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LOUISIANA-PACIFIC

1981

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COVERING NEW YORK, AMERICAN & REGIONAL STOCK EXCHANGES & INTERNATIONAL COMPANIES

MOODY'S®

INDUSTRIAL MANUAL

Moody's Investors Service
a company of The Dun & Bradstreet Corporation

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LOUISIANA-PACIFIC CORPORATION

CAPITAL STRUCTURE

LONG TERM DEBT

Issue	Rating	[1]Amount Outstanding	Times Charges Earned 1980	Times Charges Earned 1979	Interest Dates	Call Price	Price Range 1980	Price Range 1979
1. Notes payable	....	$143,540,000			....	.....	......	....
2. Fibreboard Corp. cv. sub. deb., 4¾s, due 1993	...	3,398,000	....	....	A & O15	[5]101.75	51½- 51½	....
3. Fibreboard Corp. cv. sub. deb., 6¾s, due 1998	....	2,594,000			A & O15	[5]104.73	89 - 89	91 - 89

CAPITAL STOCK

Issue	Par Value	Amount Outstanding	Earned per Sh. 1980	Earned per Sh. 1979	Divs. per Sh. 1980	Divs. per Sh. 1979	Call Price	Price Range 1980	Price Range 1979
1. Common	$1	[2]29,889,791 shs.	[2]$2.02	[2]$3.57	[3]$0.69	[3]$0.60	.....	29½- 18½	26⅜- 18⅝

[1]Excluding current portion. [2]Based on average com. & com. equiv. shares as reported by Co. and adj. for stk. div. through 1980. [3]Also paid stk. divs.: 1980, 3%; 1979, 3%. [4]Subject to change, see text.

HISTORY

Inc. in Del. in July, 1972 as a wholly-owned subsidiary of Georgia-Pacific Corp.

Pursuant to a settlement between Georgia-Pacific and FTC (which resulted from a proceeding commenced against G-P in which FTC claimed that G-P's acquisition of certain properties in Southern states lessened competition and tended to create a monopoly in softwood plywood industry) G-P formed Co. and on Sept. 25, 1972 transferred to Co. its Samoa Division, Ukiah Division, Intermountain Division, Weather-Seal Division, Southern Division plus its 50% investments in Ketchikan Pulp Co., Ketchikan Spruce Mills, Inc. and Ketchikan International Sales Co., all of which represented about 20% of total net income of G-P. In addition, G-P distributed to its holders of record Jan. 5, 1973, 13,158,689 Co. $1 par com. shs. on basis of one Co. sh. for each 4 G-P shs. held.

In 1973 acquisitions were as follows: Feb. 1, Brewton Lumber Co. in La.; Feb. 9, Summit Lumber Co., Montana; Feb. 15, Kenai Lumber Co., Alaska; Apr. 2, Midstate Development Co., Montana; June 11, Prineville Forest Products, Ore.; June 15, Plumas Lumber Co., Calif.; June 29, Hegewald Timber Co., Wash. and Diamond Lumber Co., Ore.; Aug. 1, Tillamook Plywood Co., Ore.; Nov. 15, Eastern Oregon Pine Co.; Dec. 17, Evans Lumber Co., Alaska.

In 1974, acquisitions were as follows: Feb. 15, Cheney Forest Products, Cheney Lumber Co., Cheney California Lumber Co. and Cheney-Grant Lumber Co.; Mar. 15, Trout Creek, Co., Mo.; April 4, Golden State Bldg. Products, Inc., Ore.; Apr. 12, McAlpine Lumber and Flooring Co., Inc., Ala.; June 28, Commander Industries, Inc., Cal.; July 1, Goodman Div. of Universal Oil Products; and Aug. 2, Inyokern, Cal. sawmill from Sierra-Pacific Industries.

On Nov. 1, 1976 purchased remaining 50% interest in Ketchikan Pulp Co. for a total cost of $46,000,000.

On June 27, 1978 acquired Fibreboard Corp. for $64,340,000 including cost of common stock, preferred stock, warrants and other direct acquisitions costs.

