Retirement Benefits payable to a Participant under the Normal and Deferred Retirement provisions of this Article shall commence within thirty (30) days of the Participant's termination of employment. The Early Retirement Benefit payable to a Participant shall commence within thirty (30) days of Participant's termination. However, the Participant may elect to delay the commencement of the benefit if such election is made at least ninety (90) days prior to termination (may not be delayed beyond sixty-second (62nd) birthday). The Supplemental Retirement Benefits payable to a Participant under the Early Termination or Disability provisions of this Article shall commence within thirty (30) days of the Participant attaining age sixty-two (62).

#### 5.9 Accelerated Distribution

Notwithstanding any other provision of the Plan, at any time a Participant shall be entitled to receive, upon written request to the Committee, a lump-sum distribution of the Actuarial Equivalent of the Participant's unpaid vested accrued benefits under this Plan on the date on which the Committee receives the written request. The vested accrued benefit for active Participants shall be calculated assuming the Participant had terminated without permission on the date the distribution is requested. Each accelerated distribution shall be subject to a penalty equal to ten percent (10%) of the amount that would otherwise be distributed, and that amount shall be forfeited by the Participant. The amount payable under this section shall be paid in a lump sum within sixty-five (65) days following the receipt of the notice by the Committee from the Participant. In the event a Participant requests and obtains an accelerated distribution under this section and remains employed by the Employer, participation will cease and there will be no future benefit accruals under this Plan for a period of one (1) year.

5.10 Excise Tax and Lost Benefit Makeup

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

5.11 Withholding; Payroll Taxes

The Employer shall withhold from payments made hereunder any taxes required to be withheld from a Participant's wages for the federal or any state or local government. However, a Beneficiary may elect not to have withholding for federal income tax purposes pursuant to Section 3405 of the Internal Revenue Code, or any successor provision.

5.12 Payment to Guardian

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

ARTICLE VI--BENEFICIARY DESIGNATION

6.1 Beneficiary Designation

Each Participant shall have the right, at any time, to designate any person or persons as his Beneficiary or Beneficiaries (both primary as well as secondary) to whom benefits under this Plan shall be paid in the event of his death prior to complete distribution to Participant of the benefits due under the Plan. Each Beneficiary designation shall be in a written form prescribed by the Committee, and will be effective only when filed with the Committee during the Participant's lifetime.

6.2 Changing Beneficiary

Subject to Section 6.3, any Beneficiary designation may be changed by a Participant without the consent of the previously named Beneficiary by the filing of a new designation with the Committee. The filing of a new designation shall cancel all designations previously filed. If a Participant's Compensation is community property, any Beneficiary designation shall be valid or effective only as permitted by applicable law.

### 6.3 Community Property

If the Participant resides in a community property state, the following rules shall apply:

(a) Designation by a married Participant of a Beneficiary other than the Participant's Spouse shall not be effective unless the Spouse executes a written consent that acknowledges the effect of the designation, or it is established the consent cannot be obtained because the Spouse cannot be located.

(b) A married Participant's Beneficiary designation may be changed by a Participant with the consent of the Participant's Spouse as provided for in Section 6.3(a) by the filing of a new designation with the Committee.

(c) If the Participant's marital status changes after the Participant has designated a Beneficiary, the following shall apply:

(i) If the Participant is married at the time of death but was unmarried when the designation was made, the designation shall be void unless the Spouse has consented to it in the manner prescribed in Section 6.3(a).

(ii) If the Participant is unmarried at the time of death but was married when the designation was made:

a) The designation shall be void if the Spouse was named as Beneficiary unless Participant had submitted a change of beneficiary listing the former Spouse as the beneficiary.

b) The designation shall remain valid if a non-Spouse Beneficiary was named.

(iii) If the Participant was married when the designation was made and is married to a different Spouse at death, the designation shall be void unless the new Spouse has consented to it in the manner prescribed above.

### 6.4 No Beneficiary Designation

In the absence of an effective Beneficiary Designation, or if all designated Beneficiaries predecease the Participant or dies prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be the person in the first of the following classes in which there is a survivor:

(a) the surviving Spouse;

(b) the Participant's children, except that if any of the children predeceases the Participant but leaves issue surviving, then such issue shall take by right of representation the share the parent would have taken if living;

(c) the Participant's estate.

ARTICLE VII--ADMINISTRATION

7.1 Committee; Duties

The Plan shall be administered by the Committee, which shall consist of not less than three (3) persons appointed by the Chief Executive Officer and which may include the CEO as a member. The Committee shall have the authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as may arise in connection with the Plan. A majority vote of the Committee members shall control any decision. Members of the Committee may be Participants under the Plan.

7.2 Agents

The Committee may, from time to time, employ other agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Employer.

7.3 Binding Effect of Decisions

The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

7.4 Indemnity of Committee

The Employer shall indemnify and hold harmless the members of the Committee against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to the Plan, except in the case of gross negligence or willful misconduct.

#### 7.5 Binding Effect of Decisions

The decision or action of the Committee in respect of any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

#### 7.6 Indemnity of Committee

The Employer shall indemnify and hold harmless the members of the Committee and the against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

### ARTICLE VIII--CLAIMS PROCEDURE

#### 8.1 Claim

Any person claiming a benefit, requesting an interpretation or ruling under the Plan, or requesting information under the Plan shall present the request in writing to the Committee which shall respond in writing within thirty (30) days.

#### 8.2 Denial of Claim

If the claim or request is denied, the written notice of denial shall state:

(a) The reason for denial, with specific reference to the Plan provisions on which the denial is based.

(b) A description of any additional material or information required and an explanation of why it is necessary.

(c) An explanation of the Plan's claim review procedure.

