
**UNITED STATES
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 June 30, 2009

Commission File Number 1-7107

LOUISIANA-PACIFIC CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

93-0609074
(IRS Employer
Identification No.)

414 Union Street, Nashville, TN 37219
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (615) 986-5600

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Smaller reporting company Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 103,782,204 shares of Common Stock, \$1 par value, outstanding as of August 5, 2009.

Except as otherwise specified and unless the context otherwise requires, references to "LP", the "Company", "we", "us", and "our" refer to Louisiana-Pacific Corporation and its subsidiaries.

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 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 us 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, our management.

The following statements are or may constitute forward-looking statements: (1) statements preceded by, followed by or that include words like “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 of future costs and expenditures, possible outcomes of legal proceedings, capacity expansion and other growth initiatives and the adequacy of reserves for loss contingencies.

Factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, but are not limited to the following:

- changes in general economic conditions;
- changes in the cost and availability of capital;
- changes in the level of home construction activity;
- changes in competitive conditions and prices for our products;
- changes in the relationship between supply of and demand for building products;
- changes in the relationship between supply of and demand for raw materials, including wood fiber and resins, used in manufacturing our products;
- changes in the cost of and availability of energy, primarily natural gas, electricity and diesel fuel;
- changes in other significant operating expenses;
- changes in exchange rates between the U.S. dollar and other currencies, particularly the Canadian dollar, EURO, Brazilian *real* and the Chilean *peso*;
- prolonged illiquidity in the market for auction rate securities held by us for investment;
- changes in general and industry-specific environmental laws and regulations;
- changes in tax laws, and interpretations thereof;
- changes in circumstances giving rise to environmental liabilities or expenditures;
- the resolution of existing and future product-related litigation and other legal proceedings; and
- acts of God or public authorities, war, civil unrest, fire, floods, earthquakes and other matters beyond our control.

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 us 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.

ABOUT THIRD PARTY INFORMATION

In this report, we rely on and refer to information regarding industry data obtained from market research, publicly available information, industry publications, U.S. government sources and other third parties. Although we believe the information is reliable, we cannot guarantee the accuracy or completeness of the information and have not independently verified it.

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

	<u>Quarter Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	2009	2008	2009	2008
Net sales	\$ 266.2	\$ 387.0	\$ 470.8	\$ 736.4
Operating costs and expenses:				
Cost of sales	253.3	375.0	457.7	747.8
Depreciation, amortization and cost of timber harvested	18.9	26.8	38.0	53.4
Selling and administrative	29.1	39.1	56.4	79.2
(Gain) loss on sale or impairment of long-lived assets	(1.0)	0.1	(0.9)	(0.3)
Other operating credits and charges, net	(1.9)	70.1	(5.7)	66.1
Total operating costs and expenses	<u>298.4</u>	<u>511.1</u>	<u>545.5</u>	<u>946.2</u>
Loss from operations	<u>(32.2)</u>	<u>(124.1)</u>	<u>(74.7)</u>	<u>(209.8)</u>
Non-operating income (expense):				
Foreign currency exchange gain (loss)	6.7	(5.1)	9.3	4.3
Gain on early debt extinguishment	—	—	0.6	—
Other than temporary investment impairment	(0.8)	(1.7)	(1.7)	(2.5)
Interest expense, net of capitalized interest	(21.1)	(12.7)	(32.9)	(23.9)
Investment income	7.5	10.6	12.7	23.4
Total non-operating income (expense)	<u>(7.7)</u>	<u>(8.9)</u>	<u>(12.0)</u>	<u>1.3</u>
Loss before taxes and equity in loss of unconsolidated affiliates	(39.9)	(133.0)	(86.7)	(208.5)
Benefit for income taxes	(16.0)	(56.8)	(35.2)	(92.7)
Equity in loss of unconsolidated affiliates	3.4	3.2	6.0	9.5
Loss from continuing operations	<u>(27.3)</u>	<u>(79.4)</u>	<u>(57.5)</u>	<u>(125.3)</u>
Discontinued operations:				
Loss from discontinued operations before income taxes	(3.7)	(2.3)	(4.4)	(3.1)
Income tax benefit	(1.4)	(0.9)	(1.7)	(1.2)
Loss from discontinued operations	<u>(2.3)</u>	<u>(1.4)</u>	<u>(2.7)</u>	<u>(1.9)</u>
Net loss	(29.6)	(80.8)	(60.2)	(127.2)
Less: Net loss attributed to noncontrolling interest	(0.3)	—	(0.5)	—
Net loss attributed to Louisiana-Pacific Corporation	<u>\$ (29.3)</u>	<u>\$ (80.8)</u>	<u>\$ (59.7)</u>	<u>\$ (127.2)</u>
Loss per share of common stock (basic and diluted):				
Loss from continuing operations	\$ (0.26)	\$ (0.77)	\$ (0.55)	\$ (1.22)
Loss from discontinued operations	(0.02)	(0.02)	(0.03)	(0.02)
Net loss per share	<u>\$ (0.28)</u>	<u>\$ (0.79)</u>	<u>\$ (0.58)</u>	<u>\$ (1.24)</u>
Average shares of stock outstanding - basic and diluted	<u>103.0</u>	<u>102.9</u>	<u>102.8</u>	<u>102.9</u>

The accompanying notes are an integral part of these unaudited financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS
 LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES
 (AMOUNTS IN MILLIONS) (UNAUDITED)

	June 30, 2009	December 31, 2008
ASSETS		
Cash and cash equivalents	\$ 324.7	\$ 97.7
Short-term investments	7.4	21.4
Receivables, net	76.7	43.8
Income tax receivable	16.3	94.2
Inventories	154.9	187.3
Prepaid expenses and other current assets	6.4	9.9
Deferred income taxes	25.3	25.3
Current portion of notes receivable from asset sales	135.1	20.0
Current assets of discontinued operations	3.1	3.1
Total current assets	<u>749.9</u>	<u>502.7</u>
Timber and timberlands	52.5	55.6
Property, plant and equipment	2,325.9	2,324.6
Accumulated depreciation	(1,268.6)	(1,250.3)
Net property, plant and equipment	1,057.3	1,074.3
Notes receivable from asset sales	123.5	238.6
Long-term investments	25.1	19.3
Restricted cash	39.1	76.7
Investments in and advances to affiliates	182.4	186.9
Deferred debt costs	17.6	3.3
Other assets	26.1	26.3
Long-term deferred tax asset	5.4	—
Long-term assets of discontinued operations	5.0	5.0
Total assets	<u>\$ 2,283.9</u>	<u>\$ 2,188.7</u>
LIABILITIES AND EQUITY		
Current portion of long-term debt	\$ 3.6	\$ 7.7
Current portion of limited recourse notes payable	133.4	20.0
Short-term notes payable	—	2.0
Accounts payable and accrued liabilities	130.8	121.5
Current portion of deferred tax liabilities	4.7	4.7
Current portion of contingency reserves	10.0	10.0
Total current liabilities	<u>282.5</u>	<u>165.9</u>
Long-term debt, excluding current portion:		
Limited recourse notes payable	119.9	233.3
Other long-term debt	380.1	239.3
Total long-term debt, excluding current portion	<u>500.0</u>	<u>472.6</u>
Contingency reserves, excluding current portion	25.7	30.5
Other long-term liabilities	128.8	130.8
Deferred income taxes	162.8	187.9
Redeemable noncontrolling interest	18.8	18.7
Stockholders' equity:		
Common stock	116.9	116.9
Additional paid-in capital	446.8	441.3
Retained earnings	959.2	1,019.5
Treasury stock	(286.1)	(297.3)
Accumulated comprehensive loss	(71.5)	(98.1)
Total stockholders' equity	<u>1,165.3</u>	<u>1,182.3</u>
Total liabilities and equity	<u>\$ 2,283.9</u>	<u>\$ 2,188.7</u>

The accompanying notes are an integral part of these unaudited financial statements.

