

The logo consists of the letters 'LP' in a bold, white, sans-serif font, with a registered trademark symbol (®) to the right of the 'P'. The logo is set against a dark blue background.

**BUILDING PRODUCTS**



# **Louisiana-Pacific Corporation**

**CIBC World Markets  
Institutional Investor Conference**

**February 19, 2009**

**BUILD WITH US.®**

# Forward-Looking Statements

This presentation contains statements concerning Louisiana-Pacific Corporation's (LP) future results and performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those projected, including, but not limited to, the effect of general economic conditions, including the level of interest rates and housing starts, market demand for the company's products, and prices for structural products; the effect of forestry, land use, environmental and other governmental regulations; the ability to obtain regulatory approvals, and the risk of losses from fires, floods and other natural disasters. These and other factors that could cause or contribute to actual results differing materially from such forward-looking statements are discussed in greater detail in the company's Securities and Exchange Commission filings.

# Market Outlook – New Housing Demand

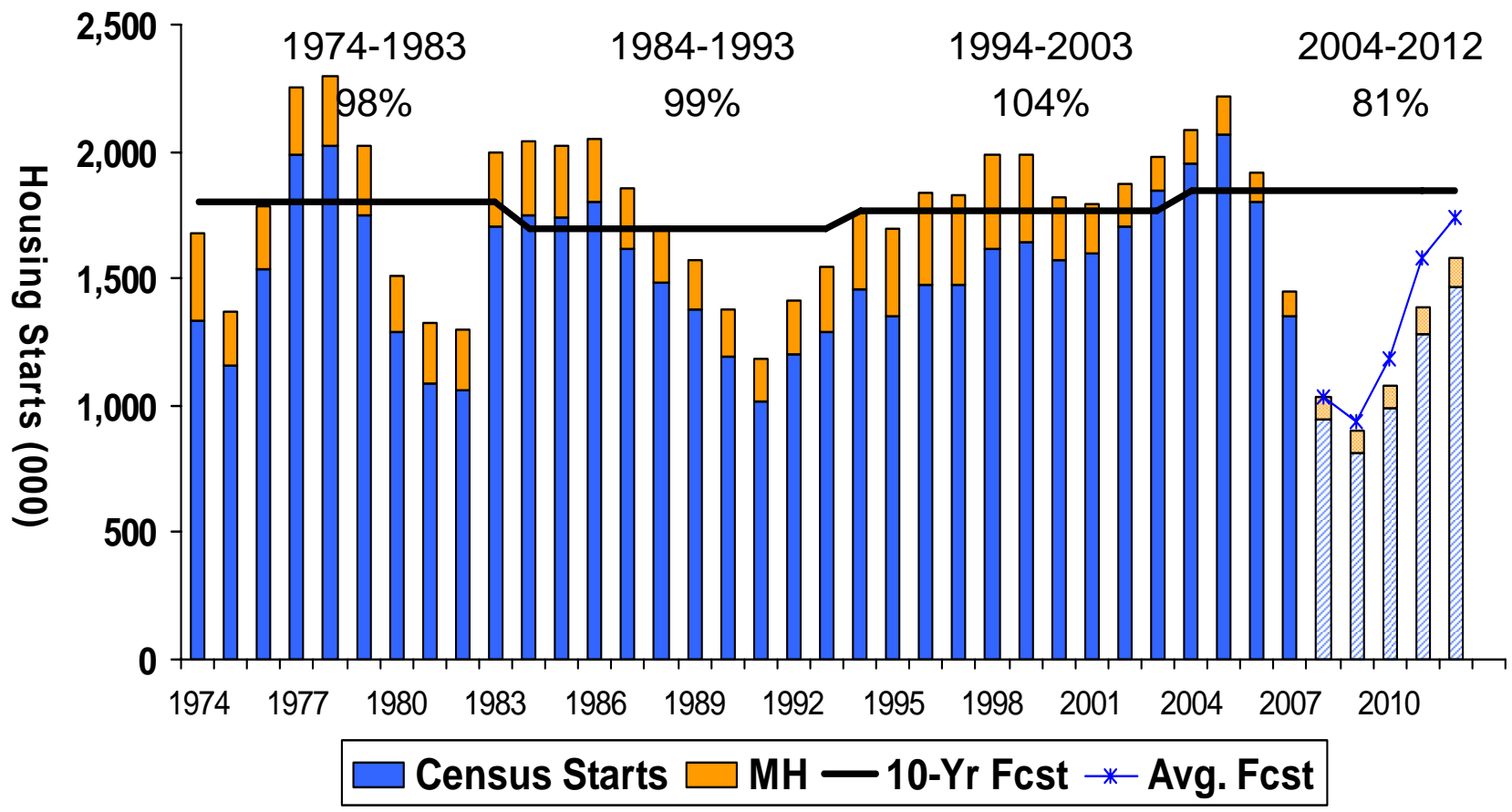
- Short-term ... what needs to happen?
  - Reduction in excess inventory of new and existing homes for sale
  - Ebb in mortgage foreclosures
  - Stabilization of home prices
  - Favorable mortgage rates and access to credit
  - Leveling out of unemployment
  
- Long-term
  - Positive long term trends and demographics including: household formations, immigration, affordable interest rates
  - New housing starts sustainable at 1.85 – 1.95 million starts per year (2005-2014)\*

\* Source: The State of the Nation's Housing – 2007, *Joint Center for Housing Studies of Harvard University*