#### 8.3 Review of Claim

Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Committee. The claim or request shall be reviewed by the Committee who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

#### 8.4 Final Decision

The decision on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reason and the relevant plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE IX--TERMINATION, SUSPENSION OR AMENDMENT

9.1 Termination, Suspension or Amendment of Plan

The Board may, in its sole discretion, terminate or suspend this Plan at any time or from time to time, in whole or in part. Any amendment may provide different benefits or amounts of benefits from those herein set forth. However, no such termination suspension or amendment shall adversely affect the benefits of Participants which have accrued prior to such action or the benefits of any Beneficiary of a Participant who has previously died.

ARTICLE X--MISCELLANEOUS

10.1 Unfunded Plan

The Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly-compensated employees" within the meaning of Sections 201, 301 and 401 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and therefore is exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. Accordingly, the Plan shall terminate and no further benefits shall accrue hereunder in the event it is determined by a court of competent jurisdiction or by an opinion of counsel that the Plan constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA which is not so exempt. In the event of such termination, all ongoing Deferral Commitments shall terminate, no additional Deferral Commitments will be accepted by the Committee, and the amount of each Participant's vested Account balance shall be distributed to such Participant at such time and in such manner as the Committee, in its sole discretion, determines.

10.2 Unsecured General Creditor

In the event of Employer's insolvency, Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interest or claims in any property or assets of the Employer, nor shall they be Beneficiaries of, or have any rights, claims or interests in any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by the Employer. In that event, any and all of the Employer's assets and policies shall be, and remain, the general, unpledged, unrestricted assets of the Employer. The Employer's obligation under the Plan shall be that of an unfunded and unsecured promise of the Employer to pay money in the future.

10.3 Trust Fund

The Employer shall be responsible for the payment of all benefits provided under the Plan. At its discretion, the Employer may establish one or more trusts, with such trustees as the Board may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Employer's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the Employer shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, the Employer.

10.4 Nonassignability

Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual

receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

#### 10.5 Not a Contract of Employment

The terms and conditions of the Plan shall not be deemed to constitute a contract of employment between the Employer and the Participant, and the Participant (or his or her Beneficiary) shall have no rights against the Employer except as may otherwise be specifically provided herein. Moreover, nothing in the Plan shall be deemed to give a Participant the right to be retained in the service of the Employer or to interfere with the right of the Employer to discipline or discharge the Participant at any time.

#### 10.6 Protective Provisions

A Participant will cooperate with the Employer by furnishing any and all information requested by the Employer, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as the Employer may deem necessary and taking such other action as may be requested by the Employer.

#### 10.7 Terms

Whenever any words are used herein in the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

#### 10.8 Captions

The captions of the articles, sections and paragraphs of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

#### 10.9 Governing Law; Arbitration

The provisions of the Plan shall be construed and interpreted according to the laws of the State of Oregon. Any dispute or claim that arises out of or that relates to the Plan or to the interpretation, breach, or enforcement of the Plan, must be resolved by mandatory arbitration in accordance with the then effective arbitration rules of Arbitration Service of Portland, Inc., and any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

#### 10.10 Validity

In case any provision of the Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but the Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

#### 10.11 Notice



Any notice or filing required or permitted to be given to the Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to any member of the Committee or the Secretary of the Employer. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

10.12 Successors

The provisions of the Plan shall bind and inure to the benefit of the Employer and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of the Employer, and successors of any such corporation or other business entity.

LOUISIANA-PACIFIC CORPORATION

By: /s/ William L. Hebert  
Vice President, Treasurer  
and Controller

By: /s/ Anton C. Kirchhof  
Secretary

Dated: July 15, 1997

This RESTRICTED STOCK AWARD AGREEMENT ("Award Agreement") is entered into effective as of January 31, 1996, between Louisiana-Pacific Corporation, a Delaware corporation ("Company"), and Mark A. Suwyn, Chairman and Chief Executive Officer of the Company ("Executive").

WHEREAS, the Company and the Executive have entered into an Employment Agreement dated as of January 2, 1996 ("Employment Agreement"), pursuant to which the Executive became Chairman and Chief Executive Officer of the Company; and

WHEREAS, the Employment Agreement provides, among other matters, that the Executive will receive from the Company, within 30 days of the date of the Employment Agreement, a grant of 150,000 restricted shares of common stock of the Company; and

WHEREAS, the parties have entered into this Award Agreement in order to evidence the grant and award of restricted shares pursuant to the Employment Agreement;

NOW, THEREFORE, the parties agree as follows:

#### Section 1. Definitions.

"Certificate" means a stock certificate representing Restricted Shares.

"Common Stock" means shares of common stock, \$1.00 par value, of the Company.

"Restricted Shares" means the shares of Common Stock issued to Executive pursuant to this Award Agreement and, unless the context otherwise requires, includes any shares of Common Stock or other equity security of the Company (or any successor issuer) issued in respect of the Restricted Shares as a stock dividend, stock split, or similar distribution, or issued in exchange or substitution therefore by reason of any reorganization, recapitalization, merger, or other similar transaction.

"Securities Act" means the Securities Act of 1933, as amended.

"Vest," "Vested," or any similar word, means, with respect to the Restricted Shares represented by any Certificate, the expiration or termination of the period during which the Restricted Shares may be forfeited pursuant to Section 3(d) hereof and during which transfer of the Restricted Shares is restricted pursuant to Section 4(b) hereof.

Other capitalized terms used in this Award Agreement without definition shall have the meanings ascribed thereto in the Employment Agreement.

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#### Section 2. Award of Restricted Shares.

The Company has, effective the date of this Award Agreement, granted and awarded to the Executive, subject to possible forfeiture as provided in Section 3(d) hereof, 150,000 Restricted Shares initially represented by four Certificates as follows:

Certificate	Number of Shares	Scheduled Date of Vesting
1	30,000	January 1, 1997
2	30,000	January 1, 1998
3	30,000	January 1, 1999
4	60,000	August 12, 2004

The Certificate numbers referred to above are used for convenient reference only, it being understood that each Certificate shall bear a number assigned by the Company's transfer agent.

