

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

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

For Quarterly Period Ended September 30, 1995
Commission File Number 1-7107

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

DELAWARE 93-0609074
(State or other jurisdiction of (IRS Employer Identification No.)
incorporation or organization)

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock: 107,888,132 shares of Common Stock, \$1 par value, outstanding as of September 30, 1995.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

Consolidated Summary Statements of Income
Louisiana-Pacific Corporation and Subsidiaries
(Dollar amounts in millions except per share) (Unaudited)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	1995	1994	1995	1994
Net sales	\$ 776.8	\$ 818.4	\$2,172.9	\$2,291.1
Costs and expenses:				
Cost of sales	590.8	576.6	1,709.6	1,622.2
Depreciation, amortization and depletion	57.9	52.9	150.8	148.5
Selling and administrative	29.1	33.8	85.4	92.0
Settlement charge and other unusual items, net	366.6	---	366.6	---
Interest expense	1.2	2.2	5.2	7.4
Interest income	(1.5)	(2.5)	(6.6)	(6.4)
Total costs and expenses	1,044.1	663.0	2,311.0	1,863.7
Income (loss) before taxes and minority interest	(267.3)	155.4	(138.1)	427.4
Provision (benefit) for income taxes	(108.6)	59.0	(61.6)	162.4
Minority interest in net income (loss) of consolidated subsidiaries	.4	1.3	2.0	2.8
Net income (loss)	\$(159.1)	\$ 95.1	\$ (78.5)	\$ 262.2
Net income (loss) per share	\$ (1.48)	\$.86	\$ (.73)	\$ 2.38
Cash dividends per share	\$.14	\$.125	\$.405	\$.36

Consolidated Summary Balance Sheets
Louisiana-Pacific Corporation and Subsidiaries
(Dollar amounts in millions) (Unaudited)

	Sept. 30, 1995	Dec. 31, 1994
	-----	-----
Cash and cash equivalents	\$ 124.7	\$ 315.9
Accounts receivable, net	180.2	157.4
Inventories	267.8	213.8
Prepaid expenses	18.4	7.3
Deferred income taxes	86.8	27.5
	-----	-----
Total current assets	677.9	721.9
	-----	-----
Timber and timberlands	692.6	693.5
Property, plant and equipment	2,573.0	2,358.2
Less reserves for depreciation	(1,166.6)	(1,085.0)
	-----	-----
Net property, plant and equipment	1,406.4	1,273.2
Investments and other assets	50.0	55.1
	-----	-----
Total assets	\$2,826.9	\$2,743.7
	=====	=====
Current portion of long-term debt	\$ 45.7	\$ 81.9
Short-term notes payable	50.2	50.5
Accounts payable and accrued liabilities	206.2	193.5
Current portion of contingency reserves	150.0	---
Income taxes payable	58.3	18.9
	-----	-----
Total current liabilities	510.4	344.8
	-----	-----
Long-term debt, excluding current portion	184.3	209.8
Deferred income taxes	188.6	297.3
Contingency reserves, excluding current portion	264.1	---
Other long-term liabilities and minority interest	35.7	42.4
Stockholders' equity:		
Common Stock	117.0	117.0
Additional paid-in capital	477.0	478.4
Retained earnings	1,388.8	1,510.7
Treasury stock	(201.5)	(86.3)
Loans to Employee Stock Ownership Trusts	(92.6)	(114.0)
Other equity adjustments	(44.9)	(56.4)
	-----	-----
Total stockholders' equity	1,643.8	1,849.4
	-----	-----
Total liabilities and equity	\$2,826.9	\$2,743.7
	=====	=====

Consolidated Summary Statements of Cash Flows
Louisiana-Pacific Corporation and Subsidiaries
(Dollar amounts in millions) (Unaudited)

Nine Months Ended September 30,	1995	1994
	-----	-----
Cash flows from operating activities:		
Net income (loss)	\$ (78.5)	\$ 262.2
Depreciation, amortization and depletion	150.8	148.5
Other adjustments, including settlement charge and other unusual non-cash charges	387.1	25.1
Decrease (increase) in certain working capital components	36.5	11.1
Increase (decrease) in deferred income taxes	(168.0)	---
	-----	-----
Net cash provided by operating activities	327.9	446.9
	-----	-----
Cash flows from investing activities:		
Plant, equipment and logging road additions, net	(251.0)	(192.5)
Timber and timberland additions	(37.1)	(57.5)
Other investing activities, net	2.5	(1.0)
	-----	-----
Net cash used in investing activities	(285.6)	(251.0)
	-----	-----
Cash flows from financing activities:		
Repayment of long-term debt	(61.9)	(97.0)
Cash dividends	(43.4)	(39.6)
Increase (decrease) in short-term notes payable	(.3)	3.2
Purchase of treasury stock	(120.2)	(34.6)
Loan to ESOTs	---	(56.0)
Treasury stock sold to ESOTs	---	56.0
Other financing activities, net	(7.7)	11.6
	-----	-----
Net cash used in financing activities	(233.5)	(156.4)
	-----	-----
Net increase (decrease) in cash and cash equivalents	(191.2)	39.5
Cash and cash equivalents at beginning of year	315.9	261.6
	-----	-----
Cash and cash equivalents at end of period	\$ 124.7	\$ 301.1
	=====	=====

Consolidated Statements of Stockholders' Equity
Louisiana-Pacific Corporation and Subsidiaries
(Dollar amounts in millions except per share) (Unaudited)

	Nine Months Ended September 30, 1995	
	Shares	Amount
Common Stock	116,937,022	\$ 117.0
Additional Paid-in-Capital:		
Beginning Balance		\$ 478.4
Net transactions		(1.4)
Ending Balance		\$ 477.0
Retained Earnings:		
Beginning Balance		\$1,510.7
Net income (loss)		(78.5)
Cash dividends, \$.405 per share		(43.4)
Ending Balance		\$1,388.8
Treasury stock:		
Beginning Balance	4,944,804	\$ (86.3)
Purchases	4,333,397	(120.2)
Shares reissued under employee stock plans and other purposes	(229,311)	5.0
Ending Balance	9,048,890	\$(201.5)
Loans to ESOTs:		
Beginning Balance		\$ (114.0)
Less accrued contribution		21.4
Ending Balance		\$ (92.6)
Other Equity Adjustments:		
Beginning Balance		\$ (56.4)
Currency translation adjustment		11.5
Ending Balance		\$ (44.9)

Notes To Financial Statements
Louisiana-Pacific Corporation and Subsidiaries

1. The interim period information included herein reflects all adjustments which are, in the opinion of the management of L-P, necessary for a fair statement of the results of the respective interim periods. Such charges, except as discussed elsewhere in this report, are of a normal recurring nature. Results of operations for interim periods are not necessarily indicative of results to be expected for an entire year. It is suggested that these summary financial statements be read in conjunction with the financial statements and the notes thereto included in L-P's 1994 Annual Financial Report to Stockholders and its 1995 First, Second and Third Quarter Interim Reports to Stockholders. Interim financial statements are by necessity somewhat tentative; judgments are used to estimate quarterly amounts for items that are normally determinable only on an annual basis.
2. Earnings per share is based on the weighted average number of shares of common stock outstanding during the periods (107,160,000 in 1995 and 110,140,000 in 1994). The effect of common stock equivalents is not material.
3. The effective income tax rate is based on estimates of annual amounts of taxable income, foreign sales corporation income and other factors. These estimates are updated quarterly.
4. Determination of interim LIFO inventories requires estimates of year-end inventory quantities and costs. These estimates are revised quarterly and the estimated annual change in the LIFO inventory reserve is expensed over the remainder of the year.
5. Reference is made to "Legal Proceedings" and to "Management's Discussion and Analysis of Financial Condition and Results of Operations" elsewhere in this report for a description of certain contingencies which may have a materially adverse effect on L-P and for a description of settlements of certain class action proceedings (one of which remains subject to final court approval) regarding L-P's siding product and the impact of that settlement on the financial statements as well as certain other unusual items recorded in the third quarter.
6. Certain 1994 amounts have been reclassified to conform to the 1995 presentation.

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

RESULTS OF OPERATIONS

General

The cause of the net loss for the third quarter and first nine months of 1995 was the \$366.6 million pre-tax charge (\$221.8 million after tax, or \$2.07 per share) for settlements of class action proceedings related to L-P's siding product (one of which remains subject to final court approval) as well as severance charges and asset write-downs. The charge has been tax effected because all components are deductible currently or in the future. Continued oversupply of lumber products and high raw material costs caused third quarter and nine month building products segment profits to fall from the same periods in 1994 which were records for the company. Higher earnings in the pulp segment helped to offset the building products declines. Overall net income (loss) for the third quarter declined to a loss of \$159.1 million (\$1.48 per share) in 1995 from net income of \$95.1 million (\$.86 per share) in 1994. Nine months net loss was \$78.5 million (\$.73 per share) in 1995 compared to net income of \$262.2 million (\$2.38 per share) in 1994. Without the unusual charge, L-P earned \$62.7 million (\$.59 per share) for the third quarter of 1995 and \$143.3 million (\$1.34 per share) for the first nine months of 1995. Net sales declined 5 percent in the third quarter of 1995 to \$776.8 million from \$818.4 million in 1994. For the first nine months of 1995, sales also fell 5 percent to \$2,172.9 million from \$2,291.1 million in 1994.

The registrant operates in two segments: building products and pulp. Building products is the most significant segment, accounting for more than 85 percent of sales in first nine months of 1995 and 1994. The results of operations are discussed separately for each segment below. Key segment information, production volumes and industry product price trends are presented in the following tables labeled "Sales and Profit by Major Product Group," "Summary of Production Volumes" and "Industry Product Price Trends."

Building Products Segment

	Quarter Ended September 30,			Nine Months Ended September 30,		
	1995	1994	% Chg	1995	1994	% Chg
(Dollar amounts in millions)						
Sales:						
Structural panels	\$311.7	\$327.8	-5%	\$ 837.8	\$ 904.1	-7%
Lumber	177.7	225.5	-21%	504.9	689.0	-27%
Other panel products	52.7	62.5	-16%	164.2	179.9	-9%
Other building products	144.2	137.2	+5%	384.3	371.4	+3%
Total building products	\$686.3	\$753.0	-9%	\$1,891.2	\$2,144.4	-12%
Profit	\$111.3	\$172.5	-35%	\$ 265.0	\$ 493.8	-46%

Relatively high interest rates and poor weather earlier this year in key areas of the country created weak markets for building products, especially lumber and structural panels. Demand for structural panel products and, to a lesser extent, lumber recovered moderately in the third quarter due to seasonal factors as well as lower interest rates. However, sales of the Company's OSB siding product have decreased because of recent adverse publicity. Lumber markets continue to be flooded with Canadian lumber, keeping prices from recovering to prior year levels.

