# 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 March 31, 2000 Commission File Number 1-7107

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

DELAWARE (State or other jurisdiction of (IRS Employed incorporation or organization)

93-0609074 (IRS Employer Identification No.)

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock: 104,162,116 shares of Common Stock, \$1 par value, outstanding as of April 30, 2000.

### ABOUT FORWARD-LOOKING STATEMENTS

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

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

- Risks and uncertainties relating to the possible invalidity of the underlying beliefs and assumptions;
- Possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions; and
- Actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, competitors and legislative, regulatory, judicial and other governmental authorities and officials.

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

ITEM 1. FINANCIAL STATEMENTS.

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

		Three Mon MAR	CH 31	
	20	900 		1999
Net sales	\$	776.9	\$	600.1
Costs and expenses:				
Cost of sales		547.7		468.1
Depreciation, amortization and depletion		61.3		42.8
Selling and administrative		64.4		46.2
Unusual credits and charges, net Interest expenses		(1.6) 17.1		9.0
Interest expenses		(8.7)		(9.8)
				(3.0)
Total costs and expenses		680.2		556.3
Income before taxes and minority interest		96.7		43.8
Provision for income taxes		38.5		17.1
Minority interest in net income (loss) of consolidated subsidiaries		.5		(.5)
Net income	\$	57.7	\$	27.2
Net income per share - basic and diluted	\$	.55	\$	.26
Average shares outstanding				
- Basic		104.1		106.2
	==:	======	===	======
- Diluted		104.1		106.3
	==:	======	===	
Cash dividends per share	\$	.14	\$	.14
	==:		===	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE UNAUDITED FINANCIAL STATEMENTS.

# CONDENSED CONSOLIDATED BALANCE SHEETS

# LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES (DOLLAR AMOUNTS IN MILLIONS) (UNAUDITED)

	Mar. 31, 2000	Dec. 31, 1999
ASSETS		
Cash and cash equivalents Accounts receivable, net Inventories Prepaid expenses Deferred income taxes Total current assets.	\$ 105.8 257.0 330.5 13.5 110.8 817.6	\$ 116.0 200.7 293.4 18.5 110.8 739.4
Timber and timberlands	605.3	611.1
Property, plant and equipmentAccumulated depreciation	2,557.0 (1,238.4)	2,537.4 (1,203.4)
Net property, plant and equipment	1,318.6	1,334.0
Goodwill, net of amortization Notes receivable from asset sales Other assets	341.3 403.8 48.8	347.7 403.8 52.2
Total assets	\$    3,535.4	\$    3,488.2
LIABILITIES AND EQUITY		
Current portion of long-term debt Accounts payable and accrued liabilities Income taxes payable Current portion of contingency reserves	\$ 48.0 295.3 36.1 180.0	\$ 44.9 306.5 9.3 180.0
Total current liabilities	559.4	540.7
Long-term debt, excluding current portion: Limited recourse notes payable Other long-term debt	396.5 614.2	396.5 618.3
Total long-term debt, excluding current portion	1,010.7	1,014.8
Contingency reserves, excluding current portion Deferred income taxes and other	126.2 451.4	128.8 443.9
Commitments and contingencies		
Stockholders' equity: Common stock Additional paid-in capital Retained earnings Treasury stock Loans to Employee Stock Ownership Trusts Accumulated comprehensive loss	117.0 443.9 1,119.4 (238.7) (5.2) (48.7)	117.0 445.4 1,076.4 (228.3) (6.9) (43.6)
Total stockholders' equity	1,387.7	1,360.0
Total liabilities and equity	\$    3,535.4 =======	\$ 3,488.2 =======

# THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE UNAUDITED FINANCIAL STATEMENTS.

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

	Three Months Ended March 31	
	2000	1999
Cash flows from operating activities: Net income Depreciation, amortization and depletion Cash settlements of contingencies Unusual credits and charges, net Other adjustments Increase in certain working capital components and	\$ 57.7 61.3 (4.0) 3.5 7.1	\$ 27.2 42.8 (63.5)  5.1
deferred taxes	(72.1)	(.8)
Net cash provided by operating activities	53.5	10.8
Cash flows from investing activities: Capital spending ABT purchase, including replacement of debt Other investing activities, net	(41.7)  6.3	(28.3) (208.6) 4.6
Net cash used in investing activities	(35.4)	(232.3)
Cash flows from financing activities: New borrowings, including net increase in revolving borrowings Repayment of long-term debt Cash dividends Purchase of treasury stock Other financing activities	(3.6) (14.7) (11.2) 1.2	165.0 (14.9) (15.0) (0.2) 2.6
Net cash provided by (used in) financing activities	(28.3)	137.5
Net decrease in cash and cash equivalents Cash and cash equivalents at beginning of period	(10.2) 116.0	(84.0) 126.5
Cash and cash equivalents at end of period	\$ 105.8 =======	\$    42.5 =======

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE UNAUDITED FINANCIAL STATEMENTS.

### NOTES TO UNAUDITED CONSOLIDATED SUMMARY FINANCIAL STATEMENTS

 These consolidated summary financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in L-P's Annual Report on Form 10-K for the year ended December 31, 1999.

These consolidated summary financial statements reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of the management of L-P, necessary to present fairly, in all material respects, the consolidated financial position, results of operations and cash flows of L-P and its subsidiaries. Certain 1999 amounts have been reclassified to conform to the 2000 presentation.

Results of operations for interim periods are not necessarily indicative of results to be expected for an entire year.

 Basic earnings per share are based on the weighted average number of shares of common stock outstanding during the applicable period. Diluted earnings per share include the effects of potentially dilutive common stock equivalents.

	Three Months Er	nded March 31
(Shares in millions)	2000	1999
Average shares outstanding used to determine basic income per common share Dilutive effects of stock options granted and ESPP	. 104.1	106.2
plan shares		.1
Average shares outstanding used to determine fully diluted income per common share	. 104.1 =====	106.3 ======

- 3. The preparation of interim financial statements requires the estimation of L-P's effective income tax rate based on estimated annual amounts of taxable income and expenses. These estimates are updated quarterly.
- 4. The preparation of interim financial statements requires the estimation of L-P's year-end inventory quantities and costs for purposes of determining last in, first out (LIFO) inventory adjustments. These estimates are revised quarterly and the estimated incremental change in the LIFO inventory reserve is expensed over the remainder of the year.
- 5. Components of comprehensive income for the periods include:

	Three Months E	Ended March 31
(Dollars in millions)	2000	1999
Net income Currency translation adjustment Other	\$    57.7 (4.9) (.2)	\$ 27.2 (1.9) .3
Total comprehensive income	\$    52.6 =======	\$   25.6 ======

6. In June 1998, the Financial Accounting Standards Board adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133). The new statement will require recognition of all financial instruments as either assets or liabilities on the balance sheet at fair value; changes to fair value will impact earnings either as gains or losses. SFAS 133, as amended by SFAS 137, will be effective for L-P beginning January 1, 2001. L-P is currently determining the impact this statement will have on the Company's financial statements and related disclosures. 7.

	Th	ree Months E	nded Ma	arch 31
(Dollar amounts in millions)		2000		1999
Sales: Structural products Exterior products Industrial panel products Other products Pulp	\$	494.3 64.8 72.7 104.9 40.2	\$	376.1 37.8 53.8 110.5 21.9
Total sales	 \$ ==:	776.9	\$ ===	600.1
Operating profit (loss): Structural products Exterior products Industrial panel products Other products Pulp Unusual credits and charges, net General corporate and other expense, net Interest income (expense), net.	\$	114.0 8.1 2.6 .8 4.4 1.6 (26.4) (8.4)	\$	74.5 7.7 1.1 (8.6) (5.9)  (25.8) .8
Total operating profit	\$ ==:	96.7 ======	\$	43.8

8. The description of certain legal and environmental matters involving L-P set forth in Part II of this report under the caption "Legal Proceedings" is incorporated herein by reference. ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS AND RESULTS OF OPERATIONS.

Sales increased approximately 29% to \$776.9 million in the first quarter of 2000 from \$600.1 million in the first quarter of 1999, and L-P had net income in the first quarter of 2000 of \$57.7 million (\$.55 per diluted share) compared to \$27.2 million (\$.26 per diluted share) in the first quarter of 1999. Improved market prices for oriented strand board (OSB) and improved pulp operations were the primary factors for these increases in sales and earnings. Additionally, increases in sales and profits were due to the operations of ABT Building Products, Inc. (ABT), which was acquired in February 1999, Le Groupe Forex Inc. (Forex), which was acquired in September 1999, and certain assets of Evans Forest Products Ltd. (Evans), which were acquired in November 1999.

L-P operates in five segments: structural products; exterior products; industrial panel products; other products; and pulp. Structural products is the most significant segment, accounting for more than 60% of sales during the first quarter of both 2000 and 1999. L-P's results of operations are discussed separately for each segment below. Production volumes and industry product price trends are presented below in the tables captioned "Summary of Production Volumes" and "Industry Product Price Trends."

#### SELECTED SEGMENT DATA

	TI	nree Months	Ended Ma	arch 31	Percentage Change
Dollar Amounts in Millions	2	2000		1999	00-99
Sales: Structural products Exterior products Industrial panel products Other products Pulp	\$	494.3 64.8 72.7 104.9 40.2	\$	376.1 37.8 53.8 110.5 21.9	+31% +71 +35 -5 +84
Total Sales	\$ ====	776.9	\$ ====	600.1	+29
Operating Profit (Loss): Structural products Exterior products Industrial panel products Other products Pulp Unusual credits and charges, net General corporate and other expenses, net Interest income (expense), net	\$	114.0 8.1 2.6 .8 4.4 1.6 (26.4) (8.4)	\$	74.5 7.7 1.1 (8.6) (5.9)  (25.8) .8	+53% +5 +136 +109 +175 n/a -2 -1,150
Total Operating Profit	\$ ====	96.7	\$ ====	43.8	+121

### STRUCTURAL PRODUCTS

The structural products segment consists of OSB, plywood, lumber and engineered wood products (EWP). The significant growth in sales in the structural products segment in 2000 was primarily due to price and volume increases in OSB, which were partially offset by lower plywood prices. Lumber and EWP prices remained constant. Increases in sales volumes were principally related to the additional capacities acquired through the Forex and Evans acquisitions.

In the first quarter of 2000, sales volumes increased by 19% over first quarter 1999 while sales prices increased by 12%. OSB largely drove these increases through increased market prices and capacity additions through the acquisition of Forex. These additional sales lead to profitability increases, which offset higher raw material costs in lumber and EWP and higher production costs in plywood, EWP and lumber. Log costs increased approximately 2% in the first quarter 2000 as compared to the first quarter 1999. Additionally, during the first quarter of 2000, new equipment was installed at several mills, which resulted in increased down time that negatively impacted operating performance.

### EXTERIOR PRODUCTS

The exterior product segment consists of siding and related products such as soffit, fascia and trim. Sales of OSB-based, hard board and vinyl exterior products increased in the first quarter of 2000 compared to the first quarter of 1999, which include only approximately one month of ABT's operations. The increase in sales of OSB-based exterior products, which are not included in ABT's operations, was due in part to a demand-driven conversion of a standard OSB mill into a specialty OSB and siding mill during the latter part of 1999, and resulted in improved operating performance as production capacity was more effectively utilized. The increase in profits of OSB-based exterior products offset losses generated by vinyl exterior products, while profits generated by hard board exterior products were essentially flat. The results of vinyl exterior products were negatively affected by higher raw materials costs.

#### INDUSTRIAL PANEL PRODUCTS

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

### OTHER PRODUCTS

The other products segment includes wood chips, cellulose insulation, Ireland operations, Alaska operations, moldings and other products. In the first quarter of 2000, sales for this segment decreased 5% compared to the first quarter of 1999, primarily due to the sale of the assets of Associated Chemists Inc. and certain assets from the Alaskan operations, as partially offset by the increased sales and profits of ABT products. During first quarter 1999, L-P recognized the write-down of accounts receivable and inventory associated with Creative Point, Inc. and two California distribution facilities which were subsequently sold.

### PULP

Pulp segment operations improved significantly for the first quarter of 2000 compared to the first quarter of 1999. This improvement was primarily attributable to sales volumes increasing 8% and sales prices increasing 73%, which were partially offset by increases in raw material and production costs.

### UNUSUAL CREDITS AND CHARGES, NET

In the first quarter of 2000, the Company recorded a \$5.0 million (\$3.1 million after taxes) gain on insurance recovery for siding related matters and an impairment charge of \$3.4 million (\$2.1 million after taxes) to reduce the carrying value of a polymer plant to its estimated net realizable value. The remaining net book value and operating results of this plant are not material to L-P's financial results. L-P anticipates an additional insurance recovery for siding related matters of approximately \$14 million in the second quarter of 2000.

#### GENERAL CORPORATE EXPENSE, NET

General corporate expense for the first quarter of 2000 compared to the first quarter of 1999 increased primarily due to increased business development expenses. Other general corporate expenses remained consistent with the first quarter of 1999.

# INTEREST, NET

Interest expense increased significantly in the first quarter of 2000 as a result of borrowings to finance the ABT, Forex and Evans acquisitions.

### LEGAL AND ENVIRONMENTAL MATTERS

For a discussion of legal and environmental matters involving L-P and the potential impact thereof on L-P's financial position, results of operations and cash flows, see Item 1, Legal Proceedings, in Part II of this report.

### OSB SIDING LITIGATION UPDATE

The following discussion updates, and should be read in conjunction with, the discussion of L-P's OSB siding litigation set forth in Item 7 of L-P's annual report on Form 10-K for the year ended December 31, 1999, Management's Discussion and Analysis of Financial Condition and Results of Operations, under the subheading "Legal Matters."

Through the first three months of 2000, claimants have continued to file claims under both the National Settlement and the Florida Settlement; however, the rate of claim filings has decreased. Subject to completion of the verification and calculation of individual claim amounts, L-P estimates that approximately \$350 million of claims are eligible for participation in the \$125 million second settlement fund. Although L-P has elected to fund the second settlement fund and expects that payments under the second settlement fund will commence in May 2000, L-P has not yet been able to assess the impact of the Second Fund on its total siding liability. See "OSB Siding Matters" in Item 1, Legal Proceedings, in Part II of this report.

As of March 31, 2000, (i) approximately 280,000 requests had been received for claim forms for the National Settlement and the Florida Settlement, compared to 273,000 at December 31, 1999, and (ii) approximately 179,000 completed claim forms for the National Settlement and the Florida Settlement had been received, compared to 172,000 at December 31, 1999. The average payment amount for settled claims as of March 31, 2000 and December 31, 1999 was approximately \$5,100. The total number of completed claim forms pending (not settled) as of March 31, 2000 was approximately 72,000 (approximately 67,000 at December 31, 1999) with approximately 76,000 claims settled (approximately 76,000 at December 31, 1999) and approximately 31,000 claims is typically the result of claims for product not produced by L-P or claims that lack sufficient information or documentation after repeated efforts to correct those deficiencies. The average payment amount for claims settled after March 31, 2000 may be significantly impacted by the Second Fund.

### FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operations was \$54 million in the first quarter of 2000 compared to \$11 million used in operations in the first quarter of 1999. The increase in cash provided by operations resulted primarily from improved operating results and reduced payments related to contingencies.

Net cash used in investing activities was \$35 million in the first quarter of 2000 compared to net cash used in investing activities of \$232 million in the first quarter of 1999. L-P used \$209 million of funds to acquire ABT in February 1999. Capital expenditures for property, plant, equipment and timber increased in the first quarter of 2000 compared to the same period in 1999, primarily due to acquisitions of equipment to modernize, and thereby improve the utilization of, current mills. L-P estimates that in 2000 it will make capital expenditures of approximately \$230 million to, among other things, begin construction on an OSB mill, a veneer mill and two composite decking plants.

In the first quarter of 1999, L-P borrowed \$165 million, primarily to finance the acquisition of ABT.

L-P expects to be able to meet its cash requirements through cash from operations, existing cash balances, existing credit facilities and access to the capital markets. Cash and cash equivalents totaled \$106 million at March 31, 2000 compared to \$116 million at December 31, 1999. L-P has a \$300 million revolving credit facility under which no borrowings were outstanding at March 31, 2000. This facility is available until 2002. L-P also has a \$50 million (Canadian) revolving credit facility under which no borrowings were outstanding at March 31, 2000. This facility is available until March 2001. L-P has an additional approximately \$34 million available under a \$250 million credit facility established in connection with acquisitions made in 1999. Borrowings in an amount equal to approximately \$240 million currently mature in June 2000. L-P has registered under the Securities Act the offer and sale of up to \$750 million of debt securities, which may be offered from time to time in one or more series. The amount, price, other terms of any such offering will be determined on the basis of market conditions and other factors existing at the time of such offering. The proceeds from the sale of such securities are anticipated to be used by L-P to refinance a portion of its existing indebtedness and for general corporate purposes.