#### Section 3. Vesting and Forfeiture.

(a) Unless sooner Vested or forfeited, the Restricted Shares evidenced by each Certificate (including, without limitation, any Restricted Shares issued in respect of the shares originally represented thereby) will become Vested and non-forfeitable on the respective dates set forth in Section 2; provided, in each case, that the Executive is employed by the Company on such date.

(b) Unless sooner Vested or forfeited, the Restricted Shares evidenced by Certificates 1, 2, and 3 (including, without limitation, any Restricted Shares issued in respect of the shares originally represented thereby) will become immediately Vested and non-forfeitable upon the occurrence of any one of the following: a Change in Control, a "change of control" as defined in the Option Plan, the termination of the Term of Employment by the Company pursuant to Section 2 of the Employment Agreement, the Executive's death or Disability, termination of employment by the Executive for Good Reason, or termination of employment by the Company without Cause; provided, in each case, that the Executive is employed by the Company on the date of such event.

(c) Unless sooner Vested or forfeited, the Restricted Shares evidenced by Certificate 4 (including, without limitation, any Restricted Shares issued in respect of the shares originally represented thereby) will become Vested and non-forfeitable upon the occurrence of any of the following: a Change in Control, a "change of control" as defined in the Option Plan, the termination of the Term of Employment by the Company pursuant to Section 2 of the Employment Agreement, termination of employment by the Executive for Good Reason, or termination of employment by the Company without Cause; provided, in each case, that the Executive is employed by the Company on the date of such event.

(d) Upon the termination of Executive's employment with the Company, the rights of the Executive with respect to any Restricted Shares which are not Vested pursuant to

paragraph (a), (b), or (c) above on or prior to the date of such termination shall be forfeited and shall revert to the ownership of the Company.

#### Section 4. Rights as Stockholder; Restrictions on Transfer.

(a) Except as expressly provided in this Award Agreement, the Executive shall be entitled to all rights as a stockholder with respect to the Restricted Shares, including the right to vote the Restricted Shares and to receive any dividends and other distributions with respect to the Restricted Shares; provided, however, that certain dividends and distributions, as specified in Section 1 hereof, shall themselves constitute Restricted Shares, subject to possible forfeiture as provided herein.

(b) None of the Restricted Shares, the Certificates representing Restricted Shares, or the Executive's rights with respect thereto under this Award Agreement may be sold, assigned, pledged, or otherwise transferred, disposed of, or encumbered, voluntarily or involuntarily, until they have become Vested. Any purported sale, assignment, pledge, or other transfer, disposition, or encumbrance of Restricted Shares in violation of this Award Agreement shall be null and void.

(c) Each Certificate for Restricted Shares shall be issued in the name of the Executive and shall be held by the Company until the Restricted Shares represented thereby have become Vested or until such Restricted Shares are forfeited, as provided in this Award Agreement. The Executive shall execute and deliver to the Company a stock transfer power with respect to the Restricted Shares. All Certificates for Restricted Shares that have not become Vested shall bear a legend in substantially the following form:

"The shares evidenced by this Certificate were issued as Restricted Shares pursuant to a Restricted Stock Award Agreement dated as of January 31, 1996, and are subject to possible forfeiture and restrictions on transfer, disposition, or encumbrance until [scheduled date of vesting] pursuant to the terms of said agreement."

When any Restricted Shares become Vested, they shall no longer be subject to possible forfeiture pursuant to Section 3(d), the transfer thereof shall no longer be restricted by the provisions of Section 4(b), and the Company shall promptly cause a new Certificate or Certificates representing such shares to be issued in the name of the Executive, without the foregoing legend, and shall deliver such Certificate or Certificates to the Executive.

#### Section 5. Income Taxes.

The Company shall have the right to withhold from any amounts payable to the Executive, as compensation or otherwise, or to require the Executive to make other provision satisfactory to the Company for payment of an amount sufficient to satisfy all federal, state, and local withholding tax requirements with respect to the award or the Vesting of the Restricted Shares. The Company shall not be obligated to deliver any Certificates to the Executive until

any such withholding or payment requirement shall have been satisfied. The Executive agrees to promptly notify the Company if the Executive makes an election under Section 83(b) of the Internal Revenue Code with respect to any of the Restricted Shares.

Section 6. Securities Law Restrictions.

(a) The Executive acknowledges that the Restricted Shares have not been registered under the Securities Act or any applicable state securities law, and that the Restricted Shares may not be sold or otherwise transferred in the absence of an effective registration statement under the Securities Act or an available exemption from such registration, and upon compliance with the requirements of any applicable state securities law. The Executive further acknowledges that transfer of shares owned by affiliates of the Company is restricted under the Securities Act. The Executive represents that the Restricted Shares are being acquired for his own account without any view to the distribution thereof.

(b) All Certificates for the Restricted Shares shall bear the following legend:

"The securities represented hereby have not been registered under the Securities Act of 1933, and they may not be sold or otherwise transferred in the absence of an effective registration statement under the Securities Act of 1933 or an available exemption from such registration."

(c) At any time after the Vesting of Restricted Shares, upon the written request of the Executive or, if he is deceased, his estate, the Company shall prepare and file a registration statement under the Securities Act covering an offering and sale of such number of Vested Restricted Shares as shall have been requested by the Executive or his estate, and shall use its reasonable efforts to cause such registration statement to become effective; provided, however, that the Company shall not be required to prepare and file more than four registration statements pursuant to this Award Agreement.

