

# Louisiana-Pacific Corporation

## Q3 2005 Financial Results

October 26, 2005

These slides were prepared and should be read in conjunction with a webcast presentation and earnings release by LP's management on October 26, 2005 relating to LP's financial condition and results of operations as of and for the quarter ended September 30, 2005. 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 October 26, 2005.

# 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](http://www.lpcorp.com) under the Investor Relations Presentations section.

# Financial Results – Quarterly

Dollars in millions, except per share amounts

	Quarter Ended		
	September 30, 2005	June 30, 2005	September 30, 2004
Net sales	\$ 621	\$ 692	\$ 702
Income from continuing operations	\$ 176	\$ 104	\$ 106
Income (loss) from discontinued operations	\$ (3)	\$ (4)	\$ 2
Net income	\$ 173	\$ 100	\$ 108
Diluted EPS from continuing operations	\$ 1.60	\$ 0.94	\$ 0.95
Diluted EPS	\$ 1.58	\$ 0.90	\$ 0.98

# Reconciliation of Special Items

	<u>Q3 '05</u>	<u>Q2 '05</u>	<u>Q3 '04</u>
Income (loss) from continuing operations	\$ 176	\$ 104	\$ 106
<b>Less “special items”:</b>			
(Gain) loss on sale or impairment of long-lived assets	1	(1)	3
Other operating credits and charges	-	2	15
Loss on early extinguishment of debt	-	-	-
	<u>1</u>	<u>1</u>	<u>18</u>
Provision (benefit) for income taxes	-	-	7
After tax effect of “special items”	<u>1</u>	<u>1</u>	<u>11</u>
Reversal of tax liabilities due to repatriation	<u>(102)</u>	<u>-</u>	<u>-</u>
Adjusted income from operations excluding “special items”	<u>\$ 75</u>	<u>\$ 105</u>	<u>\$ 117</u>
Adjusted income from operations excluding “special items” per diluted share	\$ 0.68	\$ 0.94	\$ 1.05

# Financial Results – YTD

Dollars in millions, except per share amounts

	Nine Months Ended September 30,	
	2005	2004
Net sales	\$ 1,975	\$ 2,166
Income from continuing operations	\$ 385	\$ 403
Income (loss) from discontinued operations	\$ (10)	\$ 4
Net income	\$ 375	\$ 407
Diluted EPS from continuing operations	\$ 3.48	\$ 3.68
Diluted EPS	\$ 3.38	\$ 3.72

# YTD Reconciliation of Special Items

	<u>Nine Months Ended September 30,</u>	
	<u>2005</u>	<u>2004</u>
Income (loss) from continuing operations	\$ 385	\$ 403
<b>Less “special items”:</b>		
(Gain) loss on sale or impairment of long-lived assets	-	16
Other operating credits and charges	1	25
Loss on early extinguishment of debt		41
	<u>1</u>	<u>82</u>
Provision (benefit) for income taxes	-	32
After tax effect of “special items”	<u>1</u>	<u>50</u>
Reversal of tax liabilities due to repatriation	<u>(91)</u>	<u>-</u>
Adjusted income from operations excluding “special items”	<u>\$ 295</u>	<u>\$ 453</u>
Adjusted income from operations excluding “special items” per diluted share	\$ 2.66	\$ 4.14

# Tax Rate Reconciliation

	Quarter Ended September 30,			
	2005		2004	
	<u>Tax Provision</u>	<u>Tax Rate</u>	<u>Tax Provision</u>	<u>Tax Rate</u>
Continuing operations	\$ 35.2	32%	\$ 72.9	41%
Discontinued operations	(2.0)	38%	1.5	37%
Effect of Repatriation	(101.7)		-	
	<u>\$ (68.5)</u>	(66%)	<u>\$ 74.4</u>	41%

	Nine Months Ended September 30,			
	2005		2004	
	<u>Tax Provision</u>	<u>Tax Rate</u>	<u>Tax Provision</u>	<u>Tax Rate</u>
Continuing operations	\$ 140.0	32%	\$ 240.9	37%
Discontinued operations	(6.8)	38%	2.4	39%
Effect of Repatriation	(91.0)		-	
	<u>\$ 42.2</u>	10%	<u>\$ 243.3</u>	37%