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

	<u>Quarter Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	\$ (29.6)	\$ (80.8)	\$ (60.2)	\$ (127.2)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation, amortization and cost of timber harvested	18.9	26.8	38.0	53.4
Loss of unconsolidated affiliates	3.4	3.2	6.0	9.5
Other operating charges and credits, net	2.1	70.4	2.8	72.2
(Gain) loss on sale or impairment of long-lived assets	(1.0)	0.1	(0.9)	(0.3)
Other than temporary investment impairment	0.8	1.7	1.7	2.5
Stock based compensation expense related to stock plans	2.2	2.7	4.0	4.9
Exchange (gain) loss on remeasurement	(1.6)	(1.3)	(7.0)	(9.1)
Cash settlement of contingencies	(4.0)	(3.5)	(9.0)	(9.6)
Other adjustments	3.9	1.7	2.6	1.6
Pension expense (in excess of payments)	2.2	2.8	3.8	6.2
Decrease (increase) in receivables	3.0	16.4	(31.3)	(11.3)
Decrease (increase) in income tax receivables	3.9	22.5	74.6	(12.2)
Decrease in inventories	37.3	17.6	38.5	11.0
Decrease (increase) in prepaid expenses	(1.3)	(3.6)	4.6	(1.6)
Increase (decrease) in accounts payable and accrued liabilities	15.4	9.0	11.7	(6.7)
Decrease in deferred income taxes	(14.9)	(32.2)	(37.0)	(38.4)
Net cash provided by (used in) operating activities	<u>40.7</u>	<u>53.5</u>	<u>42.9</u>	<u>(55.1)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Property, plant, and equipment additions	(0.8)	(39.1)	(4.7)	(75.9)
Purchase of a business	—	(44.6)	—	(44.6)
Investments in and advances to joint ventures	2.3	0.5	(1.4)	(4.2)
Proceeds from sale of assets	5.2	—	5.2	—
Receipt of proceeds from notes receivable	—	54.4	—	54.4
Cash paid for purchase of investments	—	(70.9)	—	(172.9)
Proceeds from sales of investments	1.9	118.2	21.5	209.3
(Increase) decrease in restricted cash under letters of credit	10.8	(4.0)	37.6	(12.0)
Other investing activities, net	(0.6)	0.1	—	1.1
Net cash provided by (used in) investing activities	<u>18.8</u>	<u>14.6</u>	<u>58.2</u>	<u>(44.8)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Borrowing of long term debt	—	4.0	281.3	12.0
Repayment of long term debt	(9.7)	(53.5)	(136.3)	(53.6)
Payment of debt issuance fees	(1.0)	—	(15.5)	—
Net borrowings under revolving credit lines and short term notes payable	—	(50.3)	—	(11.8)
Payment of cash dividends	—	(15.6)	—	(31.0)
Net cash provided by (used in) financing activities	<u>(10.7)</u>	<u>(115.4)</u>	<u>129.5</u>	<u>(84.4)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
	(4.0)	5.0	(3.6)	1.6
Net increase (decrease) in cash and cash equivalents	44.8	(42.3)	227.0	(182.7)
Cash and cash equivalents at beginning of period	279.9	211.7	97.7	352.1
Cash and cash equivalents at end of period	<u>\$ 324.7</u>	<u>\$ 169.4</u>	<u>\$ 324.7</u>	<u>\$ 169.4</u>

The accompanying notes are an integral part of these unaudited financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
 LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES
 (AMOUNTS IN MILLIONS) (UNAUDITED)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Comprehensive Loss	Total Stockholders' Equity	Redeemable Non-Controlling Interest
	Shares	Amount	Shares	Amount					
Balance, December 31, 2008	116.9	\$116.9	13.6	\$(297.3)	\$ 441.3	\$1,019.5	\$ (98.1)	\$ 1,182.3	\$ 18.7
Net loss	—	—	—	—	—	(59.7)	—	(59.7)	(0.5)
Issuance of shares for employee stock plans and other purchases and other transactions	—	—	(0.5)	11.2	(8.4)	—	—	2.8	—
Amortization of restricted stock grants	—	—	—	—	1.2	—	—	1.2	—
Issuance of stock warrant in connection with debt issuance	—	—	—	—	12.7	—	—	12.7	—
Adjustment to redemption value of noncontrolling interest	—	—	—	—	—	(0.6)	—	(0.6)	0.6
Other comprehensive income	—	—	—	—	—	—	26.6	26.6	—
Balance, June 30, 2009	<u>116.9</u>	<u>\$116.9</u>	<u>13.1</u>	<u>\$(286.1)</u>	<u>\$ 446.8</u>	<u>\$ 959.2</u>	<u>\$ (71.5)</u>	<u>\$ 1,165.3</u>	<u>\$ 18.8</u>

The accompanying notes are an integral part of these unaudited financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES
 (AMOUNTS IN MILLIONS) (UNAUDITED)

	Quarter Ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Net loss	\$ (29.6)	\$ (80.8)	\$ (60.2)	\$ (127.2)
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments	13.9	(8.0)	16.4	(0.8)
Unrealized gain on derivative instruments	0.3	0.3	0.1	0.4
Unrealized gain (loss) on marketable securities	8.9	(7.6)	9.2	(15.7)
Defined benefit pension plans:				
Amortization of prior service cost	—	0.2	—	0.4
Amortization of net loss	0.4	0.4	0.9	0.9
Other comprehensive income, net of tax	23.5	(14.7)	26.6	(14.8)
Comprehensive loss, net of tax	(6.1)	(95.5)	(33.6)	(142.0)
Comprehensive income attributable to noncontrolling interest	0.3	—	0.5	—
Foreign currency translation adjustments attributed to noncontrolling interest	2.6	—	3.0	—
Comprehensive loss, net of tax	\$ (3.2)	\$ (95.5)	\$ (30.1)	\$ (142.0)

The accompanying notes are an integral part of these unaudited financial statements.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – BASIS FOR PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, in the opinion of management, include all adjustments (consisting of normal recurring adjustments, except for other operating credits and charges, net referred to in Note 10) necessary to present fairly, in all material respects, the consolidated financial position, results of operations and cash flows of LP and its subsidiaries for the interim periods presented. Results of operations for interim periods are not necessarily indicative of results to be expected for an entire year. For those consolidated subsidiaries in which LP's ownership interest is less than 100%, the outside shareholders' interests are shown as noncontrolling interest. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in LP's Annual Report on Form 10-K for the year ended December 31, 2008.

NOTE 2 – STOCK-BASED COMPENSATION

For the quarters ended June 30, 2009 and 2008, the total compensation expense related to LP's stock-based compensation plans was \$2.2 million and \$2.7 million. For the six month periods ended June 30, 2009 and 2008, the total compensation expense related to all of LP's stock-based compensation plans was \$4.0 million and \$4.9 million. At June 30, 2009, 7,576,489 shares were available under the current stock award plans for stock-based awards. For the six month period ended June 30, 2009, the fair value of the options granted was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions: a risk free interest rate of 1.76%; an expected volatility factor for the market price of the Company's common stock of 49.8% (based upon historical volatility over the expected life); a dividend yield of 0.0%; and an expected life of 5 years (based upon historical experience). For the six month period ended June 30, 2008, the fair value of the options granted was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions: a risk free interest rate of 2.97%; an expected volatility factor for the market price of the Company's common stock of 30.2% (based upon historical volatility over the expected life); a dividend yield of 3.9%; and an expected life of 5 years (based upon historical experience). The weighted-average fair value of each option or stock settled stock appreciation right (SSARs) granted during the six month period ended June 30, 2009 and June 30, 2008 was \$1.00 and \$2.85.

NOTE 3 – INVESTMENTS

Short-term and long-term investments held by LP are debt securities designated as available for sale and are reported at fair market value using the specific identification method. The following table summarizes unrealized gains and losses related to these investments as of June 30, 2009 and December 31, 2008:

Dollar amounts in millions	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
June 30, 2009				
Corporate obligations	\$ 7.4	—	—	\$ 7.4
Auction rate securities	10.6	14.5	—	25.1
Total marketable securities	<u>\$ 18.0</u>	<u>\$ 14.5</u>	<u>\$ —</u>	<u>\$32.5</u>
December 31, 2008				
Corporate obligations	\$ 28.9	—	\$ 0.5	\$28.4
Auction rate securities	12.3	—	—	12.3
Total marketable securities	<u>\$ 41.2</u>	<u>\$ —</u>	<u>\$ 0.5</u>	<u>\$40.7</u>

As of June 30, 2009, LP had \$25.1 million (\$151.8 million, par value) of principal invested in auction rate securities (ARS). The ARS held by LP are securities with long-term nominal maturities for which the interest rates were historically reset through a Dutch auction each month. These auctions historically have provided a liquid market for

these securities. Since the auctions began failing in August 2007, interest rates have been reset at stipulated rates. LP's investments in ARS represent interests in collateralized debt obligations supported by pools of residential and commercial mortgages, credit linked notes and bank trust preferred notes.

Consistent with the Company's investment policy guidelines, the ARS investments held by the Company all had AAA or equivalent credit ratings (except for one corporate ARS rated AA) at the time of purchase. With the liquidity issues experienced in global credit and capital markets, the ARS held by LP at June 30, 2009 have experienced multiple failed auctions as the amount of securities submitted for sale has exceeded the amount of purchase orders. As of June 30, 2009, all but one of LP's ARS securities continue to pay interest according to their stated terms. One of the investments has been accelerated resulting in LP receiving no further interest payments on this security unless and until a more Senior tranche is paid in full. The value of this investment as of June 30, 2009 was approximately \$3,700 (par value \$3.7 million).

The estimated market value of the Company's ARS holdings at June 30, 2009 was \$25.1 million, which reflects a \$126.7 million adjustment to the par value of \$151.8 million. Based upon LP's evaluation of the structure of LP's ARS holdings and current market estimates of fair value from issuing banks, LP recorded other-than-temporary impairments of \$0.8 million (\$0.5 million after tax) and \$1.7 million (\$1.1 million after tax) in the second quarter and first six months of 2009, respectively, that were recorded as non-operating income (expense). LP recorded an unrealized gain on its ARS of \$14.5 million (\$9.0 million after tax) in other comprehensive income during the second quarter of 2009.

LP reviews its marketable securities routinely for other-than-temporary impairment. The primary factors LP used to determine if an impairment charge must be recorded, because a decline in value of the security is other than temporary, include (i) whether the fair value of the investment is significantly below its cost basis, (ii) the financial condition of the issuer of the security (including its credit rating) and the underlying collateral, (iii) the length of time that the cost of the security has exceeded its fair value and (iv) LP's intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value.

