

Louisiana-Pacific Corporation

Q4 2003 Results
February 5, 2004

These slides were prepared and should be read in conjunction with a webcast presentation and earnings release by LP's management on February 5, 2004 relating to LP's financial condition and results of operations as of and for the quarter and year ended December 31, 2003. LP does not intend to update these slides. Accordingly, you should not assume that the information contained in these slides will continue to be accurate as of any date after February 5, 2004.



Forward Looking Statement

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.

Statement relating to the Use of Non-GAAP Financial Measures

During the course of this presentation, certain non-U.S. GAAP financial information will be presented. Reconciliation of those numbers to U.S. GAAP financial measures are available on the company's website at www.lpcorp.com under the Investor Relations Presentations section.

Financial Results – Quarterly

Dollars in millions, except per share amounts

	<u>2003</u>	<u>2002</u>
<u>Quarterly (December 31)</u>		
Net sales	\$ 734	\$ 360
Income (loss) from continuing operations	\$ 171	\$ (28)
Income (loss) from discontinued operations	\$ 1	\$ (14)
Net income (loss)	\$ 172	\$ (43)
Diluted EPS from continuing operations	\$ 1.60	\$ (0.27)
Diluted EPS	\$ 1.60	\$ (0.41)

Financial Results – Year

Dollars in millions, except per share amounts

	<u>2003</u>	<u>2002</u>
<u>Full Year</u>		
Net sales	\$ 2,300	\$ 1,600
Income from continuing operations	\$ 292	\$ (3)
Loss from discontinued operations	\$ (12)	\$ (55)
Net income (loss)	\$ 281	\$ (62)
Diluted EPS from continuing operations	\$ 2.74	\$ (0.03)
Diluted EPS	\$ 2.63	\$ (0.59)

Reconciliation of Special Items

			Year	
	<u>Q4 2003</u>	<u>Q4 2002</u>	<u>2003</u>	<u>2002</u>
Pre - tax income (loss) from continuing operations	\$ 309	\$ (31)	\$528	\$ 9
Less special items:				
Gain on sale or impairment of long-lived assets	54	18	118	61
Other operating credits and charges	<u>29</u>	<u>(27)</u>	<u>(2)</u>	<u>(30)</u>
Total	<u>83</u>	<u>(9)</u>	<u>116</u>	<u>31</u>
Pre - tax income (loss) from operations excluding "special items"	<u>\$226</u>	<u>\$ (22)</u>	<u>\$ 412</u>	<u>\$ (22)</u>

OSB

	<u>Q4 03</u>	<u>Q4 02</u>	<u>Change</u>	<u>2003</u>	<u>2002</u>	<u>Change</u>
Sales	\$ 492	\$ 171	188%	\$ 1,318	\$727	81%
Profit ^a	\$ 254	\$ 5	4980%	\$ 503	\$ 61	725%
DDA	\$ 21	\$ 18		\$ 77	\$ 74	
Volume			13%			7%
Price			155%			70%