# Market Outlook – Other Demand

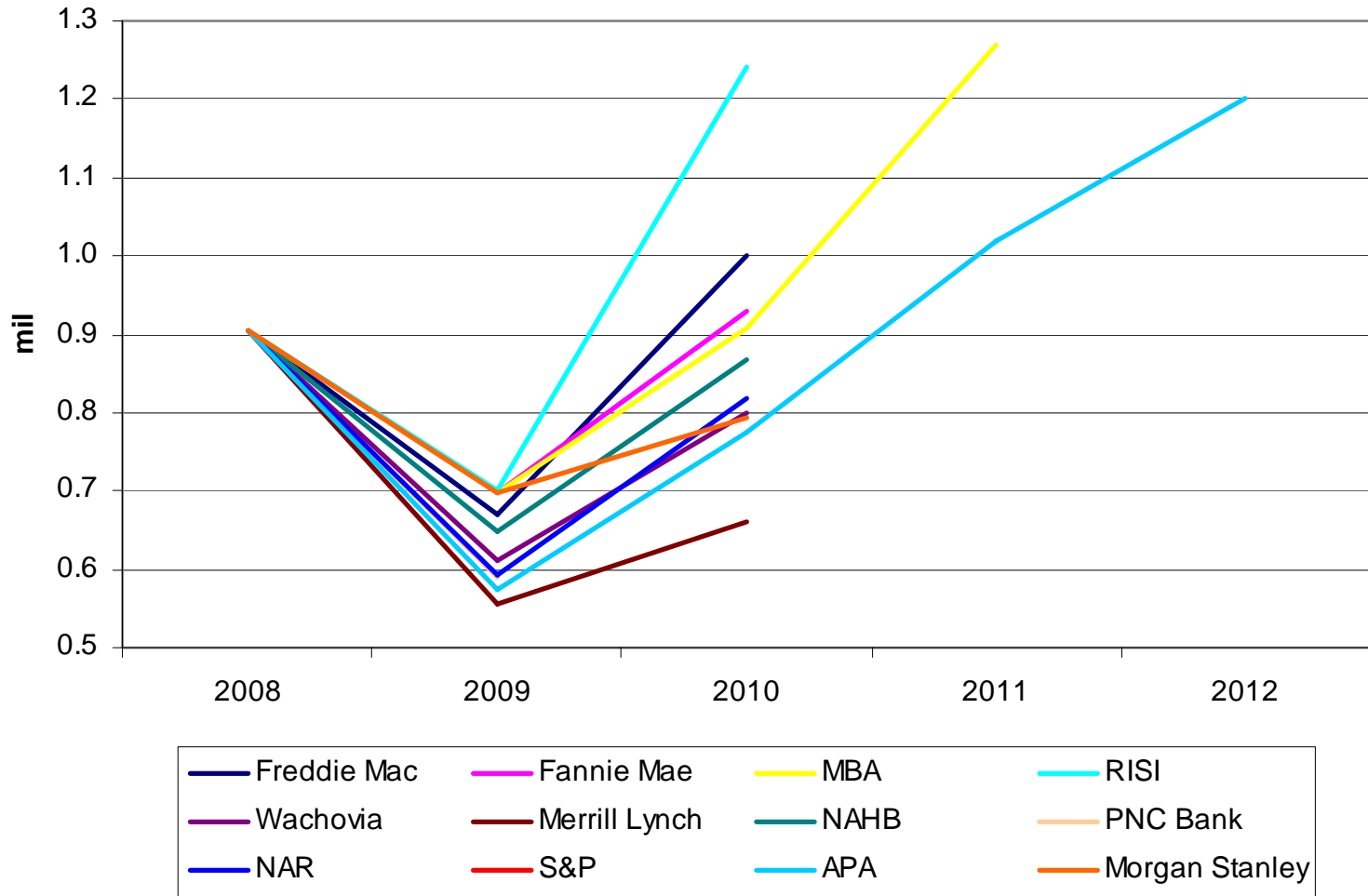
- **Repair / remodel demand slowing**
  - Limited consumer spending
  - Rising unemployment
  - Second mortgage activity to finance improvements hampered by current credit market uncertainty
- **Commercial and light industrial construction activity also slowing**
- **Sluggish economic activity will negatively impact all demand**