(d) Notwithstanding the provisions of paragraph (c), the Company shall not be obligated to file a registration statement with respect to the sale of Restricted Shares (i) if the Company shall deliver to the Executive (or to his estate if he is deceased) an opinion of counsel to the effect that the proposed sale of the Restricted Shares for which registration was requested does not require registration under the Securities Act, or that such sale may be effected immediately pursuant to the exemption from registration afforded by Rule 144 or any similar exemption, or (ii) if the Company shall undertake to purchase and purchases the Restricted Shares for which registration is requested, on a date specified by the Company (not later than 30 days after the date of the Executive's or his estate's request), at a price per share equal to the reported closing price for a share of Common Stock (or any successor security) on the New York Stock Exchange (or if not traded on the New York Stock Exchange, on the principal market on which Common Stock (or any successor security) is then traded) for the last day immediately preceding the date of purchase on which Common Stock (or any successor security) is traded.

(e) Whenever Restricted Shares are to be registered hereunder:

(i) The parties shall cooperate in supplying one another with all information and documents as may be reasonably necessary in connection with such registration and shall execute and deliver such representations, indemnity agreements, underwriting agreements, and other undertakings as are reasonable and customary in connection with similar transactions.

(ii) The Company shall prepare and file a registration statement and such exhibits, amendments, and supplements thereto as may be necessary to cause such registration statement to become effective as promptly as reasonably practicable and to remain effective for a reasonable period of time not exceeding 30 days; provided, however, that the Company may, in its discretion, delay the filing or effectiveness of a registration statement for a reasonable time not exceeding 180 days if, in the good faith judgment of its board of directors, the filing or effectiveness of such registration statement would be unreasonably detrimental to the interests of the Company.

(iii) The Company shall prepare such prospectuses and other documents as may be reasonably required in connection with such registration and shall register or qualify the Restricted Shares covered by such registration statement under such blue sky laws as may be reasonably necessary, and do such other acts as may be reasonably necessary or advisable in order to enable the Executive to consummate the sale of the Restricted Shares.

(iv) The Company shall pay all expenses in connection with the registration, other than underwriters' discounts, brokers' commissions, or similar fees.

#### Section 7. Miscellaneous.

(a) Subject to the restrictions on transfer of the Restricted Shares set forth herein, this Award Agreement shall be binding upon and benefit the parties hereto and their respective successors and assigns.

(b) Any notices under this Award Agreement shall be in writing and shall be effective if given as provided in the Employment Agreement.

(c) This Award Agreement will be governed by the laws of the state of Delaware without regard to its conflict of laws rules. (d) This Award Agreement (together with the Employment Agreement to the extent referred to herein) constitutes the entire understanding of the parties with respect to the subject matter hereof, and supersedes all prior agreements between the parties hereto with

respect to its subject matter. This Award Agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Award Agreement as of the date first set forth above.

LOUISIANA-PACIFIC CORPORATION

By /s/ Lee C. Simpson  
Title President

EXECUTIVE

/s/ Mark A. Suwyn  
Mark A. Suwyn

Louisiana-Pacific Corporation

111 S.W. Fifth Avenue  
Portland, Oregon 97204  
503/221-0800  
FAX: 503/796-0204

August 14, 1997

Mr. Gary Wilkerson  
9021 Forest Meadow  
Memphis TN 38125

Dear Gary:

I am pleased to offer you the position of Vice President and General Counsel at Louisiana-Pacific. This offer is extended on the assurance that you are not entered into any employment contracts which may prevent you from working at Louisiana-Pacific and that you are eligible to work in the United States as regulated by Federal Immigration Laws.

In this position you will work in the Portland Oregon office and report directly to me. Your start date will be September 15, 1997. This position will include the following compensation package:

- A. An annual base salary of \$275,000 paid semi-monthly.
- B. A first year bonus target equal to 50% of your annual base salary with total earnings based on mutually established performance criteria. The 1997 bonus will be prorated for the balance of the time in this position.
- C. A stock option award of 20,000 shares that will vest over three years, (6,667 each on 9/1/98, 9/1/99 and 6,666 on 9/1/2000) with a life of ten years. These stock options are subject to board approval.
- D. A signing bonus of \$75,000 to be paid within 30 days of your start date.
- E. A severance package that in the event of a change of control during your first year of employment, you will be eligible to receive 24 months salary plus bonus.
- F. Four weeks of vacation annually.

Mr. Gary Wilkerson  
August 14, 1997  
Page 2

As a salaried employee of Louisiana-Pacific, you will be eligible to participate in all salaried 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. A summary providing a brief description of these is enclosed.

To assist your move to the Portland area you may participate in the Employee Relocation Program. This will include two house hunting trips for you and your family, packing and transportation of all household goods, and up to three months temporary living allowance. In addition during the three months you are in temporary living Louisiana-Pacific will pay your travel expenses for two visits each month to visit your home in Memphis.

If you decide to accept this position and have questions regarding any of the L-P benefits, Please call Dennis Christen in the Portland office at (503) 221-0800.

I hope you will find this offer acceptable as we look forward to having you as a key member of the Louisiana-Pacific Senior Management Team.

Sincerely,

/s/ Mark Suwyn  
Chairman and CEO,  
Louisiana-Pacific

Accepted: /s/ Gary Wilkerson

cc: Mike Tull  
Bryan Miller  
Dennis Christen



Louisiana-Pacific Corporation

111 S.W. Fifth Avenue  
Portland, Oregon 97204  
503/221-0800  
503/796-0204 FAX

July 16, 1997

Mr. Curt Stevens  
13930 SW Tennessee Lane  
Beaverton, Oregon 97008

Dear Curt,

I am very pleased to offer you the position of Chief Financial Officer. This offer is extended on the assurance that you are not entered into any employment contracts which may prevent you from working at Louisiana-Pacific and that you are eligible to work in the United States as regulated by Federal Immigration Laws. You will begin work in the Portland office on August 1, 1997 and report directly to me.

In this position, your responsibilities will include the following.