Sales of structural panel products, which include oriented strand board (OSB) and plywood, decreased primarily due to an approximate 5 percent decline in sales volume in both the third quarter and first nine months. Average selling prices remain slightly below prior year levels primarily because of lower OSB prices. Plywood prices were higher in 1995 than 1994, but production earlier in the year was significantly curtailed as the mills ran short of logs due to wet weather. Prices for L-P's lumber products were lower on average by approximately 5 percent for the third quarter of 1995 and 7 percent for the first nine months on decreased volume of approximately 18 percent in the third quarter and 21 percent for the first nine months of 1995 compared to 1994. Because of the lower prices and tight log supply, L-P shut down many of its sawmills temporarily. Manufacturing volume reductions were offset by increased wholesale activity.

Decreases in other panel products sales were primarily attributable to lower volumes because of down time at several mills and lower third quarter prices. The third quarter increase in other building products sales was primarily due to sales from facilities which were not operating for the full third quarter of 1994. For the first nine months, these new facilities were offset by lower wood chip revenue associated with lower lumber production and lower log sales from the Company's Western fee timber due to lower logging levels.

The decrease in building products profit was caused by the lower sales discussed above, as well as higher raw material costs. Log prices were higher in most areas of the country as were wood chips (used in certain of L-P's panel products) because of increased demand from pulp and paper mills.

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

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

Pulp Segment

	Quarter Ended September 30,	Nine Months Ended September 30,
--	--------------------------------	------------------------------------

	1995	1994	% Chg	1995	1994	% Chg
	-----	-----	-----	-----	-----	-----
	(Dollar amounts in millions)					
Pulp sales	\$ 90.5	\$ 65.4	+38%	\$281.7	\$146.7	+92%
	=====	=====		=====	=====	
Profit	\$ 17.9	\$ 2.1	+752%	\$ 59.9	\$(13.9)	n.m.
	=====	=====		=====	=====	

Pulp segment sales jumped dramatically in both the third quarter and first nine months of 1995 compared to 1994. Prices increased 71 percent for the third quarter and first nine months of 1995 when compared to 1994. Sales volumes increased approximately 12 percent during the first nine months. World-wide pulp markets rebounded strongly late in 1994 and continued through the three quarters of 1995, which has significantly increased selling prices. However, in the third quarter, sales volume declined nearly 20 percent despite higher production levels because significant inventory volumes were liquidated in the third quarter of 1994 while inventories were built up in the third quarter of 1995. Production volume was at 87 percent through the first nine months of 1995, compared to 67 percent in 1994. Pulp sales increases have also caused export sales to increase significantly as L-P sells the majority of its pulp to export customers.

Pulp segment profits benefited from the increased sales, showing a profit in 1995 compared to a loss for the first nine months in 1994. Raw material costs have increased as prices for chips, the fiber raw material for pulp, have increased over the prior year.

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

Unallocated Expense

Unallocated expense increased to \$30.2 million in the third quarter of 1995 from \$19.5 million in the second quarter of 1994, and for the first nine months of 1995 increased to \$97.8 million from \$51.5 million in the same period in 1994. The most significant factor in the increase is higher expenses associated with litigation against the company, including legal fees and increases in contingency reserves (except for the amount booked for siding in the third quarter discussed below). Refer to the "Legal Proceedings" section of the Form 10-Q for a discussion of this litigation. Higher general administrative expenses and franchise taxes have also contributed to the increase. Partially offsetting these increases, compensation charges related to restricted stock plans have decreased due to recent executive resignations and other factors.

Settlement Charge and other Unusual Items, Net

This line item includes a charge for the settlements of class action proceedings regarding the company's siding product, one of which remains subject to final court approval (see "OSB Siding Update" below) of \$345 million before tax. This charge is net of previously recorded reserves and includes estimates of attorneys' fees and other expenses associated with the settlements.

This line item also includes a charge for write-downs of property to net realizable value in accordance with the criteria specified in Statement of Financial Accounting Standards No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," net of a gain on the sale of a non-productive asset. Severance costs for executives and other employees who retired or were terminated in conjunction with recent management changes and the reorganization of certain corporate operations are also included in this line item.

Interest Income (Expense)

L-P's debt level has continued to decrease, resulting in lower interest expense partially offset by higher interest rates on L-P's remaining variable rate debt. Interest rate increases have favorably impacted L-P's interest income, but that increase has been partially offset by lower cash and cash equivalents balances.

Legal and Environmental Matters

Refer to the "Legal Proceedings" section of this Form 10-Q for a discussion of certain litigation which could have a materially adverse effect on L-P. L-P maintains reserves for certain environmental and legal matters based upon management's estimates of probable loss. As with all estimates, there is significant uncertainty concerning the reliability and precision of such estimates and there can be no assurance that such estimates will not change in the future as circumstances change or additional facts become known. In some cases, management is able to estimate only the minimum amount of a range of possible loss and in other cases management is unable to reasonably estimate any amount or range of possible loss.

OSB Siding Update

L-P manufactures a complete line of Inner-Seal(R) oriented strand board ("OSB") products for the building and construction industry. Such products include sheathing, roof decking, flooring, siding and engineered I-joists using OSB as the web material.

In 1985, L-P began producing and selling OSB-based exterior siding products in both a lap and panel style. The siding uses OSB as the substrate and is overlaid with a resin-impregnated paper. The siding products are used primarily in residential home construction, both single-family and multifamily, and also to a lesser extent in commercial construction. L-P offers a warranty on both the OSB substrate and the siding surface, if certain standards are adhered to, such as proper installation and proper care and maintenance of the product.

Since 1985, L-P has sold approximately 2.7 billion square feet of these Inner-Seal(R) OSB siding products throughout the United States. During this period, L-P has paid approximately \$48 million since 1985 to settle claims relating to siding warranties. This includes claims paid of approximately \$10 million in 1994, \$4 million in the third quarter of 1995 and \$11 million in the first nine months of 1995.

As discussed under the "Legal Proceedings" section of this Form 10-Q, L-P has entered into settlement agreements, one of which remains subject to final court approval, regarding OSB siding class action litigation across the United States. As discussed above, L-P recorded a charge of \$345 million in the third quarter for the estimated claims to be paid under these settlements as well as attorneys' fees and other costs associated with the settlements, net of previously recorded reserves. This charge was based on L-P's best estimates of the total amounts to be paid out under these agreements. As with all accounting estimates, due to the many factors involved in estimating these costs, significant uncertainty exists in the reliability and precision of such estimates. As additional facts become known and actual claims are made, the amounts ultimately paid out under these agreements may differ significantly from this original estimate, which may result in future charges which could be material to the results of operations of any given future reporting period, although management believes any additional charges would be unlikely to have a material impact on L-P's financial position.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operations decreased approximately 27 percent in the first nine months of 1995 compared to 1994. This resulted primarily from the lower net income discussed above.

Cash used in investing activities increased to \$286 million in 1995 from \$251 million in 1994, primarily due to increased capital expenditures. The largest portion of these capital expenditures are for new production facilities. Significant amounts have also been spent on environmental projects (such as pollution control equipment) and upgrades of existing production facilities. L-P is budgeting capital expenditures, including timber and logging road additions, for all of 1995 of \$350 million to \$400 million.

Cash used in financing activities increased in 1995 by approximately \$77 million to \$233 million from \$156 million. The principal factors in this increase were \$120 million in treasury stock purchases compared to \$35 million in 1994, offset by lower debt repayments of about \$35 million as L-P made the last payment on the Santa Fe debt in 1994. The stock purchases in 1995 relate to L-P's repurchase authorization for 5 million shares which was announced in July of 1994 and completed in April of 1995. L-P has previously announced a new authorization to purchase up to 10 million additional shares on the open market from time to time. The company has not announced any specific time frame over which it plans to complete these purchases. L-P plans to finance any treasury stock purchases with existing cash reserves and cash generated from operations.

Contingency reserves, which represent an estimate of future cash needs

for various contingencies (principally payments for siding litigation settlements), total \$414 million, of which \$150 million is classified as the current portion. As with all accounting estimates, there is inherent uncertainty concerning the reliability and precision of such estimates. As described under "Legal Proceedings" elsewhere in this report, the registrant has been named as a defendant in other litigation for which reserves have not been established. L-P continues to be in a strong financial condition with nearly \$125 million of cash and cash equivalents and a low ratio of long-term debt as a percent of total capitalization. Although cash and cash equivalents decreased \$191 million in the first nine months of the year due to the reasons discussed above, existing cash and cash equivalents combined with an unused \$100 million revolving line of credit and cash generated from operations are expected to be sufficient to meet projected cash needs including the payments 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.

Sales and Profit by Major Product Group
Louisiana-Pacific Corporation and Subsidiaries
(Dollar amounts in millions) (Unaudited)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	1995	1994	1995	1994
Sales:				
Structural panel products	\$ 311.7	\$ 327.8	\$ 837.8	\$ 904.1
Lumber	177.7	225.5	504.9	689.0
Other panel products	52.7	62.5	164.2	179.9
Other building products	144.2	137.2	384.3	371.4
	-----	-----	-----	-----
Total building products	686.3	753.0	1,891.2	2,144.4
Pulp	90.5	65.4	281.7	146.7
	-----	-----	-----	-----
Total sales	\$ 776.8	\$ 818.4	\$2,172.9	\$2,291.1
	=====	=====	=====	=====
Export sales	\$ 118.6	\$ 105.3	\$ 375.0	\$ 264.3
	=====	=====	=====	=====
Profit:				
Building products	\$ 111.3	\$ 172.5	\$ 265.0	\$ 493.8
Pulp	17.9	2.1	59.9	(13.9)
Settlement charge and other unusual items, net*	(366.6)	---	(366.6)	---
Unallocated expense, net	(30.2)	(19.5)	(97.8)	(51.5)
Interest income (expense), net	.3	.3	1.4	(1.0)
	-----	-----	-----	-----
Income (loss) before taxes and minority interest	\$(267.3)	\$ 155.4	\$ (138.1)	\$ 427.4
	=====	=====	=====	=====

* The substantial majority of this amount relates to recent class action settlements concerning the company's siding product and therefore would be primarily allocated to building products.

Operating Volume
Louisiana-Pacific Corporation and Subsidiaries
(Volume amounts stated in millions, unless otherwise noted,
and as a percent of normal capacity)

	Quarter Ended September 30				Nine Months Ended September 30			
	1995		1994		1995		1994	
Inner-Seal/OSB, sq ft 3/8" basis	886	97%	874	99%	2,576	94%	2,606	99%
Softwood plywood, sq ft 3/8" basis	418	103	423	112	1,076	88	1,237	109
Lumber, board feet	370	61	504	87	1,063	59	1,565	90
Medium density fiberboard, sq ft 3/4" basis	48	86	61	111	156	92	178	108
Particleboard, sq ft 3/4" basis	81	90	95	108	255	94	281	107
Hardboard, sq ft 1/8" basis	54	97	56	106	160	97	166	105
Hardwood veneer, sq ft surface measure	49	78	68	107	182	97	204	107
Pulp, thousand short tons	124	83	115	75	390	87	309	67
Chips, thousand BDU's	492		508		1,421		1,678	

Industry Product Price Trends
Louisiana-Pacific Corporation and Subsidiaries

	OSB ----- N. Central 7/16" basis 24/16 span rating -----	Plywood ----- Southern Pine 1/2" basis CDX 3 ply -----	Lumber ----- Framing lumber composite prices -----	Particleboard ----- Inland Industrial 3/4" basis -----	Pulp ----- Bleached softwood sulfate short ton* -----
Annual Average					
1990	131	182	230	199	723
1991	148	191	236	198	519
1992	217	248	287	200	509
1993	236	282	394	258	418
1994	265	302	405	295	515
1994 Third Quarter Average					
	273	301	374	300	540
1995 Second Quarter Average					
	210	303	317	295	774
1995 Third Quarter Average					
	276	320	333	276	839
Weekly Average					
October 6	298	335	329	277	839
October 13	295	315	324	277	839
October 20	288	300	314	277	839

* Discounting sometimes occurs from the published price.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

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

Certain Environmental Proceedings

The registrant has received a Notice of Violation issued by the state of Michigan in October 1993, alleging air emissions violations at the registrant's Newberry, Michigan, OSB plant. The registrant is not aware of any activity concerning the Newberry matter since December 1993 and does not know if any further action is contemplated by the state.