In Oct. 1978 sold Circle Design and Pac-Master machinery-manufacturing operations to Paxall Inc.

In 1979 acquired through subsidiary Louisiana-Pacific Canada Ltd., assets of Salmo Forest Products Ltd, Salmo, British Columbia.

In May 1979 acquired 15 Southern California building material centers from Lone Star Industries Inc. Co. also acquired Lone Star's roof truss manufacturing facility, and cargo handling and distribution facilities.

Proposed Sale of Subsidiary: In May 1980 Co. announced its intention to sell Trimont Land Co., operator of Northstar at Tahoe.

SUBSIDIARIES

Owns entire capital stock of following companies (name and place of incorporation):

Fibreboard Corp. (Del.)
  Trimont Land Co. (Calif.)
  Sugar Pine Railway Co. (Calif.)
Hegewald Timber Co., Inc. (Wash.)
Louisiana-Pacific International, Inc. (Ore.)
  Louisiana-Pacific Canada, Ltd. (Canada)
Louisiana-Pacific Trucking Co. (Ore.)
LPI, Inc. (Ore.)
Kenai Lumber Co. (Alaska)
Ketchikan Pulp Co. (Wash.)
  Panhandle Logging Co. (Alaska)
H.C. Hodges Lumber Co. of West Bay, Inc. (Fla.)
  H.C. Hodges Lumber Co., Inc. (Fla.)
Roy O. Martin, Industries, Inc. (Del.)
New Waverly Transportation, Inc. (Tex.)

BUSINESS

Louisiana-Pacific Corp. is in the business of growing many varieties of trees, both hardwoods and softwoods, for harvest and ultimate conversion into products. Included are lumber, industrial and commodity particleboards, hardboard, plywood, veneers, bleached kraft and dissolving pulps, and chips. Certain remanufactured products are also produced, including wood and aluminum windows and doors, millwork, unfinished wood mouldings, medium density fiberboard, paperboard, corrugated containers and industrial insulation.

The Co.'s wholesale sales organization sells the Co.'s building products, and building products purchased from other producers, primarily to wholesalers and distributors in the United States. Pulp and wood chips are sold to industrial users in the United States and abroad.

Sales Breakdown, By Major Product Groups:

	1980	1979
Redwood lumber	5%	6%
Other lumber	38%	47%
Panel products	18%	17%
Logs, chips, veneer, windows & doors	18%	13%
Pulp	14%	10%
Paperboard & containers	7%	7%
Total	100%	100%

Operating Profit Breakdown, By Major Product Groups:

	1980	1979
Building products (lumber, panel products & oth.)	82%	78%
Pulp, paperboard & containers	18%	22%
Total	100%	100%

PROPERTIES

Lumber Plants (60)

Cal. (19)	Wis. (2)
Ida. (6)	Wyo. (2)
Mont. (3)	Tex. (6)
Wash. (3)	Fla. (2)
Alaska (4)	La. (4)
Ore. (6)	Mich. (2)
British Columbia	

Plywood Plants (5)

Cal.	Tex. (2)
Ore.	La.

Particleboard Plants (6)

Cal. (2)	Mont.
Tex.	La.

Co. also has hardboard plant in Oroville, Cal.; hardwood plywood plant in Burney, Cal.; hardwood veneer plants in Goodman and Mellen, Wisc.; window and door plants in Norton (2), Ottawa and Winesburg, Ohio; millwork plants in Calpella, Red Bluff and Truckee, Cal.; and pulp mills plants in Ketchikan, Alaska and Samoa, Cal.; 2 medium density fiberboard plants in Rocklin, Cal. and Eufaula, Al.; and paperboard mills plant in Antioch, Cal.; corrugated container plants in Antioch, Buena Park Cal., and Phoenix, Ariz.; industrial insulation plants in Fruita, Colo., and Ruston, La.; metal jacketing plant in Palestine, Tex., and printing plates plants in Emeryville and Los Angeles, Cal., and Seattle, Wash.

Co. through 1979 acquisitions also owns a Roof Truss manufacturing facility in Orange, Calif.; and a cargo handling and distribution facility in San Pedro, Calif.