- - Directs the activities of 16 staff in the Regional Controller, Business Financial Analyst, Corporate Accounting and Finance staff functions, including six regional Controllers, Director of Taxes, Credit Manager, Risk Manager, four Financial Analysts and Corporate Accounting and Finance personnel.
- - Directs organization-wide formal budget process to include four levels: 1) five-year strategic plan, 2) annual budgeting, 3) quarterly budgeting and 4) monthly budgeting activities.
- - Together with other top management, determines, mission, direction, goals and objectives of assigned areas and ensures implementation of strategic and operating plans. Directs the development of short and long range plans and budgets. Develops metrics and goal setting process for the financial function.
- - Establishes capital needs for the corporation and ensures ongoing financial support for Louisiana-Pacific by determining appropriate sources such as liquidity, long term planning for capital, and banking relationships (commercial and investment banks).
- - Sets financial policies, reporting mechanisms from the field and standard controls for internal and external financial activity. Responsible for all disclosures, shareholder disclosures and government filings.
- - Reviews and analyzes opportunities for acquisitions and dispositions of properties.

Mr. Curt Stevens  
July 16, 1997  
Page 2

- 
- - Communicates the company's business objectives to the investment community, and works closely with the retail and wholesale investors and rating agencies.
  - - Determines overall corporate stance on risk tolerance policies, what to insure inside or outside.
  - - Works closely with outside insurance brokers.
  - - Also works closely and proactively with board members, and responsible for all financial reporting presentations at board meetings.

This position will include the following compensation package:

- A. An annual base salary of \$210,000.
- B. A first year bonus in the 40% to 50% range, with a guaranteed amount of \$84,000.
- C. A four-year relative total shareholder return plan. The program grants annual contingent awards of stock that have the potential to pay out at the end of a four-year performance cycle.
- D. A stock option award of 36,000 shares that will vest over three years, (12,000 each on 8/1/98, 8/1/99 and 8/1/2000 with a life of five years.
- E. A Supplemental Executive Retirement Plan (SERP). The SERP is designed to provide a competitive level target retirement benefit to the senior management group.
- F. A severance package that in the event of a change of control during your first two years of employment, you will have the option of electing two years salary plus bonus. If you choose to remain with the successor company, two months after the change of control, this severance package option is revoked.
- G. A vacation allowance of four weeks per year.

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Mr. Curt Stevens  
July 16, 1997  
Page 3

As an Officer of Louisiana-Pacific, you will be eligible to participate in all salaried 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. Please refer to the accompanying L-P Benefits Summary for more information about the company benefit programs.

If you decide to accept this position and have questions regarding any of the L-P benefits, please call Dennis Christen in the Human Resources Department, Portland office at 221-0800.

I hope you will find this offer acceptable as we look forward to having you as the Chief Financial Officer at Louisiana-Pacific.

Sincerely,

/s/ Mark A. Suwyn  
Mark A. Suwyn  
Chairman and CEO

Accepted: /s/ Curt Stevens  
-----  
Curt Stevens

Enclosures

cc: Mike Tull-Portland

EXECUTIVE DEFERRED COMPENSATION PLAN

Effective May 1, 1997

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LOUISIANA-PACIFIC CORPORATION

EXECUTIVE DEFERRED COMPENSATION PLAN

ARTICLE I--PURPOSE; EFFECTIVE DATE

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

ARTICLE II--DEFINITIONS

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

2.1 ACCOUNT

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

2.2 ACQUIRING PERSON

"Acquiring Person" means any person or related person or related persons which constitute a "group" for purposes of Section 13(d) and Rule 13d-5 under the Securities Exchange Act of 1934 (the "Exchange Act"), 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.

2.3 ACTUARIAL EQUIVALENT

"Actuarial Equivalent" means equivalence in value between two (2) or more forms and/or times of payment based on a determination by an actuary chosen by the Corporation, using sound actuarial assumptions at the time of such determination.

2.4 BENEFICIARY

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

2.5 BOARD

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

2.6 CHANGE IN CONTROL

A "Change in Control" shall occur upon:

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

(i) Any acquisition directly from Corporation;

(ii) Any acquisition by Corporation;

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

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

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

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

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

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

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

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

## 2.7 COMMITTEE

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

## 2.8 COMPENSATION

"Compensation" means total cash compensation, including bonuses paid by the Employer, and before reduction for amounts deferred under the Plan or any tax qualified plan sponsored by the Employer which permits deferral of current compensation. Compensation does not include expense reimbursements, overtime, any form of noncash compensation or benefits.

## 2.9 CORPORATION

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

## 2.10 DEFERRAL COMMITMENT

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



2.11 DEFERRAL PERIOD

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

2.12 DETERMINATION DATE

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

2.13 DISABILITY

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

2.14 EARLY RETIREMENT DATE

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

2.15 ELECTIVE DEFERRED COMPENSATION

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

2.16 EMPLOYEE

"Employee" shall mean a person, other than an independent contractor, who is receiving remuneration for services rendered to, or labor performed for, the Employer (or who would be receiving such remuneration except for an authorized leave of absence) with respect to such person's duties as a key employee of the Employer as determined by the Committee under Article III.

2.17 EMPLOYER

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

2.18 EMPLOYER PLANS

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

2.19 EMPLOYMENT

"Employment" means a Participant's ongoing service with the Employer.

2.20 FINANCIAL HARDSHIP

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

- (a) Through reimbursement or compensation by insurance or otherwise;
- (b) By liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship; or
- (c) By cessation of deferrals under the Plan.
- (d) By borrowing from commercial sources on reasonable commercial terms.

2.21 INTEREST

"Interest" on a Determination Date means interest computed at the rate provided below:

- (a) MOODY'S ACCOUNT INTEREST. The interest yield credited to a Moody's Account shall be equal to the monthly equivalent of the annual yield of the Moody's Average Corporate Bond Yield Index for the preceding calendar month as published by Moody's Investor Service, Inc. (or any successor thereto) or, if such index is no longer published, a substantially similar index selected by the Board.
- (b) RETIREMENT ACCOUNT INTEREST. The interest yield credited to a Retirement Account shall be equal to the monthly equivalent of the effective annual yield on the Moody's Account plus two (2) percentage points.