On September 9, 1992, the U.S. Department of Justice filed suit in the U.S. District Court in Anchorage, Alaska, against the registrant's wholly owned subsidiary Ketchikan Pulp Company ("KPC"), alleging that the pulp mill in Ketchikan, Alaska, operated by KPC violated the Clean Air Act and the terms of KPC's wastewater discharge permit. A separate federal grand jury investigation concerning wastewater discharges at KPC's pulp mill was also convened. In March 1995, KPC entered into agreements with the federal government to resolve the issues related to the lawsuit and grand jury investigation. Under the agreements, which have been approved by the court, KPC has entered guilty pleas to one felony and 13 misdemeanor violations of the Clean Water Act; KPC will pay civil and criminal penalties totaling approximately \$6 million, of which \$1.75 million will be suspended; and KPC has 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. KPC has agreed to undertake a study of whether a clean-up of Ward Cove, the body of water adjacent to the pulp mill, is needed. If the study determines that such clean-up is needed, KPC may be required to spend up to \$6 million on the clean-up, including the cost of the study, as part of the overall \$20 million of expenditure. KPC cannot estimate what portion, if any, of the clean-up amount will be required to be spent.

On September 13, 1994, the U.S. Environmental Protection Agency filed an administrative action, alleging that KPC and two other parties violated provisions of the Clean Air Act related to asbestos. The action seeks to recover a penalty of \$122,800.

The registrant has been informed that the U.S. Environmental Protection Agency has referred a matter involving KPC to the U.S. Department of Justice for possible civil enforcement. The matter involves allegations that KPC's Annette Island, Alaska, cant mill violated provisions of the Clean Air Act relating to the prevention of significant deterioration of air quality. The registrant has received no further information concerning the matter since February 1995 and does not know if any proceedings are contemplated.

A federal grand jury has been investigating possible violations in connection with the disposal by a contractor of transformers containing polychlorinated biphenyls ("PCBs") previously located at the registrant's former sawmill at Pendleton, Oregon. The registrant believes that neither it nor any of its employees are targets of the investigation.

Management of the registrant believes that the outcome of the above matters will not have a materially adverse effect on the consolidated business, financial condition, liquidity, or results of operations of the registrant.

Colorado Criminal Proceeding

The registrant began an internal investigation at the registrant'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 the registrant concerning alleged environmental violations at the registrant's Montrose (Olathe), Colorado, OSB plant. In 1995, additional subpoenas were issued requiring the production 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 the registrant's Montrose plant and certain of its other OSB plants. The registrant then commenced an independent investigation, which was recently

concluded, 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 the registrant, a former manager of the Montrose mill, and a former superintendent at the mill. The indictment charges the registrant with 31 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 the registrant 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 the registrant's allegedly improper sampling practices in connection with the APA quality assurance program.

At the present time, the registrant cannot predict whether or to what extent these circumstances will result in further civil litigation or investigation by government authorities, or the potential financial impact of any such proceedings. However, the resolution of the above matters could have a materially adverse impact on the registrant.

OSB Siding Matters

In October 1994, an action was filed against the registrant and other defendants in the Circuit Court for Lake County, Florida, on behalf of a purported class of all owners of property in that state whose properties were constructed using the registrant's OSB siding. The complaint alleged that the siding is deteriorating prematurely due to defects in the material and sought damages for alleged breaches of express or implied warranties and for alleged failure to disclose material defects. A settlement agreement has been approved by the court but the period for appeal has not yet expired. Under the settlement, the registrant will establish a claims procedure pursuant to which members of the settlement class may report problems with the registrant's OSB siding and have their properties inspected by an independent adjuster, who will measure the amount of damage and also determine the extent to which improper design, construction, installation, finishing, painting, and maintenance may have contributed to any damage. The maximum payment for damaged siding will be \$3.40 per square foot for lap siding and \$2.82 per square foot for panel siding, subject to reduction of up to 75 percent for damage resulting from improper design, construction, installation, finishing, painting, or maintenance, and also subject to reduction for age of siding more than three years old. The registrant has agreed with attorneys representing the class that if the national class settlement described below is approved by the court in that case, then the total percentage deductions from the payment to a member of the Florida class will be not greater than the percentage deductions computed for a similar claimant under the national settlement agreement. Class members will be entitled to make claims for up to five years after October 4, 1995.

The registrant has been named as a defendant in at least ten other purported class actions filed in various jurisdictions (most of which were filed in 1995), as well as numerous non-class action proceedings, brought on behalf of various persons or purported classes of persons (including nationwide classes) who own or have purchased or used OSB siding manufactured by the registrant, 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 various actions seek damages and other relief for claimed defects, deterioration, or failures of OSB siding products; in general, the actions seek to avoid provisions of the registrant's express warranty limiting a customer's warranty recovery to twice the cost of the product and allege that actual damages may be significantly higher. Some of the actions also seek injunctive relief and some seek to recover treble damages or punitive damages, among other remedies.

Three of the above class actions have been combined in the United States District Court for the District of Oregon under the caption *In re Louisiana-Pacific Inner-Seal (TM) Siding Products Liability Litigation*. On October 18, 1995, that court gave preliminary approval to a settlement agreement between the registrant and attorneys representing a nationwide class composed of all persons who own, who have owned, or who subsequently acquire property on which the registrant's OSB siding is installed prior to January 1, 1996, excluding persons who timely opt out of the settlement and persons who are members of the settlement class in the Florida litigation. Subject to final court approval, the settlement will, if fully implemented, result in resolution of all claims of any description by class members against the registrant arising from or relating to any alleged defects of the registrant's OSB siding or relating to the design, manufacture, or marketing of OSB siding. Under the settlement agreement (a copy of which is filed as an exhibit hereto and which is incorporated herein by reference), 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) of damaged siding, reduced by a specified 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 the registrant 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. There will be no adjustment to settlement payments for improper maintenance or installation.

The registrant will be required to pay \$275 million into the settlement fund in seven annual installments: \$100 million, \$55 million, \$40 million, \$30 million, \$20 million, \$15 million, and \$15 million. Pending payment to claimants, amounts in the settlement fund will be invested and any earnings from such investments will also be available for payments to claimants. 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 the registrant 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 the registrant 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 the registrant fails to make any such additional payment, all class members whose claims remain unsatisfied from the settlement fund may pursue any available legal remedies without regard to the release of claims provided in the settlement agreement. If the registrant makes all payments required under the settlement agreement, including all additional payments as specified above, class members will be deemed to have released the registrant from all claims for damaged OSB siding, including without limitation, claims arising under their existing 25-year limited warranty. 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 the registrant.

The settlement agreement is subject to final approval by the court at a fairness hearing after notice to class members. Potential members of the settlement class may elect to opt out of the settlement class within specified times prior to the court's fairness hearing, subject to the registrant's right to withdraw from the settlement if there are excessive elections to opt out.

The Attorneys General of the states of Florida, Oregon, and Washington have initiated proceedings seeking information concerning production, testing, marketing, and performance of the registrant's OSB siding and other attorneys general have also made inquiries concerning the same topics. The registrant is cooperating with the various attorneys general. Although the pending settlement of the OSB siding class actions described above would not directly affect the attorney general investigations, the registrant believes that the class action settlement addresses many of the same concerns as are the subject of the attorney general proceedings.

For additional information concerning OSB siding matters, including information about financial statement reserves, see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- OSB Siding Update."

Other

In July, 1995, an action entitled *MacDonald v. Louisiana-Pacific Corporation* was filed in Superior Court for the State of California for the County of San Diego, purporting to be a consumer action brought on behalf of the general public in California. The action alleges that the registrant violated the California Unfair Business Practices Act through allegedly fraudulent APA certification, quality sampling, advertising, and marketing of OSB products. The complaint seeks, among other relief, restitution to members of the public who purchased the registrant's OSB products, return of moneys obtained by the registrant from allegedly fraudulent sales, imposition of an asset freeze and constructive trust, and various forms of injunctive relief. A similar action, entitled *Carney v. Louisiana-Pacific Corporation*, was filed in October 1995 in the Superior Court of the State of California for the City and County of San Francisco seeking restitution and injunctive relief.

In September 1995, a complaint entitled Agius et ux v. Louisiana-Pacific Corporation was filed in the United States District Court for the Northern District of California naming the registrant as a defendant in a purported class action seeking damages and injunctive relief for violation of the Lanham Act, breach of warranty, and violation of California consumer protection statutes, based on alleged fraud and misrepresentation in connection with testing, APA certification, and marketing of OSB products.

In October 1995, a complaint entitled Thompson v. Louisiana-Pacific Corporation et ux was filed in United States District Court for the District of New Hampshire on behalf of a purported class consisting of all residents of the United States who own structures in which the registrant's OSB panels have been installed for roofing, flooring, sheathing, and decking. The complaint alleges that the OSB panels are defective in that they prematurely deteriorate when exposed to normal weather conditions and alleges that the registrant engaged in various practices, including allegedly fraudulent APA testing practices, to mislead consumers concerning the quality of the product. The complaint seeks compensatory and punitive damages, treble damages, and equitable relief because of alleged violations of federal RICO statutes, violation of various state consumer protection statutes, fraud, negligence, misrepresentation, and breach of implied warranty.

The registrant is unable to make any estimate of the possible outcome of the above actions or whether they may have a material impact upon the registrant.

Stockholder Actions

The registrant, certain of its executive officers and former executive officers, and certain other executives have been named as defendants in numerous actions brought on behalf of various purported classes of purchasers of the registrant's common stock. The actions, which have been consolidated in the United States District Court for the District of Oregon, seek to recover damages under the securities laws for alleged failures to disclose or improper disclosures generally relating to the various legal proceedings described above and the matters that are the subject of such proceedings. The registrant is defending the actions vigorously, but is unable to make any estimate of the possible outcome of the securities class actions.