MANAGEMENT

Officers

H.A. Merlo, Chmn., Pres. & Chief Exec. Off.

Vice-Presidents

L.C. Simpson D.R. Kayser
J.C. Hart, Contr.-Treas.
D.R. Holman, Sec.

Directors

(Showing Principal Corporate Affiliations)

Donald R. Holman, Sec., Louisiana-Pacific Corp. and Partner, Miller, Nash, Yerke, Wiener & Hager.

John C. Jaqua, Partner, Sullivan & Cromwell.

Donald R. Kayser, Vice-Pres., Louisiana-Pacific Corp.

Harry A. Merlo, Chmn., Pres. & Chief Exec. Off., Louisiana-Pacific Corp.

James F. Miller, Advisory Dir., Blyth Eastman Paine Webber Inc.

Ralph C. Rounds, Private Investor.

Lee C. Simpson, Vice-Pres., Louisiana-Pacific Corp.

Ralph J. Voss, Retired Chmn., Western Bancorporation.

Auditors: Arthur Andersen & Co.

Shareholders Relations: Gerard R. Griffin, Director—Corporate Communications. **Tel:** (503)221-0800.

Director Meeting: Quarterly.

Annual Meeting: In Apr.

General Counsel: Miller, Nash, Yerke, Wiener & Hager, Portland, Ore.; Sullivan & Cromwell, New York, N.Y.

No. of Stockholders: Dec. 31, 1980, 69,000.

No. of Employees: Dec. 31, 1980, 15,000.

Executive Office: 1300 S.W. 5th Ave., Portland, OR 97201. **Tel.:** (503)221-0800.

INCOME ACCOUNTS

COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED DEC. 31
(in thousands of dollars)

	1980	1979	1978	1977	1976	1975	1974
Net sales	1,195,590	1,301,910	1,042,100	794,480	562,260	386,700	460,100
[1]Cost of sales	936,810	976,520	773,020	573,730	406,250	289,300	301,690
[1]Selling & admin. exp.	80,570	72,800	50,020	36,830	27,550	20,250	19,430
Deprec., amort., etc.	68,030	74,250	59,360	56,660	40,670	30,970	25,440
Cost of timber harvested	19,040	22,260	23,560	17,020	17,500	12,650	20,330
Interest, net	(9,120)	(4,140)	5,960	14,360	12,470	16,150	18,480
Income before inc. taxes, equity earn. & extra. item	100,260	160,220	130,180	95,880	57,820	17,380	74,730
Income taxes	40,250	53,820	48,510	35,830	21,230	4,170	28,600
Inc. before equity earn. & extra. items	60,010	106,400	81,670	60,050	36,590	13,210	46,130
[2]Equity earnings	......	......	......	......	cr3,820	cr3,500	cr10,470
Inc. bef. extraordinary item	60,010	106,400	81,670	60,050	40,410	16,710	56,600
[4]Extraordinary item	......	......	cr127,000	......	......	......	......
Net income	60,010	106,400	208,670	60,050	40,410	16,710	56,600
Earned surplus, beg. of yr.	451,730	379,730	197,760	156,260	129,320	117,840	65,150
Cash dividends	21,160	17,670	15,700	11,090	5,610	5,230	3,910
Fair val. of shs. for stk. div.	19,770	16,730	11,000	7,460	7,860	......	......
Earned surplus, end of yr.	470,810	451,730	379,730	197,760	156,260	129,320	117,840

INCOME ACCOUNTS (Cont'd):

SUPPLEMENTARY P. & L. DATA	1980	1979	1978	1977	1976	1975	1974
Maintenance & repairs	85,850	87,860	70,800	57,490	37,470	26,890	31,340
Deprec. & amort.	68,030	74,250	59,360	56,660	40,670	30,970	25,440
Cost of timber harvested	19,040	22,260	23,560	17,020	17,500	12,650	20,330
Taxes, other than payroll & inc. taxes	12,110	13,810	13,760	...	.....	.....	..