2.22 NORMAL RETIREMENT DATE

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

2.23 PARTICIPANT

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

2.24 PARTICIPATION AGREEMENT

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

2.25 PLAN BENEFIT

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

2.26 QUALIFIED PLAN

"Qualified Plan" means the Louisiana-Pacific Corporation Salaried Employees' Stock Ownership Trust and any successor thereof.

2.27 RETIREMENT

"Retirement" means severance of Employment at the Participant's Normal Retirement Date or Early Retirement Date as applicable.

2.28 YEARS OF SERVICE

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

ARTICLE III--PARTICIPATION AND DEFERRAL COMMITMENTS

3.1 ELIGIBILITY AND PARTICIPATION

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

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

(c) PART-YEAR PARTICIPATION. In the event that an Employee first becomes eligible to participate during a Deferral Period, a Participation Agreement must be submitted to the Committee no later than thirty (30) days following notification of the Employee of eligibility to participate. Such Participation Agreement shall be effective only with regard to Compensation earned or payable following the submission of the Participation Agreement to the Committee.

3.2 FORM OF DEFERRAL; MINIMUM DEFERRAL

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

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

(b) BONUS DEFERRAL COMMITMENT. A Participant may elect to defer all or a portion of the bonus amounts to be paid by the Employer in the Deferral Period. The amount to be

deferred shall be stated as an even percentage of such bonus and must not be less than two thousand four hundred dollars (\$2,400), unless the Participant also elects to make a Salary Deferral Commitment, in which case there shall be no minimum Bonus Deferral Commitment.

### 3.3 ELECTIONS FOR PART YEARS

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

### 3.4 LIMITATION ON DEFERRAL

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

### 3.5 MODIFICATION OF DEFERRAL COMMITMENT

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

### 3.6 CESSATION OF ELIGIBILITY

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

## ARTICLE IV--DEFERRED COMPENSATION ACCOUNT

### 4.1 ACCOUNTS

For recordkeeping purposes only, two (2) Accounts shall be maintained for each Participant, a Retirement Account and a Moody's Account, only one of which shall be payable to the Participant under Section 5.1, Section 5.2 or Section 5.3.

### 4.2 ELECTIVE DEFERRED COMPENSATION

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

### 4.3 QUALIFIED PLAN MAKEUP CREDIT

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

(a) The amount which would have been contributed to the Qualified Plan if no deferrals had been made under this Plan; and

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

#### 4.4 INTEREST

The Accounts shall be credited monthly with the appropriate Interest earned based on the interest rates specified in Section 2.21. Interest earned shall be calculated as of each Determination Date based upon the average daily balance of the Account since the preceding Determination Date and shall be credited to the Participant's Accounts at that time.

#### 4.5 DETERMINATION OF ACCOUNTS

Each Participant's Retirement Account and Moody's Account as of each Determination Date shall consist of the balance of the Participant's Accounts as of the immediately preceding Determination Date, plus the Participant's Elective Deferred Compensation credited, any Makeup credited and the appropriate Interest earned, minus the amount of any withdrawals or distributions made since the immediately preceding Determination Date.

#### 4.6 VESTING OF ACCOUNTS

Each Participant shall be one hundred percent (100%) vested at all times in the amount of Compensation elected to be deferred under this Plan and Interest thereon. Any Makeup credited to the Participant's Account shall vest at the same rate as the underlying Qualified Plan, except upon a Change in Control, Disability, or death, in which case the Participant shall be one hundred percent (100%) vested in the Makeup. However, the Participant shall be entitled to receive either the Retirement Account or the Moody's Account, as determined under Article V, but not both.

#### 4.7 STATEMENT OF ACCOUNTS

The Committee shall submit to each Participant, within one hundred twenty (120) days after the close of each calendar year and at such other time as determined by the Committee, a statement setting forth the balance to the credit of each Account maintained for a Participant.

### ARTICLE V--PLAN BENEFITS

#### 5.1 RETIREMENT BENEFIT

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

#### 5.2 TERMINATION BENEFIT

Except as may otherwise be provided in Section 5.3, the Employer shall pay a Plan Benefit equal to the Participant's vested Moody's Account to a Participant who terminates Employment for any reason other than those provided for in Section 5.1.

#### 5.3 DEATH BENEFIT

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

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

(b) PRETERMINATION. If the Participant dies prior to termination of Employment, the amount payable shall be the Participant's Retirement Account balance.

#### 5.4 IN-SERVICE WITHDRAWALS

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

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

(b) AMOUNT OF WITHDRAWAL. The amount which a Participant can elect to withdraw with respect to any Deferral Commitment shall be limited to one hundred percent (100%) of the amount of such Deferral Commitment plus interest.

(c) FORM OF IN-SERVICE WITHDRAWAL PAYMENT. The amount elected to be withdrawn shall be paid in a lump sum unless the Committee approves an alternative form of payment at the time elected by the Participant in the Participation Agreement wherein he or she elected the in-service withdrawal.