NOTE 4 – FAIR VALUE MEASUREMENTS

Effective January 1, 2008, LP adopted Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements" (SFAS 157), for financial assets and liabilities and any other assets and liabilities carried at fair value. This pronouncement defines fair value (FV), provides guidance on how to measure FV under generally accepted accounting principles, and expands FV measurement disclosures. LP's adoption of SFAS 157 did not have a material impact on its consolidated financial position and results of operations.

SFAS 157 defines FV as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 also establishes a FV hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Under this standard, LP is required to classify these financial assets and liabilities into two groups: recurring – measured on a periodic basis and non-recurring – measured on an as needed basis.

SFAS 157 describes three levels of inputs that may be used to measure fair value:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable or can be corroborated by observable market data.
- Level 3 Valuations based on models where significant inputs are not observable. Unobservable inputs are used when little or no market data is available and reflect the Company's own assumptions about the assumptions market participants would use.

Assets measured at fair value on a recurring basis are summarized in the following table.

Dollar amounts in millions	June 30, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Available for sale securities	\$ 32.5	\$ —	\$ 7.4	\$ 25.1
Trading securities	15.8	2.0	—	13.8
Total	\$ 48.3	\$ 2.0	\$ 7.4	\$ 38.9

Available for sale securities measured at fair value are recorded in cash and cash equivalents, short-term investments, long-term investments and restricted cash on LP's condensed consolidated balance sheets. Included in available for sale securities are money market funds, U.S. government agency securities, commercial paper, corporate debt obligations and auction rate securities.

The values of government agency securities, commercial paper and corporate obligations are determined by evaluations based on observable market information from broker or dealer quotations, which represent Level 2 inputs.

Due to the lack of observable market quotes on LP's auction rate securities (ARS) portfolio, LP evaluates the structure of its ARS holdings and current market estimates of fair value, including fair value estimates from issuing banks that rely exclusively on Level 3 inputs. These inputs include those that are based on expected cash flow streams and collateral values, including assessments of counterparty credit quality, default risk underlying the security, discount rates and overall capital market liquidity. The valuation of LP's ARS investment portfolio is subject to uncertainties that are difficult to predict. Factors that may impact LP's valuation include changes to credit ratings of the securities as well as to the underlying assets supporting those securities, rates of default of the underlying assets, underlying collateral value, discount rates, counterparty risk and ongoing strength and quality of market credit and liquidity.

Trading securities consist of rabbi trust and grantor trust financial assets which are recorded in other assets in LP's condensed consolidated balance sheets. The rabbi trust holds the assets of the Louisiana-Pacific Corporation 2004 Executive Deferred Compensation Plan (EDC), a non-qualified deferred compensation plan which allows certain management employees to defer receipt of a portion of their compensation and contribute such amounts to one or more investment funds. The assets of the rabbi trust are invested in mutual funds and are reported at fair value based on active market quotes, which represent Level 1 inputs.

The grantor trust provides funds for benefits payable under LP's Supplemental Executive Retirement Plan (SERP), an unfunded, non-qualified defined benefit plan that provides supplemental retirement benefits to key executives. The assets of the grantor trust, which are the cash surrender value of corporate-owned life insurance, are invested in index funds which are reported at fair value based on the underlying share prices provided by the third party insurance carrier, which represent Level 3 inputs.

The following table summarizes assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period.

Dollar amounts in millions	Available for sale securities	Trading securities	Total
Balance at January 1, 2009	\$ 12.3	\$ 12.9	\$25.2
Total realized/unrealized gains (losses)			
Included in other-than-temporary investment impairment	(1.7)	—	(1.7)
Included in investment income	—	0.9	0.9
Included in other comprehensive income	14.5	—	14.5
Balance at June 30, 2009	<u>\$ 25.1</u>	<u>\$ 13.8</u>	<u>\$38.9</u>
The amount of total losses for the period included in net loss attributable to the fair value of changes in assets still held at the reporting date	<u>\$ (1.7)</u>	<u>\$ —</u>	<u>\$ (1.7)</u>

NOTE 5 – EARNINGS PER SHARE

Basic net income per share is computed using the weighted-average number of common shares outstanding during the period. Diluted net income per share is computed using the weighted-average number of common shares and dilutive potential common shares outstanding during the period. Dilutive potential common shares primarily consist of employee stock options, stock settled stock appreciation rights (SSARs), restricted stock units, warrants and restricted common stock.

SFAS No. 128, "Earnings per Share," requires that employee equity share options, non-vested shares, warrants and similar equity instruments granted by the Company be treated as potential common shares outstanding in computing diluted earnings per share. Diluted shares outstanding include the dilutive effect of in-the-money options, which is calculated, based on the average share price for each fiscal period using the treasury stock method. Under the treasury stock method, the amount the employee must pay for exercising stock options, the amount of compensation cost for future service that the Company has not yet recognized, and the amount of tax benefits that would be recorded in additional paid-in capital when the award becomes deductible are assumed to be used to repurchase shares.

Dollar and share amounts in millions, except per share amounts	Quarter Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Numerator:				
Income attributed to LP common shares:				
Loss from continuing operations	\$ (27.0)	\$ (79.4)	\$ (57.0)	\$ (125.3)
Loss from discontinued operations	(2.3)	(1.4)	(2.7)	(1.9)
Net loss	<u>\$ (29.3)</u>	<u>\$ (80.8)</u>	<u>\$ (59.7)</u>	<u>\$ (127.2)</u>
Denominator:				
Basic - weighted average common shares outstanding	103.0	102.9	102.8	102.9
Dilutive effect of stock plans	—	—	—	—
Diluted shares outstanding	<u>103.0</u>	<u>102.9</u>	<u>102.8</u>	<u>102.9</u>
Basic and diluted earnings per share:				
Loss from continuing operations	\$ (0.26)	\$ (0.77)	\$ (0.55)	\$ (1.22)
Loss from discontinued operations	(0.02)	(0.02)	(0.03)	(0.02)
Net loss per share	<u>\$ (0.28)</u>	<u>\$ (0.79)</u>	<u>\$ (0.58)</u>	<u>\$ (1.24)</u>

Stock options, warrants and SSARs to purchase approximately 25.0 million shares and 17.6 million shares for the quarter and six months ended June 30, 2009 were considered anti-dilutive for purposes of LP's earnings per share calculation due to LP's net loss position in continuing operations. Stock options and SSARs to purchase approximately 4.8 million shares and 3.2 million shares for the quarter and six months ended June 30, 2008 were considered anti-dilutive for purposes of LP's earnings per share calculation due to LP's net loss position in continuing operations.

NOTE 6 – RECEIVABLES

Receivables consist of the following:

Dollar amounts in millions	June 30, 2009	December 31, 2008
Trade receivables	\$ 63.1	\$ 27.4
Interest receivables	2.0	2.8
Other receivables	13.2	14.8
Allowance for doubtful accounts	(1.6)	(1.2)
Total	<u>\$ 76.7</u>	<u>\$ 43.8</u>

Other receivables at June 30, 2009 and December 31, 2008 primarily consist of short-term notes receivable, settlements, Canadian sales tax receivables and other items.

NOTE 7 – INVENTORIES

Inventories are valued at the lower of cost or market. Inventory cost includes materials, labor and operating overhead. The LIFO (last-in, first-out) method is used for certain log inventories with remaining inventories valued at FIFO (first-in, first-out) or average cost. The major types of inventories are as follows (work in process is not material):

Dollar amounts in millions	June 30, 2009	December 31, 2008
Logs	\$ 20.6	\$ 34.7
Other raw materials	18.4	23.9
Finished products	109.3	122.6
Supplies	8.4	7.9
LIFO reserve	(1.8)	(1.8)
Total	<u>\$ 154.9</u>	<u>\$ 187.3</u>
Inventory included in current assets of discontinued operations		
Logs	\$ —	\$ —
Other raw materials	0.2	0.2
Finished products	2.8	2.8
Supplies	0.1	0.1
Total	<u>\$ 3.1</u>	<u>\$ 3.1</u>

NOTE 8 – BUSINESSES HELD FOR SALE AND DIVESTITURES

At June 30, 2009 and 2008, LP's discontinued operations included its decking operations and residual charges from previously discontinued operations.

The assets of the discontinued operations included in the accompanying condensed consolidated balance sheets as of June 30, 2009 and December 31, 2008 are as follows:

Dollar amounts in millions	June 30, 2008	December 31, 2008
Inventories	\$ 3.1	\$ 3.1
Property, plant and equipment	11.9	11.9
Accumulated depreciation	(6.9)	(6.9)
Net, property, plant and equipment	5.0	5.0
Total assets of discontinued operations	\$ 8.1	\$ 8.1

NOTE 9 – INCOME TAXES

Accounting standards require that LP account for income taxes using the asset and liability approach, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. This method also requires the recognition of future tax benefits, such as net operating loss carry forwards and other tax credits. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. Valuation allowances are recorded as necessary to reduce deferred tax assets to the amount thereof that is more likely than not to be realized. The likelihood of realizing deferred tax assets is evaluated by, among other things, estimating future taxable income to which the deferred tax assets may be applied and assessing the impact of tax planning strategies.