[1]Includes related portions of items shown under "Supplementary P. & L. Data" below statement.
[2]Equity in net income of Ketchikan operations while 50% owned.
[4]1978: Gain from condemnation of timber and timberlands for expansion of Redwood National Park.

Consolidated Statement of Changes in Financial Position (in thousands of dollars):

	1980	1979
Funds Provided:		
Net income	60,010	106,400
Depr., amort. & cost of timber harv.	87,070	96,510
Def. inc. taxes	20,400	12,300
Change in Fibreboard pension liab. cr. to in.	(8,630)	......
Compensation on rec. from U.S. Govt.	(9,180)	.
New borrowing	10,460	5,900
Other trans., net	13,190	(2,140)
Total	173,320	218,970
Funds Applied:		
Cash divs.	21,160	17,670
Plt., equip. & logging road add., net, oth. than Ketchikan purch.	114,920	139,080
Timber & timberlands add., net	29,370	31,340
Reduct. of lg.-tm. debt	29,810	32,970
Purch. of treas. stk.	.....	5,880
Total	195,260	226,940
Addit. (reduct.) to work. cap.	(21,940)	(7,970)

BALANCE SHEETS

COMPARATIVE CONSOLIDATED BALANCE SHEET, AS OF DEC. 31
(in thousands of dollars)

ASSETS	1980	1979	1978	1977	1976	1975	1974
Cash	33,070	2,360	5,870	9,110	15,530	26,400	27,760
Marketable sec.	......	......	60,000	.....	.....	.....	.....
Accounts receivable	87,370	112,670	82,540	69,980	70,290	34,220	37,790
Inventories	159,190	216,380	176,800	129,630	123,100	91,140	101,860
Prepaid expenses	9,820	3,690	4,370	4,030	3,720	2,200	2,200
Total current assets	289,450	335,100	329,580	212,750	212,640	153,960	169,610
Timber & timberlands	202,740	192,410	183,330	141,530	136,410	125,090	133,230
Rec. from U.S. Govt.	59,310	47,720	45,000	.....	.....	.....	.....
[1]Prop., plt. and equip.	847,130	750,220	628,380	488,240	448,740	343,530	315,510
[1]Less: Depreciation	319,750	269,730	212,720	175,780	150,040	123,110	101,610
Net property account	527,380	480,490	415,660	312,460	298,700	220,420	213,900
Invest. in Ketchikan oper.	......	......	......	......	......	42,780	39,490
Invest. & other assets	35,540	45,730	42,590	11,430	8,270	7,440	4,200
Total	1,114,420	1,101,450	1,016,160	678,170	656,020	549,690	560,430
LIABILITIES							
Curr. portion lg.-tm. debt	18,090	30,220	15,230	8,080	11,490	13,540	14,540
Sh.-tm. notes payable	......	......	15,500	350	10,240	.....	.....
Accts. pay. & accr. liabil.	102,750	106,470	85,990	49,900	47,940	27,560	27,310
Income taxes	13,850	21,710	28,190	27,890	25,840	6,620	13,180
Total current liabilities	134,690	158,400	144,910	86,220	95,510	47,720	55,030
Long-term debt	143,540	162,890	189,960	202,840	219,920	208,680	224,890
Pension oblig. related to acq. Co.	3,760	11,130	12,420	.....	.....	.....	.....
Deferred inc. taxes	141,200	120,800	108,500	30,600	27,600	15,900	14,700
Empl. stk. purch. plan	3,890	1,850	1,510	300	790	130	370
Common stock ($1 par)	29,890	29,050	28,640	27,500	26,810	26,320	26,320
Paid-in surplus	188,850	168,960	160,850	137,350	130,430	123,950	123,770
Earned surplus	470,810	451,730	379,730	197,760	156,260	129,320	117,840
[2]Less: Treasury stock	2,210	3,360	10,360	4,400	1,300	2,330	2,490
Total stkhldrs.' equity	687,340	646,380	558,860	358,210	312,200	277,260	265,440
Total	1,114,420	1,101,450	1,016,160	678,170	656,020	549,690	560,430
Net current assets	154,760	176,700	184,670	126,530	117,130	106,240	114,580
PROPERTY ACCT.—ANALYSIS							
Additions at cost	156,660	193,300	143,610	105,710	154,490	46,860	126,800
Sales & retirements	12,010	14,340	26,700	21,830	6,290	4,900	9,740
Other deductions	37,410	48,040	43,790	39,260	31,670	22,080	24,890
DEPREC. RESERVE—ANALYSIS							
Additions chgd. to cost & exp.	49,690	48,490	39,390	34,700	26,500	23,840	20,880
Sales & retirements	*dr*8,120	*dr*6,100	*dr*9,360	*dr*14,790	*dr*3,110	*dr*1,700	*dr*2,030
Other	8,450	14,620	6,910	5,830	3,540	*dr*640	1,300