## Total Housing Trend: Forecast vs. Actual



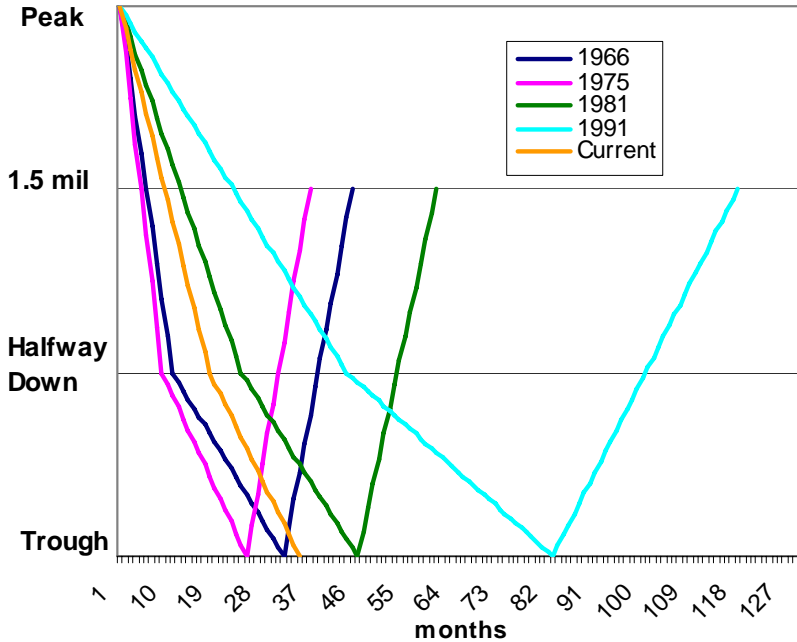
# Outlook – Housing Forecasts

***Single and Multi-Family Housing Starts Forecasts***



# Housing Cycles

Housing Cycles



Peak-Trough Change

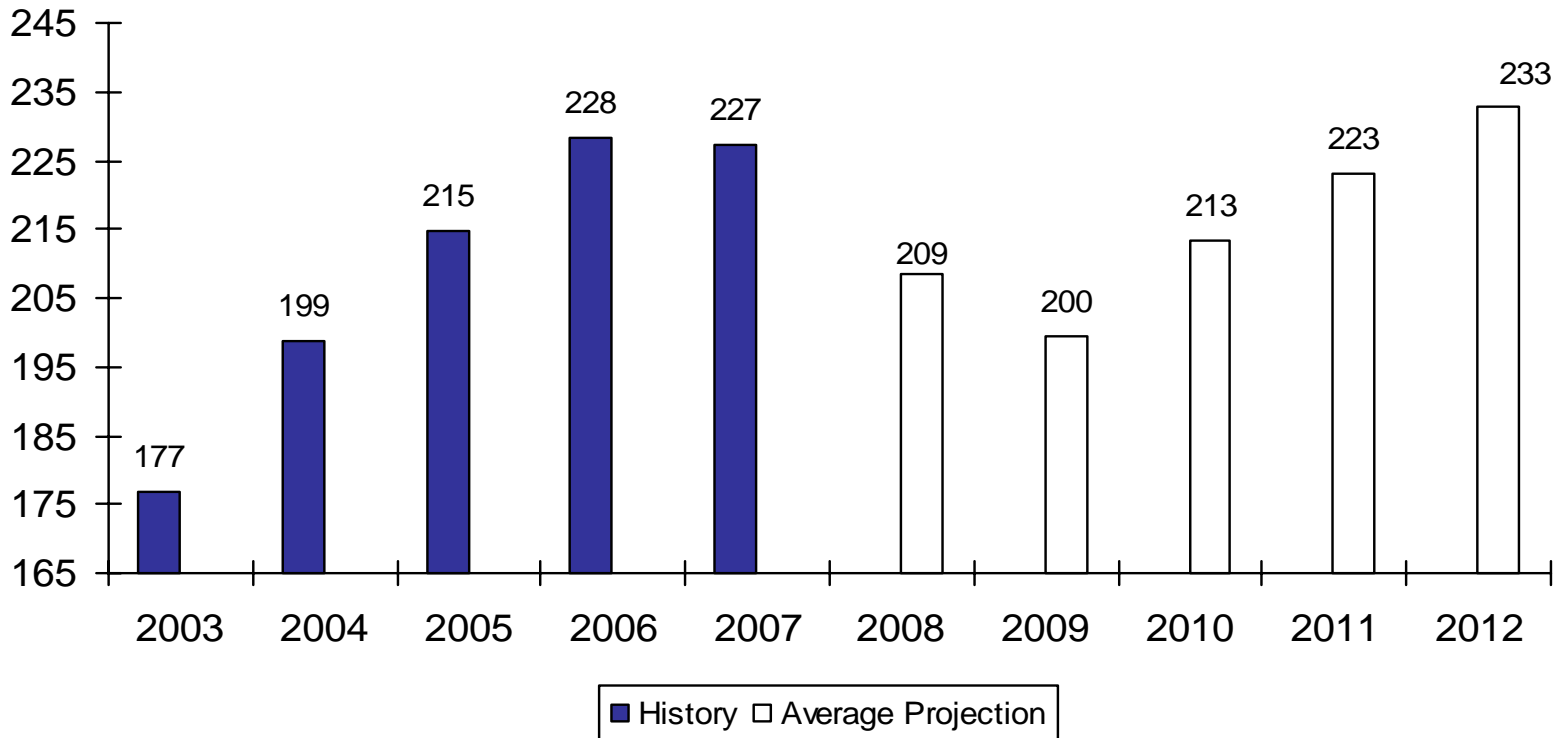
	Total Starts	SF Starts	New Sales	Exist Sales	Price - New	Price - Exist	30-yr FMR	Unem-ploy. Rate (bp)	vacant for sale % total	inv as % of SF starts
Feb-64										
Oct-66	-54%	-49%	-36%	na	16%	na	21%	-170	na	43%
Jan-73										
Feb-75	-64%	-53%	-46%	-8%	27%	24%	22%	320	17%	83%
Dec-77										
Oct-81	-59%	-66%	-57%	-47%	32%	49%	106%	150	42%	115%
Feb-84										
Jan-91	-65%	-57%	-42%	-9%	49%	36%	-27%	-140	3%	136%
Jan-06										
Dec-08	-76%	-78%	-72%	-27%	-16%	-19%	-14%	250	36%	190%

Analysis:

- This cycle has passed two of the last downturns in duration and has been deeper on many fronts than all others
- If December is the bottom, the earliest that we might reach 1.5 million starts – based on history – is next January