For interim periods, accounting standards require that income tax expense be determined by applying the estimated annual effective income tax rate, by income component, to year-to-date income or loss at the end of each quarter, then adding or subtracting the impact of any changes in reserve requirements or statutory tax rate changes, if any. Each quarter the income tax accrual is adjusted to the latest estimate and the difference from the previously accrued year-to-date balance is adjusted to the current quarter. Losses and resulting income tax benefits for the respective periods are shown below.

Dollars in millions	Quarter Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Continuing operations	\$ (43.3)	\$ (136.2)	\$ (92.7)	\$ (218.0)
Discontinued operations	(3.7)	(2.3)	(4.4)	(3.1)
	(47.0)	(138.5)	(97.1)	(221.1)
Total tax benefit	(17.4)	(57.7)	(36.9)	(93.9)
Net loss	\$ (29.6)	\$ (80.8)	\$ (60.2)	\$ (127.2)

For the second quarter and first six months of 2009, the primary differences between the U.S. statutory rate of 35% and the effective rate applicable to LP's continuing operations relate to the Company's foreign debt structure, state income taxes and the effect of foreign tax rates. For the second quarter and first six months of 2008, the primary differences between the U.S. statutory rate of 35% and the effective rate applicable to LP's continuing operations relate to the Company's foreign debt structure and state income taxes.

The components and associated estimated effective income tax rates applied to the quarter and six month periods ended June 30, 2009 and 2008 are as follows:

Dollars in millions

	Quarter Ended June 30,			
	2009		2008	
	<u>Tax Benefit</u>	<u>Tax Rate</u>	<u>Tax Benefit</u>	<u>Tax Rate</u>
Continuing operations	\$ (16.0)	37%	\$ (56.8)	42%
Discontinued operations	(1.4)	38%	(0.9)	39%
	<u>\$ (17.4)</u>	37%	<u>\$ (57.7)</u>	42%

	Six Months Ended June 30,			
	2009		2008	
	<u>Tax Benefit</u>	<u>Tax Rate</u>	<u>Tax Benefit</u>	<u>Tax Rate</u>
Continuing operations	\$ (35.2)	38%	\$ (92.7)	43%
Discontinued operations	(1.7)	39%	(1.2)	39%
	<u>\$ (36.9)</u>	38%	<u>\$ (93.9)</u>	42%

LP and its domestic subsidiaries are subject to U.S. federal income tax as well as income taxes of multiple state jurisdictions. LP's foreign subsidiaries are subject to income tax in Canada, Brazil and Chile. Federal income tax examinations for the years through 2006 have been effectively settled. LP remains subject to state and local tax examinations for the tax years 2003 through 2007. LP's Canadian returns have been audited and effectively settled through 2004. LP has utilized all of its available net operating loss carry backs in both the U.S. and Canada, therefore any 2009 tax losses will result in deductible net operating loss carry forwards to future tax periods for which long-term deferred tax assets will be established.

As of June 30, 2009, LP expects that its Canadian long term deferred tax assets at the end of the year, including those associated with the carry forward of estimated 2009 net operating losses, will exceed its deferred tax liabilities. LP therefore has considered all sources of future taxable income, including future market growth, forecasted earnings and prudent, feasible and permissible tax planning strategies, and has determined that no valuation allowances will be required related to these expected net deferred tax assets. The annual tax rate applied in determining tax expense for the period ended June 30, 2009 therefore reflects no impact of such a valuation allowance.

If LP were to determine that it would not be able to realize a portion of an existing net deferred tax asset for which there is currently no valuation allowance, an adjustment to the net deferred tax asset would be charged to earnings in the period in which such determination was made. Conversely, if it were to make a determination that it is more likely than not that an existing deferred tax asset for which there is currently a valuation allowance would be realized, the related valuation allowance would be reduced and a benefit to earnings would be recorded in the period in which such determination was made.

NOTE 10 – OTHER OPERATING CREDITS AND CHARGES, NET

The major components of “Other operating credits and charges, net” in the Consolidated Statements of Income for the quarter and six month periods ended June 30, 2009 and 2008 are reflected in the table below and are described in the paragraphs following the table:

Dollar amounts in millions	Quarter Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Severance	\$ —	\$ —	\$ (0.5)	\$ —
Anti-trust litigation settlement	—	(48.0)	—	(48.0)
Gain on insurance recovery	4.1	—	8.4	5.8
Insurance settlement	—	8.7	—	9.4
Loss on facility explosion	—	(5.3)	—	(5.3)
Additions to environmental contingency reserves, net	(2.6)	—	(2.6)	—
Additions to product related contingency reserves	—	(24.3)	—	(26.8)
Construction related legal reserves	0.4	(1.2)	0.4	(1.2)
	<u>\$ 1.9</u>	<u>\$ (70.1)</u>	<u>\$ 5.7</u>	<u>\$ (66.1)</u>

In the first quarter of 2009, LP recorded a net gain of \$4.3 million associated with reimbursements of legal expenses associated with an environmental litigation matter and a loss \$0.5 million associated with LP’s “right sizing” initiatives.

In the second quarter of 2009, LP recorded a further gain of \$4.1 million associated with reimbursement of legal expenses associated with an environmental litigation matter, a net loss of \$2.6 million associated with environmental reserves on two sites which LP no longer operates and a gain of \$0.4 million associated with a contractor default on a construction project.

In the first quarter of 2008, LP recorded a net gain of \$4.0 million associated with product related warranty reserves and insurance settlements associated with LP’s hardboard class action suit and other associated hardboard siding liabilities.

In the second quarter of 2008, LP recorded a loss of \$24.3 million associated with product related contingency reserves in connection with LP’s settlement of a hardboard class action suit and a gain of \$8.7 million associated with expected insurance recoveries associated with this suit; a loss of \$48 million associated with LP’s settlement of a product related anti-trust litigation matter; a loss of \$5.3 million associated with a facility explosion and a loss of \$1.2 million associated with a contractor default on a construction project.

NOTE 11 – INVESTMENTS IN AND ADVANCES TO AFFILIATES

LP has investments in affiliates that are either accounted for under the equity method or the cost method based upon the specific terms of the agreement as well as advances to affiliates. The significant components of these investments and advances are as follows:

Dollar amounts in millions	June 30, 2009	December 31, 2008
Investments accounted for under the equity method	\$ 137.9	\$ 142.4
Investments accounted for under the cost method	44.5	44.5
Total	<u>\$ 182.4</u>	<u>\$ 186.9</u>

At June 30, 2009, LP’s significant equity method investees and its ownership interest and principal business activity in each investee, were as follows:

	Ownership %	
U.S. GreenFiber	50%	Established to manufacture and sell cellulose insulation products
AbitibiBowater – LP	50%	Established to construct and operate I-Joist facilities in Eastern Canada
Canfor – LP	50%	Established to construct and operate an OSB facility in British Columbia, Canada

These investments do not meet the Regulation S-X significance test requiring the inclusion of the separate investee financial statements or summarized financial information.

LP sells products and raw materials to the AbitibiBowater-LP entity and purchases products for resale from the AbitibiBowater-LP and Canfor-LP entities. LP eliminates profits on these sales and purchases, to the extent the inventory has not been sold through to third parties, on the basis of its 50% interest. For the quarters ended June 30, 2009 and 2008, LP sold \$1.8 million and \$2.0 million of products to AbitibiBowater-LP and purchased \$9.3 million and \$12.0 million of I-joist from AbitibiBowater-LP. LP also purchased \$11.5 million and \$28.7 million of OSB from Canfor-LP during the quarters ended June 30, 2009 and 2008. For the six months ended June 30, 2009 and 2008, LP sold \$2.7 million and \$3.6 million of products to AbitibiBowater-LP and purchased \$14.3 million and \$20.5 million of I-joist from AbitibiBowater-LP. LP also purchased \$18.5 million and \$40.1 million of OSB from Canfor-LP for the six months ended June 30, 2009 and 2008.

NOTE 12 – LEGAL AND ENVIRONMENTAL MATTERS

Certain environmental matters and legal proceedings are discussed below.

Environmental Matters

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

Siding Matters

On October 15, 2002, a jury returned a verdict of \$29.6 million against LP in a Minnesota State Court action entitled Lester Building Systems, a division of Butler Manufacturing Company, and Lester's of Minnesota, Inc. v. Louisiana-Pacific Corporation and Canton Lumber Company. On December 13, 2002, the United States District Court for the District of Oregon, which maintains jurisdiction over a previously settled nationwide class action suit involving OSB siding manufactured by LP and installed prior to January 1, 1996, permanently enjoined the Minnesota state trial court from entering judgment against LP with respect to \$11.2 million of the verdict that related to siding that was subject to the nationwide OSB siding settlement. LP satisfied this verdict, less the enjoined amount, during the second quarter of 2004. Lester's appealed the District Court's injunction to the Ninth Circuit Court of Appeals and, on October 24, 2005, the Court of Appeals vacated the District Court's injunction. As a result of this decision, the injunction was lifted and the state court judgment of \$11.2 million was entered on December 22, 2006. On February 5, 2008, the Minnesota State Court of Appeals reversed the \$11.2 million judgment entered against LP on December 22, 2006. On March 5, 2009, the Minnesota State Supreme Court affirmed the Minnesota State Court of Appeals' decision. LP believes the Minnesota State Supreme Court's decision concludes the matter.