[1]1980 (in $000):	Book Value	Reserves
Land, impr. & logging rds.	110,680	8,060
Buildings	98,190	25,570
Mach. & equip.	617,830	257,730
Constr. in prog.	20,430	......
Invest. tax credit	......	26,390
Total	847,130	319,750

[2]Shares at cost: 1980, 119,418; 1979, 180,807; 1978, 598,543; 1977, 328,550; 1976, 97,245; 1975, 174,852; 1974, 186,592.

General Notes

Principles of Consolidation: Consolidated financial statements include the accounts of Co. and all subsidiaries in which it owns more than 50% of the voting stock, after elimination of intercompany balances and transactions.

Investments in Ketchikan Pulp Co. (Ketchikan) and Ketchikan International Sales Co. (KISC), a domestic international sales corporation, are referred to as the Ketchikan Operations in the financial statements. Co. purchased remaining 50% of the stock of Ketchikan on Nov. 1, 1976 and later sold its 50% holding in KISC. While 50% owned, the investment in the Ketchikan Operations was reflected in the financial statements using the equity method of accounting, and Co. received management fees and sales commissions from the Ketchikan Operations for management and lumber marketing services.

Inventory Valuation: Inventories of logs and lumber generally are valued for financial purposes at the lower of LIFO and average cost or market (based on current sales prices). Inventory costs include material, labor and operating overhead. LIFO inventories are computed using the dollar-value method, and accordingly it is not possible to present a breakdown of inventories between finished goods and raw materials and supplies. Inventories used in determining the cost of sales in the statements of income were as follows:

Dec. 31, 1977	$129,630
Dec. 31, 1978	$176,800
Dec. 31, 1979	$216,380
Dec. 31, 1980	$159,190

These inventories were determined on the basis of physical inventories, adjusted where necessary for intervening transactions from the date of physical inventory to the end of the year.

Property, Plant and Equipment: Provisions for depreciation of buildings, machinery and equipment have been computed using straight-line composite rates based upon the estimated service lives of the various units of property. Effective straight-line composite rates for principal classes of property and equipment range from approx. 5% to 20%.

No gain or loss is recognized on normal property dispositions; property cost is credited to the asset accounts and charged to the depreciation reserve accounts and any proceeds are credited to the depreciation reserve accounts. When there are abnormal dispositions of property the cost and related depreciation reserves are removed from the accounts and any gain or loss is reflected in income.

Co. capitalizes interest on borrowed funds during construction periods. Capitalized interest is charged to the machinery and equipment account and amortized over the life of the related asset.

Co. defers start-up costs on new construction projects during the start-up phase, and amortizes the deferral over seven years.

Investment tax credits are accounted for using the deferred method. Credits are amortized over an eight-year period as a reduction of depreciation expense.