# Market Outlook – R&R

## R&R Spending (\$B) Annualized, Seasonally Adjusted



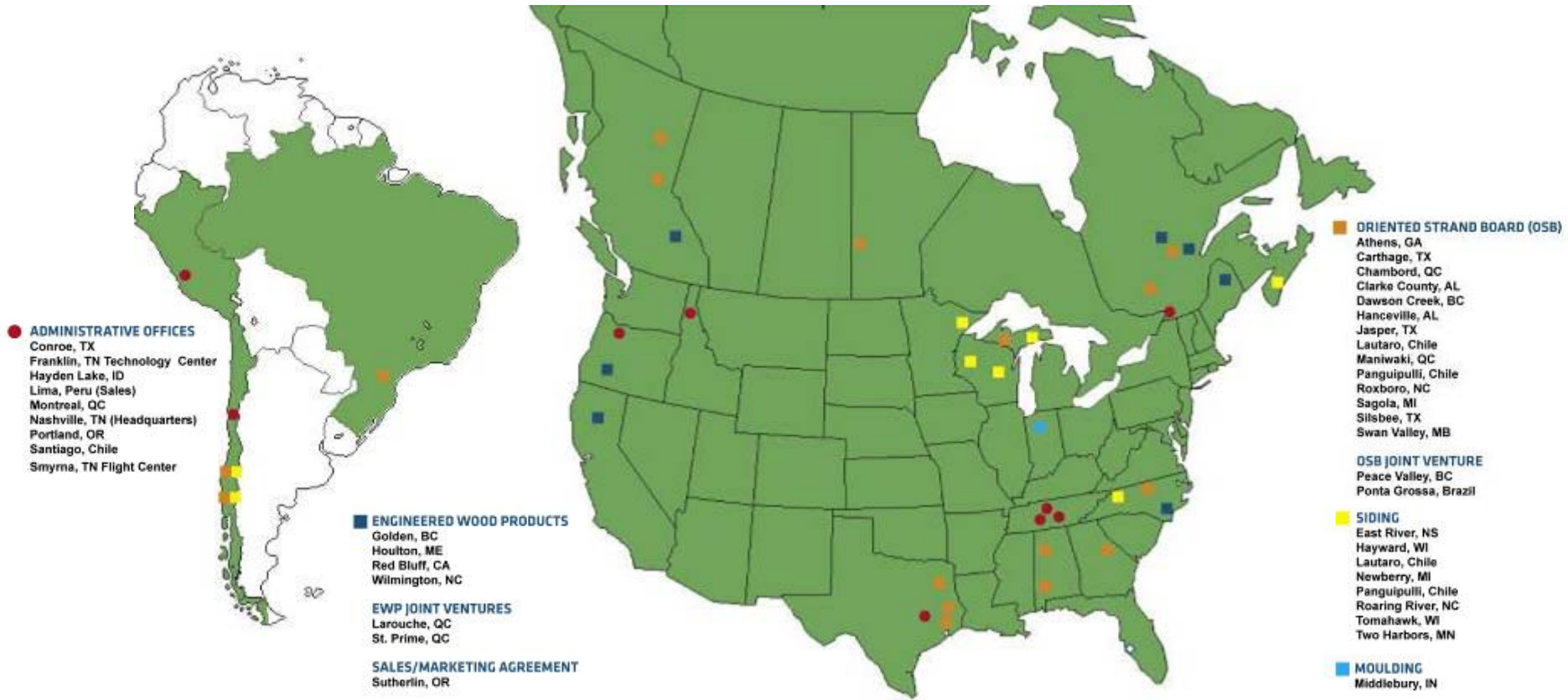


# Louisiana-Pacific is a Market Leader

- #1 North American OSB producer with an attractive market position
  - Only North American producer positioned to compete in all geographic markets
  - Strong growth in value-added OSB
  - Proven cash flow generation with average EBITDA of approximately \$385 million over the past six years
- #3 producer of EWP in North America
  - Significant expansion potential in new markets
  - Proven cash flow generation with average EBITDA of approximately \$30 million over the past six years
- Leading North American producer of wood-based siding products
  - Diversified end markets with stable pricing
    - Repair and remodel, non-discretionary maintenance, single-family, multi-family and pre-fabricated housing
  - Broadest product portfolio in wood-based siding and trim in North America
  - Proven cash flow generation with average EBITDA of approximately \$65 million over the past six years
- Only OSB producer in South America
  - Growing markets for low cost housing
  - Mills in Chile and Brazil

Note: EBITDA represents net earnings before income tax expense (benefit), interest expense net of capitalized interest, depreciation, amortization and cost of timber harvested. See appendix for reconciliation

# Facility Locations Differentiate LP



- Strategic location of plants drives efficient order-fulfillment, shipping and distribution of finished products
- For the three years ended December 31, 2007, LP has built 3 newer facilities and upgraded other plants and facilities

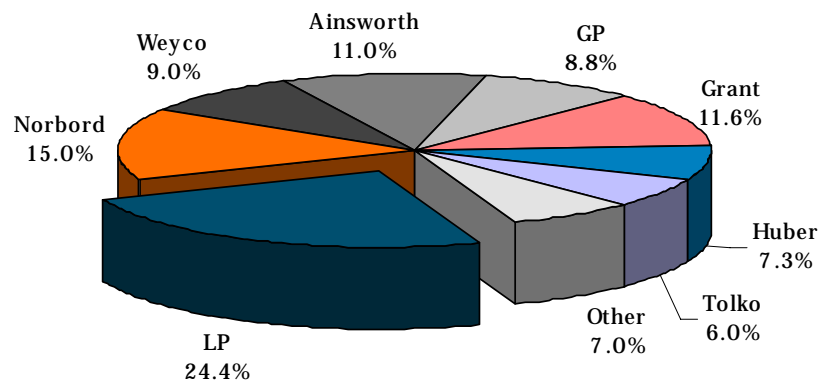
# Leading Position in North American OSB

- #1 North American OSB producer with about 24% market share and 15% share of structural panels
- Broad commodity and value-added product line
- Optimal geographic coverage provides a lower delivered cost
- Ability to leverage assets to support high margin SmartSide, EWP and international strategies
- Extensive investments in facility upgrades over the last 4 years limit required capital expenditures going forward

## *Mill capacities:*

- *12 LP mills — 5.6 bsf*
- *Peace Valley JV — 820 mmsf*
- *Total NA Capacity — 6.4 bsf*

## **2008 OSB Market Share**



# Long Term Outlook for OSB is Positive

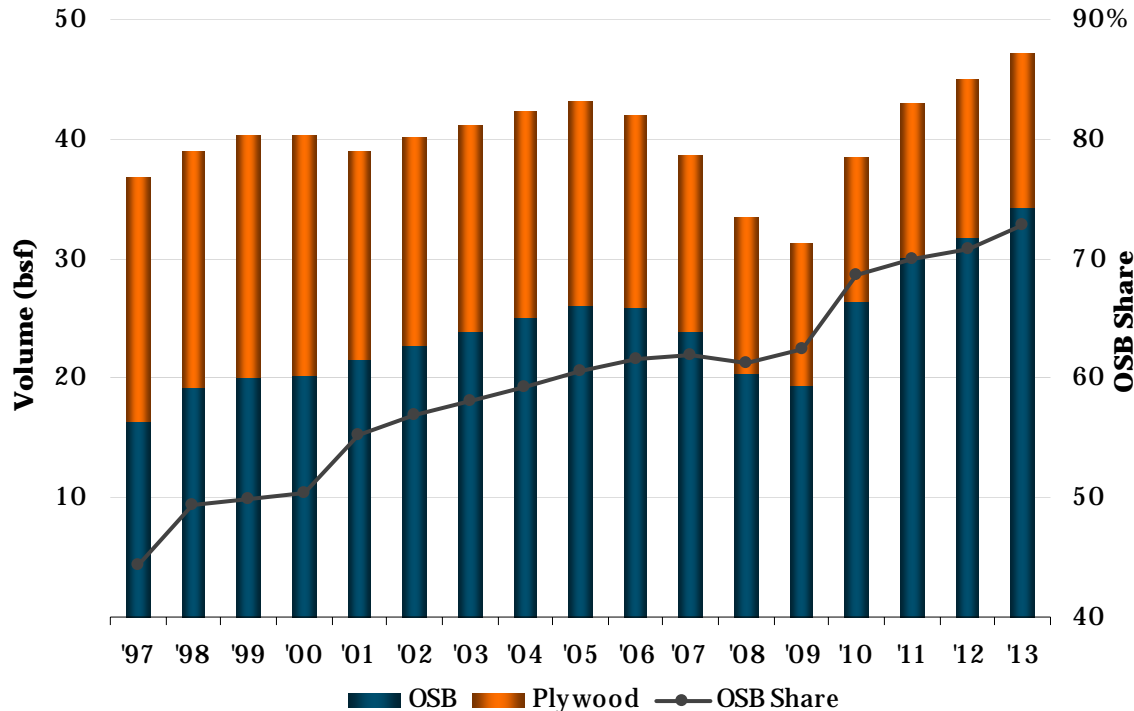
## Key Drivers of OSB Demand

- OSB substitution for plywood
- New residential construction
- Repair/remodeling
- Industrials/light commercial