Antitrust Litigation

LP was named as one of a number of defendants in multiple class action complaints filed on or after February 26, 2006 in the United States District Court for the Eastern District of Pennsylvania. These complaints were dismissed or consolidated into two complaints under one caption: *In Re OSB Anti-Trust Litigation*, Master File No. 06-CV-00826 (PD). The first complaint is a consolidated amended class action complaint filed on March 31, 2006 on behalf of plaintiffs who directly purchased OSB from the defendants from May 1, 2002 through the date the complaint was filed (the direct purchaser complaint). The second complaint is a consolidated amended class action complaint, filed on June 15, 2006, on behalf of plaintiffs who indirectly purchased OSB from the defendants from May 1, 2002 through the date the complaint was filed (the indirect purchaser complaint). The plaintiffs in both amended and consolidated complaints described above moved for and received class certification and sought damages alleged to have resulted from a conspiracy among the defendants to fix, raise, maintain and stabilize the prices at which OSB is sold in the United States, in violation of Section 1 of the Sherman Act, 15 U.S.C. §1 and similar remedies under

individual state anti-trust, competition and consumer protection laws. LP believed that the claims asserted were without merit, but after being ordered to settlement conference by the judge, LP decided that in order to limit the risks and costs associated with a prolonged trial schedule; it would settle the direct and indirect lawsuits. These settlements were accrued and paid in 2008.

As part of the class action process, individual purchasers are able to opt-out of the class action claims and pursue their own suit. On December 1, 2008, LP was named, in an opt-out suit, as one of a number of defendants in *Bailey Lumber & Supply and 84 Lumber Company v. Georgia-Pacific Corporation et. al.* (Civil Action No. 1:08cv1394) filed in the United States District Court for the Southern District of Mississippi Southern Division. The plaintiffs in this opt-out case seek treble damages alleged to have resulted from a conspiracy among the defendants to fix, raise, maintain and stabilize the prices at which OSB and Plywood are sold in the United States during the period of 2002 into 2006, in violation of Section 1 of the Sherman Act, 15 U.S.C. §1, together with costs and attorneys' fees. LP believes these allegations are without merit and intends to vigorously defend this suit.

Although the complaint in this opt-out case does not specify the amount of damages sought, a damages model subsequently filed by the plaintiffs suggests that they may be seeking damages in a range from \$149 million to \$174 million (or \$447 million to \$524 million if trebled). LP has not increased its reserves for this opt-out case as a result of the filing of the damages model.

ARS litigation

On July 31, 2009, LP filed suit in the United States District Court for the Northern District of California captioned., *Louisiana Pacific Corporation v. Money Market 1 Institutional Investment Dealer; Merrill Lynch & CO., Inc.; Merrill Lynch, Pierce, Fenner & Smith Incorporated; And Deutsche Bank Securities Inc.* (Civil Action No. 09cv3529). This matter arose out of LP's acquisition of certain ARS structured and underwritten by Merrill Lynch and Deutsche Bank with an approximate par value of \$145.9 million. In the lawsuit, LP alleges that the defendants made misrepresentations and omissions of material facts in connection with the issuance of and the auctions for the ARS which constitute a violation of both state and federal securities laws, as well as common law fraud. LP seeks recovery of compensatory damages, rescission of the purchase of the securities at par value, consequential damages, punitive damages, attorneys' fees and any other damages the court deems appropriate under the circumstances.

Other Proceedings

LP is party to other legal proceedings. Based on the information currently available, LP believes that the resolution of such proceedings will not have a material adverse effect on its financial position, results of operations, cash flows or liquidity.

NOTE 13 – LONG TERM DEBT

On March 10, 2009, LP issued and sold 375,000 Units consisting of (1) \$375,000,000 principal amount at maturity of 13% Senior Secured Notes due 2017 and (2) warrants to purchase 18,395,963 shares of its common stock at an exercise price of \$1.39 per share, subject to adjustment in certain circumstances and to mandatory cashless exercise provisions. The issuance and sale of the Units generated gross proceeds of \$281.3 million, reflecting original issue discount of \$93.7 million, of which \$126.0 million was used to retire \$126.6 million aggregate principal amount of LP's 8.875% Senior Notes due 2010 and \$14.5 million was used to pay related transaction costs (including costs associated with LP's new credit facility described below). The effective interest rate of this debt is 19.1% (or 19.7% including the warrants). An additional \$1.0 million of debt issuance costs were paid in the second quarter of 2009.

On March 10, 2009, LP entered into a new credit facility, which provides for a committed asset-based borrowing capacity of up to \$100 million, with a sublimit for letters of credit. The credit facility will end in September of 2012 unless we fail to repay, defease or reserve for our 8.875% Senior Notes totaling \$73.3 million at June 30, 2009 due 2010 by February 15, 2010, as planned, in which case the credit facility's term will end on February 15, 2010. The availability of credit under the credit facility is subject to a borrowing base, which is calculated based on certain percentages of accounts receivable and inventory and at any given time may limit the amount of borrowings and letters of credit otherwise available under the facility. In addition, the credit facility contains a covenant requiring LP to maintain a fixed charge coverage ratio of at least 1.1 to 1.0 at any time that the excess of (1) the lesser of the commitments plus \$20 million or the borrowing base minus (2) obligations outstanding under the credit facility plus

certain of LP's past due trade payables falls below \$50 million. At June 30, 2009, LP had \$72.4 million of unused commitments under the credit facility, resulting from the borrowing base of \$86.6 million less \$14.2 million of outstanding letters of credit. Because LP's fixed charge coverage ratio on June 30, 2009 was less than 1.1 to 1.0, LP was effectively precluded from utilizing \$50 million of the credit available after giving effect to the borrowing base limitation.

NOTE 14 – SELECTED SEGMENT DATA

LP operates in three segments: Oriented Strand Board (OSB); Siding; and Engineered Wood Products (EWP). LP's business units have been aggregated into these three segments based upon the similarity of economic characteristics, customers and distribution methods. LP's results of operations are summarized below for each of these segments separately as well as for the "other" category which comprises other products that are not individually significant. Segment information was prepared in accordance with the same accounting principles as those described in Note 1 of the Notes to the financial statements included in LP's Annual Report on Form 10-K for the year ended December 31, 2008.

Dollar amounts in millions	Quarter Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net sales:				
OSB	\$ 97.7	\$ 170.2	\$ 170.0	\$ 329.2
Siding	102.7	123.6	176.4	230.7
Engineered Wood Products	35.9	65.3	65.8	125.8
Other	29.9	27.9	58.6	50.7
	<u>\$ 266.2</u>	<u>\$ 387.0</u>	<u>\$ 470.8</u>	<u>\$ 736.4</u>
Operating profit (loss):				
OSB	\$ (18.5)	\$ (34.1)	\$ (42.6)	\$ (96.2)
Siding	6.5	8.8	8.7	9.1
Engineered Wood Products	(8.6)	(9.2)	(17.8)	(17.3)
Other	0.6	(0.4)	2.1	(2.8)
Other operating credits and charges, net	1.9	(70.1)	5.7	(66.1)
Gain (loss) on sales of and impairment of long-lived assets	1.0	(0.1)	0.9	0.3
General corporate and other expenses, net	(18.5)	(22.2)	(37.7)	(46.3)
Foreign currency gain (losses)	6.7	(5.1)	9.3	4.3
Gain on early debt extinguishment	—	—	0.6	—
Other than temporary investment impairment	(0.8)	(1.7)	(1.7)	(2.5)
Investment income	7.5	10.6	12.7	23.4
Interest expense, net of capitalized interest	(21.1)	(12.7)	(32.9)	(23.9)
Loss from operations before taxes	(43.3)	(136.2)	(92.7)	(218.0)
Benefit for income taxes	(16.0)	(56.8)	(35.2)	(92.7)
Loss from continuing operations	<u>\$ (27.3)</u>	<u>\$ (79.4)</u>	<u>\$ (57.5)</u>	<u>\$ (125.3)</u>

NOTE 15 – POTENTIAL IMPAIRMENTS

LP continues to review certain operations and investments for potential impairments. LP's management currently believes it has adequate support for the carrying value of each of these operations and investments based upon the anticipated cash flows that result from estimates of future demand, pricing and production costs assuming certain levels of planned capital expenditures. As of June 30, 2009, the undiscounted cash flows for the facilities indefinitely curtailed support the conclusion that no impairment is necessary for those facilities. However, should the markets for the relevant products continue to remain at levels significantly below cycle average pricing or should LP decide to invest capital in alternative projects, it is possible that impairment charges will be required.

LP also reviews from time to time possible dispositions of various assets in light of current and anticipated economic and industry conditions, its strategic plan and other relevant circumstances. Because a determination to dispose of particular assets can require management to make assumptions regarding the transaction structure of the disposition and to estimate the net sales proceeds, which may be less than previous estimates of undiscounted future net cash flows, LP may be required to record impairment charges in connection with decisions to dispose of assets.