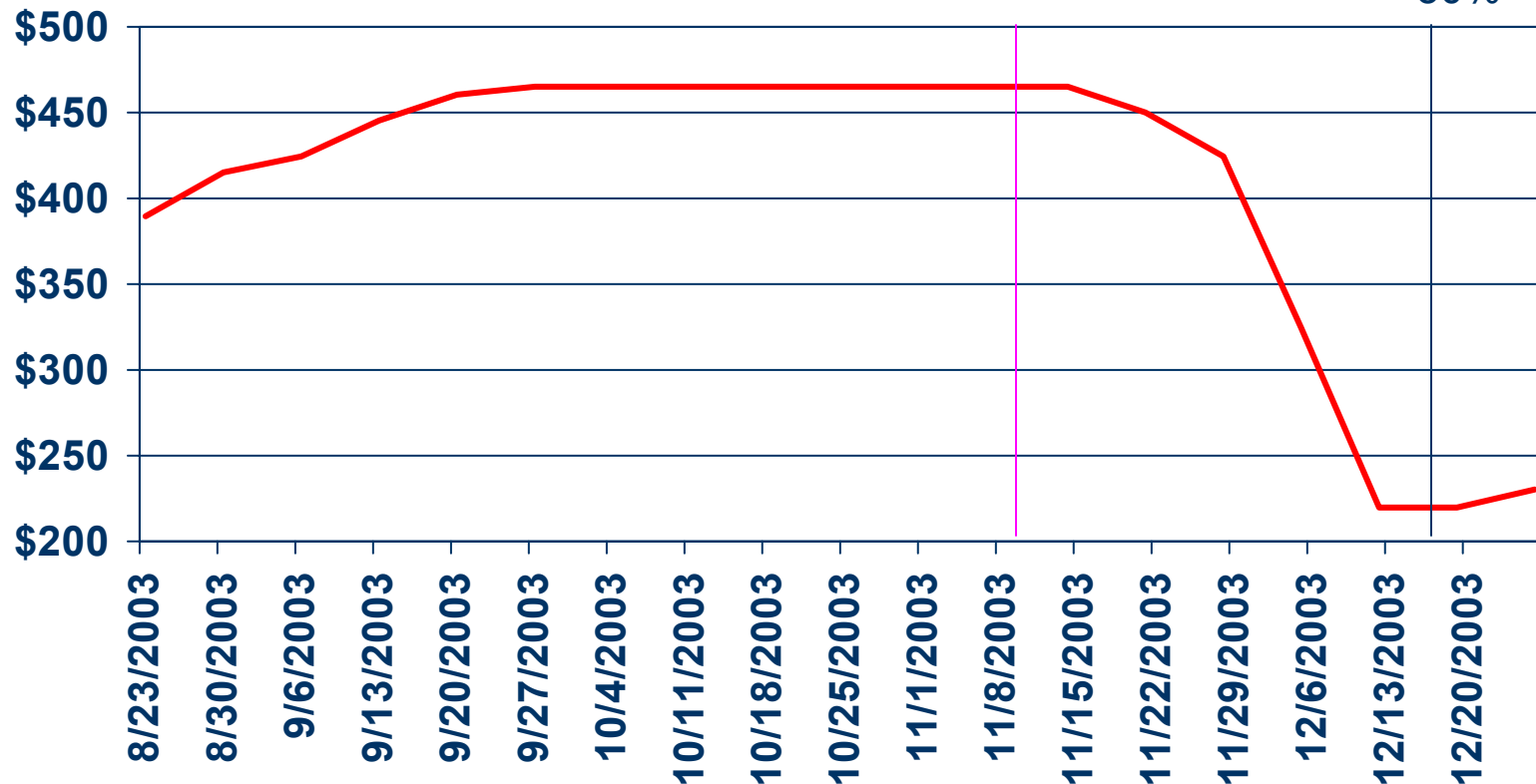
^a Profit equals sales less cost of sales, depreciation, amortization and cost of timber harvest and selling and administration directly associated with the segment

Weekly Random Lengths Price

7/16" BASIS NORTH CENTRAL

Price time
of order
50%

Price time
of shipment
50%



Using Random Lengths' reported averages –
open market (assuming 6 week order file) = \$407
contract wood - \$412
overall Random Lengths' average - \$394

Composite Wood Products

	<u>Q4 03</u>	<u>Q4 02</u>	<u>Change</u>	<u>2003</u>	<u>2002</u>	<u>Change</u>
Sales	\$ 112	\$ 77	45%	\$ 423	\$355	12%
Profit ^a	\$ 18	\$ 7	151%	\$ 61	\$ 45	36%
DDA	\$ 4	\$ 4		\$ 17	\$ 16	
Volume:						
Smart Side			24%			13%
Commodity OSB			9%			22%
Hardboard			7%			-3%
Price:						
Smart Side			1%			-%
Commodity OSB			155%			70%
Hardboard			15%			8%

^a Profit equals sales less cost of sales, depreciation, amortization and cost of timber harvest and selling and administration directly associated with the segment