# OSB

	<u>Q3 '05</u>	<u>Q2 '05</u>	<u>Q3 '04</u>	CHANGE FROM	
				<u>Q2 05</u>	<u>Q3 04</u>
Sales	\$ 353	\$ 404	\$ 436	(13%)	(19%)
Profit <sup>a</sup>	\$ 99	\$ 147	\$ 199	(33%)	(50%)
DDA	\$ 22	\$ 22	\$ 27		
<u>Volume</u>				(1%)	(0%)
<u>Price</u>				(10%)	(16%)

<sup>a</sup> Profit equals sales less cost of sales, depreciation, amortization and cost of timber harvested and selling and administration directly associated with the segment

# Siding

	<u>Q3 '05</u>	<u>Q2 '05</u>	<u>Q3 '04</u>	CHANGE FROM	
				<u>Q2 05</u>	<u>Q3 04</u>
Sales	\$ 129	\$ 125	\$ 115	3%	12%
Profit <sup>a</sup>	\$ 17	\$ 16	\$ 17	7%	1%
DDA	\$ 4	\$ 4	\$ 4		
<u>Volume</u>					
Smart Side				(2%)	14%
Hardboard				(0%)	(13%)
<u>Price</u>					
Smart Side				2%	3%
Hardboard				5%	16%

<sup>a</sup> Profit equals sales less cost of sales, depreciation, amortization and cost of timber harvested and selling and administration directly associated with the segment

# Engineered Wood Products

	<u>Q3 '05</u>	<u>Q2 '05</u>	<u>Q3 '04</u>	CHANGE FROM	
				<u>Q2 05</u>	<u>Q3 04</u>
Sales	\$ 101	\$ 120	\$ 115	(16%)	(12%)
Profit <sup>a</sup>	\$ 8	\$ 12	\$ 4	(33%)	100%
DDA	\$ 4	\$ 3	\$ 4		
<u>Volume</u>					
I-Joist				(17%)	(17%)
LVL				(23%)	(20%)
<u>Price</u>					
I-Joist				12%	1%
LVL				15%	(1%)

<sup>a</sup> Profit equals sales less cost of sales, depreciation, amortization and cost of timber harvested and selling and administration directly associated with the segment

# Other

	<u>Q3 '05</u>	<u>Q2 '05</u>	<u>Q3 '04</u>	CHANGE FROM	
				<u>Q2 05</u>	<u>Q3 04</u>
Sales	\$ 40	\$ 45	\$ 40	(11%)	0%
Profit <sup>a</sup>	\$ 1	\$ 5	\$ 3	(86%)	(77%)
DDA	\$ 2	\$ 2	\$ 2		
<u>Volume</u>					
Decking				(15%)	(5%)
Moulding				(16%)	(14%)
<u>Price</u>					
Decking				(7%)	(2%)
Moulding				(7%)	0%

<sup>a</sup> Profit equals sales less cost of sales, depreciation, amortization and cost of timber harvested and selling and administration directly associated with the segment

# Balance Sheet & Other Statistics

(in millions, except per share amounts)

	<u>September 30, 2005</u>	<u>December 31, 2004</u>
Total cash and investments	\$ 1,136	\$ 1,249
Working capital	\$ 1,198	\$ 1,164
Net cash and investments	\$ 903	\$ 844
Capital expenditures YTD (includes JVs)	\$ 174	
Depreciation, amortization and cost of timber harvested (continuing operations)	\$ 99	
Book value per share	\$ 18.65	\$ 16.05

See appendix for reconciliations

# Appendix

	9/30/2005	12/31/2004
<u>Calculation of "Working Capital"</u>		
Current assets	\$ 1,545	\$ 1,604
Current liabilities	(347)	(440)
Working capital	<u>\$ 1,198</u>	<u>\$ 1,164</u>
 <u>Calculation of "Net Cash and Investments"</u>		
Long-term debt	\$ (537)	\$ (623)
Current portion of long term debt	(23)	(178)
Current portion of limited recourse debt	(70)	-
Notes receivable from assets sales	397	397
Total cash and investments	<u>1,136</u>	<u>1,249</u>
Net cash and investments	<u>\$ 903</u>	<u>\$ 845</u>
 <u>Calculation of "Total Cash and Investments"</u>		
Cash and cash equivalents	\$ 654	\$ 545
Short term investments	395	608
Restricted cash	64	66
Long-term investments	23	30
Total cash and investments	<u>\$ 1,136</u>	<u>\$ 1,249</u>