Changes in L-P's balance sheet from December 31, 1999 to March 31, 2000, include increases of \$56 million in accounts receivable and \$37 million in inventories. These increases are a result of seasonal fluctuations in operating performance.

Contingency reserves, which represent an estimate of future cash needs for various contingencies (primarily payments for siding litigation settlements), totaled \$306 million at March 31, 2000, of which \$180 million is estimated to be payable within one year. As with all accounting estimates, there is inherent uncertainty concerning the reliability and precision of these estimates. The amounts ultimately paid in resolving these contingencies could exceed the current reserves by a material amount. Litigation-related payments totaled \$4 million for the first quarter of 2000.

### STOCK REPURCHASE PLAN

As of March 31, 2000, L-P had reacquired approximately 7.9 million shares for \$125 million under an authorization to reacquire up to 20 million shares from time to time in the open market. L-P reacquired 850,000 shares for \$11.2 million in the first quarter of 2000. L-P had approximately 104 million shares outstanding at quarter end.

### ASSETS HELD FOR SALE

L-P is seeking to sell its Chetwynd, British Columbia pulp mill, which is presently managed by an unrelated party pursuant to a management agreement having a term of 24 months that expires in April 2001. In addition, L-P is exploring the possible sale of the Samoa, California pulp mill. L-P currently believes it has adequate support for the carrying value of the affected assets based upon the assumption that L-P will continue to operate the facility. However, should L-P decide to proceed with a sale of the assets, it is possible that L-P will be required to record an impairment charge.

In 1996, L-P purchased all the outstanding shares of GreenStone Industries, Inc., a maker of cellulose insulation. Since that time, GreenStone has incurred losses. Management is aggressively taking actions to return the operations to profitability, including implementation of cost-cutting measures, development of new installers and a reorganization of the sales force. A significant factor in returning the operations to sustained profitability is the future cost and availability of waste paper, which is the primary raw material used in the manufacture of cellulose insulation. Management is exploring options to secure more stable and cost-efficient waste paper supplies. L-P currently believes it has adequate support for the carrying value of the GreenStone assets, including goodwill, and therefore no impairment charge is currently required. However, it is possible that future analyses will indicate that an impairment charge is necessary.

# LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES SUMMARY OF PRODUCTION VOLUMES

	Three Months Ended March 31	
	2000	1999
Oriented strand board panels, million square feet 3/8"		
basis	1,357	1,041
Softwood plywood, million square feet 3/8" basis	268	223
Lumber, million board feet	264	260
Wood-based siding, million square feet 3/8" basis	179	130
Industrial panel products (particleboard, medium density fiberboard		
and hardboard), million square feet 3/4" basis	164	142
Engineered I-Joists, million lineal feet	24	24
Laminated Veneer Lumber (LVL), thousand cubic feet	2,150	1,749
Pulp, thousand short-tons	99	95

# Industry Product Trends

entral " Basis pan Rating	1/2	ern Pine 2" Basis 3-Ply		ing Lumber		and ustrial
			Composit	te Prices	3/4"	Basis
236 265 245 184 142 205 260 218 234	\$	282 302 303 258 265 284 326 318 282	\$	394 405 337 398 417 349 401 384 376	\$	258 295 290 276 262 259 273 247 286
	142 205 260 218	142 205 260 218 234	142265205284260326218318234282	142265205284260326218318234282	142265417205284349260326401218318384234282376	142265417205284349260326401218318384234282376

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Source: RANDOM LENGTHS

### ITEM 1. LEGAL PROCEEDINGS.

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

### ENVIRONMENTAL MATTERS

In March 1995, L-P's subsidiary Ketchikan Pulp Company ("KPC") entered into agreements with the federal government to resolve violations of the Clean Water Act and the Clean Air Act that occurred at KPC's former pulp mill during the late 1980s and early 1990s. These agreements were subsequently approved by the U.S. District Court for the District of Alaska. Although KPC sold the mill site and related facilities in 1999, it remains obligated under these agreements to undertake certain projects relating to the investigation and remediation of Ward Cove, a body of water adjacent to the mill site, estimated to cost approximately \$6.7 million (of which approximately \$2.0 million had been spent at March 31, 2000).

In connection with the clean-up of KPC's former log transfer facilities, the United States Forest Service (the "USFS") has asserted that KPC is obligated to adhere to more stringent clean-up standards than those imposed by the Alaska Department of Environmental Conservation. L-P disputes the authority of the USFS to require KPC to adhere to the more stringent standards. Adherence to the more stringent standards, if ultimately required, could substantially increase the cost of the clean-up.

L-P is involved in a number of other environmental proceedings and activities, and may be wholly or partially responsible for known or unknown contamination existing at a number of other sites at which it has conducted operations or disposed of wastes. Based on the information currently available, management believes that any fines, penalties or other costs or losses resulting from these matters will not have a material adverse effect on the financial position, results of operations, cash flows or liquidity of L-P.

#### COLORADO CRIMINAL PROCEEDINGS

In June 1995, a federal grand jury returned an indictment in the U.S. District Court for the District of Colorado against L-P in connection with alleged environmental violations, as well as alleged fraud in connection with the submission of unrepresentative OSB product samples to an industry product certification agency, by L-P's Montrose (Olathe), Colorado OSB plant. Pursuant to a guilty plea to certain criminal violations entered in May 1998, (i) L-P paid penalties of \$37 million (of which \$12 million was paid in 1998 and the balance was paid in the second quarter of 1999), and was sentenced to five years of probation and (ii) all remaining charges against L-P were dismissed. The terms of L-P's probation require, among other things, that L-P not violate any federal, state or local law.

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

### OSB SIDING MATTERS

In 1994 and 1995, L-P was named as a defendant in numerous class action and nonclass action proceedings brought on behalf of various persons or purported classes of persons (including nationwide classes in the United States and Canada) who own or purchased or used OSB siding manufactured by L-P. In general, the plaintiffs in these actions 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.

In June, 1996, the U.S. District Court for the District of Oregon approved a settlement between L-P and a nationwide class composed of all persons who own, have owned, or acquire property on which L-P's OSB siding was installed prior to January 1, 1996, excluding persons who timely opted out of the settlement and persons who are members of the settlement class in the Florida litigation described below. Under the settlement agreement, an eligible claimant whose claim is filed prior to January 1, 2003 (or earlier in certain cases) and is approved by an independent claims administrator is entitled to receive from the settlement fund established under the agreement a payment equal to the replacement cost (determined by a third-party construction cost estimator and currently estimated to be in the range of \$2.20 to \$6.40 per square foot depending on the type of product and geographic location) of damaged siding, reduced by a specific adjustment (of up to 65%) based on the age of the siding. Class members who previously submitted or resolved claims under any other warranty or claims program of L-P may be entitled to receive the difference between the amount payable under the settlement agreement and the amount previously paid. The extent of damage to OSB siding at each claimant's property is determined by an independent adjuster in accordance with a specified protocol. Settlement payments are not subject to adjustment for improper maintenance or installation.

A claimant who is dissatisfied with the amount to be paid under the settlement may elect to pursue claims against L-P in a binding arbitration seeking compensatory damages without regard to the amount of payment calculated under the settlement protocol. A claimant who elects to pursue an arbitration claim must prove his entitlement to damages under any available legal theory, and L-P may assert any available defense, including defenses that otherwise had been waived under the settlement agreement.

The settlement requires L-P to contribute \$275 million to the settlement fund. Approximately \$269 million of that obligation had been satisfied at March 31, 2000 through cash payments of \$259 million on a discounted basis. L-P's remaining mandatory contributions to the settlement fund are due in June 2000 (approximately \$2 million), June 2001 (approximately \$2 million), and June 2002 (approximately \$2 million). In addition to its mandatory contributions, at March 31, 2000, L-P had paid, on a discounted basis, approximately \$96 million of its two \$50 million funding options, at a cost to L-P of approximately \$66 million. L-P was entitled to pay its mandatory and optional contributions to the settlement fund on a discounted basis as a result of early payments pursuant to the early payment program.

At March 31, 2000, the estimated cumulative total of approved claims under the settlement agreement exceeded the sum of L-P's historical mandatory and optional contributions and remaining mandatory contributions to the settlement fund by approximately \$375 million. Claims accounting for approximately \$348 million of this excess are eligible for participation in the \$125 million second settlement fund, which represents an alternative source of payment for such claims. In addition, there were approximately 400 claims that had been filed that were potentially eligible for participation in the second settlement fund but that had not yet been processed at April 30, 2000. In general, only claims filed (or postmarked for filing) on or prior to December 31, 1999 are eligible for participation in the second settlement fund. Between January 1 and March 31, 2000, approximately 3,000 new claims were filed.

L-P has elected to fund the second settlement fund and expects that payments under the second settlement fund will commence in May 2000. Holders of claims who are eligible to participate in the second settlement fund will be offered a pro rata portion (based upon the amount of their eligible claims in relation to the total amount of all eligible claims) of \$125 million in complete satisfaction of their claims, which they may accept or reject in favor of remaining under the original settlement. Eligible claimants who accept their pro rata share of the second settlement fund may not file additional claims under the settlement or arbitrate the amount of their payments. Holders of claims who are eligible to participate in the second settlement fund but who elect not to participate in the second settlement fund will remain bound by the terms of the original settlement. Because eligible claimants who elect not to participate in the second settlement fund will remain bound by the terms of the original settlement prior to August 2004 and will be subject to the risk of the original settlement terminating, L-P believes that eligible claimants will have a substantial incentive to elect to participate in the second settlement fund.

Based upon the payments that L-P has committed to make, the original settlement will continue in effect until at least August 2003. Within 60 days after June 7, 2003, the Claims Administrator shall notify L-P of the dollar value of all remaining unfunded and approved claims. L-P shall then have 60 days to notify the Claims Administrator whether L-P elects to fund all such remaining claims. If L-P elects to fund those claims, then L-P will pay by the end of the next 12-month period (2004) the greater of: (i) 50% of the aggregate sum of those claims (with the remaining 50% to be paid by 12 months thereafter in 2005); or (ii) 100% of the aggregate sum of those claims, up to a maximum of \$50 million (with all remaining claims paid 12 months thereafter in 2005). If L-P elects not to pay the unpaid claims pursuant to the settlement, the settlement will terminate with respect to such unpaid claims and all unpaid claimants will be free to pursue their individual remedies from and after the date of L-P's election.

If L-P makes all contributions to the original settlement fund required under the settlement agreement, including all additional optional contributions as specified above, class members will be deemed to have released L-P from all claims for damaged OSB siding, except for claims arising under their existing 25-year limited warranty after termination of the settlement agreement. The settlement agreement does not cover consequential damages resulting from damage to OSB Inner-Seal siding or damage to utility grade OSB siding (sold without any express warranty), either of which could create additional claims. In addition to payments to the settlement fund, L-P was required to pay fees of class counsel in the amount of \$26.25 million, as well as expenses of administering the settlement fund and inspecting properties for damage and certain other costs.

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

### ABT HARDBOARD SIDING MATTERS

ABT, ABTco, Inc., a wholly owned subsidiary of ABT ("ABTco" and, together with ABT, the "ABT Entities"), Abitibi-Price Corporation ("Abitibi"), a predecessor of ABT, and certain affiliates of Abitibi (the "Abitibi Affiliates" and, together with Abitibi, the "Abitibi Entities") have been named as defendants in a conditionally certified class action filed in the Circuit Court of Choctaw County, Alabama, on December 21, 1995 and in six other putative class action proceedings filed in the following courts on the following dates: the Court of Common Pleas of Allegheny County, Pennsylvania on August 8, 1995; the Superior Court of Forsyth County, North Carolina on December 27, 1996; the Superior Court of Onslow County, North Carolina on January 21, 1997; the Court of Common Pleas of Berkeley County, South Carolina on September 25, 1997; the Circuit Court of Bay County, Florida on March 11, 1998; and the Superior Court of Dekalb County, Georgia on September 25, 1998. ABT and Abitibi have also been named as defendants in a putative class action proceeding filed in the Circuit Court of Jasper County Texas on October 5, 1999. These actions were brought on behalf of various persons or purported classes of persons (including nationwide classes) who own or have purchased or installed hardboard siding manufactured or sold by the defendants. In general, the plaintiffs in these actions have claimed unfair business practices, breach of warranty, fraud, misrepresentation, negligence, and other theories related to alleged defects, deterioration, or other failure of such hardboard siding, and seek unspecified compensatory, punitive, and other damages (including consequential damage to the structures on which the siding was installed), attorneys' fees and other relief. In addition, Abitibi has been named in certain other actions, which may result in liability to ABT under the allocation agreement between ABT and Abitibi described below.

L-P, the ABT Entities and the Abitibi Entities have also been named as defendants in a putative class action proceeding filed in the Circuit Court of Jackson County, Missouri on April 22, 1999, and L-P, the ABT Entities and Abitibi have been named as defendants in a putative class action proceeding filed in the District Court of Johnson County, Kansas on July 14, 1999. These actions were brought on behalf of purported classes of persons in Missouri and Kansas, respectively, who own or have purchased hardboard siding manufactured by the defendants. In general, the plaintiffs in these proceedings have claimed breaches of warranty, fraud, misrepresentation, negligence, strict liability and other theories related to alleged defects, deterioration or other failure of such hardboard siding, and seek unspecified compensatory, punitive and other damages (including consequential damage to the structures on which the siding was installed), attorneys' fees and other relief.

On May 8, 2000, the Circuit Court of Choctaw County, Alabama, under the caption FOSTER, ET AL. V. ABTCO, INC., ABT BUILDING PRODUCTS CORPORATION, ABITIBI-PRICE, INC. AND ABITIBI-PRICE CORPORATION (NO. CV95-151-M), preliminarily approved a settlement agreement among the defendants and attorneys representing a nationwide class composed of all persons who own or formerly owned homes or, subject to limited exceptions, other buildings or structures on which hardboard siding manufactured by the defendants was installed between May 15, 1975 and May 15, 2000, excluding persons who timely opt out of the settlement and certain other persons. Subject to final court approval, the settlement will, if fully implemented, result in resolution of all claims that have been asserted by class members in the various proceedings described above. Under the settlement agreement, class members who have previously made a warranty claim or have already repaired or replaced their siding will have until May 15, 2001 to file a claim; class members whose siding was installed between May 15, 1975 and May 15, 1976 will have at least nine months following the date on which the settlement becomes final and nonappealable to file their claims; and all other class members will have twenty-five years after their siding was installed to file a claim.

Under the settlement agreement, the defendants will be entitled to elect to make an offer of settlement to an eligible claimant based on the information set forth in the claim submitted by such claimant, and such claimant will be entitled to accept or reject the offer. If an eligible claimant declines the offer, or if no offer is made, such claimant will be entitled to a payment based on an independent inspection. Such payments will be based on a specified amount (ranging from \$2.65 to \$6.21, depending upon location) per square foot of covered siding that has experienced specified types of damage, subject to reduction based on the age of the damaged siding and any failure to paint the damaged siding within stated intervals (except in the case of damaged siding installed on mobile homes, as to which a uniform 50% reduction will apply in all circumstances). If applicable, payments under the settlement will also be subject to reduction to reflect any warranty payments or certain other payments previously recovered by a claimant on account of the damaged siding. Under the settlement agreement, L-P will be required to pay fees of class counsel in the amount of \$7 million, as well as expenses of administering the settlement and certain other costs.

The settlement agreement is subject to final approval by the court following a fairness hearing presently expected to be held in September of 2000. Potential members of the settlement class may elect to opt out of the settlement class by making a written request no later than July 31, 2000. The defendants have the right to withdraw from the settlement if there are excessive elections to opt out.

The foregoing description of the settlement agreement does not purport to be complete, and is qualified in its entirety by reference to the full text thereof, which is filed as Exhibit 10.1 to this report and incorporated herein by reference.

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

Based on the information currently available, management believes that the resolution of the foregoing ABT hardboard siding matters will not have a material adverse effect on the financial position, results of operations, cash flows or liquidity of L-P.