Five individual directors (Messrs. du Pont, Kayser, and Yeager, Ms. Hill and Mrs. Neff) and three former directors of the registrant have been named as defendants in ten stockholder derivative actions, which also name the registrant as a nominal defendant. Eight of these actions were brought in the Court of Chancery of the State of Delaware in and for New Castle County and have been consolidated under the caption In re Louisiana-Pacific Corporation Derivative Litigation, Civil Action No. 14322 (the "Delaware action"). One action, captioned Silverman, et al. v. Merlo, et al., No. 9505-03630, was brought in the Circuit Court of the State of Oregon for the County of Multnomah (the "Oregon action"). The remaining action, captioned Rand v. Merlo, et al., No. 95-Z-1511, was brought in the United States District Court for the District of Colorado (the "Colorado action"). The actions seek to recover damages from the directors on behalf of the corporation because of alleged mismanagement and breaches of fiduciary duty generally related to the various legal proceedings described above and the matters that are the subject of such legal proceedings. The individual directors of the registrant and the registrant have moved to dismiss the Delaware action, the Oregon action, and the Colorado action.

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

- (a) The exhibits filed as part of this report or incorporated by reference herein are listed in the accompanying exhibit index.
- (b) Reports on Form 8-K. A report on Form 8-K dated July 28, 1995, was filed to report under Item 5 the resignations of three directors and executive officers of the registrant and amendments to the registrant's Rights Agreement.

SIGNATURES

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

LOUISIANA-PACIFIC CORPORATION

By /s/ WILLIAM L. HEBERT
William L. Hebert
Vice President, Treasurer, and
Controller
(Principal Financial and
Accounting Officer)

DATED: November 6, 1995

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
10	Settlement Agreement dated October 18, 1995, between the registrant and attorneys representing plaintiffs in siding class action litigation.
11	Calculation of Net Income Per Share for the Nine Months Ended September 30, 1995.
27	Financial Data Schedule.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON

IN RE LOUISIANA-PACIFIC INNER-
SEAL(TM) SIDING PRODUCTS LIABILITY
LITIGATION

NO. 95-879-JE

95-1453-JE

SETTLEMENT AGREEMENT

THIS AGREEMENT is entered into this 18th day of October, 1995, by and among (1) the plaintiffs in the above litigations, for themselves and on behalf of the plaintiff class as hereinafter defined ("Settlement Class"); and (2) the defendants in the litigations. The Defendants and Plaintiffs, collectively, shall hereinafter be referred to as the "Parties."

Subject to Court approval as required by the Federal Rules of Civil Procedure and as hereinafter provided, it is hereby stipulated and agreed by the Parties that, in consideration of the promises and covenants set forth in this Agreement and upon the entry by the Court of a Final Order and Judgment approving the settlement and directing the implementation of the terms and conditions of the settlement as set forth in this Agreement, this action shall be settled and compromised upon the terms and conditions contained herein.

1. DEFINITIONS

As used in this Agreement and the exhibits annexed hereto, in addition to any definitions elsewhere in this Agreement, the following terms shall have the meanings set forth below:

Action means all actions consolidated into the above-referenced caption, pending in the United States District Court for the District of Oregon.

Agreement or Settlement Agreement means this Settlement Agreement, including all exhibits hereto.

Claims Administrator means the firm hired to process claims in accordance with Section 10 of this Agreement.

Claim for Unreimbursed Repair means a claim described in Section 5.7c in the form attached as Exhibit "D" and filed with the Claims Administrator within 365 days after the date of the Initial Notice Date.

Class Notice means the initial form of court-approved notice substantially in the form attached as Exhibit "A" to this Agreement.

Damage means that Exterior Inner-Seal Siding(TM) that fails at the time of the inspection to perform its essential purposes of cladding and protecting the wall assembly and presenting appropriate aesthetics. Factors that will be considered to determine whether siding has sustained damage include, but are not limited to, dimensional instability, including thickness swell and warpage, high moisture content, edge checking where there is penetration of the substrate, fungal degradation, and appearance. Damage does not include damage resulting from natural disaster including, but not limited to, fire, hurricane, tornado, flood, or other similar force majeure event.

Date of the Claim means the date or dates on which claims were submitted under this Agreement by an Eligible Claimant with respect to Damage to Exterior Inner-Seal(TM) Siding on a Property.

Date of Installation means the date or approximate date that Exterior Inner-Seal(TM) Siding was installed on the Property of a Settlement Class Member. In the absence of proof of installation on a different date, the Date of Installation will be presumed to be the date of certificate of occupancy or purchase of a newly constructed Property containing such siding (whichever is earlier), or if a previously owned Property was purchased originally containing such siding, the date of original construction or purchase of the Property. If the claimant does not know the date of installation (or whether the siding is L-P's), the Independent Adjuster shall make a good faith estimate after first having verified that the siding is Exterior Inner-Seal(TM) Siding.

Defendants means L-P and Harry A. Merlo.

Eligible Claimant means a current owner of Property who has not assigned the claim, a subsequent purchaser of Property not subject to a prior assignment of claim, or a former owner of Property who holds a valid

assignment of claim or who made a prior unreimbursed repair or replacement prior to January 1, 1996 or who presented a prior claim to L-P.

Exterior Inner-Seal(TM) Siding means any year of manufacture or type of Oriented Strand Board lap or panel siding, soffit, fascia, or trim manufactured by L-P, but does not include any such products that were sold by L-P without an express warranty (e.g., utility board), or that were re-classified by L-P to exclude an express warranty before the date of this Agreement.

Fairness Hearing means the hearing to be conducted by the Court in connection with the determination of the fairness, adequacy and reasonableness of this Agreement under Fed. R. Civ. P. 23.

Final Order and Judgment means the Order to be entered by the Court, in a form that is mutually agreeable to the parties, approving this Agreement without material alterations, as fair, adequate and reasonable under Fed. R. Civ. P. 23(e), confirming the Settlement Class certification, and making such other findings and determinations as the Court deems necessary and appropriate to effectuate the terms of this Agreement.

First Opt Out Period means the period commencing on the Initial Notice Date and continuing for 120 days from that date.

Independent Adjuster means the firm(s) or person(s) jointly hired, selected and trained by L-P, Class Counsel and the Claims Administrator to evaluate claims submitted pursuant to the terms of this Agreement.

Initial Notice Date means the first date upon which the Class Notice is initially mailed to the Settlement Class pursuant to Section 7 of this Agreement.

L-P means Louisiana-Pacific Corporation, its subsidiaries or affiliates, successors, and assigns.

Person means any individual or legal entity or their successors or assigns.

Plaintiffs' Class Counsel means the following counsel: (i) A. Hoyt Rowell, III, of Ness, Motley, Loadbolt, Richardson & Poole; (ii) Steve W. Berman of Hagens & Berman; (iii) Christopher I. Brain of Tousley Brain ; (iv) Bennet A. McConaughy of Foster Pepper & Shefelman; (v) Michael F. Ram of Lieff, Cabraser, Heimann & Bernstein; and (vi) William H. Garvin III of Fonvielle & Hinkle; as co-lead counsel. Additional counsel for the class are Don Barrett of The Barrett Law Offices; Michael D. Hausfeld and Gary Mason of Cohen, Milstein, Hausfeld & Toll; Cunningham, Bounds, Yance, Crowder & Brown; Doffermyre, Shields, Canfield & Knowles; Walter S. McLin, III and Philip S. Smith of McLin, Burnsed, Morrison, Johnson & Robuck, P.A.; Law Offices of Philip Gordon; Heins Mills & Olson, P.L.C.; Hogan, Smith & Alspaugh; Krislov & Associates; McRight, Jackson, Dorman, Myrick & Moore; Moore & Brown; Pozzi Wilson & Atchinson; Susman, Buehler & Watkins; and Les M. Swanson.

Preliminary Approval means the Court's conditional certification of the Settlement Class, preliminary approval of this Agreement, and approval of the form of the Class Notice pursuant to Fed. R. Civ. P. 23(c)(2) and (e).

Problem Report means a report referred to in Section 5.4 of this Agreement and attached as Exhibit "C" to this Agreement.

Property means any structure including homes, mobile homes, townhomes, condominiums, apartments, commercial structures and other types of buildings or structures on which Exterior Inner-Seal(TM) Siding was installed prior to January 1, 1996 or on which Exterior Inner-Seal(TM) Siding was replaced by virtue of Damage.

Recovery Program means the procedure set forth in Section 5 hereof.

Replacement Cost means the average cost per square foot of surface area of siding for full replacement including all materials and labor as required to replace and repair Damaged panels or boards and to repaint and otherwise restore the exterior to the extent necessary to make the repair as cosmetically acceptable as practicable in conformity with all applicable laws, building codes, and zoning regulations. Replacement costs will be set by agreement of the parties using Means' Price Data for such geographic areas as are agreed upon by the parties (the "Initial Means Price"). The Initial Means Price will be adjusted annually for inflation using the most representative Consumer Price Index ("CPI") for the geographic area covered by the respective Initial Means Price data for the region in which the Property is located.

Means Price Data means the cost, labor, materials and repair data supplied to the construction industry by the R.S. Means Co., Inc. for the appropriate location and time period as agreed upon by the parties.

Settlement Amount means the aggregate amount of funding under Section 4, payment of which is guaranteed by L-P, plus interest or other earnings thereon.

Settled Claim means any claim, liability, right, demand, suit, matter, obligation, damage, loss or cost, action or cause of action, of every kind and description that the Releasing Party, (as defined in Section 14 of this Agreement), has or may have, whether known or unknown, asserted or unasserted, latent or patent, that is, has been, could reasonably have been or in the future might reasonably be asserted by the Releasing Party either in the Action or in any other action or proceeding in this Court or any other court or forum, regardless of legal theory, and regardless of the type or amount of relief or damages claimed, against any of the Defendants, arising from or in any way relating to any defects or alleged defects of Exterior Inner-Seal(TM) Siding, or any part thereof. Without limiting the generality of the foregoing, Settled Claim shall include, with regard to the foregoing subject matter:

(1) any claim for breach or violation of any federal, state, common or other law;

(2) any claim for breach of any duty imposed by law, by contract or otherwise;

(3) any claim based on strict product liability, negligence, reliance, breach of express or implied warranty, racketeering, fraud, conspiracy, consumer fraud, negligent misrepresentation, or intentional misrepresentation;

(4) any claim arising from or in any way related to the promotion, design, manufacture, production, sale, distribution, or assembly of Exterior Inner-Seal(TM) Siding, and/or any alleged defects in Exterior Inner-Seal(TM) Siding, or any part thereof;

(5) any claim for personal injury, emotional distress, or mental anguish associated with any of the above; and

(6) any claim for penalties, punitive damages, exemplary damages, or any claim for damages based upon a multiplication of compensatory damages associated with the above.

However, Settled Claim does not include any claim for bodily injury (including wrongful death) and associated emotional distress and mental anguish; or claims arising from the purchase, sale or holding of L-P stock and does not include claims arising from the purchase of new L-P stock and does not include claims arising from the installation of new Exterior Inner-Seal(TM) Siding after January 1, 1996.

Settlement Class means a class composed of all Persons who have owned, own, or subsequently acquire Property on which Exterior Inner-Seal(TM) Siding has been installed prior to January 1, 1996 who are given notice in accordance with the Due Process Clause of the United States Constitution.

Excluded from the Settlement Class are:

(1) All Persons who, in accordance with the terms of this Agreement, properly execute and file a timely request for exclusion from the Settlement Class; and

(2) All persons who are members of the certified class in the Florida action entitled Anderson v. Louisiana-Pacific Corporation, No. 94-2458-CA-01.