NOTE 16 – CONTINGENCY RESERVES

LP is involved in various legal proceedings incidental to LP's business and is subject to a variety of environmental and pollution control laws and regulations in all jurisdictions in which it operates. LP maintains reserves for these various contingencies as follows:

Dollar amounts in millions	June 30, 2009	December 31, 2008
Environmental reserves	\$ 9.5	\$ 6.5
Hardboard siding reserves	24.6	31.2
Other reserves	1.6	2.8
Total contingency reserves	35.7	40.5
Current portion of contingency reserves	(10.0)	(10.0)
Long-term portion of contingency reserves	\$ 25.7	\$ 30.5

Hardboard Siding Reserves

LP has established reserves relating to certain liabilities associated with a settlement agreement resulting from a nationwide class action lawsuit involving hardboard siding manufactured or sold by corporations acquired by LP in 1999 and installed prior to May 15, 2000 which was approved by the applicable courts in 2000. This settlement is discussed in greater detail in the Notes to the financial statements included in LP's Annual Report on Form 10-K for the year ended December 31, 2008. LP believes that the reserve balance for this settlement at June 30, 2009 will be adequate to cover future payments to claimants and related administrative costs.

The activity in the portion of LP's loss contingency reserves relating to hardboard siding contingencies for the first six months of 2009 and 2008 are summarized in the following table.

Dollar amounts in millions	June 30, 2009	June 30, 2008
Beginning balance, December 31,	\$ 31.2	\$ 12.8
Accrued to expense	0.9	18.3
Payments made for claims	(5.5)	(5.7)
Payments made for administrative costs	(2.0)	(0.9)
Ending balance	\$ 24.6	\$ 24.4

Environmental reserves

LP is involved in a number of 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.

LP maintains a reserve for undiscounted estimated environmental loss contingencies. This reserve is primarily for estimated future costs of remediation of hazardous or toxic substances at numerous sites currently or previously owned by the Company. LP's estimates of its environmental loss contingencies are based on various assumptions and judgments, the specific nature of which varies in light of the particular facts and circumstances surrounding each environmental loss contingency. These estimates typically reflect assumptions and judgments as to the probable nature, magnitude and timing of required investigation, remediation and/or monitoring activities and the probable cost of these activities. Due to the numerous uncertainties and variables associated with these assumptions and judgments, and the effects of changes in governmental regulation and environmental technologies, both the

precision and reliability of the resulting estimates of the related contingencies are subject to substantial uncertainties. LP regularly monitors its estimated exposure to environmental loss contingencies and, as additional information becomes known, may change its estimates significantly. However, no estimate of the range of any such change can be made at this time.

LP's estimates of its environmental loss contingencies do not reflect potential future recoveries from insurance carriers or previous owners of certain sites except to the extent that recovery may from time to time be deemed probable as a result of agreements to payment terms.

The activity in LP's reserve for estimated environmental loss contingency reserves for the first six months of 2009 and 2008 are summarized in the following table.

Dollar amounts in millions	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Beginning balance, December 31,	\$ 6.5	\$ 9.4
Adjusted to expense (income) during the period	3.3	—
Payments made	<u>(0.3)</u>	<u>(1.0)</u>
Ending balance	<u>\$ 9.5</u>	<u>\$ 8.4</u>

During the first six months of 2009 and 2008, LP adjusted its reserves at a number of sites to reflect current estimates of remediation costs.

NOTE 17 – DEFINED BENEFIT PENSION PLANS

The following table sets forth the net periodic pension cost for LP's defined benefit pension plans during the second quarter and six month period ended June 30, 2009 and 2008. The net periodic pension cost included the following components:

Dollar amounts in millions	<u>Quarter Ended June 30,</u>		<u>Six Month Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Service cost	\$ 1.7	\$ 2.5	\$ 3.4	\$ 4.9
Interest cost	4.1	4.5	8.2	8.9
Expected return on plan assets	(4.4)	(5.4)	(8.8)	(10.5)
Amortization of prior service cost	0.1	0.3	0.2	0.6
Amortization of net loss	<u>1.0</u>	<u>0.7</u>	<u>2.0</u>	<u>1.3</u>
Net periodic pension cost	<u>\$ 2.5</u>	<u>\$ 2.6</u>	<u>\$ 5.0</u>	<u>\$ 5.2</u>

Through June 30, 2009, LP recognized \$5.0 million of pension expense for all of LP's defined benefit plans. LP presently anticipates recognizing an additional \$4.9 million of pension expense in the remainder of 2009 for a total of \$9.9 million.

Through June 30, 2009, LP made no significant contributions to its defined benefit plans. LP presently anticipates making approximately \$1.0 million of pension contributions to the plans during the remainder of 2009.

NOTE 18 – GUARANTEES AND INDEMNIFICATIONS

LP is a party to contracts in which LP agrees to indemnify third parties for certain liabilities that arise out of or relate to the subject matter of the contract. In some cases, this indemnity extends to liabilities arising out of the negligence of the indemnified parties, but usually excludes any liabilities caused by gross negligence or willful misconduct of the indemnified parties. LP cannot estimate the potential amount of future payments under these agreements until

events arise that would trigger the liability. See Note 23 of the Notes to the financial statements included in LP's Annual Report on Form 10-K for the year ended December 31, 2008 for further discussion of LP's guarantees and indemnifications.

Additionally, LP provides warranties on the sale of most of its products and records an accrual for estimated future claims. Such accruals are based upon historical experience and management's estimate of the level of future claims. The activity in warranty reserves for the six months of 2009 and 2008 are summarized in the following table:

Dollar amounts in millions	June 30, 2009	June 30, 2008
Beginning balance, December 31,	\$ 33.7	\$ 26.2
Accrued to expense	4.6	2.8
Payments made	(3.8)	(2.4)
Total warranty reserves	34.5	26.6
Current portion of warranty reserves	(7.0)	(7.0)
Long-term portion of warranty reserves	<u>\$ 27.5</u>	<u>\$ 19.6</u>

The current portion of the warranty reserve is included in the caption "Accounts payable and accrued liabilities" and the long-term portion is included in the caption "Other long-term liabilities" on LP's Condensed Consolidated Balance Sheets.

During the third quarter of 2008, LP increased the warranty reserves relating to its discontinued composite decking products. The additional reserves reflect revised estimates of future claim payments based upon a significant increase in decking warranty claims related to a specific operation and specific time period. During the fourth quarter of 2008, based upon further investigation, LP established a voluntary recall of these specific products. During the second quarter of 2009, LP established a formal recall program under the Consumer Products Safety Board requirements for this product. No additional reserve increase was required in connection with the establishment of the formal program. LP continues to monitor warranty and other claims associated with these products and with the recall program (see Note 12- Legal and Environmental Matters – Other Proceedings) and believes as of June 30, 2009 that the reserves associated with these matters are adequate.

During the second quarter of 2009, LP increased the warranty reserve related to its discontinued vinyl siding products based upon an increase in warranty claims related to a specific vinyl product. The additional reserves reflect revised estimates of future claims.

LP believes that the warranty reserve balance at June 30, 2009 will be adequate to cover future warranty payments. However, it is possible that additional charges may be required.

NOTE 19 - - RECENT AND PROSPECTIVE ACCOUNTING PRONOUNCEMENTS

In September 2006, the Financial Accounting Standard Board (FASB) finalized SFAS No. 157, "Fair Value Measurements" (SFAS 157). This Statement defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements; however, it does not require any new fair value measurements. The provisions of SFAS 157 were applied prospectively to LP's fair value measurements and disclosures as of January 1, 2008 with respect to recurring financial assets and liabilities and January 1, 2009 with respect to nonrecurring nonfinancial assets and liabilities, and did not have a material effect on LP's consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements — an Amendment of Accounting Research Bulletin No. 51" (SFAS 160). SFAS 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 requires that under most circumstances noncontrolling interests in subsidiaries be reported in the equity section of the controlling company's balance sheet. It also changes the manner in which the net income of the subsidiary is reported and disclosed in the controlling company's income statement. SFAS 160 is effective on a prospective basis for annual periods beginning after December 15, 2008, except for the presentation and disclosure requirements which are to be applied retrospectively for all periods presented. LP adopted this statement as of January 1, 2009, and it did not have a material impact on LP's consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), “Business Combinations” (SFAS 141(R)). SFAS 141(R) addresses the recognition and accounting for identifiable assets acquired, liabilities assumed, and noncontrolling interests in business combinations. SFAS 141(R) also establishes expanded disclosure requirements for business combinations. SFAS 141(R) is effective for annual periods beginning after December 15, 2008 and should be applied prospectively for all business combinations entered into after the date of adoption.

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities, an Amendment of FASB Statement No. 133” (SFAS 161). SFAS 161 amends and expands the disclosure requirements of Statement 133 to provide a better understanding of how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for, and their effect on an entity’s financial position, financial performance, and cash flows. SFAS 161 is effective for fiscal years beginning after November 15, 2008. LP adopted this statement as of January 1, 2009 and it did not have a material effect on LP’s consolidated financial statements.

In December 2008, the FASB issued Staff Position No. FAS 132(R)-1, “Employers’ Disclosures about Postretirement Benefit Plan Assets”, (FSP FAS 132(R)-1). FSP FAS 132(R)-1 amends SFAS 132(R), Employers’ Disclosures about Pensions and Other Postretirement Benefits,” to provide guidance on an employer’s disclosures about plan assets of a defined benefit pension or other postretirement plan. FSP FAS 132(R)-1 is effective for fiscal years ending after December 15, 2009. LP is currently evaluating the impact of adopting FSP FAS 132(R)-1 on its consolidated financial statement disclosures.