### FIBREFORM WOOD PRODUCTS, INC. PROCEEDINGS

L-P has been named as a defendant in an action filed by FibreForm Wood Products, Inc. ("FibreForm") in the Superior Court of Los Angeles County, California on July 13, 1999. The action was subsequently removed by L-P and the other named defendants to the United States District Court for the Central District of California. FibreForm has alleged, in connection with failed negotiations between FibreForm and L-P regarding a possible joint venture, that L-P and the other defendants engaged in a fraudulent scheme to gain control over FibreForm's proprietary manufacturing processes under the guise of such negotiations. FibreForm has alleged fraudulent misrepresentation, negligent misrepresentation, misappropriation of trade secrets, unfair competition, breach of contract and breach of a confidentiality agreement by L-P and the other defendants. FibreForm seeks general, special and consequential damages of at least \$250 million, punitive damages, restitution, injunctive and other relief and attorneys' fees. L-P believes that FibreForm's allegations are without merit and intends to defend this action vigorously. Based on the information currently available, management believes that the resolution of this matter will not have a material adverse effect on the financial position, results of operations, cash flows or liquidity of L-P.

#### OTHER PROCEEDINGS

L-P and its subsidiaries are parties to other legal proceedings. Based on the information currently available, management believes that the resolution of such proceedings will not have a material adverse effect on the financial position, results of operations, cash flows or liquidity of L-P.

#### CONTINGENCY RESERVES

For information regarding L-P's financial statement reserves for the estimated costs of the environmental and legal matters referred to above, see Note 8 of the Notes to financial statements included in Item 8, Financial Statements and Supplementary Data, in L-P's annual report on Form 10-K for the year ended December 31, 1999.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

L-P held its Annual Meeting of Stockholders on May 1, 2000, at which the stockholders of L-P voted on and approved the following:

1. The election of two Class III directors of L-P for terms expiring at the Annual Meeting of Stockholders in 2002.

2. The approval of the 2000 Employee Stock Purchase Plan.

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

1. ELECTION OF DIRECTORS

NAME	FOR	WITHHELD
Archie W. Dunham Mark A. Suwyn	78,730,510 78,717,899	13,956,777 13,969,388

2. APPROVAL OF THE 2000 EMPLOYEE STOCK PURCHASE PLAN

FOR	AGAINST	ABSTENTIONS
90,916,319	1,162,815	608,153

### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) EXHIBITS

3.1 Bylaws of L-P as amended September 1, 1999.

- 10.1 Amendment to Credit Facility, dated as of March 10, 2000, between Louisiana-Pacific Canada Ltd., as successor to Louisiana-Pacific Acquisition Inc. and Bank of America, N.A.
- 10.2 Settlement Agreement, dated May 3, 2000, among ABT Building Products Corporation, ABTco, Inc., Abitibi-Price Corporation, attorneys representing plaintiffs in hardboard siding class action litigation and the other parties named therein.
- 27.1 Financial Data Schedule
- (b) REPORTS ON FORM 8-K

 $$\rm L-P$  did not file any Current Reports on Form 8-K during the quarter for which this report is filed.

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

# LOUISIANA-PACIFIC CORPORATION

Date:	May 10, 2000	By: /s/ GARY C. WILKERSON
		Gary C. Wilkerson Vice President and General Counsel
Date:	May 10, 2000	By: /s/ CURTIS M. STEVENS Curtis M. Stevens Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)

# LOUISIANA-PACIFIC CORPORATION

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### BYLAWS OF LOUISIANA-PACIFIC CORPORATION

# ARTICLE I. STOCKHOLDERS' MEETINGS

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

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

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

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

Section 5. QUORUM. A majority of the outstanding shares of the Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a

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

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

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

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

entitled to vote on such action. Unless required by statute, or determined by the chairman of the meeting to be advisable, the vote on any question need not be by written ballot and may be by such other means as the chairman deems advisable under the circumstances. On a vote by written ballot, each ballot shall be signed by the stockholder voting, or by his proxy, if there be such proxy, and shall state the number of shares voted.

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

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

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

Section 12. DENIAL OF ACTION BY CONSENT OF STOCKHOLDERS. No action required to be taken or which may be taken at any annual or special meeting of the stockholders of the Corporation may be taken without a meeting, and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

Section 13. NOMINATIONS FOR DIRECTOR. Nominations for election to the Board of Directors may be made by the Board of Directors or by any stockholder of record entitled to vote for the election of directors. Any stockholder entitled to vote for the election of directors may nominate at a meeting persons for election as directors only if written notice of such stockholder's intent to make such nomination is given, either by personal delivery or by certified mail, postage prepaid, addressed to the Chairman at the Corporation's executive offices (i) with respect to an election to be held at an annual meeting of stockholders, not later than the close of business on the 45th calendar day prior to the first anniversary of the initial mailing date of the Corporation's proxy materials for the preceding year's annual meeting, provided that if the date of the annual meeting at which an election is to be held is more than 30 calendar days before or after the preceding year's annual meeting, such notice must be received by the close of business on the 10th day following the date on which notice of such meeting is first given to stockholders, and (ii) with respect to an election to be held at a special meeting of stockholders for the election of directors, not later than the close of business on the seventh day following the date on which notice of such meeting is first given to stockholders. Each such notice shall set forth: (a) the name and address, as they appear on the Corporation's stock ledger, of the stockholder who intends to make the nomination and the name and address of each person to be nominated; (b) a representation that such stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear at the meeting in person or by proxy to nominate the person or persons specified in the notice for election as directors; (c) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by such stockholder; (d) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission were such nominee to be nominated by the Board of Directors; and (e) the signed consent of each proposed nominee to serve as a director of the Corporation if so elected. The chairman of any meeting of stockholders to elect directors may refuse to permit the nomination of any person to be made without compliance with the foregoing procedure.

Section 14. NOTICE OF STOCKHOLDER BUSINESS. At any annual meeting of the stockholders, only such business shall be conducted as shall have been brought before the meeting (a) pursuant to the Corporation's notice of meeting pursuant to Section 4 of this Article, (b) by or at the direction of the Board of Directors or (c) by any stockholder of record of the Corporation who complies with the notice procedures set forth in this Section 14. For business to be properly brought before an annual meeting by any such stockholder, the stockholder must give written notice thereof to the Chairman, either by personal delivery or by certified mail, postage prepaid, addressed to the Chairman at the Corporation's executive offices not later than the close of business on the 45th calendar day prior to the first anniversary of the initial mailing date of the Corporation's proxy materials for the preceding year's

annual meeting, provided that if the date of the annual meeting is more than 30 calendar days before or after the preceding year's annual meeting, such notice must be received by the close of business on the 10th day following the date on which notice of such meeting is first given to stockholders. Each such notice shall set forth as to each matter the stockholder proposes to bring before the annual meeting the information with respect to stockholder proposals presented for inclusion in the Corporation's proxy materials required by Rule 14a-8 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or any rule or regulation adopted to replace such rule. The chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that any such business was not properly brought before the meeting in accordance with the provisions of this Section 14, and if he should so determine, he shall so declare to the meeting and such business not properly brought before the meeting shall not be transacted.

### ARTICLE II. BOARD OF DIRECTORS

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

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

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

Section 4. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of stockholders for the purpose of electing officers and the transaction of other business. The Board of Directors may provide by resolution the

time and place, either within or without the State of Delaware, for holding of additional regular meetings without other notice than such resolution.

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

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

Section 7. QUORUM AND MANNER OF ACTING. A majority of the entire Board of Directors shall be present in person at any meeting of the Board of Directors in order to constitute a quorum for the transaction of business at such meeting, except that one-third of the entire Board of Directors present in person at a meeting shall constitute a quorum if the Chairman is present at the meeting. Except as otherwise specifically required by statute or the Certificate of Incorporation, the vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum at any meeting of the Board of Directors, a majority of the directors present or, if no director be present, the Secretary may adjourn such meeting to another time and place. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called. Except as provided in Article III of these Bylaws, the directors shall act only as a board of directors and the individual directors shall have no power as such.

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

Section 9. RESIGNATIONS. Any director of the Corporation may resign at any time by giving written notice of his resignation to the Board of Directors or Chairman or the President or the Secretary. Any such resignation shall take effect at the time

specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon its receipt; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

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

Section 12. COMPENSATION. The Board of Directors shall have authority to fix the compensation, including fees and reimbursement of expenses, of directors for services to the Corporation in any capacity, provided, no such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

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

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

Section 15. MANDATORY RETIREMENT AGE. The date upon which a director shall retire from service as a director of this Corporation shall be the date of the next annual

meeting of stockholders following the date the director attains age 70 and no person who has attained the age of 70 shall become a nominee for election as a director of the Corporation. Any director who, on February 1, 1997, has already attained age 70 shall retire at the end of his or her then current term of office.

# ARTICLE III. EXECUTIVE AND OTHER COMMITTEES

Section 1. EXECUTIVE AND OTHER COMMITTEES. The Board of Directors may, designate one or more committees, each committee to consist of two or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In addition, in the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the Delaware General Corporation Law to be submitted to stockholders for approval or (ii) adopting, amending or repealing these Bylaws. Each committee shall keep written minutes of its proceedings and shall report such minutes to the Board of Directors when required. All such proceedings shall be subject to revision or alteration by the Board of Directors, provided, however, that third parties shall not be prejudiced by such revision or alteration.

Section 2. GENERAL. A majority of any committee may determine its action and establish the time, place and procedure for its meetings, unless the Board of Directors shall otherwise provide. Notice of such meetings shall be given to each member of the committee in the manner provided for in Article II, Section 6 or as the Board of Directors may otherwise provide. The Board of Directors shall have power at any time to fill vacancies in, to change the membership of, or to dissolve any such committee. Nothing herein shall be deemed to prevent the Board of Directors from appointing one or more committees consisting in whole or in part of persons who are not directors of the Corporation; provided, however, that no such committee shall have or may exercise any authority of the Board of Directors.

### ARTICLE IV. EXCEPTIONS TO NOTICE REQUIREMENTS

Section 1. WAIVER OF NOTICE. Whenever notice is required to be given under these Bylaws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice.

Section 2. UNLAWFUL NOTICE. Whenever notice is required to be given under these Bylaws to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice has been duly given.

# ARTICLE V. OFFICERS

Section 1. NUMBER, ELECTION AND QUALIFICATION. The elected officers of the Corporation shall be a Chairman, a President, one or more Vice Presidents (one or more of whom may be designated Executive Vice President or Senior Vice President), a Secretary, and a Treasurer. Such officers shall be elected from time to time by the Board of Directors, each to hold office until the meeting of the Board of Directors following the next annual meeting of the stockholders and until his successor is elected and qualified, or until his earlier resignation or removal. The Board of Directors may from time to time appoint such other officers (including a Chairman of the Executive Committee, a Controller and one or more Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers and Assistant Controllers), and such agents, as may be necessary or desirable for the business of the Corporation. Such other officers and agents shall have such duties as may be prescribed by the Board of Directors and shall hold office during the pleasure of the Board of Directors. Any two or more offices may be held by the same person. From and after the distribution by G-P of the stock it presently holds in the Corporation, no person who is serving as an officer or director of G-P shall concurrently serve as an officer of the Corporation.

Section 2. RESIGNATIONS. Any officer of the Corporation may resign at any time by giving written notice of his resignation to the Board of Directors, the Chairman, the President or the Secretary. Any such resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified

therein, immediately upon its receipt; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3. REMOVAL. Any officer or agent of the Corporation may be removed either with or without cause, at any time, by the Board of Directors, except that a vote of a majority of the entire Board of Directors shall be necessary for the removal of an elected officer. Such removal shall be without prejudice to the contractual rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 4. VACANCIES. A vacancy in any office may be filled for the unexpired portion of the term of the office which shall be vacant, in the manner prescribed in these Bylaws for the regular election or appointment of such office.

Section 5. CHAIRMAN. The Chairman shall be the chief executive officer of the Corporation, and shall have general direction over the management of its business, properties and affairs. The Chairman shall preside, when present, at all meetings of the stockholders and of the Board of Directors and, in the absence of the Chairman of the Executive Committee, at all meetings of the Executive Committee. He shall have general power to execute bonds, deeds and contracts in the name of the Corporation and to affix the corporate seal; to sign stock certificates; and to remove or suspend such employees or agents as shall not have been elected or appointed by the Board of Directors. In the absence or disability of the Chairman, his duties shall be performed and his powers shall be exercised by the President.

Section 6. PRESIDENT. The President shall be the chief operating officer of the Corporation and, subject to the direction of the Board of Directors and the Chairman, he shall have general direction over the operations of the Corporation. He shall have general power to execute bonds, deeds and contracts in the name of the Corporation and to affix the corporate seal; and to sign stock certificates.

Section 7. VICE PRESIDENTS. The several Vice Presidents shall perform all such duties and services as shall be assigned to or required of them from time to time, by the Board of Directors or the President, respectively, and unless their authority be expressly limited shall act in the order of their election in the place of the President, exercising all his powers and performing his duties, during his absence or disability. The Board of Directors however, may from time to time designate the relative positions of the Vice Presidents of the Corporation and assign to any one or more of them such particular duties as the Board of Directors may think proper.

Section 8. SECRETARY. The Secretary shall attend to the giving of notice of all meetings of stockholders and of the Board of Directors and shall record all of the proceedings of such meetings in a book to be kept for that purpose. He shall have charge of the corporate seal and have authority to attest any and all instruments or writings to which the same may be affixed. He shall keep and account for all books,

documents, papers and records of the Corporation, except those which are hereinafter directed to be in charge of the Treasurer. He shall have authority to sign stock certificates and shall generally perform all the duties usually appertaining to the office of secretary of a corporation. In the absence of the Secretary, an Assistant Secretary or Secretary pro tempore shall perform his duties.

Section 9. TREASURER. The Treasurer shall have the care and custody of all moneys, funds and securities of the Corporation, and shall deposit or cause to be deposited all funds of the Corporation in and with such depositaries as shall, from time to time, be designated by the Board of Directors or by such officers of the Corporation as may be authorized by the Board of Directors to make such designation. He shall have power to sign stock certificates; to indorse for deposit or collection, or otherwise, all checks, drafts, notes, bills of exchange or other commercial paper payable to the Corporation, and to give proper receipts or discharges therefor. He shall keep all books of account relating to the business of the Corporation, and shall render a statement of the Corporation's financial condition whenever required so to do by the Board of Directors, the chairman or the President. In the absence of the Treasurer, the Board of Directors shall appoint an Assistant Treasurer to perform his duties.

Section 10. ADDITIONAL POWERS AND DUTIES. In addition to the foregoing enumerated duties and powers, the several officers of the Corporation shall perform such other duties and exercise such further powers as may be provided by these Bylaws or as the Board of Directors may from time to time determine or as may be assigned to them by any competent superior officer.

Section 11. COMPENSATION. The compensation of the officers of the Corporation for their services as such officers shall be fixed from time to time by the Board of Directors. An officer of the Corporation shall not be prevented from receiving compensation by reason of the fact that he is also a director of the Corporation, but any such officer who shall also be a director shall not have any vote in the determination of the amount of compensation paid to him.

### ARTICLE VI. INDEMNIFICATION

Section 1. GENERAL. The Corporation shall, to the full extent permitted by Section 145 of the Delaware General Corporation Law, as amended from time to time, indemnify all persons whom it may indemnify pursuant thereto against all expenses (including, without limitation, attorneys' fees), judgments, fines (including excise taxes) and amounts paid in settlement (collectively, "Losses") incurred in connection with any action, suit, or proceeding, whether threatened, pending, or completed (collectively, "Proceedings") to which such person was or is a party or is threatened to be made a party by reason of the fact that such person is or was a director, officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture,

trust, or other enterprise; PROVIDED, HOWEVER, that the Corporation shall indemnify any such person seeking indemnification in connection with a Proceeding initiated by such person only if such Proceeding was authorized by the Board of Directors of the Corporation.

Section 2. EMPLOYEE BENEFIT OR WELFARE PLAN FIDUCIARY LIABILITY. In addition to any indemnification pursuant to Section 1 of this Article, but subject to the express exclusions set forth in Section 3 of this Article, the Corporation shall indemnify any natural person who is or was serving at the direction or request of the Corporation in a fiduciary capacity with respect to an employee benefit or welfare plan covering one or more employees of the Corporation or of an affiliate of the Corporation, or who is or was performing any service or duty on behalf of the Corporation with respect to such a plan, its participants or beneficiaries, against all Losses incurred by such person in connection with any Proceeding arising out of or in any way connected with such service or performance, to the extent such Losses are insurable under applicable law but are not covered by collectible insurance or indemnified pursuant to Section 1 of this Article. This Section is intended to provide a right to indemnification as permitted by Section 145(f) of the Delaware General Corporation Law.