## Key Strategies

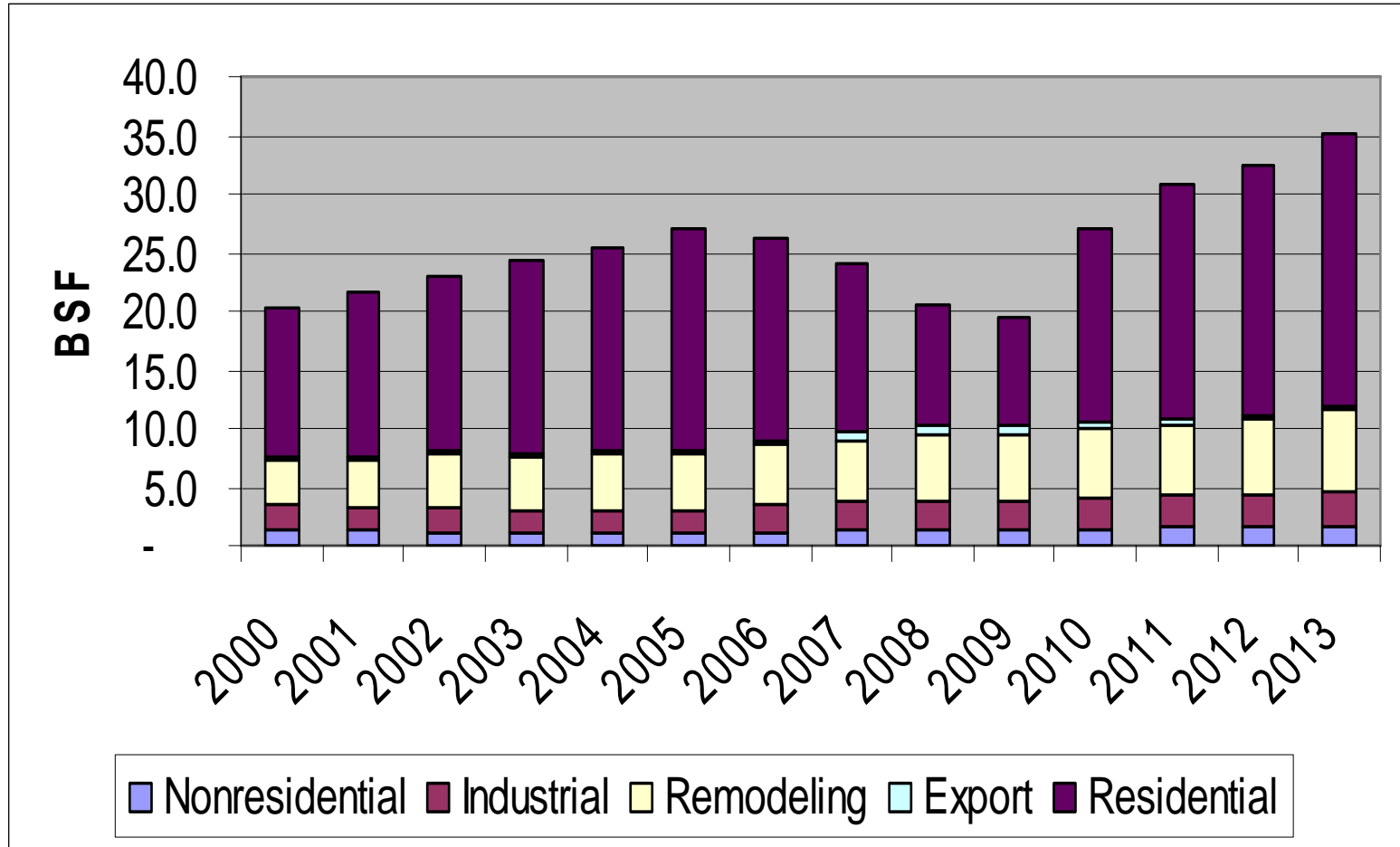
- Drive pricing
- Maintain lowest delivered cost
- Provide superior quality and service
- Grow value-added OSB

***OSB Market Penetration***



Source: RISI December 2008 forecast

# North America OSB Consumption by Category



Source: RISI December 2008 Forecast

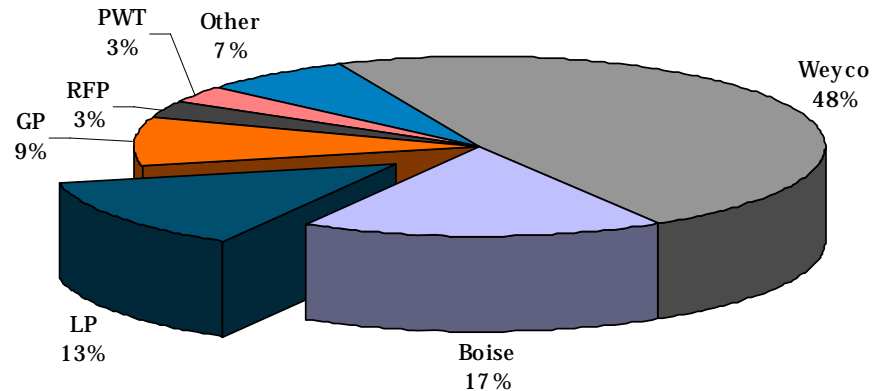
# Well Positioned in the EWP Market

- #1 position in solid-sawn I-joist
- #3 overall EWP position
- Laminated Strand Lumber (LSL) new in the market
- Supportive and growing customer base ... #1 supplier to two-step independent distribution