Settlement Date means the date on which all of the following have occurred: (a) the entry of the Final Order and Judgment without material modification and (b) the achievement of finality for the Final Order and Judgment by virtue of that Order having become final and non-appealable through (i) the expiration of all appropriate appeal periods without an appeal having been filed; (ii) final affirmance of the Final Order and Judgment on appeal or final dismissal or denial of all such appeals, including petitions for review, rehearing or certiorari; or (iii) final disposition of any proceedings, including any appeals, resulting from any appeal from the entry of the Final Order and Judgment.

Settlement Fund means the fund established in accordance with the terms of Section 4 of this Agreement.

Subsequent Notice Date means the date that a mailed or published class notice is initially mailed or published pursuant to Section 8 of this Agreement.

Subsequent Opt Out Period(s) means the 90-day period(s) commencing from

the Subsequent Notice Date, during which time, as set forth in Section 9, a person who did not receive actual notice of the initial Class Notice (other than an owner occupied, single family unit) and who acquires Property with Exterior Inner-Seal(TM) Siding after the initial Class Notice may opt out. A person who acquires a Property with Exterior Inner-Seal(TM) Siding after the Initial Notice Date may opt out only during the next Opt Out Period following the acquisition of Property with Exterior Inner-Seal(TM) Siding.

Term of Agreement or Term means the seven-year period commencing on January 1, 1996.

2. SETTLEMENT PURPOSES ONLY

2.1 This Agreement is for settlement purposes only, and neither the fact of, nor any provision contained in, this Agreement or its attachments, nor any action taken hereunder shall constitute, be construed as, or be admissible in evidence as, any admission of the validity of any claim or any fact alleged by Plaintiffs in this Action or in any other pending action or of any wrongdoing, fault, violation of law, or liability of any kind on the part of any Defendant or admission by any Defendant of any claim or allegation made in this Action or in any action, nor as an admission by any of the Plaintiffs, members of the Settlement Class or Plaintiffs' Class Counsel of the validity of any fact or defense asserted against them in the Action or in any action.

2.2 Any certification of a preliminary or final Settlement Class pursuant to the terms of this Agreement shall not constitute, and shall not be construed as, an admission on the part of any Defendant that this action, or any other proposed or certified class action, is appropriate for trial class treatment pursuant to Fed. R. Civ. P. 23 or any similar class action statute or rule. This Agreement is without prejudice to the rights of Defendants to (a) oppose certification in this action should the Settlement not be approved or implemented for any reason, or (b) oppose certification in any other proposed or certified class action; or (c) use the certification of this settlement class to oppose certification of any other proposed class arising out of the claims asserted herein.

3. SUBMISSION FOR PRELIMINARY APPROVAL

3.1 Promptly after execution of this Agreement, the Parties shall jointly submit this Agreement, through their respective attorneys, to the Court for Preliminary Approval.

4. SETTLEMENT FUND

4.1. L-P shall contribute a minimum of \$275,000,000 to the Settlement Fund (the "Initial Funding Obligation"), but may increase such amount in accordance with Sections 4.6-4.9 or otherwise.

4.2 All amounts due and owing by L-P under this Agreement shall be paid when due as provided herein into the Settlement Fund to be established and maintained and administered by the Claims Administrator under the continuing jurisdiction and supervision of the Court. Any and all interest and earnings of the Settlement Fund assets shall accumulate and become part of the Settlement Fund.

4.3 Within thirty days of entry of the Final Order and Judgment, L-P shall make its first payment of \$100,000,000 into the Settlement Fund, which shall be an appropriate qualified settlement account. On the first business day subsequent to the anniversary date of the entry of the Final Order and Judgment, L-P shall pay into the Settlement Fund the following amounts:

Year 2	\$55,000,000
Year 3	\$40,000,000
Year 4	\$30,000,000
Year 5	\$20,000,000
Year 6	\$15,000,000
Year 7	\$15,000,000

4.4 The Settlement Amounts in the Settlement Fund shall be allocated in the following manner. Funds paid pursuant to Section 4.3 shall be allocated proportionally by regions (as defined in Exhibit G) to pay claims for Properties located in these regions. The initial allocation by region shall be proportional to the ratio that the total Exterior Inner-Seal(TM) Siding distributed within each region bears to the total Exterior Inner-Seal(TM) Siding distributed to all regions (excluding the State of Florida) between 1985 and January 1, 1996. To the extent any funds in the Settlement Fund are not paid out to claimants within the year they were deposited (the "Undisbursed Funds"), the Undisbursed Funds, together with accumulated interest and earnings, shall roll over into the succeeding year or years and be available to pay claims or costs of administration as follows: the Undisbursed Funds shall be allocated to sub-accounts for each region for which

there were insufficient funds to pay prior approved claims in the same proportion as the ratio of unpaid claims of each region bears to the total of all unpaid claims of all regions (excluding claims in Florida).

4.5 All class members shall be bound to the terms of this Agreement for an initial period of four years starting from entry of the Final Order and Judgment regardless of whether the Initial Funding Obligation is adequate to satisfy all claims filed hereunder.

4.6 If, at any time after the expiration of four years starting from entry of the Final Order and Judgment, the Claims Administrator notifies L-P that the amount of approved claims (together with allowable administrative expenses charged against the Settlement Fund) equals or exceeds \$275,000,000 (the "Funded Claims"), the Agreement shall terminate as to all other claims (the "Unfunded Claims") unless within 60 days after its receipt of such notification, L-P advises Plaintiffs' Class Counsel in writing of its election to provide additional funding to the Settlement Fund (the "Additional Funding Election").

4.7 If L-P makes a timely Additional Funding Election,

(a) it shall deposit into the Settlement Fund within 12 months from the date of the notification from the Claims Administrator an amount equal to (i) the aggregate Unfunded Claims approved prior to the expiration of such 12-month period or (ii) \$50,000,000 (the "Second Funding Obligation"), whichever is lesser; and

(b) all class members are bound by this Agreement for such additional 12-month period.

4.8 If the payment of the Second Funding Obligation is insufficient to satisfy in full all approved claims (together with allowable administrative expenses charged against the Settlement Fund) that were filed prior to the expiration of the 12-month period referred to in paragraph 4.7, the Claims Administrator shall so notify L-P, and

(a) within 12 months thereafter, L-P shall deposit into the Settlement Fund an amount equal to (i) the aggregate claims approved prior to the expiration of such second 12-month period or (ii) \$50,000,000 (the "Third Funding Obligation"), whichever is lesser; and

(b) all class members are bound by this Agreement for such second 12-month period.

4.9 If at the end of the period of seven years after initial funding the payments to the Settlement Fund are insufficient to satisfy in full all approved claims (together with allowable and administrative expenses charged against the Settlement Fund) that were filed prior to January 1, 2003, the Claims Administrator shall so notify L-P no later than 60 days thereafter, and

(a) within 60 days of such notification, L-P shall advise Plaintiffs' Class Counsel in writing whether it elects to satisfy such remaining unfunded claims (the "Final Funding Obligations"); and if so, it shall make 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. Each such additional payment shall be in an amount equal to: (i) 50% of the aggregate sum of all remaining unfunded approved claims and administrative expenses; or (ii) 100% of the aggregate sum (up to a maximum of \$50 million), whichever is greater;

(b) if L-P makes the Final Funding Obligation election and makes the required payments to the Settlement Fund, all class members are bound by this Agreement for an additional 24-month period.

4.10 If L-P fails to make payment of any sum when due under this paragraph 4, all Class Members whose claims remain unsatisfied from the Settlement Fund for a period of 90 days thereafter may pursue whatever legal remedies are available to them without regard to the release of claims provided in this Agreement and such claims thereafter shall be governed by the provisions of Section 19.

4.11 Within three business days after Preliminary Approval, L-P shall deposit into an account designated by Plaintiffs' Class Counsel sufficient funds to commence distribution of the Initial Class Notice. The amount deposited will be based on a good faith estimate by Plaintiffs' Class Counsel of the amounts required for the first sixty days of the distribution of the

Initial Class Notice. Thereafter, until final approval, L-P shall replenish the fund as is reasonably necessary in the good faith judgment of Plaintiffs' Class Counsel to meet the obligations of L-P hereunder. Plaintiffs' Class Counsel shall first have obtained the consent of L-P to the amounts to be deposited, which consent shall not unreasonably be withheld. If the Settlement is approved, this account will continue to operate until the funds are depleted or are transferred to the Settlement Fund. Any amounts expended on the Class Notice are nonrefundable. If the Settlement is terminated, all funds in the account shall be returned to L-P. Any amounts paid under this Section shall be credited toward L-P's payment obligations as specified in Section 4.3.

4.12 Upon determination of the Claims Administrator that all claims made within the Term of the Agreement have been paid and processed and the Settlement Fund is not exhausted, any amounts remaining in the Settlement Fund shall revert to L-P.

4.13 If all approved claims and administrative expenses are paid in full, all class members are finally and fully bound by this Agreement and L-P shall forever be discharged from any further obligations to the class members and under this Agreement in accordance with Section 14.

5. RECOVERY PROGRAM

5.1 All Eligible Claimants are eligible for relief under this Agreement in accordance with this Section.

5.2 Eligible Claimants shall be entitled to recover under this Agreement if: (i) damage has occurred to Exterior Inner-Seal(TM) Siding on the Property, (ii) the Damage occurred before or during the Term of this Agreement, and (iii) the Eligible Claimant files a claim within the Term of this Agreement.

5.3 If an Eligible Claimant has repaired or replaced any damaged Exterior Inner-Seal(TM) Siding prior to the Initial Notice Date, he is eligible to participate if he provides proof of ownership of Exterior Inner-Seal(TM) Siding, proof of repair of such siding as provided in Section 5.7.c., and files a Claim for Unreimbursed Repair within 365 days of the Initial Notice Date.

5.4 To recover under this Agreement, a Settlement Class member must properly complete a Problem Report or Claim for Unreimbursed Repair (Exhibits "C" and "D"). If a class member has not received a Class Notice, he or she may call the Toll-Free Number to report problems with Exterior Inner-Seal(TM) Siding and/or to obtain information about the Settlement. The Claims Administrator will then forward to the potentially Eligible Claimant a Problem Report (Exhibit "C") or a Claim for Unreimbursed Repair (Exhibit "D").

5.4.1 Certain basic information will be gathered when the Settlement Class member makes a Problem Report, or Claim For Unreimbursed Repair, i.e., name, address, builder, subdivision, description of problem and whether the Problem Report is the first or a subsequent claim under this Agreement, proof of the use of the Exterior Inner-Seal(TM) Siding and ownership verification of the Property or assignment of claim.

5.4.2 Data from all Problem Reports and Claims for Unreimbursed Repair shall be entered into the computer system for processing and made available to the Independent Adjuster, Plaintiffs' Class Counsel and L-P.