Section 3. PERSONS NOT TO BE INDEMNIFIED UNDER SECTION 2. No indemnification shall be made under Section 2 of this Article to any person (other than an employee of the Corporation or of an affiliate of the Corporation) who was or is acting as a lawyer, accountant, actuary, investment adviser or arbitrator with respect to an employee benefit or welfare plan against any expense, judgment, fine or amount paid in settlement incurred by such person in connection with any action, suit or proceeding arising out of or in any way connected with his actions in such capacity. No indemnification shall be made under Section 2 of this Article to any person determined (in the manner prescribed by Section 145(d) of the Delaware General Corporation Law) to have participated in, or to have had actual knowledge of and have failed to take appropriate action with respect to, any violation of any of the responsibilities, obligations or duties imposed upon fiduciaries by the Employee Retirement Income Security Act of 1974 or amendments thereto or by the common or statutory law of the United States of America or any state or jurisdiction therein, knowing such in either case to have been a violation of such responsibilities, obligations or duties.

Section 4. ADVANCES OF EXPENSES. Except as limited by the other provisions of this Section, the Corporation shall pay promptly (and in any event within 60 days of receipt of the written request of the person who may be entitled to such payment) all expenses (including but not limited to attorneys' fees) incurred in connection with any Proceeding by any person who may be entitled to indemnification under Sections 1 or 2 of this Article in advance of the final disposition of such Proceeding. Notwithstanding the foregoing, any advance payment of expenses on behalf of a director or officer of the Corporation shall be, and if the Board of Directors so elects, any advance payment of expenses on behalf of any other person who may be entitled to indemnification under Sections 1 or 2 of this Article may be, conditioned upon the receipt by the Corporation

of an undertaking by or on behalf of such director, officer, or other person to repay the amount advanced in the event that it is ultimately determined that such director, officer, or person is not entitled to indemnification; provided that such advance payment of expenses shall be made without regard to the ability to repay the amounts advanced. Notwithstanding the foregoing, no advance payment of expenses shall be made by the Corporation if a determination is reasonably and promptly made by a majority vote of directors who are not parties to such Proceeding, even though less than a quorum, or if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, that, based upon the facts known to such directors or counsel at the time such determination is made following due inquiry, (a) in the case of a person who may be entitled to indemnification under Section 1, such person did not act in good faith and in a manner that such person reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal proceeding, such person had reasonable cause to believe his conduct was unlawful, or (b) in the case of a person who may be entitled to indemnification under Section 2, such person is not entitled to indemnification under the standard set forth in the second sentence of Section 3. Nothing in this Article VI shall require any such determination to be made as a condition to making any advance payment of expenses, unless the Board of Directors so elects.

Section 5. MANDATORY INDEMNIFICATION IN CERTAIN CIRCUMSTANCES. To the extent that a director, officer, employee, or agent has been successful on the merits or otherwise in the defense of any Proceeding referred to Section 1 or Section 2 of this Article, or in the defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 6. RIGHT TO INDEMNIFICATION UPON APPLICATION; PROCEDURE UPON APPLICATION. Any indemnification under Sections 1 or 2 shall be made promptly, and in any event within 60 days of receipt of the written request of the person who may be entitled thereto following the conclusion of such person's participation in any Proceeding or which indemnity is sought, unless with respect to such written request, a determination is reasonably and promptly made by a majority vote of directors who are not parties to the Proceeding, even though less than a quorum, or if there are no such directors, or if such directors so direct, by independent legal counsel that, based upon the facts known to such directors or counsel at the time such determination is made following due inquiry, (a) in the case of a person who may be entitled to indemnification under Section 1, such person did not act in good faith and in a manner that such person reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal proceeding, such person had reasonable cause to believe his conduct was unlawful, or (b) in the case of a person who may be entitled to indemnification under Section 2, such person is not entitled to indemnification under the standard set forth in the second sentence of Section 3.

Section 7. ENFORCEMENT OF RIGHTS. The right to indemnification or to an advance of expenses as granted by this Article shall be enforceable by any person entitled thereto in any court of competent jurisdiction, if the Board of Directors or independent legal counsel denies the claim, in whole or in part, or if no disposition of such claim is made within 100 days of receipt by the Board of Directors of such person's written request for indemnification or an advance of expenses. Such person's expenses (including but not limited to attorneys' fees) incurred in connection with successfully establishing his right to indemnification or an advance of expenses, in whole or in part, in any such proceedings shall also be indemnified by the Corporation.

Section 8. BYLAWS AS CONTRACT; NON-EXCLUSIVITY. All rights to indemnification and advances or expenses under this Article shall be deemed to be provided by a contract between the Corporation and each person entitled thereto. Any repeal or modification of these Bylaws shall not impair or diminish any rights or obligations existing at the time of such repeal of modification. The rights granted by this Article shall not be deemed exclusive of any other rights to which any person seeking indemnification or an advance of expenses may be entitled under any bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. The rights granted by this Article VI shall extend to the estate, heirs or legal representatives of any person entitled to indemnification or an advance of expenses hereunder who is deceased or incompetent.

# ARTICLE VII. STOCK AND TRANSFER OF STOCK

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

Section 2. TRANSFER OF SHARES. Transfers of Shares of stock of the Corporation shall be made on the stock records of the Corporation only upon authorization by the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary or with a transfer agent, and on surrender of the certificate or certificates for such shares properly indorsed or accompanied by a duly executed stock transfer power and the payment of all taxes thereon. Except as otherwise provided by law, the Corporation shall be entitled to

recognize the exclusive right of a person in whose name any share or shares stand on the record of stockholders as the owner of such share or shares for all purposes, including, without limitation, the rights to receive dividends or other distributions, and to vote as such owner, and the Corporation may hold any such stockholder of record liable for calls and assessments and the Corporation shall not be bound to recognize any equitable or legal claim to or interest in any such share or shares on the part of any other person whether or not it shall have express or other notice thereof. Whenever any transfer of shares shall be made for collateral security, and not absolutely, such fact shall be stated in the entry of the transfer if, when the certificates are presented for transfer, both the transferor and transferee request the Corporation to do so.

Section 3. REGULATIONS, TRANSFER AGENTS AND REGISTRARS. The Board of Directors may make such additional rules and regulations, not inconsistent with these Bylaws, as it may deem expedient concerning the issue, transfer and registration of certificates for shares of stock of the Corporation. It may appoint and change from time to time one or more transfer agents and one or more registrars and may require all certificates for shares of stock to bear the signatures of any of them.

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

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

## ARTICLE VIII. FISCAL YEAR

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

### ARTICLE IX. SEAL

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

# ARTICLE X. AMENDMENTS

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

THIS AMENDMENT TO CREDIT FACILITY ("AMENDMENT"), dated as of March 10, 2000, is entered into between LOUISIANA-PACIFIC CANADA LTD., successor to Louisiana-Pacific Acquisition Inc. (the "BORROWER") and BANK OF AMERICA, N.A. (the "LENDER").

#### RECITALS

- A. The Borrower and the Lender are party to the letter agreement dated September 8, 1999 (the "CREDIT FACILITY") pursuant to which the Lender has extended credit to the Borrower to help finance the acquisition of Le Groupe Forex, Inc.
- B. The Borrower has requested that the Lender extend the maturity date of the Credit Facility and agree to certain other amendments to the Credit Facility.
- C. The Lender is willing to extend the maturity date of the Credit Facility, and to amend the Credit Facility, subject to the terms and conditions of this Amendment.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

- 1. DEFINED TERMS. Unless otherwise defined herein, capitalized terms used herein shall have the meanings, if any, assigned to them in the Credit Facility.
- 2. AMENDMENTS TO CREDIT FACILITY.
  - (a) Section 1(c) of the Credit Facility shall be amended by deleting clause (i) in the first paragraph thereof and replacing it with the following new clause (i): "(i) (A) from and including the Closing Date through and including March 12, 2000, the Offshore Rate PLUS 0.575%, (B) from and including March 13, 2000 through and including June 30, 2000, the Offshore Rate PLUS 0.70% and (C) from and including July 1, 2000 through and including the Maturity Date, the Offshore Rate PLUS 1.00%; or".
  - (b) The definition of "Maturity Date" in Exhibit A of the Credit Facility shall be amended by deleting such definition in its entirely and replacing it with the following new definition:

"Maturity Date: September 30, 2000."

- 3. REPRESENTATIONS AND WARRANTIES. The Borrower hereby represents and warrants as follows:
  - (a) No Default or Event of Default has occurred and is continuing.
  - (b) The execution, delivery and performance by the Borrower of this Amendment has been duly authorized by all necessary corporate and other action and do not and will not require any registration with, consent or approval of, notice to or action by, any person (including any governmental agency) in order to be effective and enforceable. This Amendment has been duly executed and delivered by the Borrower. The Credit Facility as amended by this Amendment constitutes the legal, valid and binding obligations of the Borrower, enforceable against it in accordance with its respective terms, without defense, counterclaim or offset.
  - (c) All representations and warranties of the Borrower contained in the Credit Facility are true and correct.
  - (d) The Borrower is entering into this Amendment on the basis of its own investigation and for its own reasons, without reliance upon the Lender or any other person.
- 4. EFFECTIVE DATE. This Amendment will become effective on the date upon which the Lender has received from the Borrower a duly executed original or facsimile of this Amendment, together with a duly executed original or facsimile Guarantor Acknowledgment and Consent in the form attached hereto.
- 5. RESERVATION OF RIGHTS. The Borrower acknowledges and agrees that the execution and delivery by the Lender of this Amendment, shall not be deemed to create a course of dealing or otherwise obligate the Lender to forbear or execute similar amendments under the same or similar circumstances in the future.
- 6. MISCELLANEOUS.
  - (a) Except as herein expressly amended, all terms, covenants and provisions of the Credit Facility are and shall remain in full force and effect and all references therein to such Credit Facility shall henceforth refer to the Credit Facility as amended by this Amendment. This Amendment shall be deemed incorporated into, and a part of, the Credit Facility.

- (b) This Amendment shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns. No third party beneficiaries are intended in connection with this Amendment.
- (c) This Amendment shall be governed by and construed in accordance with the law of the State of California (without regard to principles of conflicts of laws).
- (d) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.
- (e) This Amendment, together with the Credit Facility, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This Amendment supersedes all prior drafts and communications with respect thereto. This Amendment may not be amended except in accordance with the provisions of Section 6(a) of the Credit Facility.
- (f) If any term or provision of this Amendment shall be deemed prohibited by or invalid under any applicable law, such provision shall be invalidated without affecting the remaining provisions of this Amendment or the Credit Facility, respectively.
- (g) Borrower covenants to pay to or reimburse the Lender, upon demand, for all costs and expenses (including allocated costs of in-house counsel) incurred in connection with the development, preparation, negotiation, execution and delivery of this Amendment and any other document executed and delivered in connection herewith, including without limitation appraisal, audit, search and filing fees incurred in connection therewith.
- (h) Borrower represents and warrants to Lender that, after the effectiveness of the Credit Facility, Louisiana-Pacific Acquisition Inc. was duly wound up and dissolved with its assets distributed to, and liabilities assumed by, its sole shareholder, the Borrower, and that pursuant to such transaction Borrower acquired and assumed all of the rights, liabilities and obligations of Louisiana-Pacific Acquisition Inc. under the Credit Facility. Without in any way limiting the legal effect of the transaction described above, Borrower confirms that it assumes and will perform and observe all obligations of the "Borrower" under and as defined in the Credit Facility.

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

LOUISIANA-PACIFIC CANADA LTD.

By: /s/ Curtis M. Stevens Title: Vice President, Treasurer and Chief Financial Officer BANK OF AMERICA, N.A. By: /s/ Michael Balok Title: Managing Director

## GUARANTOR ACKNOWLEDGMENT AND CONSENT

The undersigned, a guarantor with respect to the Borrower's obligations to the Lender under the Credit Facility, hereby (i) acknowledges and consents to the execution, delivery and performance by Borrower of the foregoing Amendment to Credit Facility ("AMENDMENT"), and (ii) reaffirms and agrees that the guaranty to which the undersigned is party and all other documents and agreements executed and delivered by the undersigned to the Lender in connection with the Credit Facility are in full force and effect, without defense, offset or counterclaim. (Capitalized terms used herein have the meanings specified in the Amendment.)

LOUISIANA-PACIFIC CORPORATION

Dated: March 10, 2000

By: /s/ Curtis M. Stevens

THOMAS A. FOSTER and LINDA E. Civil Action No. CV95-151-M FOSTER, et al.

Plaintiffs,

NATIONAL CLASS ACTION SETTLEMENT AGREEMENT

ν.

ABTCO, INC., ABT BUILDING PRODUCTS CORP., ABITIBI-PRICE, INC. and ABITIBI-PRICE CORP.,

Defendants.

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## RECITALS

The Settlement Class Representative Plaintiffs in this Action represent owners of structures throughout the United States on which Hardboard Siding manufactured by the Defendants was installed prior to the Initial Notice Date in this Action. The Settlement Class Representatives allege that the Hardboard Siding manufactured by Defendants at the facility in Roaring River, North Carolina and installed on structures owned by the Settlement Class Members has buckled, discolored and deteriorated and caused damage to other parts of the structures. Plaintiffs allege that the warranties applicable to such hardboard siding contain unconscionable limitations and exclusions, and that the warranties have failed of their essential purpose, and seek money damages and other relief as a result.

Defendants deny all such allegations. However, they have agreed to enter into this Settlement in order to put to rest all controversy and to avoid the further expense and burdensome, protracted litigation which would be involved in defending this and any future actions, without in any way acknowledging any fault or liability on their part. For their part, although Plaintiffs' Class Counsel are confident of their contentions and arguments, they recognize that there are significant legal and factual obstacles to a successful prosecution of this Action; that it would involve time consuming and lengthy proceedings to resolve them; and that the ultimate outcome would be uncertain.

In order to provide meaningful, immediate relief to the Settlement Class Members and to resolve through compromise in a fair, appropriate manner the many contentious legal and factual issues involved in this Action, the Settlement Class Representatives, through their Class Counsel, have negotiated a siding repair program available to all Settlement Class Members regardless of when their Siding was installed. This Settlement Agreement provides immediate payments to Settlement Class Members with Damaged Siding under a Compensation Formula that takes into account the cost of removal and replacement of the Siding; the length of time the Siding has been on the structure; whether the Siding has been painted periodically; and the location of the damage on the structure. The Parties believe this formula is a reasonable and appropriate means of determining the amount to be paid to Settlement Class Members to settle fully their claims in a prompt and equitable manner.

This Settlement Agreement provides substantial monetary and non-monetary benefits to Settlement Class Members whose Hardboard Siding experiences Compensable Damage. Among other things, the Settlement Agreement provides increased compensation for failed Siding with fewer procedural or substantive conditions to payment, is based on compensation for current labor and materials costs to repair or replace Siding (as opposed to reimbursing Settlement Class Members only for one or two times the original cost of the materials or for the original installation costs), extends the benefits of the Settlement Agreement to subsequent owners or transferees of Properties with Hardboard Siding, extends the benefits of the Settlement Agreement to Persons who previously settled warranty claims without legal representation, even if future claims were released in such settlements, permits Settlement Class Members who already have repaired or replaced their Siding to recover under the Settlement Agreement without regard to the notice requirements of the original warranty, acknowledges and provides for special circumstances, such as where the Property has been listed for sale, where significant water intrusion is being experienced, or where the style of the Damaged Siding is not

practicably available, involves simplified claim forms and claim procedures, permits in appropriate circumstances an "Accelerated Payment" by Defendants, and contains built-in protections to insure that the Settlement Agreement is administered fairly in accordance with the terms of this Agreement, including audit procedures by Class Counsel and the right of all Class Members to obtain an inspection of their Property conducted by Independent Inspectors.

With limited exceptions, the improved terms of the Settlement Agreement will be available to all Settlement Class Members for twenty-five (25) years from the Date of Installation of the Settlement Class Members' Hardboard Siding. In addition, the ABT Defendants have agreed for a minimum of two additional years to provide the Enhanced Warranty that is attached to this Settlement Agreement to Persons who purchase ABT Siding and to undertake their best efforts to put copies of the new Enhanced Warranty and the company's Owner Installation and Maintenance Instructions into the hands of such Property Owners.