#### 5.5 HARDSHIP DISTRIBUTIONS

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

#### 5.6 FORM OF BENEFIT PAYMENT

(a) All Plan Benefits other than In-Service Withdrawals or Hardship Distributions shall be paid in the form selected by the Participant at the time of the Deferral Commitment from among the following alternatives:

(i) Lump sum payment

(ii) Substantially equal annual installments of the Account and Interest amortized over a period of five (5) years

(iii) Substantially equal annual installments of the Account and Interest amortized over a period of ten (10) years

(iv) Substantially equal annual installments of the Account and Interest amortized over a period of fifteen (15) years

(v) Any other method that is the Actuarial Equivalent of the Participant's appropriate Account balance

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

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

#### 5.7 SMALL ACCOUNTS

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

#### 5.8 ACCELERATED DISTRIBUTION

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

#### 5.9 EXCISE TAX AND LOST BENEFIT MAKEUP

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

#### 5.10 WITHHOLDING; PAYROLL TAXES

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

#### 5.11 PAYMENT TO GUARDIAN

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

### ARTICLE VI--BENEFICIARY DESIGNATION

#### 6.1 BENEFICIARY DESIGNATION

Subject to Section 6.3, each Participant shall have the right, at any time, to designate one or more persons or an entity as Beneficiary (both primary as well as secondary) to whom benefits under this Plan shall be paid in the event of Participant's death prior to complete distribution of the Participant's Account. Each Beneficiary designation shall be in a written form prescribed by the Committee and shall be effective only when filed with the Committee during the Participant's lifetime.

#### 6.2 CHANGING BENEFICIARY

Subject to Section 6.3, any Beneficiary designation may be changed by a Participant without the consent of the previously named Beneficiary by the filing of a new designation with the Committee. The filing of a new designation shall cancel all designations previously filed. If a Participant's Compensation is community property, any Beneficiary designation shall be valid or effective only as permitted by applicable law.

#### 6.3 COMMUNITY PROPERTY

If the Participant resides in a community property state, the following rules shall apply:

(a) Designation by a married Participant of a Beneficiary other than the Participant's spouse shall not be effective unless the spouse executes a written consent that acknowledges the effect of the designation, or it is established the consent cannot be obtained because the spouse cannot be located.

(b) A married Participant's Beneficiary designation may be changed by a Participant with the consent of the Participant's spouse as provided for in Section 6.3(a) by the filing of a new designation with the Committee.

(c) If the Participant's marital status changes after the Participant has designated a Beneficiary, the following shall apply:



(i) If the Participant is married at the time of death but was unmarried when the designation was made, the designation shall be void unless the spouse has consented to it in the manner prescribed in Section 6.3(a).

(ii) If the Participant is unmarried at the time of death but was married when the designation was made:

a) The designation shall be void if the spouse was named as Beneficiary unless Participant had submitted a change of beneficiary listing the former spouse as the beneficiary

b) The designation shall remain valid if a nonspouse Beneficiary was named.

(iii) If the Participant was married when the designation was made and is married to a different spouse at death, the designation shall be void unless the new spouse has consented to it in the manner prescribed above.

#### 6.4 NO BENEFICIARY DESIGNATION

In the absence of an effective Beneficiary Designation, or if all designated Beneficiaries predecease the Participant or dies prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be the person in the first of the following classes in which there is a survivor:

(a) the surviving spouse;

(b) the Participant's children, except that if any of the children predeceases the Participant but leaves issue surviving, then such issue shall take by right of representation the share the parent would have taken if living;

(c) the Participant's estate.

#### 6.5 EFFECT OF PAYMENT

The payment to the deemed Beneficiary shall completely discharge Employer's obligations under the Plan.

### ARTICLE VII--ADMINISTRATION

#### 7.1 COMMITTEE; DUTIES

The Plan shall be administered by the Committee, which shall consist of not less than three (3) persons appointed by the Chief Executive Officer and which may include the CEO as a member. The Committee shall have the authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions, including interpretations of this Plan, as may arise in connection with the Plan. A majority vote of the Committee members shall control any decision. Members of the Committee may be Participants under this Plan.

7.2 AGENTS

The Committee may, from time to time, employ other agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Employer.

7.3 BINDING EFFECT OF DECISIONS

The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

7.4 INDEMNITY OF COMMITTEE

The Employer shall indemnify and hold harmless the members of the Committee against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

ARTICLE VIII--CLAIMS PROCEDURE

8.1 CLAIM

Any person claiming a benefit, requesting an interpretation or ruling under the Plan, or requesting information under the Plan shall present the request in writing to the Committee, which shall respond in writing as soon as practicable.

8.2 DENIAL OF CLAIM

If the claim or request is denied, the written notice of denial shall state:

(a) The reasons for denial, with specific reference to the Plan provisions on which the denial is based.

(b) A description of any additional material or information required and an explanation of why it is necessary.

(c) An explanation of the Plan's claim review procedure.

8.3 REVIEW OF CLAIM

Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Committee. The claim or request shall be reviewed by the Committee which may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

8.4 FINAL DECISION

The decision on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE IX--AMENDMENT AND TERMINATION OF PLAN

9.1 AMENDMENT

The Corporation may at any time amend the Plan in whole or in part; provided, however, that any such amendment that would materially increase the benefits provided under the Plan shall be subject to the prior approval of the Board. Provided, further, that no amendment shall be effective to decrease or restrict the amount accrued to the date of Amendment in any Account maintained under the Plan. Changes in the definition of "Interest" shall be subject to the following restrictions:

(a) NOTICE. A change shall not become effective before the first day of the calendar year which follows the adoption of the amendment and at least thirty (30) days written notice of the amendment to the Participant.

(b) CHANGE IN CONTROL. Any change in the definition of Interest after a Change in Control shall apply only to those amounts credited to the Participant's Account as a result of Deferral Commitments made after the Change in Control.

9.2 EMPLOYER'S RIGHT TO TERMINATE

The Corporation may at any time partially or completely terminate the Plan if, in its judgment, the tax, accounting or other effects of the continuance of the Plan, or potential payments thereunder would not be in the best interests of the Employer.

(a) PARTIAL TERMINATION. The Corporation may partially terminate the Plan by instructing the Committee not to accept any additional Deferral Commitments. In the event of such a Partial Termination, the Plan shall continue to operate and be effective with regard to Deferral Commitments entered into prior to the effective date of such Partial Termination.