In April 2009, the FASB issued Staff Position No. 157-4, “Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly” (“FSP FAS 157- 4”). FSP FAS 157-4 provides additional guidance for estimating fair value in accordance with SFAS 157 when the volume and level of activity for the asset or liability have significantly decreased. This FSP also includes guidance on identifying circumstances that indicate a transaction is not orderly. If a market is determined to be inactive and market price is reflective of a distressed price then an alternative method of pricing can be used, such as a present value technique to estimate fair value. FSP FAS 157-4 identifies factors to be considered when determining whether or not a market is inactive. FSP 157-4 is effective for interim and annual periods ending after June 15, 2009 and shall be applied prospectively. LP adopted this statement as of April 1, 2009, and it did not have a material effect on LP’s consolidated financial statements.

In April 2009, the FASB issued Staff Position No. FAS 107-1 and APB 28-1, “Interim Disclosures about Fair Value of Financial Instruments” (“FSP FAS 107-1 and APB 28-1”), which amends SFAS No. 107, “Disclosures about Fair Value of Financial Instruments”, and APB Opinion No. 28, “Interim Financial Reporting”, to require disclosures about fair value of financial instruments in interim and annual reporting periods. FSP FAS 107-1 and APB 28-1 are effective for interim reporting periods ending after June 15, 2009. LP adopted these statements in the second quarter of 2009.

In April 2009, the FASB issued Staff Position No. FAS 115-2 and FAS 124-2, “Recognition and Presentation of Other-Than-Temporary Impairments” (“FSP FAS 115-2 and FAS 124-2”) which amends the other-than-temporary impairment guidance in U.S. GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. FSP FAS 115-2 and FAS 124-2 are effective for interim reporting periods ending after June 15, 2009. LP adopted these statements as of April 1, 2009 and they did not have a material effect on LP’s consolidated financial statements.

In May 2009, the FASB issued SFAS No. 165, “Subsequent Events” which sets forth the period for which management shall evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity shall recognize events after the balance sheet date in its financial statements and the disclosures required of events occurring after the balance sheet date. LP adopted this statement in the second quarter of 2009 and it did not have a material effect on the Company’s consolidated financial statements.

In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets-An Amendment of FASB No. 140", and SFAS No. 167, "Amendments to FASB Interpretation No. 46(R). Under SFAS No. 166, the concept of a qualifying special-purpose entity is no longer relevant for accounting purposes, and formerly qualifying special-purpose entities need to be evaluated for consolidation. SFAS No. 167 requires an enterprise to perform an analysis to determine whether the enterprise's variable interest gives it a controlling financial interest. SFAS 166 and 167 are effective for the first annual reporting period beginning after November 15, 2009 (including interim periods within the first annual reporting period). LP is currently evaluating the impact of adopting SFAS 166 and 167 on its consolidated financial statements.

In June 2009, the FASB issued SFAS No. 168, "The *FASB Accounting Standards Codification*TM and the Hierarchy of Generally Accepted Accounting Principles" which will become the authoritative U.S. generally accepted accounting principles. SFAS 168 is effective for interim and annual periods ending after September 15, 2009.

NOTE 20 – SUBSEQUENT EVENTS

LP has evaluated events subsequent to June 30, 2009 through August 4, 2009. No events were noted which would require disclosure in the footnotes to the consolidated financial statements except for the ARS litigation described in Note 12 above.

GENERAL

Our products are used primarily in new home construction, repair and remodeling, and manufactured housing. We also market and sell our products in light industrial and commercial construction and we have a modest export business. Our manufacturing facilities are primarily located in the U.S. and Canada, but we also operate two facilities in Chile and have a 75% ownership interest in a Brazilian facility.

To serve these markets, we operate in three segments: Oriented Strand Board (OSB), Siding, and Engineered Wood Products (EWP).

Demand for our products correlates to a significant degree to the level of residential construction activity in North America, which historically has been characterized by significant cyclical activity. In the first six months of 2009, the U.S. Department of Census reported that actual single and multi-family housing starts were about 48% lower than the first six months of 2008. We believe that the reduced level of building is due to the increase in the inventory of homes for sale coupled with a much more restrictive mortgage market. Additionally, the current recession and related job losses, the reduction in home values and the large amount of variable rate mortgages that have reset at higher rates of interest has increased the number of foreclosures, which add to the stock of homes for sale. Building activity is unlikely to improve until the number of homes available for sale is reduced, foreclosure activity subsides, the level of unemployment stabilizes and housing prices stop declining.

OSB is sold as a commodity for which sales prices fluctuate daily based on market factors over which we have little or no control. We cannot predict whether the prices of our products will remain at current levels or increase or decrease in the future.

For additional factors affecting our results, refer to the Management Discussion and Analysis overview contained in our Annual Report on Form 10-K for the year ended December 31, 2008 and to "About Forward-Looking Statements" and "Risk Factors" in this report.

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT ESTIMATES

Presented in Note 1 of the Notes to the financial statements included in LP's Annual Report on Form 10-K for the year ended December 31, 2008 is a discussion of our significant accounting policies and significant accounting estimates and judgments. The discussion of each of the policies and estimates outlines the specific accounting treatment related to each of these accounting areas.

Accounting Policies

There are several policies that we have adopted and implemented from among acceptable alternatives that could lead to different financial results had another policy been chosen:

Inventory valuation. We use the LIFO (last-in, first-out) method for some of our log inventories with the remaining inventories valued at FIFO (first-in, first-out) or average cost. Our inventories would have been approximately \$1.8 million higher if the LIFO inventories were valued at average cost as of June 30, 2009.

Property, plant and equipment. We principally use the units of production method of depreciation for machinery and equipment. This method amortizes the cost of machinery and equipment over the estimated units that will be produced during its estimated useful life.

Significant Accounting Estimates And Judgments

Throughout the preparation of the financial statements, we employ significant judgments in the application of accounting principles and methods. These judgments are primarily related to the assumptions used to arrive at various estimates. For 2009, these significant accounting estimates and judgments include:

Auction Rate Securities: Auction rate securities represent interests in collateralized debt obligations, a portion of which are collateralized by pools of residential and commercial mortgages, interest-bearing corporate debt obligations, dividend-yielding preferred stock or other instruments. Liquidity for these auction rate securities historically was provided by an auction process that resets the applicable interest rate at pre-determined intervals, usually every 7, 28, 35 or 90 days. Because of the short interest rate reset period, we have historically recorded auction rate securities in current available-for-sale securities. As of June 30, 2009, we had auction rate securities with a par value of \$151.8 million that have experienced multiple failed auctions as the amount of securities for sale exceeded the amount of purchase orders. We have recorded cumulative other-than-temporary impairments aggregating \$141.2 million on these securities through June 30, 2009. In addition, during the second quarter of 2009, we recorded gross unrealized gains through Other Comprehensive Income of \$14.5 million. Auction rate securities with a fair value of \$25.1 million are included in the accompanying consolidated financial statements under the caption "long-term investments".

Our estimates of the valuation of our current holdings of auction rate securities are based upon our evaluation of the structure of our auction rate securities and current market estimates of fair value, including fair value estimates from issuing banks. In accordance with FSP FAS 115-2 and 124-2, "*Recognition and Presentation of Other-Than-Temporary Impairments*," we review several factors to determine whether a loss is other-than-temporary. These factors include but are not limited to: (i) the length of time a security is in an unrealized loss position, (ii) the extent to which fair value is less than cost, (iii) the financial condition and near term prospects of the issuer and the underlying collateral, and (iv) our intent and ability to hold the security for a period of time sufficient to allow for any anticipated recovery in fair value. Due to the numerous variables associated with these judgments, both the precision and reliability of the resulting estimates of the related valuation allowance are subject to substantial uncertainties. We regularly monitor our estimated exposure to these investments and, as additional information becomes known, may change our estimates significantly.

Legal Contingencies. Our estimates of loss contingencies for legal proceedings are based on various judgments and assumptions regarding the potential resolution or disposition of the underlying claims and associated costs. In making judgments and assumptions regarding legal contingencies for ongoing class action settlements, we consider, among other things, discernible trends in the rate of claims asserted and related damage estimates and information obtained through consultation with statisticians and economists, including statistical analyses of potential outcomes based on experience to date and the experience of third parties who have been subject to product-related claims judged to be comparable. Due to the numerous variables associated with these judgments and assumptions, both the precision and reliability of the resulting estimates of the related loss contingencies are subject to substantial uncertainties. We regularly monitor our estimated exposure to these contingencies and, as additional information becomes known, may change our estimates significantly.