NOW, THEREFORE, THIS SETTLEMENT AGREEMENT is entered into this 3rd day of May, 2000, by and among (a) the Settlement Class Representative Plaintiffs in this case, for themselves and on behalf of the plaintiff settlement class as hereinafter defined; and (b) Defendants ABTco, Inc. and ABT Building Products Corp.; and Defendants Abitibi-Price, Inc. and Abitibi-Price Corporation.

Subject to Court approval and such additional discovery and investigations as Plaintiffs' Class Counsel deem necessary or appropriate, and as required by the United States Constitution and the Alabama Rules of Civil Procedure, it is hereby stipulated and agreed by the Parties that upon the entry by the Court of a Final Order and Judgment approving the settlement and directing its implementation, this Action shall be settled and compromised upon the terms and conditions set forth below.

### 1. DEFINITIONS

As used in this Agreement and in the attached Exhibits, the following definitions apply to this Agreement:

1.1 ABITIBI DEFENDANTS means defendants Abitibi-Price, Inc. and Abitibi-Price Corp., all of their present or former parents, subsidiaries or affiliates, and/or all of their present or former directors, officers, employees, successors, agents and assigns.

1.2 ABITIBI SIDING means Hardboard Siding manufactured between December 22, 1969 and October 19, 1992 at the Roaring River, North Carolina facility and that is or has been installed on the Property of a Settlement Class Member, excluding any such products that were labeled and sold by the Abitibi Defendants as B-grade, shop, or cull.

1.3 ABT DEFENDANTS means defendants ABTco, Inc. and ABT Building Products Corp., all of their present or former parents, subsidiaries or affiliates, and all of their present or former directors, officers, employees, successors, agents and assigns.

1.4 ABT SIDING means Hardboard Siding manufactured at the Roaring River, North Carolina facility on or after October 20, 1992, and that is or has been installed on the Property of a Settlement Class Member on or before the Initial Notice Date, excluding any such products that were labeled and sold by the ABT Defendants as B-grade, shop or cull.

1.5 ACTION means the above-captioned action, THOMAS A. FOSTER, ET AL. V. ABTCO, INC., ET. AL, Case No. CV-95-151-M, Circuit Court of Choctaw County, Alabama.

1.6 ADMINISTRATIVE EXPENSES means the costs and expenses to be paid by Defendants in connection with the Settlement of this Action, as more particularly set forth in Section 4, below.

1.7 AGREEMENT or SETTLEMENT AGREEMENT means this Settlement Agreement, including all Exhibits.

1.8 ATTORNEY FEES AND EXPENSES means the reasonable amounts awarded by the Court as compensation for the services provided by Plaintiffs' Class Counsel and as reimbursement of their reasonable costs and expenses (including expert or consulting witness fees and expenses), as provided in Paragraph 14.3, below.

1.9 CLAIM means a request for payment for Damage or for reimbursement of an Unreimbursed Repair submitted to the Claims Office under this Settlement Agreement.

1.10 CLAIM FOR UNREIMBURSED REPAIR means a Claim in the form attached to this Agreement as Exhibit A and filed by a Settlement Class Member who seeks reimbursement of costs or expenses incurred to repair or replace Siding prior to submission of a Claim.

1.11 CLAIM FORM means the simplified Claim Forms for submitting Claims under the terms of this Settlement Agreement, attached hereto as Exhibits A, B and C.

1.12 CLAIMANT means any Person who submits a Claim during the term of this Agreement.

1.13 CLAIM PERIOD means (a) with respect to each Claim (other than a Claim for Unreimbursed Repair or a Prior Claim), twenty-five (25) years after the Date of Installation; (b) with respect to a Prior Claim, twelve (12) months from the Initial Notice Date; and (c) with respect to a Claim for Unreimbursed Repairs for which the repair or replacement was commenced prior to or within six (6) months following the Initial Notice Date without actual notice of this Settlement Agreement, the Claim Period is twelve (12) months from the Initial Notice Date.

In the event the Final Order and Judgment approving this Settlement is appealed, and Defendants do not implement its terms for Settlement Class Members during the pendency of the appeal, the Claims Period for Claims involving Prior Claims or Claims for Unreimbursed Repairs shall be extended and shall expire no earlier than nine (9) months following the Settlement Date.

A Claim shall be deemed "filed" or "submitted" as of the date of its postmark when mailed first class, registered or certified mail, postage prepaid and properly addressed to the Claims Office, or when delivered to any commercial one or two-day delivery service if properly addressed to the Claims Office, or when actually received by the Claims Office, whichever is first.

In all events, claims filed on behalf of Class Members whose siding was installed between May 15, 1975 and May 15, 1976 shall have at least 9 months following the Settlement

Date within which to file a Claim, and the applicable age and paint deductions shall be tolled as to such claim between the Initial Notice Date and the Settlement Date.

1.14 CLAIMS OFFICE means the office or department established by the Defendants for the purpose of implementing the Settlement Agreement.

1.15 SETTLEMENT CLASS REPRESENTATIVES or SETTLEMENT CLASS REPRESENTATIVE PLAINTIFFS means Thomas Foster, Linda Foster, Nancy Fiedler, Daniel Gaines, William Dunn, Jerry Kolar and Verdis Sheffield, the named plaintiffs in this Action.

1.16 COMPENSABLE DAMAGE means, with respect to Site-Built Structures, Damage that is not Excluded Damage, and with respect to Mobile Homes, any panel siding that has sustained Damage.

1.17 COURT means the Circuit Court of Choctaw County, in which the Action is pending.

1.18 DAMAGE, DAMAGES and DAMAGED as it relates to Hardboard Siding means any of the following:

- a. thickness swell in excess of 15% of the Defendants' maximum standard tolerance, that is, a total measure of 0.604" for Siding with a nominal thickness of one-half (1/2) inch and a total measure of 0.518" for Siding with a nominal thickness of 7/16 inch;
- edge checking, where a feeler gauge of 0.025" thickness and one-half inch width can be inserted one-half inch into a suspected delaminated edge with moderate hand pressure;
- c. fungal or other moisture induced degradation which results in soft board in which moderate thumb pressure deforms, indents or punches a hole in the board;
- d. buckling, warping or bowing of Siding in excess of 1/4" between studs spaced not more than 16" inches on center and 5/8" between studs spaced more than 16" and not more than 24" on center. Waviness or apparent warping, buckling or bowing of Siding is not considered to constitute Damage if such is due to the Siding conforming to the curvature of misaligned framing;
- e. wax bleed, raised or popped fibers or fiber bundles, where the condition exists on more than 20% of the exposed board surface and, in the case of

wax bleed, where the Siding in question was painted within two years of the date of the claim. "Wax Bleed" does not include paint discoloration;

- f. delaminated or cracked primer or primer peel, or peeling, blistering, flaking, chipping, cracking or other loss of adhesion of the original factory finish;
- g. separation of the Fusion Finish-TM- overlay from the substrate.

Damage does not include (i) intentional, reckless or negligent physical damage to Siding (unrelated to installation or maintenance or weather) caused directly or indirectly by a Claimant or other Person; or (ii) conditions requiring routine painting, washing, caulking or similar maintenance; or (iii) damage to Siding to the extent resulting from natural disaster including, but not limited to, fire, hurricane, flood, earthquake, earth movement, or other similar force majeure events.

#### 1.19 DAMAGE PAYMENT

- a. With respect to SITE BUILT STRUCTURES, Damage Payment means the amount payable to Settlement Class Members under this Settlement Agreement calculated in accordance with the compensation formula A =[(CD) x (RC)]-D where A is the Damage Payment, CD is the amount of Compensable Damage, RC is the Replacement Cost, and D is the applicable Deductions.
- With respect to MOBILE HOMES, Damage Payment means 50% of the applicable Replacement Cost times the number of panels on the mobile home evidencing Damage without any other Age or Non-Painting Deduction.
- All Damage Payments shall be in the amounts and paid с. at the times provided in this Settlement Agreement calculated in strict accordance with the provisions of this Agreement; provided that the payments to Settlement Class Members who file a Claim for Unreimbursed Repair shall not exceed the lesser of the reasonable and properly documented out-of-pocket costs of the repairs or replacements or the amount that would have been awarded under the compensation formula; and provided, further that any amounts payable under this compensation formula shall be reduced by any compensation received by the Settlement Class Member on account of such Damaged Siding from any other source, including but not limited to Defendants, builders, developers, contractors, manufacturers, wholesalers, retailers or insurers, but only to the extent that the sum of such other payments and the Damage Payment exceeds the

product of Replacement Cost multiplied times the total square footage of the Siding that has sustained Damage.

- d. If any portion of a piece of lap or panel Siding has sustained both Excluded Damage and Compensable Damage, the entire surface area of that lap board or panel Siding will be deemed to be Compensable Damage in calculating the Damage Payment.
- Compensable Damage to any Siding, the production of which has been discontinued or is discontinued before e. or during the Term of this Agreement and for which there is no reasonably appropriate substitute, shall be entitled to payment as follows: (i) if 30% or more of any Side of a Property has sustained Compensable Damage, then the Compensation Formula shall include all of the remaining Siding on that Side as Compensable Damage; or (ii) if 40% or more of the Siding on the entire Property has sustained Compensable Damage, then the Compensation Formula shall include all of the remaining Siding on the Property as Compensable Damage. The Parties agree that no reasonable substitute exists to match the following list of currently discontinued profiles: 4" OC Fir, Redwood Panel, 9" Plain Beaded, Band Sawn Lap, System 25 Great Random Shake, Textured Panel, and Bevelside-4 Fir.

1.20 DATE OF THE CLAIM means the date on which a properly documented Claim under this Settlement Agreement is postmarked when mailed first class, registered or certified mail, postage prepaid and properly addressed to the Claims Office, or when delivered to any commercial one or two-day delivery service, if properly addressed to the Claims Office, or when actually received by the Claims Office, whichever is first.

1.21 DATE OF INSTALLATION means the date or approximate date that Hardboard Siding was installed on the Property of a Settlement Class Member. With respect to Siding originally installed on a newly constructed Property, in the absence of other reasonable documentation indicating a different installation date, the Date of Installation will be presumed to be the later of the date of (a) manufacture as identified by any stamp on the back of Claimant's sample submitted with a Claim or otherwise identified by a stamp on the back of Claimant's Siding, (b) the certificate of occupancy, (c) the first purchase of the newly constructed Property having such Siding installed, or (d) with respect to Mobile Homes, the date of the original bill of sale.

1.22 DEDUCTIONS, as they relate to Site Built Structures, means the following:

- a. AGE DEDUCTION
  - No deduction for the first year following the Date of Installation;
  - ii. 4% per year thereafter.
- b. NON-PAINTING DEDUCTION
  - No deduction for the first five years following the Date of Installation;
  - ii. No deduction if Siding was repainted within five years from Date of Installation and at least once each five years thereafter;
  - iii. If Siding is not painted within five years from Date of Installation, 4% per year commencing at the end of the fifth year from the Date of Installation until the earlier of (a) the date painted; or (b) the Date of the Claim;
  - iv. If Siding is not painted within seven years from Date of Installation, 4% per year commencing at the end of the fifth year from the Date of Installation until painted and an additional 1% per year commencing at the end of the seventh year from the Date of Installation until the earlier of (a) the date painted; or (b) the Date of the Claim;
  - v. If the Siding has been painted since the Date of Installation, 4% for each year from the end of the fifth year following the previous painting until the earlier of (a) the date painted; or (b) the Date of the Claim.
  - vi. The Non-Painting Deduction shall be suspended as of the date the Damage occurs (but not as to any later, unrelated Damage) provided that the fact such Damage occurred on such date is verified by the filing of an earlier warranty, insurance or other claim, an independent inspection, or other evidence which reasonably establishes the fact and amount of such Damage.
- c. The Age Deduction and the Non-Painting Deduction applicable to a Claim for an Unreimbursed Repair shall be calculated as of the date the repair was commenced.
- d. The Age Deduction and Non-Painting Deduction applicable to a Prior Claim shall be calculated only to the date the Prior Claim was submitted to the Defendants.

1.23 DEFENDANTS means the Abitibi Defendants and the ABT Defendants.

1.24 ELIGIBLE CLAIMANT means a Settlement Class Member who timely submits a Claim under this Settlement Agreement and substantially complies with the requirement to supply all information and materials required by this Settlement Agreement in support of his or her Claim, and who meets any of the following requirements:

- a. a current owner of Property on the Initial Notice Date; or
- a current or former owner of Property on the Initial Notice Date who incurred an Unreimbursed Repair Cost; or
- c. a current or former owner of Property on the Initial Notice Date who made a Prior Claim (regardless of whether such owner signed or executed a release of claims except as provided in PARA 1.50(b) where legal proceedings have been initiated); or
- d. the current owner of Property who is a successor-in-interest or other proper assignee of any former owner of the Property who incurred an Unreimbursed Repair Cost or made a Prior Claim.
- e. Eligible Claimants may appoint a designated agent (e.g., an attorney or a contractor) to assist or represent him/her in connection with the filing of a Claim provided that, except as provided in paragraph 1.24(d), the Claim may only be filed by and in the name of the Eligible Claimant and may not be assigned to a third party for collection or otherwise.

1.25 ENHANCED WARRANTY means the new 25-year Enhanced Warranty attached to this Settlement Agreement as Exhibit D.

1.26 EXCLUDED DAMAGE ON SITE BUILT STRUCTURES means Damage which is excluded from the calculation of Compensable Damage occurring on Site-Built Structures, as follows:

a. BUCKLING of any piece of Hardboard Siding

- i. that is attached to studs that are placed more than 24" on center or, in the case of 7/16" lap siding, that is attached to studs that are placed more than 16" on center; or
- ii. that is not in contact with the stud or sheathing at the point where there are missing nails or where nails do not penetrate into the studs.
- b. DETERIORATION occurring on any piece of Hardboard Siding that is:

- i. installed within 6" from the ground or within 1" from hardscape (e.g., driveways, patios, sidewalks);
- ii. installed at roof/wall intersections and which has less than a 1" cut back between the intersections;
- iii. in direct contact with un-flashed masonry
  and concrete surfaces;
- v. within 12" from the roof line on the backside of chimney chases that do not have a "cricket" or "saddle" to direct water flow away from the chimney.
- c. EXCLUDED DAMAGE also includes:
  - i. all Damage that is readily observable and that is horizontal or runs downward from and is continuous with and originates exclusively from the Excluded Damage. (Any doubts as to whether Damage is continuous with and originates exclusively from Excluded Damage shall be resolved in favor of the Claimant.); or
  - ii. any Damage to Hardboard Siding that is not used on the structure as Siding (e.g., Siding that is ripped and used as trim or band board).

1.27 FAIRNESS HEARING means the settlement approval hearing(s) to be conducted by the Court in connection with the determination of the fairness, adequacy and reasonableness of this Agreement in accordance with Ala. R. Civ. P. 23(e).

1.28 FIELD INSPECTION REPORT means the report, in a form to be mutually agreed upon by the Parties, to be completed by the Independent Inspector firm when conducting an inspection of a Property.

1.29 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 as fair, adequate and reasonable and in the best interests of the Class as a whole in accordance with Ala. R. Civ. P. 23(e), and making such other findings and determinations as are necessary and appropriate to effectuate the terms of this Agreement.

1.30 HARDBOARD SIDING or SIDING means lap or panel hardboard siding manufactured by the Abitibi Defendants between December 22, 1969 and October 19, 1992, and by the ABT Defendants since October 20, 1992, at the manufacturing facility in Roaring River, North Carolina, and which was installed on a Property prior to the Initial Notice Date. The capitalized terms Hardboard Siding and Siding as used herein include only hardboard forms of siding, and do not include siding manufactured from plywood, T-111, vinyl, fiber-cement or other materials or processes, nor do those terms include hardboard siding manufactured by the Defendants at any manufacturing facilities other than the Roaring River, North Carolina manufacturing plant.

1.31 INDEPENDENT INSPECTOR means the firm(s) or person(s) retained by mutual agreement of the Parties, with the approval of the Court, to inspect Properties in accordance with the terms of this Agreement.

1.32 INITIAL NOTICE DATE means the first date upon which the Notice of Proposed Class Action Settlement is either mailed to the Settlement Class Members or published pursuant to the Notice Plan approved by the Court.

1.33 MOBILE HOME means a structure meeting all of the following requirements: (a) that is built in a manufacturing facility that is designed to fabricate and assemble family dwellings; (b) that have Vehicle Identification Numbers (VIN), (c) that are sided predominately (more than 50%) with panel Siding, and (d) that subsequent to their manufacture, are transported to a remote location for final installation. Manufactured homes (such as modular homes) that do not meet these criteria are considered Site-Built Homes but may elect to be treated as Mobile Homes if they are sided predominantly with panel siding. Any such election must be made at the time the Claimant submits his or her Claim Form.