5.5 Once a Problem Report or Claim for Unreimbursed Repair has been received by the Claims Administrator, and subject to the frequency limitation of Section 5.9, an Independent Adjuster will be sent as soon as practicable to inspect the Property at no cost to the Settlement Class member; but after the expiration of one year from the commencement of the Recovery Program, such inspection will occur within 60 days from the date the Problem Report or Claim for Unreimbursed Repair is received by the Claims Administrator.

5.6 The inspection by the Independent Adjuster shall include the following:

a. The Independent Adjuster will verify that the Class Member had or has Exterior Inner-Seal(TM) Siding on the Property.

b. The Independent Adjuster will determine the Date of Installation of Exterior Inner-Seal(TM) Siding.

c. The Independent Adjuster will verify whether the Exterior Inner-Seal(TM) Siding on the Property has sustained Damage; and, if so, he will apply a protocol to determine the amount of Exterior Inner-Seal(TM) Siding that should be replaced. The protocol will be based on reasonable and mutually acceptable

standards. The standards shall take into account the cause and extent of the existing failed siding, the location and dispersal of the failed siding, the construction procedures necessary for replacing the failed siding in a workmanlike manner, and the availability and feasibility of aesthetically and structurally matching the existing siding. In making this determination, the Independent Adjuster may give due consideration to the appearance, moisture content, and thickness swell of the siding.

d. The Independent Adjuster will complete an inspection form for each claim inspected.

5.7 After completion of the inspection, the Independent Adjuster will forward his report to the Claims Administrator who will determine the amount an Eligible Claimant shall be paid based on the information contained in the report of the Independent Adjuster, the Replacement Cost of the affected siding and the factors listed below:

a. The maximum amount that may be awarded for replacing siding for a single Property under the terms of this Agreement shall be the Replacement Cost times the surface area of the siding to be replaced. No deduction for footage will be made for windows or doors within the siding area to be replaced. If a side of a unit has sustained Damage, then such side will be deemed to have a minimum of thirty-two (32) square feet of Damage to that side. With regard to panels, if a panel is Damaged, the entire panel will be included as Damaged square footage to be replaced.

b. The Claims Administrator, using the information provided by the Independent Adjuster in the Field Inspection and Evaluation Form, shall make certain deductions based on the age of the siding, calculated as of the Date of the Claim. These deductions shall be calculated as follows:

Years 1 and 2 from
Date of Installation 0% deduction

Years 3 and 4 from 5% deduction per year (prorated
Date of Installation monthly)

Year 5 and subsequent
years from Date of 8% deduction per year (prorated
Installation monthly)

In no event shall the deductions exceed 65% of the Replacement Cost.

c. Class members who have sustained Damage to Exterior Inner-Seal(TM) Siding on their Property, which they have replaced or attempted to repair at their own expense without reimbursement from L-P, are entitled to file a Claim for Unreimbursed Repair in accordance with this paragraph 5.7.c. if they establish by clear evidence to the reasonable satisfaction of the Independent Adjuster that:

(i) Exterior Inner-Seal(TM) Siding was installed on the Property and sustained Damage;

(ii) Exterior Inner-Seal(TM) Siding was replaced or repaired as a result of such Damage; provided that, expenditures for painting, washing, caulking and similar routine maintenance items do not constitute reimbursable expenses unless performed within two years of the Date of Installation to repair damage on Product that was properly installed, finished and maintained in accordance with L-P's standard instructions in effect on the Date of Installation. In no case shall the Eligible Claimant be entitled to recover an amount as reimbursement for such repair or replacement that is greater than the amount to which he would be entitled to recover for repair costs under this Agreement or the actual out-of-pocket cost of the repairs, whichever is less.

5.8 The Independent Adjuster shall forward to the Claims Administrator, L-P and designated Plaintiffs' Class Counsel a Field Inspection and Evaluation Form (Exhibit "E"). The Claims Administrator will forward to the Eligible Claimant a check, appropriate release (in the form of Exhibit "F") and a Notice of Settlement. Each class member shall advise any subsequent purchaser from him or her of the settlement or record the Notice of Settlement in the title records of the Property and make such other appropriate disclosure as may be required by local or state laws regarding the purchase and sale of property. Any class member who fails to perform the obligations of this Section 5.8 shall indemnify and hold harmless L-P and/or

the Settlement Fund for all duplicate payments made to subsequent purchasers.

5.9 In the event an Eligible Claimant suffers subsequent damage to Exterior Inner-Seal(TM) Siding that was not compensated under a prior Problem Report or Claim for Unreimbursed Repair, the claimant may make another Problem Report within the Term of this Agreement and proceed through the Recovery Program. A claimant may make a claim once every twelve month period. After a claimant has filed three claims during the Term of this Agreement, the claimant must pay the cost of any additional inspections by an Independent Adjuster.

5.10 Notwithstanding that a member of the Settlement Class previously has submitted or resolved a claim (the "Prior Claim") pursuant to any L-P claim or warranty program (or signed a release of claims as part of such program), said class member may participate under the terms of this Agreement to the extent that the claimant (a) establishes Damage; (b) would have received a greater amount had the Prior Claim been processed under this Agreement; (c) files a Problem Report (Exhibit C) within 365 days of the Initial Notice Date. Any amount due to such claimant under this Agreement on account of the Prior Claim shall be reduced by the amount of any payment previously made by L-P. For subsequent damage not covered by the original claim, such claimant may make claims under this Agreement without regard to the Prior Claim or its resolution.

5.11 Any class member who is a subsequent purchaser of the Property may file a claim for Exterior Inner-Seal(TM) Siding that has sustained Damage only if such Damaged siding has not previously been subject to a claim filed by his predecessor for which compensation has been paid. However, for any new Damage not covered by the Prior Claim, the subsequent purchaser may make claims under this Agreement without regard to the Prior Claim or its resolution.

5.12 The Claims Administrator shall process payment of claims in the order of the Date of Claims.

5.13 This Agreement applies to any Exterior Inner-Seal(TM) Siding installed prior to January 1, 1996.

6. Selection and Training of Independent Adjusters

6.1 All fees and expenses incurred in relation to the performance of the duties and obligations of the Independent Adjusters shall be paid from the Settlement Fund.

6.2 Each Independent Adjuster will be required to attend a training course presented and developed by L-P with the assistance of Plaintiffs' Class Counsel or their designees. The content of the course will be agreed to by the Plaintiffs' Class Counsel and L-P and updated as required by experience. The Independent Adjuster shall have the right to hire and fire adjusters subject to the provisions of Section 6.5.

6.3 L-P and Plaintiffs' Class Counsel, upon agreement, shall have the right to supplement the list of Independent Adjusters and substitute or add others with the consent of opposing counsel, which consent shall not be unreasonably withheld.

6.4 Plaintiffs' Class Counsel and L-P shall have the right during the Term of this Agreement independently to test, on a sample basis, the findings of the Independent Adjusters.

6.5 In the event either L-P or Plaintiffs' Class Counsel reasonably believes that any of the Independent Adjusters are not properly applying any of the terms of Section 5, or in the event there is a question about the application of the terms of this Agreement by the Independent Adjusters, then:

a. The objecting Party's counsel shall notify counsel for the other Party to this Agreement in writing of his concern;

b. Plaintiffs' Class Counsel and counsel for L-P will meet within 30 days of receipt of the written notification to try to resolve the concern;

c. In the event the Plaintiffs' Class Counsel and counsel for L-P cannot resolve the concern, then the dispute shall be submitted to a special master to be appointed by the Court whose ruling shall be final and not appealable;

d. In any event, Plaintiffs' Class Counsel and counsel for L-P shall meet in person or by telephone conference every six months to discuss the implementation and execution of this Agreement during the preceding six months and will attempt to resolve any concerns of the Parties.

7. Initial Notice to the Class

7.1 Upon Preliminary Approval, and as the Court may direct, Plaintiffs' Class Counsel or their designee shall cause the Class Notice describing the settlement embodied herein and the Fairness Hearing to be provided to the members of the Settlement Class as provided in this Section.

7.2 The Class Notice, in a form similar to Exhibit "A" attached and approved by the Court, shall be mailed, first class postage prepaid, together with a request for exclusion substantially in the form of Exhibit "B" attached hereto to each member of the Settlement Class identified by Plaintiffs' Class Counsel through reasonable efforts. In addition, such mailing shall be sent to each member of the Settlement Class whose identity becomes known as a result of the Class Notice being published or other subsequent mailings will be made as the identities or addresses of additional class members becomes known.

7.3 The Class Notice shall be distributed to prior claimants and to contractors, builders, suppliers and distributors who are known by L-P to have been involved in the sale, distribution or use of Exterior Inner-Seal(TM) Siding and to other interested organizations. The Class Notice shall initially be published in newspapers, trade journals, and magazines, and/or broadcast by radio and/or television in a manner reasonably calculated to reach members of the Settlement Class, as more particularly described in the initial notice plan to be approved by the Court. The Class Notice shall inform the reader, and/or listener or viewer, as the case may be, of a toll-free telephone number through which he may arrange for a mailing of the Class Notice, Problem Report, or Claim for Unreimbursed Repair (Exhibits C and Exhibit D).

7.4 No later than the first dissemination of the Class Notice, Plaintiffs' Class Counsel or their designee, shall cause a nationwide toll-free telephone facility to be established. This facility shall be capable of (a) receiving requests for the Class Notice and other materials described in this Section 7; (b) providing generalized information concerning deadlines for opt outs, proofs of claim, and presentations to the Court at the Fairness Hearing; and (c) mailing the materials to Settlement Class Members as provided in this Section 7. The facility may, as appropriate under instructions from Plaintiffs' Class Counsel, provide additional information or refer individual inquiries to Plaintiffs' Class Counsel for response. The facility shall maintain records of all mailings and such other information in such form and in such manner as Plaintiffs' Class Counsel may direct.

7.5 The Class Notice, either in its original form or as modified by the Court or parties based on experience, shall be disseminated throughout the term of this Agreement as Plaintiffs' Class Counsel and/or the Claims Administrator identify additional class members.

8. Subsequent Notice and Subsequent Published Notice

8.1 A Subsequent Notice in a form approved by the Court shall be mailed to all prior claimants and any contractors, builders, distributors or suppliers that are known to the Claims Administrator or become known during the Term of the Agreement.

8.2 A Subsequent Published Notice in a form agreed to by the Parties and approved by the Court shall be published in newspapers, trade journals, and magazines, in a manner reasonably calculated to reach New Settlement Class Members as the Claims Administrator may determine. The Subsequent Published Notice shall inform the reader of the toll-free telephone number through which he may arrange for a mailing in accordance with this Section 8 to be sent to him.

8.3 The Subsequent Notice and Published Notice shall be disseminated not later than the end of the third and sixth years from the Settlement Date. The publication period for the Subsequent Notice program shall be thirty days.

8.4 The Claims Administrator shall cause notice to be mailed, first class prepaid, together with attachments (Exhibits "B" and "C") to each person who requests such information in response to a Subsequent Published Notice.