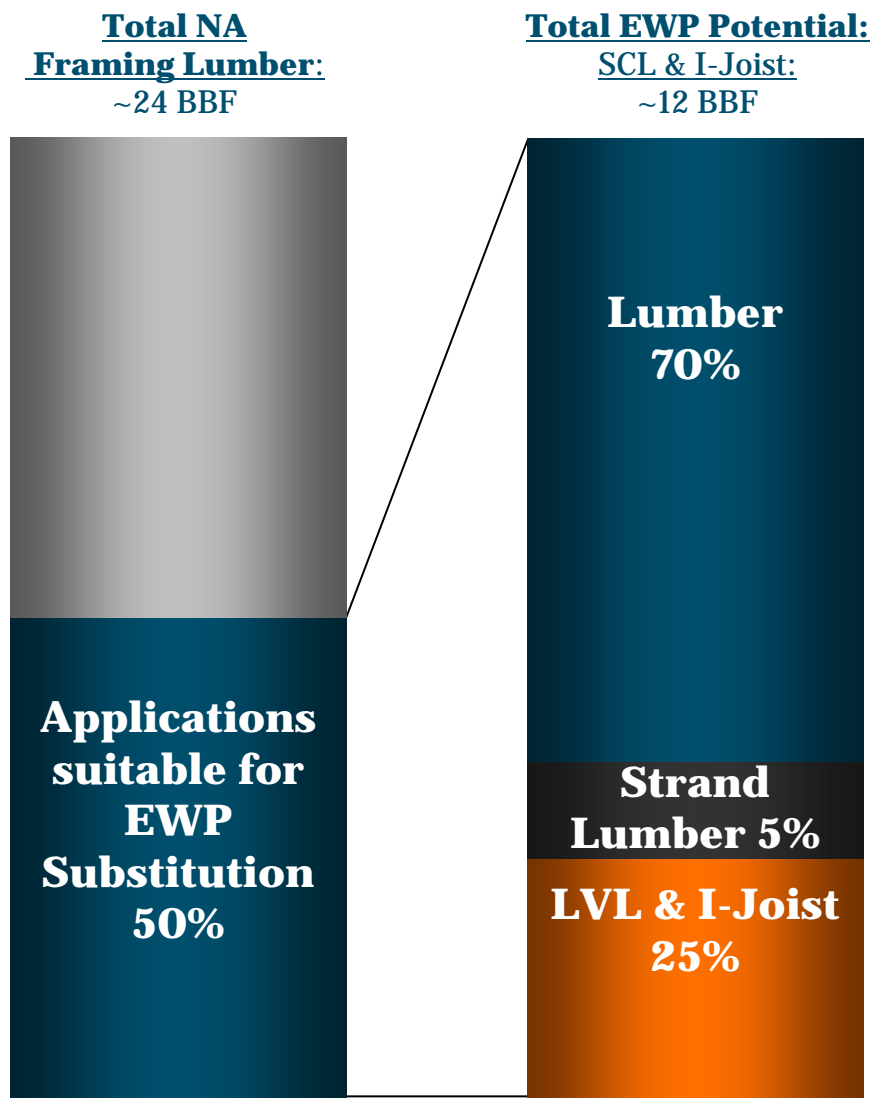
*Mill capacities:*

- *LVL*
  - 8.6 mmcf
  - 4.5 mmcf mktg agreement
- *I-Joist*
  - 80 mmlf
  - 140 mmlf (JV)
- *LSL*
  - 7 mmcf

**2008 EWP Market Share**

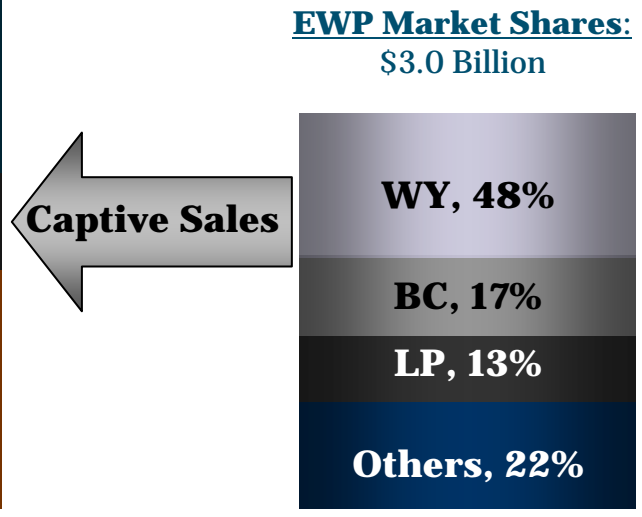


# EWP Growth Potential is Significant



**Historical Market Growth (2002 to 2007)**

- ➔ Overall Market: -5%  
- New Construction
- ➔ Engineered Wood: 1%  
- New Construction  
- Displace Lumber



# Range of Wood-Based Siding Products

- SmartSide provides builders a unique and complete portfolio of products
  - SmartSide Trim
  - Architectural Collection
  - Precision Series
  - Foundations
- Canoxel pre-finished siding strong in Canada and export markets