FINANCIAL & OPERATING DATA

Statistical Record	1980	1979	1978	1977	1976	1975	1974
[4]Earned per sh.—common:							
On Year end shares:							
Before extraord. items	$2.01	$3.55	$2.75	$2.04	$1.40	$0.59	$2.00
Net income	$2.01	$3.66	$7.00	$2.04	$1.40	$0.59	$2.00
[5]On Average shares:							
Before extraord. items	$2.02	$3.57	$2.74	$2.03	$1.37	$0.56	$1.92
Net income	$2.02	$3.57	$7.00	$2.03	$1.37	$0.56	$1.92
Dividends per sh.—common	[2]$0.69	[2]$0.60	[2]$0.55	[2]$0.40	[2]$0.20	$0.20	[1]$0.15
[4]Price Range—common	29.50-18.50	25.61-17.55	22.70-10.56	16.75-11.17	16.26-10.56	14.93-7.52	21.84-6.07
[4]Net tang. assets per sh.—common	$23.01	$21.60	$18.80	$12.18	$10.81	$9.81	$9.57
Times charges earned:							
Bef. inc. taxes	.....	......	22.84	7.68	5.94	2.29	5.61
After inc. taxes	......	.. ..	14.70	5.18	4.24	2.03	4.06

FINANCIAL & OPERATING DATA (Cont'd):

	1980	1979	1978	1977	1976	1975	1974
Price Range—Fibreboard deb. 4¾s, 1993	51½-51½	......	61⅛-52¼	56½-52	61-51⅛	54-50	76-51¼
—Fibreboard deb 6¾s, 1998	89-89	91-89	91⅞-77⅛	83-72	94-62¼	80-60	104-67½
Net tang. assets $1,000 lg. tm. debt	$4,788	$4,968	$3,942	$2,766	$2,420	$2,330	$2,180
'Net curr. assets per $1,000 lg. tm. debt	$1,078	$1,085	$972	$624	$533	$509	$509
[5]Number of shares—common:							
Year-end	29,889,791	29,921,964	29,747,700	29,397,760	28,910,020	28,228,380	28,275,677
Average com. & com. equiv.	29,740,000	29,800,000	29,760,000	29,650,000	29,540,000	29,490,000	29,490,000
Financial & Operating Ratios							
Current assets ÷ current liabilities	2.15	2.12	2.27	2.47	2.23	3.23	3.08
% cash & securities to current assets	11.43	0.70	19.99	4.28	7.30	17.14	16.36
% inventories to current assets	55.00	64.57	53.64	60.93	57.89	59.19	60.05
% net current assets to net worth	22.52	27 34	33.04	35.32	37.51	38.31	43.17
% property depreciated	37.75	35.95	33.85	36.00	33.43	35.83	32.20
% annual depr., etc. to gross property	8.03	9.90	13.20	11.60	9.06	12.69	14.50
Capitalization:							
% long term debt	17.28	20.13	25.37	36.15	41.32	42.94	45 85
% common stock & surplus	82.72	79.87	74.63	63.85	58.68	57.06	54.15
Sales ÷ inventories	7.51	16.62	5.89	5.97	4.57	4.24	4.52
Sale ÷ receivables	13.68	8.65	12.63	11.07	8.00	11.30	12.18
% sales to net property	226.70	270.95	250.71	247.85	188.23	175.43	215.10
% sales to total assets	107.28	118.20	102.55	114.20	85.70	70.34	82.09
% net income to total assets	5.38	9.66	20.54	8.85	6.15	3.03	10.09
% net income to net worth	8.73	16.46	37.34	16.76	12.94	6.00	21.32
Analysis of Operations:	%	%	%	%	%	%	%
Gross sales, less returns, allow., etc.	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Cost of sales	78.36	75.01	74.18	72.21	72.25	74.82	65.58
Selling, general, etc., expenses	6.74	5.59	4.80	4.63	4.89	5.23	4.23
Depreciation	5.69	5.70	5.70	7.13	7.23	8.00	5.52
Operating profit	9.21	13.70	15.32	16.03	15.63	11.95	24.67
Interest paid	cr0.76	cr0.32	0.57	1.80	2.22	4.17	4.01
Other income deductions	1.58	1.71	2.26	2.14	3.11	3.27	4.41
Balance	8.39	12.31	12.49	12.09	10.30	4.51	16.25
Prov. Fed. inc. tax	8.37	4.13	4.66	4.50	3.77	1.07	6.21
Equity earnings	......	......	......	......	cr0.67	cr0.90	cr2.27
Extraordinary items	......	......	12.19	......	......	......	......
Net income	5.02	8.18	20.02	7.59	7.20	4.34	12.31

[1]After 2-for-1 split. [2]Also paid stk. divs.: 1976-78, 2%; 1979-80, 3%. [4]Adjusted for 3% stk. div. in 1980 and 1979; 2% stock dividends 1976-78, and 2-for-1 split in 1974. [5]As reported by Co. and adj. for stk. divs. through 1980.