9. Class Members' Right of Exclusion/Inclusion

9.1 A Settlement Class member may opt out of the Settlement Class at any time during the First Opt Out Period. In order to exercise the opt out right set forth in this Section, the Settlement Class member must complete and return a request for exclusion substantially in the form of Exhibit "B," or a reasonable substitute therefor. Such request must be postmarked on or before the end of the First Opt Out Period, which shall be 120 days from the date of the Initial Notice Date. Except for those class members who have properly

opted out, all Settlement Class members will be deemed a Settlement Class member for all purposes under this Agreement. Any Settlement Class member who elects to opt out of the Settlement Class pursuant to this Section shall not be entitled to relief under or be affected by this Agreement.

9.2 A Person who acquires a Property with Exterior Inner-Seal(TM) Siding after the Initial Notice Date but before the second notice may opt out within 90 days from the date of the initial publication of second class notice. A Person who acquires a Property with Exterior Inner-Seal(TM) Siding after the second notice but before the third notice may opt out within 90 days from the date of the initial publication of the third notice. The Settlement Class member must complete and return to the Claims Administrator a request for exclusion substantially in the form of Exhibit B, or a reasonable substitute therefor. Such request must be postmarked on or before the expiration of the applicable Subsequent Opt Out Period. Any Settlement Class member who has not so elected will be a Settlement Class member for all purposes under this Agreement. Any such Settlement Class member who elects to opt out of the Settlement Class pursuant to this Section 9.2 shall not be entitled to relief under or be affected by this Agreement.

9.3 A Person who acquires Property, other than an owner-occupied, single family unit, after the Initial Notice Date with actual notice or knowledge (as opposed to constructive notice) of this Agreement shall have no right to opt out of the Settlement Class with respect to that Property.

9.4 With respect to any Settlement Class member who elects to opt out, to the extent that the statutes of limitations and/or repose or any defense of lapse of time are tolled by operation of law, they will continue to be tolled until ninety (90) days after receipt of the election to opt out or for such longer period as the law may provide without reference to this Agreement.

10. Claims Administration

10.1 The Claims Administrator shall, under the supervision of the Court, administer the relief provided by this Settlement Agreement by resolving claims in a rational, responsive, cost effective, and timely manner. The Claims Administrator shall maintain the records of its activities in computerized database form and shall provide such periodic and special reports and such other information as the Court or the Parties may request.

11. Right of Withdrawal

11.1 If the total number of Settlement Class members who elect to opt out from the Settlement Class during the First Opt Out Period is, in L-P's opinion, excessive, L-P shall have the independent right to withdraw from this Agreement by giving written notice thereof to the other Parties no later than ten days prior to the Fairness Hearing.

12. Statutes of Limitations or Repose

12.1 A Settlement Class member shall not be barred from obtaining relief under this Agreement because of a statute of limitations or repose or due to the execution of a prior release.

13. Exclusive Remedy; Dismissal of Action; Jurisdiction of Court

13.1 This Agreement shall be the sole and exclusive remedy for any and all Settled Claims of Settlement Class members against Defendants arising from the use of Exterior Inner-Seal(TM) Siding, and upon entry of the Final Order and Judgment by the Court, each Settlement Class member who has not opted out of the Settlement Class or Settlement Class members who acquire Property containing Exterior Inner-Seal Siding after the Initial Notice Date and who do not opt out in the Subsequent Notice Periods, shall be barred from initiating, asserting, or prosecuting any Settled Claims against Defendants.

13.2 On the Settlement Date, the Complaint shall be dismissed subject to the reactivation of claims as provided in Section 20 of this Agreement. Except as provided in Section 20 of this Agreement, Settlement Class members may not commence or actively prosecute actions on Settled Claims against any Defendant once the Final Order and Judgment is entered.

13.3 The Court shall retain exclusive and continuing jurisdiction of the Action, all Parties and Settlement Class members, to interpret and enforce the terms, conditions, and obligations of this Agreement.

14. Releases and Assignments

14.1 Upon entry of the Final Order and Judgment, and subject to Section 20 of this Agreement, each Settlement Class member who has not opted out of the Settlement Class, on behalf of himself and any Person claiming by or through him as his heir, administrator, devisee, predecessor, successor,

representative of any kind, shareholder, partner, director, owner of any kind, affiliate, subrogee, assignee, or insurer (the "Releasing Party"), shall be deemed to and does hereby release and forever discharge, L-P, including its successors, parents, subsidiaries, divisions, departments, or affiliates, and any and all of its past, present and future officers, directors (including, without limitation, Harry A. Merlo), stockholders, partners, agents, servants, successors, subrogees and assigns and their respective insurers ("Releasees"), of and from any and all Settled Claims and related subrogation claims of the Releasing Party's subrogees or insurance carriers not protected from waiver of subrogation by the provisions of the applicable insurance policies (or assigned or subrogated prior to final approval of this Agreement and not subject to compromise or settlement by the policyholder) except as provided herein. Each Releasing Party, upon entry of the Final Order and Judgment, and subject to Section 19 of this Agreement, shall be deemed to and does hereby release and discharge each Releasee of and from any and all Settled Claims. To the extent claims may be asserted against persons or entities in the chain of distribution, installation or finishing of the Exterior Inner-Seal siding, the Releasing Party shall be deemed to and does hereby release and forever discharge those persons or entities from claims based solely on distribution, handling, installation, specification, or use of the Exterior Inner-Seal(TM) Siding.

14.2 Nothing in this Agreement shall prejudice or in any way interfere with the rights of the Settlement Class members, and the Defendants to pursue all their rights and remedies against any persons or entities not a party except as released in Section 14.1.

14.3 Nothing in this Agreement shall be construed to affect in any way, or require the forfeiture or compromise of any claims that may arise from Settlement Class members' purchase of Exterior Inner-Seal_ Siding subsequent to January 1, 1996.

14.4 When any subsequent purchaser succeeds to the rights of any Settlement Class member by acquiring Property covered by this Agreement, the subsequent purchaser shall automatically receive and succeed to all rights and obligations created by this Agreement as limited by the terms and conditions of this Agreement, unless a valid assignment of claim is executed between those parties, in which event the assignment of claim shall control who is entitled to participate under the terms of this Agreement.

15. Expenses and Fees

15.1 All expenses incurred in administering this Agreement, including cost of the Class and Subsequent Notices and costs of implementing and administering the claims process and the costs of the Independent Adjusters, shall be paid from the Settlement Fund.

15.2 The reasonable fees and expenses of Plaintiffs' Class Counsel shall be paid by L-P on the Settlement Date separate and apart from the Settlement Amount, in such amount as is approved by the Court.

15.3 Notwithstanding the failure by the Court to issue the Final Order and Judgment or a decision by L-P to exercise its right to withdraw pursuant to Section 11 of this Agreement, the Settlement Fund will bear, in accordance with the terms of this Agreement, the costs of the Class Notice and any expenses associated with this Settlement incurred to such point and any associated shutdown expenses, including any notices as the Court may hereafter direct, excluding attorneys' fees, and L-P shall not have the right to recoup such funds.

16. Tax Status of Settlement Fund

16.1 The Settlement Fund created under this Agreement will be established and maintained as a Qualified Settlement Fund ("QSF") in accordance with Section 468B of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder. Any Defendant shall be permitted, in its discretion, and at its own cost, to seek a private letter ruling from the Internal Revenue Service ("IRS") regarding the tax status of the Settlement Fund. The Parties agree to negotiate in good faith, subject to Court Approval, any changes to the Agreement necessary to obtain IRS approval of the Settlement Fund as a QSF.

16.2 The Claims Administrator is appointed to act as administrator of the Settlement Fund within the meaning of Treas. Reg. Section 1-468B-2(k)(3). As the administrator, the Claims Administrator will comply with the duties and obligations applicable to the administrator under the regulations under IRC section 468B, including undertaking the following actions: (a) apply for the tax identification number required for the Settlement Fund; (b) file, or cause to be filed, all tax returns the Settlement Fund is required to file under federal or state laws; (c) pay from the Settlement Fund all taxes that are imposed upon the Settlement Fund by federal or state laws; (d) comply with

applicable federal or state information reporting and withholding requirements; and (e) file, or cause to be filed, tax elections available to the Settlement Fund, including a request for a prompt assessment under IRC sec. 6501(d) if and when it deems it appropriate to do so. If at any time it is determined that the Settlement Fund does not qualify as a Qualified Settlement Fund under Section 468B, the Claims Administrator shall apply for refunds of all taxes paid on the fund's modified gross income as defined in Reg. Section 1.468B-2. The Claims Administrator shall pay to L-P all such refunds received, together with interest actually received, from all taxing authorities.

16.3 L-P, as transferor of the Settlement Fund, shall prepare and file the information statements concerning its settlement payments to the Settlement Fund as required to be provided to the IRS pursuant to the regulations under IRC section 468B.

16.4 At least 95% of the Settlement Fund shall be invested in direct obligations of the United States, or in money market funds solely invested in such obligations, or their equivalent, unless otherwise agreed to by L-P and Plaintiffs' Class Counsel.

17. Enforcement of Court's Settlement Approval Order

17.1 In the event L-P fails to make a payment due and owing under the terms of this Agreement, or is in default of this Agreement in any other respect, Plaintiffs' Class Counsel shall so notify the Court. L-P shall then be given up to 20 calendar days to "cure" the default. If L-P does not "cure" the default in the time provided in this Section 17.1, Plaintiffs' Class Counsel shall apply to the Court for the relief set forth in Section 17.2 of this Agreement.

17.2 In the event of a default by L-P under this Agreement, the Court may exercise all equitable powers over L-P to enforce this Agreement and the Final Order and Judgment irrespective of the availability or adequacy of any remedy at law. Such powers include, among others, the power of specific performance.

18. Representations and Warranties

18.1 L-P represents and warrants that it (i) has all requisite corporate power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; (ii) the execution, delivery and performance of this Agreement and the consummation by it of the actions contemplated herein have been duly authorized by all necessary corporation action on the part of L-P; and (iii) this Agreement has been duly and validly executed and delivered by L-P and constitutes its legal, valid and binding obligation.

19. Termination of the Agreement

19.1 The performance of this Agreement is expressly contingent upon the Court's issuance of the Final Order and Judgment. If the Court fails to issue such Order following conclusion of the Fairness Hearing, L-P may elect to terminate this Agreement within twenty (20) business days of such failure, rendering it as having no force or effect whatsoever, null and void, ab initio, and not admissible as evidence for any purpose in any pending or future litigation (in any jurisdiction) involving any of the Parties. If the Court approves this Agreement, but this Agreement has not become final pending the resolution of an appeal of this Final Order and Judgment, L-P may elect to provide the relief to Settlement Class members under the terms and conditions of this Agreement. If L-P so elects to provide such relief to Settlement Class members pending the resolution of any such appeal, such relief will be conditioned upon the Eligible Claimant executing a release consistent with Sections 5.8 and 14 of this Agreement and all amounts so spent shall be credited against and deducted from the Settlement Amount. If L-P does not so elect, Plaintiff Class Counsel, acting on behalf of and for the benefit of Settlement Class members, may elect within twenty (20) business days thereof to terminate this Agreement, rendering it having no force and effect whatsoever, null and void ab initio, and not admissible as evidence for any purpose in this or any other pending or future litigation (in any jurisdiction) involving any of the Parties or Settlement Class members, and Defendants shall retain the right to oppose class certification. If L-P elects to provide such relief to Settlement Class members pending the resolution of any such appeal and after receiving Court approval, and the Settlement Date is never reached, L-P shall retain the right to terminate, at any time, this Agreement as provided for above in this paragraph and any amounts remaining in the Settlement Fund after the payment of administrative expenses (including the cost of termination) shall be returned to L-P by the Claims Administrator.