*Mill capacities:*

- *6 mills — 1.4 bsf*

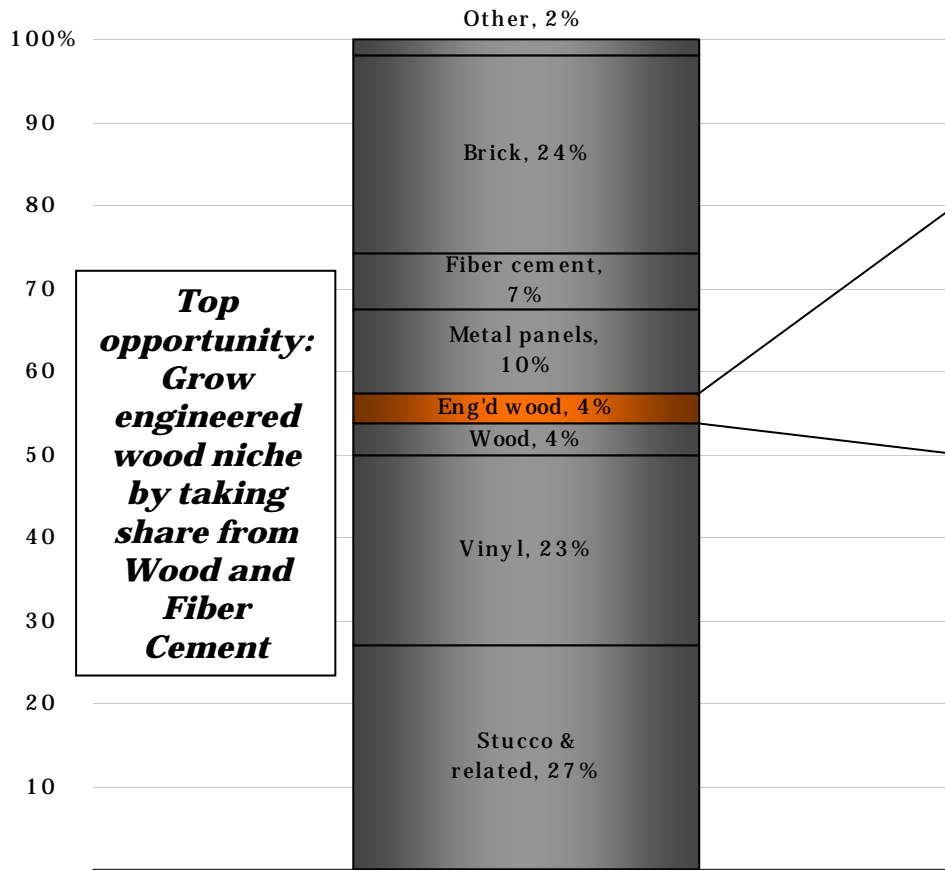




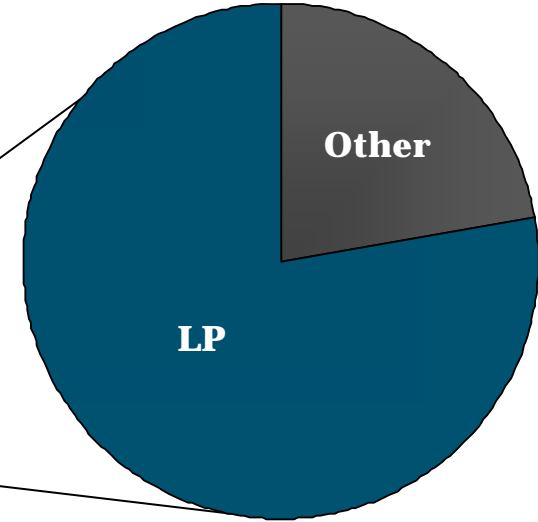
# Leadership in Growth Area of Market

***2006 U.S. Siding: \$10.65 Billion***

***2006 Engineered Wood: \$398 million***



***Top opportunity: Grow engineered wood niche by taking share from Wood and Fiber Cement***



Other includes: Temple-Inland <sup>(1)</sup> and Collins Pine

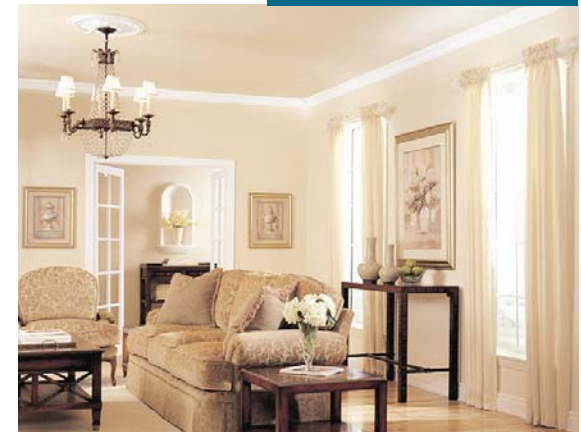
(1) Effective December 2008, Temple-Inland announced its exit from the hardboard business  
 Note: Market size includes non-residential applications, but not trim nor accessories

# Attractive Growth Opportunities

- South America
  - Chilean mills support local growth
  - Controlling interest in Brazilian OSB mill
  - Seeding other South American markets
- Mouldings ... profitable interior business with ability to broaden product line
- U.S. Greenfiber ... largest cellulose insulation business in North American (50% owned JV)

## *Mill capacities:*

- *Chile — 2 facilities; 305 mmsf*
- *Brazil — 400 mmsf*
- *Moulding — 300 mmlf*
- *U.S. Greenfiber — 11 facilities*



# Managing Through the Downturn

- Critical changes made to operating strategies over the last 4 months
- Mill operating strategies:
  - Aggressively manage order file — if product not needed or pricing not acceptable, taking downtime to reduce production
  - Indefinite closures of facilities — three OSB mills indefinitely curtailed will be a net improvement of \$30 million compared to 2008
  - Capital expenditures/investments — hold to \$20-\$25 million in 2009 compared to \$160 million in 2008
  - Focus is on manufacturing quality products at the lowest cost
- Organizational "right sizing"
  - About 200 employees severed — \$20+ million in wages & burden
  - Eliminated R&D facility — \$3 million
  - Eliminated flight operations — \$3 million
  - Salaried wage freeze and benefit reduction — \$11-\$13 million
  - Reduced marketing and sales spend — \$10 million