(b) COMPLETE TERMINATION. The Corporation may completely terminate the Plan by instructing the Committee not to accept any additional Deferral Commitments, and by terminating all ongoing Deferral Commitments. In the event of Complete Termination, the Plan shall cease to operate and the Employer shall pay out to each Participant their Retirement Account as if the Participant had terminated service as of the effective date of the Complete Termination. Payments shall be made in equal annual installments over the period listed below, based on the Retirement Account balance:

RETIREMENT ACCOUNT BALANCE	PAYOUT PERIOD
Less than \$10,000	1 Year
\$10,000 but less than \$50,000	3 Years
More than \$50,000	5 Years

ARTICLE X--MISCELLANEOUS

10.1 UNFUNDED PLAN

This Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly-compensated employees" within the meaning of Sections 201, 301 and 401 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and therefore is exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. Accordingly, the Plan shall terminate and no further benefits shall accrue hereunder in the event it is determined by a court of competent jurisdiction or by an opinion of counsel that the Plan constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA which is not so exempt. In the event of such termination, all ongoing Deferral Commitments shall terminate, no additional Deferral Commitments will be accepted by the Committee, and the amount of each Participant's vested Account balance shall be distributed to such Participant at such time and in such manner as the Committee, in its sole discretion, determines.

10.2 UNSECURED GENERAL CREDITOR

In the event of Employer's insolvency, Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interest or claims in any property or assets of the Employer, nor shall they be Beneficiaries of, or have any rights, claims or interests in any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by the Employer. In that event, any and all of the Employer's assets and policies shall be, and remain, the general, unpledged, unrestricted assets of the Employer. The Employer's obligation under the Plan shall be that of an unfunded and unsecured promise of the Employer to pay money in the future.

10.3 TRUST FUND

The Employer shall be responsible for the payment of all benefits provided under the Plan. At its discretion, the Employer may establish one or more trusts, with such trustees as the Board may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Employer's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the Employer shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, the Employer.

10.4 NONASSIGNABILITY

Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

10.5 NOT A CONTRACT OF EMPLOYMENT

The terms and conditions of the Plan shall not be deemed to constitute a contract of employment between the Employer and the Participant, and the Participant (or his or her Beneficiary) shall have no

rights against the Employer except as may otherwise be specifically provided herein. Moreover, nothing in the Plan shall be deemed to give a Participant the right to be retained in the service of the Employer or to interfere with the right of the Employer to discipline or discharge the Participant at any time.

#### 10.6 PROTECTIVE PROVISIONS

A Participant will cooperate with the Employer by furnishing any and all information requested by the Employer, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as the Employer may deem necessary and taking such other action as may be requested by the Employer.

#### 10.7 TERMS

Whenever any words are used herein in the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

#### 10.8 CAPTIONS

The captions of the articles, sections and paragraphs of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

#### 10.9 GOVERNING LAW; ARBITRATION

The provisions of the Plan shall be construed and interpreted according to the laws of the State of Oregon. Any dispute or claim that arises out of or that relates to the Plan or to the interpretation, breach, or enforcement of the Plan, must be resolved by mandatory arbitration in accordance with the then effective arbitration rules of Arbitration Service of Portland, Inc., and any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

#### 10.10 VALIDITY

In case any provision of the Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but the Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

#### 10.11 NOTICE

Any notice or filing required or permitted to be given to the Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to any member of the Committee or the Secretary of the Employer. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

#### 10.12 SUCCESSORS

The provisions of the Plan shall bind and inure to the benefit of the Employer and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which

shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of the Employer, and successors of any such corporation or other business entity.

LOUISIANA-PACIFIC CORPORATION

By: /s/ Mark A. Suwyn  
Chairman and Chief Executive Officer

By: /s/ Anton C. Kirchhof  
Secretary

Dated: July 1, 1997

LOUISIANA-PACIFIC CORPORATION  
AND SUBSIDIARIES

STATE/  
PROVINCE/COUNTRY  
OF DOMICILE  
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LOUISIANA-PACIFIC CORPORATION

DELAWARE

DOMESTIC SUBSIDIARIES  
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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
LOUISIANA-PACIFIC TIMBER COMPANY	OREGON
L-PSPV, INC.	DELAWARE
LPS CORPORATION	OREGON
L-P REDWOOD, LLC	DELAWARE
LOUISIANA-PACIFIC SAMOA, INC.	OREGON
NEW WAVERLY TRANSPORTATION, INC.	TEXAS

FOREIGN SUBSIDIARIES  
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LOUISIANA-PACIFIC CANADA LTD.	BRITISH COLUMBIA, CANADA
LOUISIANA-PACIFIC CANADA DAWSON CREEK LTD	BRITISH COLUMBIA, CANADA
LOUISIANA-PACIFIC CANADA PULP CO.	NOVA SCOTIA, 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
L-P FOREIGN SALES CORPORATION	GUAM

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 registrant's previously filed Registration Statement File Nos. 2-97014, 33-42276, 33-62944, 33-62317 and 333-10987.

ARTHUR ANDERSEN LLP

Portland, Oregon  
March 27, 1998



Deloitte &  
Touche LLP

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Suite 3900 Telephone: (503) 222-1341  
111 S.W. Fifth Avenue Facsimile: (503) 224-2172  
Portland, Oregon 97204-3698

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 2-97014, 33-42276, 33-62944, 33-62317, and 333-10987 of Louisiana-Pacific Corporation on Form S-8 of our report dated February 6, 1998, appearing in this Annual Report on Form 10-K of Louisiana-Pacific Corporation for the year ended December 31, 1997.

/s/ Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Portland, Oregon  
March 27, 1998

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.

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DEC-31-1997	
JAN-01-1997	
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	596,800
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	(1,242,100)
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319,300	
	572,300
0	
	0
	117,000
	1,169,200
2,578,400	
	2,402,500
2,402,500	
	2,322,600
	2,523,500
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	30,900
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(101,800)	
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