19.2 In the event L-P elects not to contribute additional funds under

Section 4 of this Agreement, Settlement Class members who would still be eligible for relief under this Agreement may pursue, notwithstanding any other provision in this Agreement or the Final Order and Judgment thereon to the contrary, their unpaid Settled Claims and new claims associated therewith against L-P, the statute of limitations and/or repose will be deemed to have been tolled from April 28, 1995, until one hundred eighty (180) days after the date that L-P elects not to contribute additional funds under Section 4, or for such longer period as the law may provide without reference to this Agreement.

19.3 Notwithstanding any other provision of this Agreement, if this Agreement is terminated for any reason, L-P hereby stipulates and agrees that the Plaintiffs may pursue their claims by moving for class certification, and the appropriateness of the plaintiffs to act as representative plaintiffs shall be based on their status as of the date of Preliminary Approval, even if one or more of the plaintiffs' individual claims will thereafter have been paid under this Agreement. In that event, L-P will also not object to the addition or substitution of class representative plaintiffs, but may oppose class certification on other grounds nunc pro tunc without prejudice from the existence of this Agreement.

19.4 Until the Term of this Agreement has expired, L-P agrees to use its best efforts to preserve all records and evidence which are or could be relevant to, or could lead to the discovery of relevant evidence, concerning the research and development of Exterior Inner-Seal(TM) Siding, its marketing, distribution, and manufacture, and the operation of its claims process.

20. Miscellaneous Provisions

20.1 Subject to Court approval, L-P shall pay, separate and apart from the Settlement Amount, to each original plaintiff or plaintiff within ten days of the Settlement Date, \$3,000 to each individual or married couple in recognition of their efforts on behalf of the Settlement Class, and \$10,000 for the corporate class representative.

20.2 This Agreement, including all Exhibits attached hereto, shall constitute the entire Agreement among the Parties with regard to the subject of this Agreement and shall supersede any previous agreements and understandings between the Parties with respect to the subject matter of this Agreement. This Agreement may not be changed, modified, or amended except in writing signed by all Parties, subject to Court approval. The parties contemplate that, except for Exhibit F, the exhibits may be modified by subsequent agreement of L-P and Plaintiffs' Class Counsel prior to dissemination to the Settlement Class.

20.3 This Agreement shall be construed under and governed by the laws of the State of Oregon, applied without regard to its laws applicable to choice of law.

20.4 This Agreement may be executed by the Parties in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

20.5 This Agreement shall be binding upon and inure to the benefit of the Settlement Class, the Parties, and their representatives, heirs, successors, and assigns.

20.6 This Agreement is conditioned upon L-P's providing to Plaintiffs' Class Counsel additional confirmatory information and discovery.

20.7 The headings of the sections of this Agreement are included for convenience only and shall not be deemed to constitute part of this Agreement or to affect its construction. The decimal numbering of provisions herein is intended to designate subsections where applicable.

20.8 Any notice, instruction, application for Court approval or application for Court orders sought in connection with this Agreement or other document to be given by any Party to any other Party shall be in writing and delivered personally so sent by registered or certified mail, postage prepaid, if to L-P to the attention of L-P's respective representative and to Plaintiffs' Class Counsel on behalf of Settlement Class members, or to other recipients as the Court may specify. As of the date of this Agreement, the respective representatives are as follows:

DATED this 18th day of October, 1995.

Louisiana-Pacific Corporation

By: /S/ DONALD KAYSER

Donald Kayser
Its Chief Executive Officer

By: /S/ ROBERT SCHICK
Robert Schick
Vinson & Elkins L.L.P.
2300 First City Tower
1001 Fannin Street
Houston, TX 7702-6760

Counsel for Louisiana-Pacific Corporation

Harry A. Merlo

By: /S/ WILLIAM F. MARTSON, JR.
William F. Martson, Jr.
Tonkon, Torp, Galen, Mardaduke &
Booth
1600 Pioneer Tower
888 S.W. Fifth Avenue
Portland, Oregon 97204-2099

Counsel for Harry A. Merlo

CLASS COUNSEL

By: /S/ A. HOYT ROWELL, III
A. Hoyt Rowell, III
Ness, Motley, Loadbolt, Richardson &
Poole
174 East Bay Street, Suite 100
Charleston, S.C. 29041

By: /S/ STEVE W. BERMAN
Steve W. Berman
Hagens & Berman
1301 Fifth Avenue
Suite 2929
Seattle, WA 98101

By: /S/ CHRISTOPHER I. BRAIN
Christopher I. Brain
Stephan O. Fjelstad
Tousley, Brain
ATT Gateway Tower
Suite 5600
Seattle, WA 98104

By: /S/ BENNET A. McCONAUGHY
Bennet A. McConaughy
Paul L. Ahern, Jr.
Foster Pepper & Shefelman
1111 Third Avenue
Suite 3400
Seattle, WA 98101

William H. Garvin III
FONVIELLE & HINKLE
3375-A Capital Circle N.E.
Tallahassee, FL 32308
Telephone: (904) 422-7773

Michael F. Ram
Jonathan D. Selbin
LIEFF, CABRASER, HEIMANN & BERNSTEIN
Embarcadero Center West
275 Battery Street
30th Floor
San Francisco, CA 94111-3339
Telephone: (415) 956-1000

Attorneys for Plaintiffs

Of Counsel:

Don Barrett
BARRETT LAW OFFICES
404 Court Square North
Lexington, MS 39095
Telephone: (601) 834-2376

Michael D. Hausfeld
Gary Mason
COHEN, MILSTEIN, HAUSFELD & TOLL
1100 New York Avenue N.W.
Suite 500, West Tower
Washington, DC 20005-3934
Telephone: (202) 408-4600

John Crowder
Andrew Citrin
CUNNINGHAM, BOUNDS, YANCE
CROWDER & BROWN
Post Office Box 66705
Mobile, AL 36660
Telephone: (334) 471-6191

Ralph I. Knowles, Jr.
DOFFERMYRE, SHIELDS, CANFIELD
& KNOWLES
1600 The Peachtree
1355 Peachtree Street
Atlanta, GA 30309
Telephone: (404) 881-8900

Walter S. McLin, III
Phillip S. Smith
McLIN, BURNS, MORRISON,
JOHNSON & ROBUCK, P.A.
Philip H. Gordon
GORDON LAW OFFICES
419 South 9th Street
Boise, ID 83702
Telephone: (208) 345-1449

Samuel Heins
HEINS, MILLS & OLSON
700 Northstar East
Minneapolis, MN 55402
Telephone: (612) 338-4605

David Guin
HOGAN, SMITH & ALSPAUGH
2323 Second Avenue North
Birmingham, AL 35203-3758
Telephone: (205) 324-5635/
1-800-223-2535

Clinton Krislov
Jonathan Nachain
KRISLOV & ASSOCIATES
222 N. LaSalle Street
Suite 810
Chicago, IL 60601
Telephone: (312) 606-0500

Richard T. Dorman
McRIGHT, JACKSON, DORMAN,
MYRICK & MOORE
1100 First Alabama Building
106 St. Francis Street
Mobile, AL 36652
Telephone: (334) 432-3444

Beverly C. Moore, Jr.
Sandra B. Brantley
MOORE & BROWN
4900 Massachusetts Avenue, N.W.
Suite 230
Washington, DC 20016
Telephone: (202) 364-1032

Jeffrey S. Mutnick
Robert K. Udziela
Keith E. Tichenor

John S. Stone
POZZI WILSON ATCHISON
1100 S.W. 6th Avenue, Suite 1400
Portland, OR 97204
Telephone: (503) 226-3232

Charles R. Watkins
SUSMAN, BUEHLER & WATKINS
Two First National Plaza
Suite 620
Chicago, IL 60603
Telephone: (312) 346-3466

Les M. Swanson
400 Director Building
808 S.W. Third Avenue
Portland, OR 97204
Telephone: (503) 228-1838

The following exhibits to the Settlement Agreement are omitted. Copies will be provided to the Commission upon its request.

- Exhibit A Form of notice of class action and proposed settlement to owners and former owners of houses and other structures with Louisiana-Pacific exterior Inner-Seal Siding
- Exhibit B Form of Exclusion request
- Exhibit C Form of Problem report
- Exhibit D Form of Claim for unreimbursed repair
- Exhibit E Form of Field inspection and evaluation form
- Exhibit F Form of Release
- Exhibit G List of region/states

Louisiana-Pacific Corporation and Subsidiaries
 Calculation of Net Income Per Share
 For the Nine Months Ended September 30, 1995

	Number of shares	
	Including Common Stock Equivalents	Excluding Common Stock Equivalents (1)
	-----	-----
Weighted average number of shares of common stock outstanding	116,937,022	116,937,022
Weighted average number of shares sold to ESOTs subsequent to January 1, 1994, not allocated to participants' accounts(2)	(1,670,782)	(1,670,782)
Weighted average number of shares of treasury stock held during the period	(8,104,257)	(8,104,257)
Common stock equivalents: Application of the "treasury stock" method to stock option and purchase plans	705,575	---
	-----	-----
Weighted average number of shares of common stock and common stock equivalents	107,867,558	107,161,983
	=====	=====
Rounded to	107,870,000	107,160,000
	=====	=====
Net income (loss)	\$(78,500,000)	\$(78,500,000)
	=====	=====
Net income (loss) per share	\$ (.73)	\$ (.73)
	=====	=====

(1) Accounting Principles Board Opinion No. 15, "Earnings Per Share", allows companies to disregard dilution of less than three percent in the computation of earnings per share. Therefore, shares used in computing earnings per share for financial reporting purposes is 107,160,000 shares.

(2) American Institute of Certified Public Accountants Statement of Position No. 93-6, "Employers' Accounting for Employee Stock Ownership Plans" requires that shares held by the registrant's ESOTs which were acquired by the ESOTs on or after January 1, 1994, which are not allocated to participants' accounts, are not considered outstanding for purposes of computing earnings per share. Shares held by the ESOTs which were acquired by the ESOTs prior to January 1, 1994, continue to be considered outstanding (whether or not allocated to participants' accounts) for purposes of computing earnings per share.

This schedule contains summary financial information extracted from Consolidated Summary Financial Statements and Notes included in this Form 10-Q and is qualified in its entirety by reference to such financial statements.

1,000
 DEC-31-1995
 SEP-30-1995
 9-MOS

		124,700
		0
	180,200	0
		267,700
	677,900	2,573,000
	(1,166,600)	
	2,826,900	
510,400		184,300
	0	0
		117,000
		1,526,800
2,826,900		
		2,172,900
	2,172,900	
		1,709,600
	2,317,600	
	0	
	0	
	5,200	
	(138,100)	
	(61,600)	
(78,500)		
	0	
	0	
		0
	(78,500)	
		.73
		0