# Other Near-Term "Cash" Actions

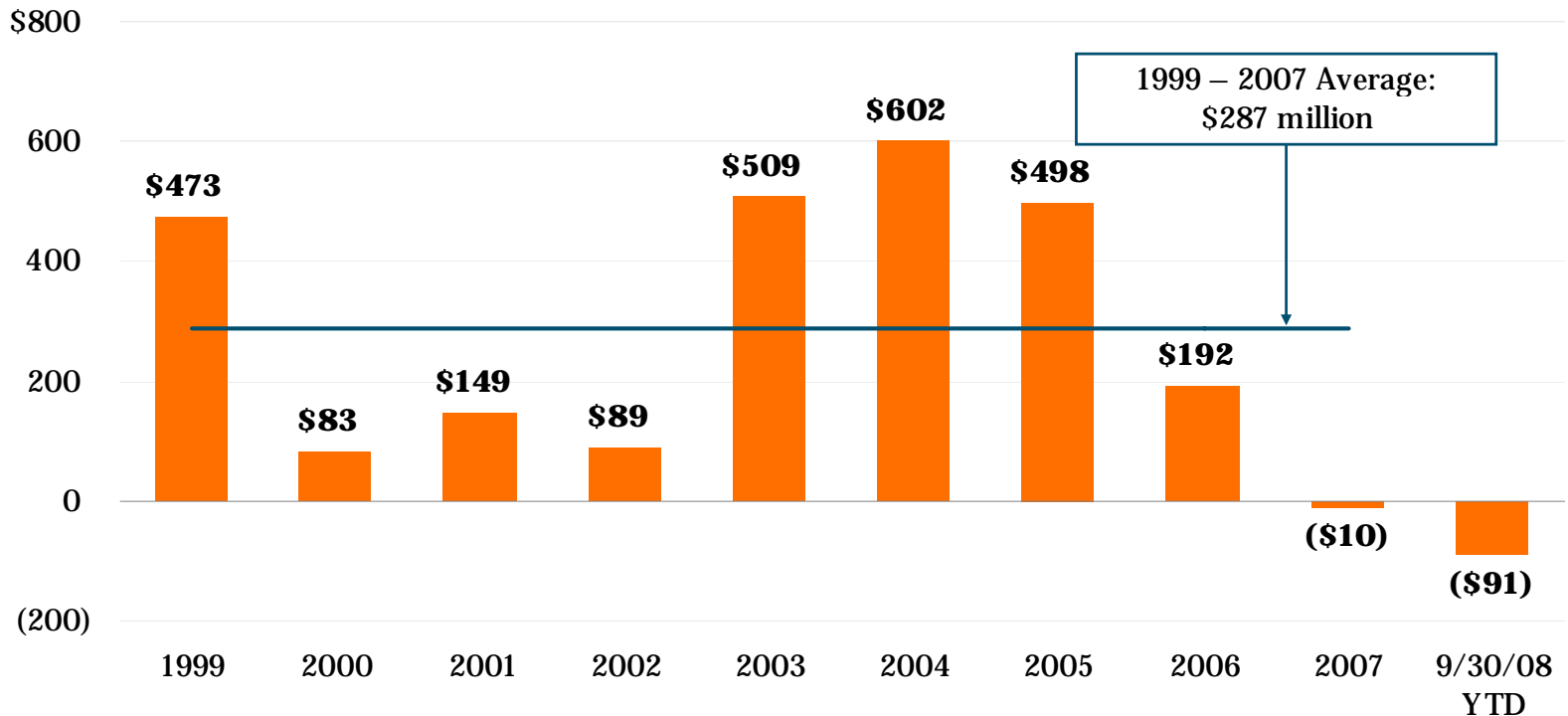
- Eliminated the dividend — \$31 million
- Accelerate tax refunds — \$80 million
- Asset sale proceeds — \$30-\$40 million
- Taking advantage of recent market changes:
  - Raw material costs — resin, wood, energy
  - Strengthening of the U.S. dollar — each \$0.01 is \$2.0 million

# Significant Cash Flow Generation Potential

- Historically strong operating cash flow through the cycle

## Net Cash Provided (Used) by Operating Activities

(\$ in millions)



- 2002-2007 average annual EBITDA of \$441 million

Note: EBITDA represents net earnings before income tax expense (benefit), interest expense net of capitalized interest, depreciation, amortization and cost of timber harvested. See appendix for reconciliation

Source: SEC Filings

# Recent Financial Performance\*

- Revenues for Q4 2008 were approximately \$250 million compared to \$380 million in Q4 2007
- Despite lower revenues, Q4 2008 combined operating losses in the OSB, Siding and EWP segments will be less than in Q4 2007
- During Q4 2008, we:
  - Spent less than \$5 million in capital and paid the final \$10 million associated with our acquisition of 75% of a Brazilian OSB mill
  - Collected \$7 million of tax refunds
  - The Canadian Term Loan, Canadian Revolving Credit Facility and O/D Line were repaid and terminated in December 2008
- In Q4 2008, we will likely:
  - Reduce the carrying value of our auction rate security portfolio by a further \$28 million
  - Increase our warranty and settlement reserves by no more than \$20 million
  - Reduce the carrying value of our goodwill (\$278 million balance as of September 30, 2008)
  - Record a charge to other comprehensive income in the equity section of the balance sheet due principally to the performance of pension plan assets during the year

\* Pre-release information: LP is currently preparing financial statements for the three months and year-ended December 31, 2008, and consequently financial information for these periods and information presented on this slide should be viewed as preliminary and subject to change

# Financial Objectives

- **Preserve sufficient cash and liquidity to execute strategic plan**
  - Maintain aggressive focus on cash flow through the cycle
  - Maintain cash balances and/Or available liquidity of \$200-\$300 million
- **Covenants in place that consider current business forecast**
- **Provide flexibility to take advantage of strategic opportunities**
- **Prudent capital expenditure policy going forward**

# Appendix

## EBITDA Reconciliation

Dollar amounts in millions

	Year ended December 31,						
	2002	2003	2004	2005	2006	2007	Average
Net income (loss)	(62.0)	272.5	420.7	455.5	123.7	(179.9)	
Adjustments:							
D, A and timber	157.6	141.3	145.1	135.1	128.0	109.8	
Interest expense	95.8	88.5	65.3	54.6	49.4	35.3	
Income tax expense (benefit)	<u>(19.1)</u>	<u>225.7</u>	<u>277.7</u>	<u>49.8</u>	<u>23.1</u>	<u>(148.9)</u>	
EBITDA	172.3	728.0	908.8	695.0	324.2	(183.7)	440.8
Average EBITDA by business	2002	2003	2004	2005	2006	2007	Average
OSB							
Profit (loss)	61.6	503.4	829.7	528.4	109.6	(194.9)	
Adjustments:							
D, A and timber	75.7	78.4	94.0	87.7	78.2	64.4	
Interest expense	-	-	-	-	-	-	
Income tax expense (benefit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
EBITDA	<u>137.3</u>	<u>581.8</u>	<u>923.7</u>	<u>616.1</u>	<u>187.8</u>	<u>(130.5)</u>	<u>386.0</u>
Siding							
Profit (loss)	44.5	54.2	51.9	45.2	67.3	33.6	
Adjustments:							
D, A and timber	18.6	14.9	15.0	16.2	18.1	17.6	
Interest expense	-	-	-	-	-	-	
Income tax expense (benefit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
EBITDA	<u>63.1</u>	<u>69.1</u>	<u>66.9</u>	<u>61.4</u>	<u>85.4</u>	<u>51.2</u>	<u>66.2</u>
EWP							
Profit (loss)	7.3	(1.5)	7.2	34.0	33.2	11.0	
Adjustments:							
D, A and timber	12.6	15.7	16.6	14.7	13.9	15.6	
Interest expense	-	-	-	-	-	-	
Income tax expense (benefit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
EBITDA	<u>19.9</u>	<u>14.2</u>	<u>23.8</u>	<u>48.7</u>	<u>47.1</u>	<u>26.6</u>	<u>30.1</u>