1.34 NOTICE ADMINISTRATOR means the firm(s) hired to implement the Notice Plan.

1.35 NOTICE OF PROPOSED CLASS ACTION SETTLEMENT means the Court-approved Notice to Class Members of Proposed Settlement in the form attached as Exhibit E to this Agreement and any additional notices agreed to by the Parties that may be ordered by the Court.

1.36 NOTICE PLAN means the plan and schedule for providing class-wide notice of the Settlement and certification of the Settlement Class, including the Notice of Proposed Class Action Settlement and summary forms of notice, all as more particularly described in Exhibit F hereto.

1.37 OPT-OUT PERIOD means the 60-day period from the Initial Notice Date.

1.38 PARTIES means Plaintiffs, the Settlement Class and the Defendants.

1.39 PERSON means any individual or legal entity.

1.40 PLAINTIFFS means the individuals acting as named representative Plaintiffs in this Action.

1.41 PLAINTIFFS' CLASS COUNSEL OR CLASS COUNSEL includes Plaintiffs' Co-Lead Class Counsel, and the following additional attorneys: Daniel Berger, Berger Law Firm, 912 Frick Building, 437 Grant Street, Pittsburgh, Pennsylvania 15219; William H. Garvin, III of Weller, Green, Toups, & Terrell, 2937 Kerry Forest Parkway, Suite A-2, Tallahassee, Florida 32308; Kenneth Gilman of Gilman & Pastor, One Boston Place, 28th Floor, Boston, Massachusetts 02108; Garrett M. Hodes of Humphrey, Farrington & McClain, P.C., 221 West Lexington, Suite 400, P.O. Box 900, Independence, Missouri 64051; Clinton Krislov of Krislov & Associates, Ltd., Suite 810, 222 North LaSalle Street, Chicago, Illinois 60601-1086; Jonathan Nachsin of Law Offices of Jonathan Nachsin, 200 North LaSalle Street, Suite 2100, Chicago, Illinois 60601-1095; Ellen M. Doyle of Malakoff, Doyle & Finberg, PC, The Frick Building, Suite 200, Pittsburgh, Pennsylvania 15219, Beverly C. Moore, Jr. of Moore & Brown, 4900 Massachusetts Avenue, N.W., Suite 230, Washington, D.C. 20016, and Steve Toll of Cohen, Milstein, Hausfeld & Toll, 999 Third Avenue, Suite 3600, Seattle, Washington 98104.

1.42 PLAINTIFFS' CO-LEAD CLASS COUNSEL OR CO-LEAD CLASS COUNSEL means the following counsel:

Charles R. Watkins SUSMAN & WATKINS Two First National Plaza Suite 600 Chicago, Illinois 60603

David J. Guin DONALDSON, GUIN & SLATE, LLC 2900 Highway 280 Suite 230 Birmingham, Alabama 35223

SPECIAL COUNSEL FOR MOBILE HOME OWNERS:

Justin O'Toole Lucey JUSTIN O'TOOLE LUCEY, P.A. 415 Mill Street Mt. Pleasant, South Carolina 29464

1.43 PRELIMINARY APPROVAL means the Court's Order, substantially in the form of Exhibit G hereto, certifying the Settlement Class, granting preliminary approval of this Agreement and approving the Notice Plan.

1.44 PRIOR CLAIM means a claim or request submitted to the Defendants, or any of them, for compensation or reimbursement because of damage to Siding (whether or not in the form of a warranty claim) prior to the date of the entry of the Final Order and Judgment. A Prior Claim does not include a legal proceeding described in PARA 1.50(b).

1.45 PROPERTY or PROPERTIES means any structure including homes (whether a Mobile Home or a Site-Built Structure), garages, outbuildings, town houses, condominiums, apartments, commercial or industrial structures, and other types of buildings or structures onto which Siding is currently installed or on which an Unreimbursed Repair was performed, except for fences and detached structures not used for garages with a floor area of less than 65 square feet.

1.46 RELEASEES means Defendants, including their successors, parents, subsidiaries, divisions, or affiliates, and their officers, directors, stockholders, partners, agents, servants, successors, subrogees and assigns and their respective insurers.

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John W. Sharbrough, III M. Stephen Dampier THE SHARBROUGH LAW FIRM, LLC P.O. Box 996 Mobile, Alabama 36601

Steven A. Martino JACKSON, TAYLOR & MARTINO, P.C. P.O. Box 894 Mobile, Alabama 36601-0894 1.47 RELEASING PARTIES means all Settlement Class Members who have not timely opted out of the Settlement Class, on behalf of themselves and any Person(s) claiming by or through them.

REPLACEMENT COST means the average cost per square foot of 1 48 surface area of Siding in the State where the Property is located, as agreed upon by the Parties with reference to current R.S. Means Co. data, including all materials, labor and incidental costs as required to remove, replace and repair Siding panels or boards that have sustained Damage (including an appropriate adjustment for waste and overlap) with new Siding and to repaint and otherwise restore the exterior of the Property to the extent reasonably necessary to make the repair cosmetically acceptable and in conformity with good building practices and all applicable laws, building codes, and zoning regulations. The initial Replacement Cost for each State has been determined by R.S. Means Co. as set forth in Exhibit H attached to this Agreement. The initial Replacement Cost shall be adjusted annually on or about each anniversary of the execution of this Agreement in accordance with a mutually agreeable formula that takes into account increases and reductions, if any, in the cost of any of its elements. The cost actually incurred to obtain permits for Siding repair or replacement work conducted in conjunction with this Agreement also shall be reimbursed by Defendants to Eligible Claimants - up to a maximum amount of \$100 each - upon presentation of proof of the expenditure.

1.49 SETTLED CLAIM means every claim, action, cause of action, liability, right, demand, suit, matter, obligation, damage, loss or cost, including consequential damages to Property or Properties and any claim for other damages, losses or costs, of every kind and description, that the Releasing Parties now have, have had in the past or may have in the future against any of the Defendants arising out of the subject matter of the Action, whether known or unknown, asserted or unasserted, which if known to the Releasing Parties would have materially affected their Settlement with the Releasees and which accrue or have accrued as a result of having Defendants' Hardboard Siding on the Releasing Parties' Property. Without limiting the scope of the foregoing, "Settled Claims" shall include:

- a. property damage to Class Members' Siding or to the structure on which the Siding is installed or to any surrounding property;
- any claim for breach or violation of or for benefits conferred by any federal, state, common or other law or statute, regulation or ordinance;
- c. any claim for breach of any duty imposed by law, by contract or otherwise, including without limitation breach of warranty express or implied or other contract, promissory or equitable estoppel or principles of unjust enrichment;
- d. any claim based on principles of tort law or other kind of liability, including without limitation, those based on principles of strict product liability, negligence, reliance, racketeering, fraud, conspiracy, concerted action aiding and abetting, veil-piercing liability, alter-ego or successor liability, consumer fraud, negligent misrepresentation, intentional misrepresentation, or other direct or derivative liability;
- e. any claim related to alleged defects or inadequacies in the design, manufacture, advertising, product literature, sale, distribution or marketing of Hardboard Siding;
- f. any claim for declaratory or injunctive relief associated with the above;
- g. any claim for diminution in value of or consequential or collateral damage including, but not limited to, claimed damage to the Siding or to any component of the structure on which the Siding is installed or to any surrounding property;
- h. any claim for emotional damages, mental anguish, or similar claim arising out of Damage to the Siding or because of the installation of the Siding on the Property; and
- i. any claim for penalties, punitive damages, exemplary damages, or any claim for damages based upon a multiplication of compensatory damages associated with the above.

"Settled Claims" shall not include (a) any claim for bodily injury (including wrongful death); or (b) claims for pain and suffering, emotional distress, mental anguish, or similar injuries associated with such bodily injury to the extent allowed by law; or (c) subject to Section 13.2, claims against parties who are not Releasees under the terms of this Settlement Agreement.

1.50 SETTLEMENT CLASS OR CLASS is a class composed of all Persons who own or formerly owned Property in the United States or its Territories on which Hardboard Siding has been installed at any time after May 15, 1975 and before May 15, 2000, except:

- All Persons who, in accordance with the terms of this Agreement, properly execute and timely file during the Opt-Out Period a request for exclusion from the Settlement Class;
- b. All Persons represented by counsel who, individually or as members of a class, initiated against Defendants, or any of them, legal proceedings that were resolved prior to the Initial Notice Date by settlement, judgment, release, dismissal or other final disposition resulting in the termination of the proceedings against the Defendant.

1.51 SETTLEMENT CLASS MEMBER OR CLASS MEMBER means a member of the Settlement Class.

1.52 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) finality for the Final Order and Judgment by virtue of that order having become final and non-appealable through (i) the expiration of all allowable 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.

1.53 SIDE of a Property means all exterior Hardboard Siding-surfaced areas of a Property facing the same direction.

1.54 SITE-BUILT STRUCTURES or SITE-BUILT HOMES means all Properties built on-site and also includes any other Property subject to this Settlement Agreement except for Mobile Homes.

1.55 UNREIMBURSED REPAIR COSTS or PRIOR UNREIMBURSED REPAIR means the properly documented out-of-pocket expenses reasonably incurred by an Eligible Claimant to repair or replace Hardboard Siding that had sustained Compensable Damage.

2. CERTIFICATION OF SETTLEMENT CLASS

2.1 The Parties to this Agreement agree for settlement purposes only that this Action shall be certified and proceed as a class action under Ala. R. Civ. P. 23(b)(3), consisting of all

members of the Settlement Class, with the named Plaintiffs as the Settlement Class representatives and Plaintiffs' Class Counsel as counsel for the Settlement Class.

### 3. SUBMISSION FOR PRELIMINARY APPROVAL

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

4. ADMINISTRATIVE EXPENSES OF SETTLEMENT

4.1 In addition to their obligation to timely make Damage Payments, Defendants shall pay all Administrative Expenses incurred in connection with the Settlement, including but not limited to each of the following:

- a. The reasonable costs and expenses incurred by the Notice Administrator in connection with the preparation and execution of the Notice Plan, in the manner and to the extent described in Paragraph 14.1, below;
- The reasonable costs and expenses incurred by the Independent Inspector firm in the manner and to the extent described in Paragraph 6 below;
- c. All costs and expenses incurred in connection with the establishment, implementation and administration of the Settlement Agreement;
- d. All costs and expenses incurred in connection with the Defendants' obligation under Paragraph 7.2 to provide copies of the Owner Maintenance Instructions and the Owner's Installation Check List to Property owners;
- e. The amounts approved by the Court as reasonable Attorneys' Fees and Expenses, in the manner and to the extent described in Paragraph 14.3, below; and
- f. Any Court-approved incentive award to be paid to the Settlement Class Representatives, in the manner and to the extent described in Paragraph 14.4, below.

4.2 Defendants shall have thirty (30) days from the actual receipt of any demand for payment by the Notice Administrator and/or Independent Inspector within which to object to the demand, or any portion thereof, or to the reasonableness of any cost, charge or expense included therein. If such a challenge is made, Defendants shall promptly pay the portion of the expense, if any, to which it has no objection and attempt to resolve any differences that remain with the

assistance of Class Counsel. If Class Counsel, Defendants and any involved third parties are unable to resolve the dispute, the same shall be submitted to the Court in the Action for final and binding resolution. Defendants shall be deemed to have waived any objection to a claim for payment that is not made within thirty (30) days of its receipt.

4.4 Payments to Eligible Claimants under the Settlement Agreement shall be made as provided in Paragraph 5.

## 5. SETTLEMENT AGREEMENT AND CLAIMS ADMINISTRATION PROGRAM

5.1 Before the Initial Notice Date, the Notice Administrator shall establish and staff a telephone system in a manner reasonably agreeable to the Parties to answer a toll-free telephone number established to respond to inquiries by Settlement Class Members regarding the settlement and/or the Settlement Agreement. The telephone system will be designed so as to prevent placing callers on hold for inordinate amounts of time. The Notice Plan shall direct Persons who believe they may be Settlement Class Members to call the toll-free number to request a Class Notice and Claim Forms, or to obtain the Class Notice and Claim Forms from an Internet web site, which also shall be established no later than the Initial Notice Date.

5.2 Promptly following the execution of this Agreement, Defendants shall establish, to the reasonable satisfaction of Class Counsel, a properly staffed and equipped Claims Office to process in a timely way all Claims under the Settlement Agreement and to coordinate with the Notice Administrator the establishment and operation of the toll-free number, the Internet web site, and the dissemination of the Class Notice and related press releases and press kits as called for by the Notice Plan. Defendants shall maintain such a Claims Office for so long as necessary to process all Claims filed under the Settlement Agreement.

5.3 In the event Settlement Class Members contact Defendants regarding a potential warranty claim, or otherwise without apparent knowledge of this Settlement Agreement, Defendants shall promptly reply to any communications or inquiries from such Persons by advising them of this Settlement Agreement and either provide them with a claim packet or with

the toll-free telephone number from which such claim packets may be obtained from the Notice Administrator. All Class Notice forms and claims packets shall be sent to the requesting party by first class mail.

5.4 A computer database shall be established and maintained by the Claims Office and the database shall collect and retain all information necessary to determine the Claimant's eligibility for participation in the settlement and the disposition of the Claim. Plaintiffs' Class Counsel shall be provided full access to the information in this database.

5.5 An Eligible Claimant must properly complete and timely file a Claim Form. In order for the claims office to initiate the processing of a Claim Form, Claimants must provide the following basic information:

- a. name(s) of Claimant(s);
- b. mailing address;
- c. address of Property for which a Claim is being submitted (if different from the mailing address);
- d. evidence that the Claimant's siding is Hardboard Siding manufactured by the Defendants, in one of the forms delineated in Paragraph 5.6 below; and
- e. verification that the Claimant is (or with respect to Claims involving a Prior Claim or a Claim for Unreimbursed Repair, was) the owner of the Property (examples of sufficient verification of property ownership include property tax bills for the current year, deeds or deed of trust) or that the Claim has been properly assigned to the Claimant.

5.6 When submitting a Claim Form, the Claimant must also provide one of the forms of proof set forth in subparagraphs (a) through (e) that the Claimant's siding is Abitibi or ABT Siding, or in the alternative, a check in accordance with subparagraph (f), below:

- a 2" x 2" square or 2" diameter round sample of the Siding from the structure in question sufficient to identify the Product as manufactured by Defendants; or
- a prior communication from one of the Defendants (such as where a prior warranty claim was considered) which acknowledges that the siding on the subject Property is Abitibi or ABT Siding; or

- c. an invoice or warranty, along with photographs of the exterior walls of the Property, that shows that the siding on the Property is Abitibi or ABT Siding; or
- a photograph depicting the back of the siding and showing the identifying stamp of the ABT or Abitibi Defendants; or
- e. such other evidence that reasonably identifies the Siding as ABT or Abitibi Siding.
- f. If the Claimant does not provide one of the proofs of product identification described above, s/he may have the product identified by sending to the Claims Office a check or money order in the amount of \$50 made payable to the Independent Inspector firm. In the event that the Independent Inspector identifies the product as Abitibi/ABTco hardboard siding, the Inspector shall proceed to inspect the property in accordance with the terms of Section 6, below, and the \$50 shall be refunded to the Claimant with the payment of his/her Claim.

Notwithstanding any other provisions of this paragraph, the requirement of proof that the siding in question is Abitibi or ABT Siding is satisfied if the Defendants' records or warranty claims database confirm that the siding on the subject property is Abitibi or ABT Siding.

5.7 Processing of each of the Claim Forms by the Claims Office shall commence when the Claimant provides the Claims Office with the information required by Paragraphs 5.5 and 5.6, above. The Claims Office shall advise any Claimant who fails to submit information required by the Claim Form, including the information specified in Paragraphs 5.5 and 5.6, of the respects in which the Claim Form is incomplete and request the Claimant to supply the missing information. Any request by the Claims Office must be in writing and mailed to the Claimant by first class mail within forty-five (45) days after the receipt of the Claim Form; if no such request is made, processing of the Claim Form shall commence prior to the expiration of the 45 day period; provided, that no Claim will be eligible for payment until the information required by Paragraphs 5.5 and 5.6 has been supplied.