LONG TERM DEBT

1. Notes Payable: Outstg., Dec. 31, 1980, $143,540,000 (excluding current portion), comprised of:

(1) $68,000,000 5½%-8⅞% promissory notes payable to insurance co. in varying amounts annually thru 1995.

(2) $35,100,000 installment notes and contract payable.

(3) $45,800,000 revenue bonds.

In 1980, Co. issued $22,000 of Ketchikan pollution control project revenue bonds. The bond proceeds together with $9,300 from the construction fund trust account were used to retire the $31,500 of outstanding revenue bonds. At Dec. 31, 1980 and 1979, the construction fund balance was $8,720 and $24,670 and is included in Investments and Other Assets in the consolidated balance sheets. Disbursements from the construction fund trust account are made as Ketchikan incurs project construction costs. Installment notes and contracts payable were incurred primarily through acquisitions of plants and timber and are generally unsecured.

Revolving Credit Agreement: Co. has a revolving credit agreement with banks which provides for maximum borrowings of $100,000 with interest at 107% of the prime interest rate. It may be converted to a term loan on or before Dec. 31, 1983 at 112% of the prime interest rate with repayment from 1984 through 1986. Co. had no borrowings in either 1980 or 1979 under the revolving credit agreement.

The revolving credit agreement and insurance company note agreements each contain several restrictions and limitations. Accumulated cash dividends paid subsequent to Dec. 31, 1979 are limited to $100,000 plus 40% of the defined net income of Co. after that date. At Dec. 31, 1980 there was $103,000 of earned surplus available for the payment of dividends as a result of loan limitations. In addition, Co. must maintain a minimum of $120,000 of working capital as defined, must meet certain limitations in order to incur additional borrowing and must maintain a ratio of liabilities to net worth, as defined, of no more than 1.25 to 1. At Dec. 31, 1980 and 1979, this ratio was .62 to 1 and .70 to 1.

Louisiana-Pacific has generally followed the policy of maintaining compensating bank deposits in the banks which participate in certain credit agreements although there are no contractual requirements to do so. Substantially all cash balances are used as compensating bank deposits.

2. Fibreboard Corp. convertible subordinated debenture 4¾s, due 1993:

AUTH.—$30,000,000; outstg., $3,398,000.

Note: See Issued under conv. subord. deb. 6¾s, due 1998 below.

DATED—Oct. 15, 1968. DUE—Oct. 15, 1993.

INTEREST—A&O15 to holders registered on 15th day prior to interest date.

TRUSTEE—Bank of California, San Francisco.

AUTHENTICATING AGENT—Bankers Trust Co., NYC.

DENOMINATION—Fully registered, $1,000 and authorized multiples thereof.

CALLABLE—As a whole or in part on at least 30 days' notice to each Oct. 14, incl., as follows:

1981	101.75	1982	101.50	1983	101.25
1984	101.00	1985	100.75	1986	100.50
1987	100.25	1988	100.00		

Also callable for sinking fund (which see) at par.

SINKING FUND—Annually, each Oct. 15, 1979-92, to retire debs., cash (or debs.) equal to $1,500,000; plus similar optional payments.

SECURITY—Not secured; subordinated to all senior debt.

CONVERTIBLE—Into cash at $544 per $1,000 debenture.

INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66⅔% of debs. outstg.

PURPOSE—Proceeds to repurchase shs. of Co. com. from Tenneco Corp.

OFFERED—($30,000,000) at 100 (proceeds to Co. 98⅝) on Oct. 15, 1968 thru Lehman Brothers and J. Barth & Co. and associates.