Plastic Building Products

	<u>Q4 03</u>	<u>Q4 02</u>	<u>Change</u>	<u>2003</u>	<u>2002</u>	<u>Change</u>
Sales	\$ 40	\$ 31	28%	\$ 197	\$ 152	29%
Profit ^a	\$ (1)	\$ (1)	(25%)	\$ 13	\$ 5	154%
DDA	\$ 2	\$ 2		\$ 8	\$ 6	
Volume:						
Vinyl			28%			13%
Moulding			3%			2%
Decking			-31%			58%
Price:						
Vinyl			7%			6%
Moulding			2%			-1%
Decking			17%			32%

^a Profit equals sales less cost of sales, depreciation, amortization and cost of timber harvest and selling and administration directly associated with the segment

Engineered Wood Products

	<u>Q4 03</u>	<u>Q4 02</u>	<u>Change</u>	<u>2003</u>	<u>2002</u>	<u>Change</u>
Sales	\$ 83	\$ 60	36%	\$ 302	\$ 263	15%
Profit ^a	\$ 1	\$ (2)	165%	\$ (3)	\$ 5	-152%
DDA	\$ 5	\$ 4		\$ 16	\$ 16	
Volume:						
LVL			35%			31%
I-Joist			49%			13%
Price:						
LVL			- %			-2%
I-Joist			4%			1%

^a Profit equals sales less cost of sales, depreciation, amortization and cost of timber harvest and selling and administration directly associated with the segment

Annual Tax Rates

	Tax (Benefit) <u>Provision</u>	Annual <u>Rate</u>
Continuing operations	\$ 238.1	45%
Discontinued operations	(7.3)	39%
Cumulative effect of accounting change	<u>0.1</u>	<u>39%</u>
Total provision	<u>\$ 230.9</u>	<u>45%</u>

Of this amount, \$53 million is estimated to be currently payable or has been paid.

Balance Sheet & Other Statistics

(in millions, except per share amounts)

	Dec. 31, <u>2003</u>	Dec. 31, <u>2002</u>
Total cash	\$1,037	\$184
Working capital	\$1,030	\$225
Net debt	(\$405)	\$531
Capital expenditures 2003	\$ 87	
Depreciation, amortization and cost of timber harvested (continuing operations)	\$ 135	
Book value per share	\$12.22	\$9.62

Financial / Cash Strategies

- “Operating” and “insurance” cash balances should be at \$250 - \$300 million
- “Strategic” cash should be sufficient to retire \$400 million of debt
- Discretionary cash uses could include (subject to Board decisions and the elimination of current restrictions):
 - Early bond redemption
 - Dividends
 - Acceleration of capital projects
 - Share repurchase
 - Selective acquisitions

Asset Divestiture Plan Update

- Q4 2003 “value”:
 - \$290 million in value including cash and notes which were mostly converted to cash through financing transactions
- What’s left? ... not much:
 - Several lumber mills
- Total program will result in more than **\$750** million in value.

Appendix

	<u>12/31/03</u>	<u>12/31/02</u>
<u>Calculation of "Working Capital":</u>		
Current assets	\$ 1,320	\$ 491
Current liabilities	<u>290</u>	<u>266</u>
Working capital	<u>\$ 1,030</u>	<u>\$ 225</u>
<u>Calculation of "Net Debt":</u>		
Long term debt	\$ 1,021	\$ 1,077
Current portion long term debt	8	35
Notes receivable from asset sales	(397)	(397)
Total cash	<u>(1,037)</u>	<u>(184)</u>
Net debt	<u>\$ (405)</u>	<u>\$ 531</u>

	<u>12/31/03</u>	<u>12/31/02</u>
<u>Calculation of "Total Cash":</u>		
Restricted cash	\$ 111	\$ 47
Cash and cash equivalents	<u>926</u>	<u>137</u>
Total cash	<u>\$ 1,037</u>	<u>\$ 184</u>

Glossary

DDA -- depreciation, depletion (cost of timber harvested) and amortization

OSB -- oriented strand board

LVL -- laminated veneer lumber