5.8 If a request for information described in Paragraphs 5.5, 5.6 and 5.7 is timely made by the Claims Office but not complied with by the Claimant within one hundred and eighty

(180) days after the mailing of such request, absent reasonable justification for the delay, the Claim may be denied by written notice to the Claimant, without prejudice to the right of the Claimant to file within the Claim Period an additional Claim for the same or different Damage. The filing date for the subsequent Claim, if any, will not relate back to the date of the earlier Claim; provided, that the Non-Painting Deduction, if any, applicable to such Claim shall be governed by Paragraph 1.22(b)(vi).

5.9 All Claimants with Compensable Damage to Hardboard Siding shall be paid in accordance with the Damage Payment calculation provided for in this Settlement Agreement, without regard to contrary requirements that may have been set forth in any prior warranty applicable to such Siding and without regard to any legal or factual defenses Defendants might have been able to assert to such payment in the absence of this Agreement. In this regard, and for purposes of this Settlement Agreement only, Defendants specifically waive as to the Settlement Class Members all legal and factual defenses that might have been asserted against such claim, including without limitation, defenses asserting a lack of causation, intervening or superseding cause, lack of privity, lack of reliance, the "economic loss" rule, contributory negligence, assumption of risk, failure to make timely demand, that the express warranty was not the "basis of the bargain," or because of a statute of limitations or repose.

5.10 Defendants may make one offer of settlement to a Claimant (the "Accelerated Payment Offer") for each Claim submitted. For the first six (6) months after the Fairness Hearing, the Defendants shall have a reasonable period of time (not to exceed 45 days) after a substantially complete Claim Form is received by the Claims Office in which to make the Accelerated Payment Offer. After that six-month period, Defendants shall have thirty (30) days after a substantially complete Claim Form is received by the Claims Office in which to make the Accelerated Payment Offer. For purposes of deciding whether they will make such an offer, Defendants may evaluate the Claim by making a single visit to the Property at such reasonable time as may be agreed to by the Claimant to obtain additional details about his or her Claim. After such review and evaluation, and in their sole discretion, Defendants may elect to make a

written settlement offer to Claimant to resolve the Claim without resort to the independent inspection procedure under Section 6, below. Any written offer under Paragraph 5.10 or 5.11 shall include the Accelerated Payment check and shall be communicated to Claimant in substantially the forms attached as Exhibit I and Exhibit J and shall include a detailed explanation of the basis for and calculation of the Accelerated Payment Offer.

5.11 If the amount of the Damage Payment under this Settlement Agreement reasonably can be determined from the information presented to the Defendants in the Claim Form, or if the Defendants inspect the property of the Claimant, the Accelerated Payment Offer shall be calculated on the same basis as the Damage Payment that would otherwise be due under this Settlement Agreement. If the amount of the Damage Payment cannot reasonably be calculated from such information, the amount of the Accelerated Payment Offer shall be set by the Defendants in good faith, applying the compensation principles set forth in this Settlement Agreement.

5.12 Any Claimant who receives an Accelerated Payment Offer shall have forty-five (45) days after its receipt to decline the offer. Any Claimant who deposits or cashes an Accelerated Payment check shall have the unilateral right, for an additional period of thirty (30) days after depositing or cashing the Accelerated Payment check, to revoke his or her acceptance by returning the amount of the check and electing in writing to have his or her Claim inspected, processed and determined under Section 6, below. If a Claimant does not decline an Accelerated Payment Offer within forty-five (45) days after its receipt, the Accelerated Payment Offer shall be deemed accepted; provided, however, if the Claimant was absent from the Property or did not receive the check or Accelerated Payment Offer or failed to return the amount of the check due to mistake or excusable neglect, the forty-five day revocation period shall run from the date the Claimant returns to the Property, receives the check, or discovers the mistake, whichever is sooner.

5.13 Class Counsel, including their experts, consultants or agents, shall be allowed reasonable access to review the records of Defendants that pertain to the Accelerated Payment

Offers. If at any time Class Counsel are not reasonably satisfied that Defendants have implemented and are administering the process for the Accelerated Payment Offers in conformance with this Agreement, Class Counsel shall advise Defendants of their concerns. If Defendants fail to satisfy these concerns, Class Counsel may, at their sole discretion, bring the matter to the attention of the Court by noticed motion. In its discretion, the Court may conduct a hearing on any objections raised by Class Counsel, and if the Court finds that Defendants' have failed to implement the Accelerated Payment Offer process in good faith, the Court may provide such relief as it deems proper under the circumstances, including the revocation of the Accelerated Payment Offer process.

5.14 All Claims that are not resolved by an Accelerated Payment Offer shall be inspected by the Independent Inspector in accordance with the provisions of Paragraph 6, below.

5.15 Claims shall be processed and paid in a reasonably prompt manner, substantially in the order in which they are received; provided, however, that priority may be given to Claimants who have listed, posted or advertised their Property for sale and priority shall be given to Claimants who are experiencing water intrusion into their homes which they have contracted to repair. The Claims Office shall calculate the Damage Payment due Eligible Claimants in accordance with the terms of this Settlement Agreement and shall make such payments directly to Eligible Claimants or their assignees. The amount of such Damage Payments shall be entered into the Claims Office's computer data system. Upon written request by Class Counsel, a listing of such payments shall be provided to Plaintiffs' Class Counsel no less frequently than quarterly.

5.16 Any Damage Payment made on the basis of the results of the inspection of the Independent Inspector in an amount greater than five-hundred dollars (\$500) shall be made in two installments. The first installment shall be in an amount equal to eighty percent (80%) of the total Damage Payment and it shall be paid at the time the Claimant is advised of the amount of his or her Compensable Damage as determined by the Independent Inspector's inspection. The second installment equal to the remaining twenty percent (20%) shall be paid promptly upon the Claimant's submission to the Claims Office of satisfactory evidence of the Claimant's purchase

of any type of replacement siding or other exterior wall cladding to repair the areas of Compensable Damage to the Claimant's Property or other evidence that repairs have been made.

5.17 Any person who acquires Property from a Class Member after the Initial Notice Date may, if he or she so elects, succeed to all the rights and obligations of the Class Member under this Settlement Agreement.

5.18 All forms of notice, claims, claim denial, etc. used by the Defendants to explain the rights of Class Members under the Settlement shall be communicated in a timely manner, shall be clear, drafted in "plain English" and approved in advance by Co-Lead Class Counsel.

5.19 Any Eligible Claimant who suffers additional Damage to his/her Hardboard Siding that has not already been the subject of a Claim hereunder may submit up to five additional Claims within the Settlement Agreement Claim Period, not to exceed one every twelve months; provided, however, that Defendants shall not be obligated to pay more than once for Damaged Siding for which a Claimant previously has been compensated.

#### 6. INDEPENDENT INSPECTION

6.1 The Property of any Eligible Claimant filing a Claim that is not satisfied by an Accelerated Payment Offer shall be inspected by the Independent Inspector and the Damage Payment shall be calculated and the Claim shall be paid in accordance with the results of that inspection. The Claims Office shall request an inspection of the Claimant's Property by the Independent Inspector within the earlier of fourteen (14) days following a Claimant's rejection of an Accelerated Payment Offer, or, if an Accelerated Payment Offer is not made, forty-five (45) days after a substantially complete Claim Form is received by the Claims Office; and the inspection shall occur as soon thereafter as reasonably practicable. The Independent Inspector will use its best efforts to ensure that inspections occur within forty-five (45) days after being requested by the Claims Office to conduct an inspection.

6.2 In making the inspection, the sole duties of the Independent Inspector shall be: (a) to verify that the Claimant's siding is Hardboard Siding if requested to do so pursuant to Paragraph 5.6(f) or by Defendants (at their expense); (b) to calculate and record the amount of

Damage and Excluded Damage on the Site Built Structures and the number of panels on Mobile Homes evidencing Damage; and (c) to report his or her findings to Claims Office. The Independent Inspector shall not be made aware of the existence and terms of any Accelerated Payment Offer made to the Claimant. The findings of the Independent Inspector shall be made in writing in the Field Inspection Report, which shall be mailed or otherwise transmitted to the Claims Office within ten (10) business days following the completion of the inspection.

6.3 If Defendants do not make an Accelerated Payment Offer, the Defendants shall pay the cost of inspection. If Defendants do make an Accelerated Payment Offer which is rejected by Claimant, the cost of the Independent Inspection also shall be borne by Defendants unless the amount of the Accelerated Payment Offer exceeds the Damage Payment, in which case the inspection fee shall be borne by the Claimant up to a maximum of \$150 and deducted from the Damage Payment.

6.4 Within thirty (30) days of receipt of the Independent Inspector's Field Inspection Report, the Claims Office shall send to the Claimant a check for the first installment of the Damage Payment due under paragraph 5.16, calculated in accordance with the results of the Independent Inspection, a copy of the Field Inspection Report and an explanation of the calculation of the Damage Payment and the Claimant's rights with respect thereto.

6.5 If a Claimant is dissatisfied with the determinations made by the first Independent Inspector, the Claimant may request a second independent inspection by so notifying the Claims Office. The notification must be in writing and postmarked no later than thirty (30) days following the Claimant's receipt of the first installment Damage Payment check or written denial of the Claim, and the Claimant must return the Damage Payment check to the Claims Office with the notification. If the check was for less than \$150, the Claimant must also send a check made payable to the Claims Office for the difference between the Damage Payment and \$150 (the amount of the inspection fee for which Claimant is responsible). Promptly upon its receipt of a timely objection and check from the Claimant, the Claims Office shall order a second inspection of the Claimant's Property. The second inspection shall be conducted by a different individual

inspector from the Independent Inspection firm, and the second inspector shall not be made aware of the existence or results of the first inspection.

6.6 If a Claimant requests a second inspection, his or her Damage Payment will be calculated on the basis of the results of whichever of the two inspections results in the greater award. The Damage Payment will be reduced by the amount of the second inspection fee unless the Second Inspection results in a payment to the Claimant that is 25% or more greater than the payment that was calculated on the basis of the original Independent Inspection, in which event the amount of the second inspection fee will be refunded to the Claimant or will not be deducted from the Damage Payment, as appropriate.

6.7 In the event any Party reasonably believes that any of the Independent Inspectors are not properly applying any of the terms of Paragraph 6 (including the inspection protocol attached as Exhibit K), or in the event there is a question about the application of the terms of this Agreement by any of the Independent Inspectors, then: (a) the objecting Party's counsel shall notify counsel for the other Parties to this Agreement in writing of the concern; (b) Plaintiffs' Co-Lead Class Counsel and counsel for Defendants shall confer within thirty (30) days of receipt of the written notification to try to resolve the concern; and (c) in the event Plaintiffs' Co-Lead Counsel and counsel for Defendants cannot resolve the concern, then the dispute shall be submitted to the Court or other third party mutually agreeable to the Parties for resolution.

## 7. ENHANCED WARRANTY FOR LATER PURCHASERS; ADDITIONAL EFFORTS TO PROVIDE INSTALLATION AND MAINTENANCE INSTRUCTIONS TO PROPERTY OWNERS

7.1 As part of this Settlement Agreement, upon the entry of the Final Order and Judgment in this Action, the ABT Defendants agree to provide the Enhanced Warranty to any person who installs the Hardboard Siding within two (2) years after the Initial Notice Date in a form substantially equivalent to the Enhanced Warranty attached hereto as Exhibit D, provided that the terms of such Enhanced Warranty may be changed within such two (2) year period in order to bring it into compliance with any subsequent changes in federal or state law.

7.2 The ABT Defendants also agree to adopt and to make available to each Class Member whose identity becomes known to them, and to use their best efforts to provide to each Person who installs Hardboard Siding within two (2) years after the Initial Notice Date, a copy of their Owner Maintenance Instructions, Installation Instructions and Owner's Installation Check List in substantially the form attached hereto as Exhibits L, M and N.

7.3 As to any purchaser who purchases Hardboard Siding manufactured by the ABT Defendants subsequent to the entry of the Initial Notice Date, whether or not covered by the Settlement Agreement, the ABT Defendants agree not to assert as a defense to any claim on account of damage to such Siding that the Siding was improperly installed or maintained so long as such Hardboard Siding was installed or maintained, as the case may be, in compliance with the installation and maintenance instructions attached hereto; provided, however, that such instructions may be changed to reflect changes in good building practices in the area in which the Siding is installed.

## 8. RIGHT TO CONDUCT AUDITS

8.1 Plaintiff's Co-Lead Class Counsel shall have the right to audit the Defendants' Accelerated Payment Offers.

8.2 Additionally, Plaintiffs' Class Counsel may generally audit the Defendants' compliance with the terms of this Agreement. In this connection, the Defendants' shall pay the costs and fees incurred by Class Counsel in performing such audits, including the costs and fees charged by any consultants they may retain to assist them, up to a maximum total cost for all such audits under paragraphs 8.1 and 8.2 of \$40,000. The timing of any and all audits under this Paragraph 8.2 shall be at the sole discretion of Plaintiffs' Co-Lead Class Counsel, provided that the sole issue to be considered in connection with any such audit is whether Defendants have properly implemented and complied with the terms of this Settlement Agreement.

## 9. NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

9.1 Upon Preliminary Approval, and as the Court may otherwise direct, the Parties shall cause the Notice of Proposed Class Action Settlement describing this proposed Settlement

Agreement and the Fairness Hearing to be provided to the members of the Settlement Class as provided in this Section and in accordance with the Notice Plan or as otherwise approved or directed by the Court.

9.2 The mailed Notice, in a form substantially in the form of attached Exhibit E and approved by the Court, shall be mailed, first class postage prepaid, to each member of the Class identified by the Parties through reasonable efforts. The Notice shall be made available for distribution and publication in Spanish as well as English where appropriate or upon request.

9.3 No later than the Initial Notice Date, the Notice Administrator shall cause a nationwide toll-free telephone facility and Internet website to be established, in accordance with Paragraph 11.1 below. The telephone facility shall be capable of (a) receiving requests for the long form of the Notice of Proposed Class Action Settlement and other materials described in this Section; (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 Class Members as provided in this Paragraph. The facility may, as reasonable and appropriate under instructions from Plaintiffs' Co-Lead Class Counsel, 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' Co-Lead Class Counsel and Defendants jointly direct.

9.4 The Notice of Proposed Class Action Settlement shall be mailed to additional Settlement Class Members whose identities or addresses become known during the term of the Agreement. The Notice of Proposed Class Action Settlement shall also be distributed to such contractors, builders, distributors and mobile home manufacturers who are reasonably determined by Defendants and/or Plaintiffs' Class Counsel to have been involved in the sale, distribution, installation or use of Defendants' Hardboard Siding.

10.1 A Settlement Class Member may opt out of the Class during the Opt-Out Period. To exercise the opt-out right set forth in this Paragraph, the Settlement Class Member must complete, sign, and return a request for exclusion. The request must be signed by the Settlement Class Member and must state the address of the Settlement Class Member's Property(ies) on which Hardboard Siding has been installed and the number of units of residential Property or commercial structures clad with the Siding. Such request must be postmarked on or before the end of the Opt-Out Period and sent to the Notice Administrator (who shall provide one copy of the opt-out notice to Co-Lead Class Counsel and one copy to Defendants). Any Settlement Class Member who elects to opt out of the Settlement Class pursuant to this Paragraph shall not be entitled to relief under or be affected by this Agreement or the Settlement Agreement. Class Counsel may contact opt-outs to assure that the opt-outs understand the effect of their election.

10.2 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 as to any Class Member who opts out of the Settlement until ninety (90) days after receipt of the request to opt out or for such longer period as the law may provide without reference to this Agreement.

10.3 In the event that, in the sole discretion of the Defendants, the number of Class Members requesting exclusion reaches a level that in their judgment threatens to frustrate the essential purpose of this Agreement, Defendants may elect unilaterally to terminate this Agreement by so notifying Plaintiffs' Class Counsel and the Court, not less than ten (10) days prior to the date set for the Fairness Hearing.

10.4 If this Agreement is terminated by Defendants under Paragraph 10.3, the legal position of each Party shall be the same as it was immediately prior to the execution of this Agreement; and each Party may exercise its legal rights to the same extent as if this Agreement never had been executed.