3. Fibreboard Corp. convertible subordinated debenture 6¾s due 1998:

OUTSTG.—$2,594,000.

DATED—Aug. 15, 1973. DUE—Oct. 15, 1998.

INTEREST—A&O15 to holders registered A&O 1.

TRUSTEE—Bank of California, N.A., San Francisco.

PAYING, TRANSFER & CONVERSION AGENT—Trustee, and Bankers Trust Co., NYC.

DENOMINATION—Fully registered, $50, $100, $500, $1,000 and integral multiples of $1,000.

CALLABLE—As a whole or in part on at least 30 days' notice, to each Oct. 14, incl. as follows:

1979	105.40	1980	105.06	1981	104.73
1982	104.39	1983	104.05	1984	103.71
1985	103.38	1986	103.04	1987	102.70
1988	102.36	1989	102.03	1990	101.69
1991	101.35	1992	101.01	1993	100.68
1994	100.34				

and thereafter at 100. Also callable on like notice for sinking fund (which see) at 100.

SINKING FUND—Annually, each Oct. 15, 1984-97, cash (or debs.) to redeem 5% of debs. outstg. on Oct. 15, 1984, plus similar optional payments.

SECURITY—INDENTURE MODIFICATION—Same as conv. subord. deb. 4¾s, due 1993. (see No. 2 above.)

CONVERTIBLE—Into cash at $918.92 per $1,000 of debentures.

ISSUED—In 1973 in connection with an exchange offer to holders of deb. 4¾s, due 1993 at rate of $750 prin. amt. deb. 6¾s for each $1,000 prin. amt. 4¾s.

CAPITAL STOCK

Louisiana-Pacific Corp. common; par $1:

AUTH.—75,000,000 shares; outstg., Dec. 31, 1980, 29,770,373 shares; in treasury, 119,418 shares; reserved for options, 872,822 shares; reserved for purchase plan, 314,826 shares; par $1.

$1 par shs. split 2-for-1 Jan. 9, 1974.

DIVIDEND RESTRICTIONS—(see Revolving Credit Agreement above).

VOTING RIGHTS—Entitled to one vote per sh. with non-cumulative voting for directors. No preemptive rights.

DIVIDENDS—(payments since 1972 follow):

1973 ..... $0.10

On $1 par shs. after 2-for-1 split:

1974 ...... $0.15 [1]1975-76 .. $0.20 [1]1977 ..... $0.40 [1]1978 ..... 0.55 [1]1979 ..... 0.60 [1]1980 ...... 0.69 [2]1981 .... [1]0.38

[1]Also paid stk. divs.: 1976-78, 2%; 1979-80, 3%; Apr. 11, 1980, 3%; Apr. 30, 1981, 3%.

[2]To June 1, also paid 3% stk. div.

DIVIDEND REINVESTMENT PLAN—Company offers its holders of common stock opportunity to buy additional shares of common stock through its Automatic Dividend Reinvestment and Optional Cash Payment Plan. As Agent for participant in Automatic Dividend Reinvestment Plan, The Chase Manhattan Bank, N.A. will apply all cash dividends received on the Louisiana-Pacific Corporation Common Shares registered in name of participant on books of Co. as to which participant elects dividends to be so reinvested, and on any full or fractional Common Share equivalents acquired or deposited under Plan, any deposited cash, and net proceeds from sale of rights to purchase additional Common Shares (hereinafter referred to as "Shares") or other securities sold by the Bank after deducting charge for its services to purchase of Shares and fractional Share equivalents for participant's account. Bank will invest cash dividends promptly after receipt and will invest all other funds as hereinafter provided. Such purchases may be made on any securities exchange where Shares are traded, in over-the-counter market or in negotiated transactions, and may be on such terms as to price, delivery and otherwise as Bank may determine.

TRANSFER AGENT & REGISTRAR—Chase Manhattan Bank (N.A.), NYC.

LISTED—On NYSE (Symbol: LPX); also listed on Pacific Stock Exchange. Unlisted trading on Midwest SE.