#### 11. NOTICE ADMINISTRATION

11.1 The Notice Administrator shall, under the supervision of the Court, establish and maintain the toll-free number and answering system (including live operators to the extent deemed necessary by mutual agreement of Plaintiffs' Class Counsel and Defendants) and Internet web site, and shall mail the Class Notice, appropriate claim forms attached hereto as Exhibits A, B and C, and Request for Exclusion form to any Property Owner who requests a copy. The substance and content of the answering system, Internet web site, and any scripts or pre-selected or suggested dialog shall be subject to Defendants' prior approval, provided that such approval is not unreasonably withheld. The Notice Administrator shall maintain the records of its activities, including logs of all telephone calls and a running tally of the number of Notice packages mailed, in computerized database form and shall provide such periodic and special reports and other such information as the Court, Plaintiffs' Class Counsel (with notice to and consent of Defendants, provided such consent is not unreasonably withheld) and/or Defendants may request. Plaintiffs' Co-Lead Class Counsel and Defendants shall have the right independently to audit any work of the Notice Administrator. The Notice Administrator may, as appropriate under instructions from Plaintiffs' Co-Lead Class Counsel with the consent of counsel for the Defendants, which shall not unreasonably be withheld, provide additional information or refer individual inquiries to Plaintiffs' Class counsel for response.

11.2 In the event Plaintiffs' Co-Lead Class Counsel or Defendants reasonably believe that the Notice Administrator is not properly applying any of the terms of this Agreement or in the event there is a question concerning the application of the terms of this Agreement by the Notice Administrator, the Parties shall meet and attempt to resolve the matter, failing which the dispute promptly shall be submitted to the Court whose ruling shall be final and non-appealable.

12. EXCLUSIVE REMEDY; DISMISSAL OF ACTION; JURISDICTION OF COURT

12.1 The terms and conditions of this Agreement shall constitute the sole and exclusive remedy for any and all Settled Claims of Class Members against Defendants; and upon entry of

the Final Order and Judgment by the Court, each Class Member who has not opted out of the Class shall be barred from initiating, asserting or prosecuting any Settled Claims against Defendants.

12.2 From and after the entry of the Final Order and Judgment, no action or proceeding may be brought by any public or private party on behalf of a Class Member in which any Settled Claim is asserted or the subject of inquiry; nor may any Class Member commence or remain a member of a class action or be the beneficiary of any state or federal proceeding in which any of the Settled Claims is asserted against any of the Defendants or is the subject of inquiry. As soon as practicable after the Settlement Date, the Complaint in the Action shall be dismissed.

12.3 The Court shall retain exclusive and continuing jurisdiction of the Action, all Parties and Class Members, to interpret and enforce the terms, conditions, and obligations of this Agreement, including any question regarding the proper administration of the Settlement Agreement.

# 13. RELEASES

13.1 Upon entry of the Final Order and Judgment, each Settlement Class Member who has not timely opted out of the Settlement Class shall, 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 or co-tenant of any kind, affiliate, subrogee, assignee, or insurer (the "Releasing Parties"), and regardless of whether any Class Member executes and delivers a written release, be deemed to and does hereby release and forever discharge Defendants, and all of their present and former divisions, predecessors, affiliates, subordinates, parents and all of their present or former directors, officers, attorneys, employees, servants, agents, successors, assigns, subsidiaries and insurers (including co-insurers and re-insurers) solely with regards to policies held by Defendants (all the foregoing parties being referred to as "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 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 may otherwise be provided in this Agreement.

13.2 The Releasing Parties specifically release and forever discharge any other person or entity from any and all claims that arise out of Hardboard Siding on the Property of a Releasing Party to the extent such claims are based on alleged defects or inadequacies in the design, manufacture, advertising, product literature, sale, distribution or marketing of Hardboard Siding, all of which claims have been compromised and settled in their entirety by Defendants under the terms of this Settlement Agreement; PROVIDED, HOWEVER, Releasing Parties retain any other claim or cause of action (such as for improper installation of the Siding) they may have against any other person or entity not a Party to this Settlement Agreement.

13.3 If any Releasing Party brings an action or asserts a claim against a Release contrary to the terms of this Release, the counsel of record for such Releasing Party shall be provided with a copy of this Settlement Agreement. If such Releasing Party does not within thirty (30) days thereafter dismiss his or her action or claim and the action or claim is subsequently dismissed or decided in favor of the Releasee, the Releasing Party shall indemnify and hold harmless the Releasee from any and all costs and expenses, including reasonable attorneys fees, incurred by the Releasee in the defense of the action or claim.

13.4 Except as otherwise provided in this Paragraph 13, nothing in this Agreement shall be construed in any way to prejudice or impair the right of Defendants or members of the Settlement Class to pursue such rights and remedies as they may have against third parties or under any applicable insurance policies. Nothing in this Agreement limits the rights of members of the Settlement Class to pursue claims for Hardboard Siding installed on a Property subsequent to the Initial Notice Date.

14. EXPENSES AND FEES

14.1 The Defendants shall pay all reasonable fees and expenses incurred in providing the Notice called for under this Agreement and under the Notice Plan (or as otherwise ordered by the Court) (the "Notice Costs").

14.2 If the Court does not issue the Final Order and Judgment, or in the event that for any reason the Settlement Date does not occur, Defendants nevertheless shall continue to bear the costs of the Notice Plan and any other expenses incurred to such point in implementing the terms of this Agreement, along with any associated shutdown expenses, including any notices as the Court may direct and Defendants shall not have the right to recoup such funds, regardless of whether the Court issues the Final Order and Judgment. Plaintiffs' Class Counsel and the Class Members shall bear no obligation for any costs incurred in connection with the implementation of the Notice Plan or for any other expenses incurred by the Defendants hereunder.

14.3 Within 7 days after the Settlement Date, the Defendants shall pay on behalf of the Settlement Class Members reasonable attorneys' fees in the amount of \$7,000,000 and reasonable expenses in immediately available funds subject to agreement between Co-Lead Class Counsel and counsel for Defendants in an amount not to exceed \$375,000.

14.4 Within 7 days after the Settlement Date, the Defendants shall pay any Court approved incentive award to the currently named Plaintiffs in this Action, and in FYOLA, ET AL. V. ABITIBI-PRICE, INC., ET al., Case No. GD 95-12854; JOHN EZZELL, ET AL. V. ABTCO., INC., CASE No. 9 7-CVS-167, Superior Court Division of State of North Carolina; WILLIAM BEENY AND DEBORAH BEENY, ET AL. V. ABTCO., INC., ET AL., Case No 99-CV-206193, Circuit Court of Jackson County, Missouri; and JOEL UPTAIN, ET AL., V. ABTCO., ET AL., Case No. 99C-08974, District Court of Johnson County, Kansas, not to exceed \$5,000 to any one individual or married couple.

14.5 Class Counsel may designate two attorneys among them to assist in the implementation of the duties of Class Counsel under this Settlement Agreement. The ABT Defendants shall pay the reasonable fees of these two attorneys (not to exceed their normal hourly rates) for time actually incurred by them to accomplish the necessary duties of Class Counsel hereunder. Class Counsel shall provide bills in accordance with the ABT Defendants' billing guidelines to ABT Defendants and counsel for ABT Defendants.

14.6 In the event of an appeal of the Final Order and Judgment, Defendants agree to pay simple interest on the fees due under paragraph 14.3 (at the prime rate of interest in effect at

such time) from the date of the Final Order and Judgment until the Settlement Date. The interest rate payable under this paragraph 14.6 shall be recalculated every 6 months.

# 15. ENFORCEMENT OF AGREEMENT

15.1 In the event Defendants fail to perform under the Agreement or to make a payment due and owing under the terms of this Agreement, Plaintiffs' Co-Lead Class Counsel shall give Defendants written notice of the breach. If the breach is not cured to the satisfaction of Class Counsel within sixty (60) days, Plaintiffs' Class Counsel shall apply to the Court for relief.

15.2 In the event of a breach by Class Members or Defendants under this Agreement, the Court may exercise all equitable powers over the breaching Party(ies) 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, contempt and injunctive relief.

#### 16. REPRESENTATIONS AND WARRANTIES

Defendants represent and warrant that (i) they have 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 corporate action on the part of such Defendants; (iii) their signatories to the Agreement have full authority to sign on behalf of and to bind such Defendants to the terms of the Agreement, and (iv) this Agreement has been duly and validly executed and delivered by such Defendants and constitutes their legal, valid and binding obligation.

## 17. MISCELLANEOUS PROVISIONS

17.1 This Agreement is for settlement purposes only. It has been entered into for the purpose of compromising and settling a disputed matter and is not an admission of a deficiency in the manufacture of Hardboard Siding, or in the handling or administration of prior warranty claims or in the validity of any denial or defense asserted by Defendants, nor is this Agreement an admission by Plaintiffs of the validity of any of the Defendants' asserted defenses. Neither

the execution of this Agreement, nor any of its provisions or attachments, nor any action taken pursuant to its terms shall be admitted in this or any other Action or proceeding as evidence or construed as an admission by either Party of the validity of any claim or of any defense or of any facts alleged in this or any other Action. This Agreement, however, may be admitted as evidence in any action to enforce its terms.

17.2 Any certification of a conditional or preliminary Settlement Class pursuant to the terms of this Agreement shall not constitute, and shall not be construed as, an admission on the part of Defendants that this Action, or any other proposed or class action, is appropriate for certification as a litigation class pursuant to Ala. R. Civ. P. 23 or any similar state or federal class action statute or rule. This Agreement is without prejudice to the rights of Defendants to (a) seek to vacate the conditional certification order in this Action should this Settlement not be approved or implemented for any reason; or (b) oppose final certification in this Action should this Settlement not be approved or implemented for any reason; or (c) use the certification of this Settlement Class to oppose certification of any other proposed class arising out of the issues and claims that are asserted herein.

17.3 This Settlement Agreement has been negotiated at arm's length by Class Counsel and counsel for the Defendants. If a dispute should later arise regarding any of its terms, no Party shall be deemed to be the drafter of any particular provision of the Agreement; and no part of the Agreement shall be construed against any Party. The Parties further acknowledge and agree that the obligations and releases contained in the Agreement are fair and reasonable in the context of the compromises negotiated.

17.4 Plaintiffs' Co-Lead Counsel and counsel for Defendants regularly shall meet in person or by telephone conference to discuss the implementation and execution of this Agreement and to attempt to resolve any concerns of the Parties regarding its implementation.

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

17.6 Plaintiffs' Class Counsel have taken substantial discovery in the Action, including extensive document review and depositions of the Defendants' personnel with responsibility for claims processing and manufacture of Siding. In addition, Class Counsel have engaged in extensive informal discovery, have consulted with experts and interviewed many potential witnesses with relevant knowledge of the issues in this case. Based on that formal and informal discovery - as well as Class Counsel's knowledge of and participation in other class actions involving hardboard siding - Class Counsel have evaluated the factual bases for the claims asserted in the Action and as to many of the defenses raised by Defendants to those claims. Class Counsel believe they have engaged in more than sufficient discovery to evaluate the terms of this Agreement on an informed basis and to negotiate a fair and reasonable resolution of the Action.

17.7 This Agreement, including all attached Exhibits, shall constitute the entire Agreement among the Parties with regard to the subject matter of this Agreement and shall supersede any previous agreements and understandings between the Parties. This Agreement may not be changed, modified, or amended except in writing signed by Plaintiffs' Co-Lead Class Counsel and Defendants' counsel and subject to Court approval. The Parties contemplate that the Exhibits may be modified by subsequent agreement of counsel for all Defendants and Plaintiffs' Co-Lead Class Counsel prior to dissemination to the Class Members.

17.8 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.

17.9 This Agreement, if approved by the Court, shall be binding upon and inure to the benefit of the Class, the Parties, and their representatives, heirs, successors, and assigns.

17.10 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. References to a "Section" includes reference to all paragraphs within the referenced Section.

17.11 Any notice, instruction, application for Court approval or application for Court order 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 or by facsimile followed by overnight courier, to the following representatives of the parties:

FOR ABT DEFENDANTS:

Stephen Zovickian Michael I. Begert Geoffrey M. Howard MCCUTCHEN, DOYLE, BROWN & ENERSEN, LLP Three Embarcadero Center San Francisco, California 94111

FOR THE PLAINTIFF CLASS:

Charles R. Watkins SUSMAN & WATKINS Two First National Plaza Suite 600 Chicago, Illinois 60603

David J. Guin DONALDSON, GUIN & SLATE, LLC 2900 Highway 280 Suite 230

Birmingham, Alabama 35223

SPECIAL COUNSEL FOR MOBILE HOME OWNERS:

Justin O'Toole Lucey JUSTIN O'TOOLE LUCEY, P.A. 415 Mill Street Mt. Pleasant, South Carolina 29464

17.12 Except as otherwise provided in this Agreement, any filing, submission, Claim, notice or written communication shall be deemed filed, delivered, submitted or effective as of the date of its postmark when mailed first class, registered or certified mail, postage prepaid, properly addressed to the recipient, or when delivered to any commercial one- or two-day

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FOR ABITIBI DEFENDANTS:

George F. Hritz HOGAN & HARTSON, LLP. 100 Park Avenue New York, New York 10017

John W. Sharbrough, III M. Stephen Dampier THE SHARBROUGH LAW FIRM, LLC P.O. Box 996 Mobile, Alabama 36601

Steven A. Martino JACKSON, TAYLOR & MARTINO, P.C. P.O. Box 894 Mobile, Alabama 36601-0894 delivery service properly addressed to the recipient, or when actually received by the recipient, whichever first occurs.

17.13 Throughout the Term of this Agreement, in accordance with record retention policies that are reasonably satisfactory to Class Counsel, Defendants will use reasonable efforts to preserve all records and evidence at the Roaring River plant which are or could be relevant to, or could lead to the discovery of relevant evidence, concerning the research and development of Hardboard Siding, its marketing, distribution, and manufacture, and the operation of its Hardboard Siding warranty claims process.

17.14 Each Class Member who files a Claim under the Settlement Agreement and does not repair or replace the siding for which a Damage Payment was made shall advise any direct, subsequent purchaser of the Property in writing of the existence of this Settlement Agreement and the amount of the Damage Payment.

17.15 In no event shall Defendants, any attorneys representing Defendants, Plaintiffs or Plaintiffs' Class Counsel have any liability for claims of wrongful or negligent conduct by any third party with respect to the implementation of any term of this Settlement Agreement.

DATED this 3 day of May, 2000.

ABT DEFENDANTS:

ABTco, Inc.	ABT BUILDING PRODUCTS CORP.
By: /s/ Curtis M. Stevens By:	/s/ Curtis M. Stevens
Its: Vice President, Finance and Its: Treasurer	Treasurer
By: /s/ Stephen Zovickian By:	/s/ Stephen Zovickian
Stephen Zovickian McCUTCHEN, DOYLE, BROWN & ENERSEN, LLP Three Embarcadero Center San Francisco, California 94111 (415) 393-2000	Stephen Zovickian McCUTCHEN, DOYLE, BROWN & ENERSEN, LLP Three Embarcadero Center San Francisco, California 94111 (415) 393-2000
Counsel for ABT Defendants	Counsel for ABT Defendants

ABITIBI DEFENDANTS:

ABITIBI-CONSOLIDATED, INC., ABITIBI-PRICE CORP. formerly ABITIBI-PRICE, INC. /s/ Louis Veronneau /s/ Louis Veronneau By: By: \_\_\_\_\_ -----Its: Managing Counsel Its: Managing Counsel ----------By: /s/ George F. Hritz By: /s/ George F. Hritz ----------- - - -George F. Hritz George F. Hritz HOGAN & HARTSON, LLP HOGAN & HARTSON, LLP 100 Park Avenue 100 Park Avenue New York, New York 10017 New York, New York 10017 (212) 916-7228 (212) 916-7228 Counsel for Abitibi Defendants Counsel for Abitibi Defendants FOR THE PLAINTIFF CLASS: /s/ Charles R. Watkins /s/ John W. Sharbrough, III ---------------John W. Sharbrough, III Charles R. Watkins SUSMAN & WATKINS M. Stephen Dampier THE SHARBROUGH LAW FIRM, LLC Two First National Plaza Suite 600 P.O. Box 996 Chicago, Illinois 60603 Mobile, Alabama 36601 /s/ David J. Guin /s/ Steven A. Martino . . . . . . . . . . . . . . -----David J. Guin Steven A. Martino DONALDSON, GUIN & SLATE, LLC JACKSON, TAYLOR & MARTINO, P.C. 2900 Highway 280 P.O. Box 894 Suite 230 Mobile, Alabama 36601-0894 Birmingham, Alabama 35223 SPECIAL COUNSEL FOR MOBILE HOME OWNERS: /s/ Justin O'Toole Lucey - -----

Justin O'Toole Lucey JUSTIN O'TOOLE LUCEY, P.A. 415 Mill Street Mt. Pleasant, South Carolina 29464

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.

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