Environmental Contingencies. Our estimates of loss contingencies for environmental matters are based on various judgments and assumptions. These estimates typically reflect judgments and assumptions relating to the probable nature, magnitude and timing of required investigation, remediation and/or monitoring activities and the probable cost of these activities, and in some cases reflect judgments and assumptions relating to the obligation or willingness and ability of third parties to bear a proportionate or allocated share of the cost of these activities, including third parties who purchased assets from us subject to environmental liabilities. We consider the ability of third parties to pay their apportioned cost when developing our estimates. In making these judgments and assumptions related to the development of our loss contingencies, we consider, among other things, the activity to date at particular sites, information obtained through consultation with applicable regulatory authorities and third-party consultants and contractors and our historical experience at other sites that are judged to be comparable. Due to the numerous variables associated with these judgments and assumptions, and the effects of changes in governmental regulation and environmental technologies, both the precision and reliability of the resulting estimates of the related contingencies are subject to substantial uncertainties. We regularly monitor our estimated exposure to environmental loss contingencies and, as additional information becomes known, may change our estimates significantly. At June 30, 2009, we excluded from our estimates approximately \$1.1 million of potential environmental liabilities that we estimate will be allocated to third parties pursuant to existing and anticipated future cost sharing arrangements.

Impairment of Long-Lived Assets. We review the long-lived assets held and used by us (primarily property, plant and equipment and timber and timberlands) for impairment when events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. Identifying these events and changes in circumstances, and

assessing their impact on the appropriate valuation of the affected assets under accounting principles generally accepted in the U.S., requires us to make judgments, assumptions and estimates. In general, on assets held and used, impairments are recognized when the book values exceed our estimate of the undiscounted future net cash flows associated with the affected assets. The key assumptions in estimating these cash flows include future production volumes and pricing of commodity or specialty products and future estimates of expenses to be incurred. Our assumptions regarding pricing are based upon the average pricing over the commodity cycle (generally five years) due to the inherent volatility of commodity product pricing. These prices are estimated from information gathered from industry research firms, research reports published by investment analysts and other published forecasts. Our estimates of expenses are based upon our long-range internal planning models and our expectation that we will continue to reduce product costs that will offset inflationary impacts.

When impairment is indicated, the book values of the assets to be held and used are written down to their estimated fair value, which is generally based upon discounted future cash flows. Assets to be disposed of are written down to their estimated fair value, less estimated selling costs. Consequently, a determination to dispose of particular assets can require us to estimate the net sales proceeds expected to be realized upon such disposition, which may be less than the estimated undiscounted future net cash flows associated with such assets prior to such determination, and thus require an impairment charge. In situations where we have experience in selling assets of a similar nature, we may estimate net sales proceeds on the basis of that experience. In other situations, we hire independent appraisers to estimate net sales proceeds. Due to the numerous variables associated with our judgments and assumptions relating to the valuation of assets in these circumstances, and the effects of changes in circumstances affecting these valuations, both the precision and reliability of the resulting estimates of the related impairment charges are subject to substantial uncertainties and, as additional information becomes known, we may change our estimates significantly.

Income Taxes. The determination of the provision for income taxes, and the resulting current and deferred tax assets and liabilities, involves significant management judgment, and is based upon information and estimates available to management at the time of such determination. The final income tax liability to any taxing jurisdiction with respect to any calendar year will ultimately be determined long after our financial statements have been published for that year. We maintain reserves for known estimated tax exposures in federal, state and international jurisdictions; however, actual results may differ materially from our estimates.

Judgment is also applied in determining whether deferred tax assets will be realized in full or in part. When we consider it to be more likely than not that all or some portion of a deferred tax asset will not be realized, a valuation allowance is established for the amount of the deferred tax asset that is estimated not to be realizable. As of June 30, 2009, we had established valuation allowances against certain deferred tax assets, primarily related to state and certain foreign carryovers of net operating losses, credits and foreign capital loss. We have not established valuation allowances against other deferred tax assets based upon expected future taxable income and/or tax strategies planned to mitigate the risk of impairment of these assets. Accordingly, changes in facts or circumstances affecting the likelihood of realizing a deferred tax asset could result in the need to record additional valuation allowances.

Pension Plans. Most of our U.S. employees and some of our Canadian employees participate in defined benefit pension plans sponsored by LP. We account for the consequences of our sponsorship of these plans in accordance with accounting principles generally accepted in the U.S., which require us to make actuarial assumptions that are used to calculate the related assets, liabilities and expenses recorded in our financial statements. While we believe we have a reasonable basis for these assumptions, which include assumptions regarding long-term rates of return on plan assets, life expectancies, rates of increase in salary levels, rates at which future values should be discounted to determine present values and other matters, the amounts of our pension related assets, liabilities and expenses recorded in our financial statements would differ if we used other assumptions. See further discussion related to pension plans below under the heading "Defined Benefit Pension Plans" and in Note 15 of the Notes to the financial statements included in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2008.

Workers' Compensation. We are self-insured for workers' compensation in most U.S. states. We account for these plans in accordance with accounting principles generally accepted in the U.S, which require us to make actuarial assumptions that are used to calculate the related assets, liabilities and expenses recorded in our financial statements. While we believe we have a reasonable basis for these assumptions, which include assumptions regarding rates at which future values should be discounted to determine present values, expected future health care costs and other matters. The amounts of our liabilities and related expenses recorded in our financial statements would differ if we used other assumptions.

NON-GAAP FINANCIAL MEASURES

In evaluating our business, we utilize several non-GAAP financial measures. A non-GAAP financial measure is generally defined by the SEC as one that purports to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so excluded or included under applicable GAAP guidance. In this report on Form 10-Q, we disclose continuing earnings before interest expense, taxes, depreciation and amortization (“EBITDA from continuing operations”) which is a non-GAAP financial measure. EBITDA from continuing operations is not a substitute for the GAAP measure of net income or operating cash flows or other GAAP measures of operating performance or liquidity.

We have included EBITDA from continuing operations in this report on Form 10-Q because we use it as an important supplemental measure of our performance and believe that it is frequently used by securities analysts, investors and other interested persons in the evaluation of companies in our industry, some of which present EBITDA when reporting their results. We use EBITDA from continuing operations to evaluate our performance as compared to other companies in our industry that have different financing and capital structures and/or tax rates. In addition, the instruments governing our indebtedness use EBITDA (with additional adjustments) to measure our compliance with covenants such as interest coverage and debt incurrence. It should be noted that companies calculate EBITDA differently and, therefore, our EBITDA measures may not be comparable to EBITDA reported by other companies. Our EBITDA measures have material limitations as performance measures because they exclude interest expense, income tax (benefit) expense, depreciation and amortization which are necessary to operate our business or which we otherwise incurred or experienced in connection with the operation of our business.

The following table represents significant items by operating segment and reconciles results from continuing operations to EBITDA from continuing operations:

(Dollar amounts in millions)	OSB	Siding	EWP	Other	Corporate	Total
Quarter Ended June 30, 2009						
Sales	\$ 97.7	\$ 102.7	\$ 35.9	\$ 29.9	\$ —	\$ 266.2
Depreciation and amortization	8.9	4.3	2.9	2.0	0.8	18.9
Cost of sales and selling and administrative	105.1	91.9	41.4	26.3	17.7	282.4
(Gain) loss on sale or impairment of long lived assets	—	—	—	—	(1.0)	(1.0)
Other operating credits and charges, net	—	—	—	—	(1.9)	(1.9)
Total operating costs	114.0	96.2	44.3	28.3	15.6	298.4
Income (loss) from operations	(16.3)	6.5	(8.4)	1.6	(15.6)	(32.2)
Total non-operating income (expense)					(7.7)	(7.7)
Income (loss) before income taxes and equity in earnings of unconsolidated affiliates	(16.3)	6.5	(8.4)	1.6	(23.3)	(39.9)
Provision (benefit) for income taxes					(16.0)	(16.0)
Equity in (income) loss of unconsolidated affiliates	2.2		0.2	1.0		3.4
Income (loss) from continuing operations	\$ (18.5)	\$ 6.5	\$ (8.6)	\$ 0.6	\$ (7.3)	\$ (27.3)
Reconciliation of loss from continuing operations to EBITDA from continuing operations						
Income (loss) from continuing operations	\$ (18.5)	\$ 6.5	\$ (8.6)	\$ 0.6	\$ (7.3)	\$ (27.3)
Income tax expense	—	—	—	—	(16.0)	(16.0)
Interest expense, net of capitalized interest	—	—	—	—	21.1	21.1
Depreciation and amortization	8.9	4.3	2.9	2.0	0.8	18.9
EBITDA from continuing operations	\$ (9.6)	\$ 10.8	\$ (5.7)	\$ 2.6	\$ (1.4)	\$ (3.3)
Quarter Ended June 30, 2008						
Sales	\$ 170.2	\$ 123.6	\$ 65.3	\$ 27.9	\$ —	\$ 387.0
Depreciation and amortization	13.2	5.6	3.7	2.9	1.4	26.8
Cost of sales and selling and administrative	188.9	109.2	71.0	24.2	20.8	414.1
(Gain) loss on sale or impairment of long lived assets					0.1	0.1
Other operating credits and charges, net					70.1	70.1
Total operating costs	202.1	114.8	74.7	27.1	92.4	511.1
Loss from operations	(31.9)	8.8	(9.4)	0.8	(92.4)	(124.1)
Total non-operating income (expense)					(8.9)	(8.9)
Income (loss) before income taxes and equity in earnings of unconsolidated affiliates	(31.9)	8.8	(9.4)	0.8	(101.3)	(133.0)
Provision (benefit) for income taxes					(56.8)	(56.8)
Equity in (income) loss of unconsolidated affiliates	2.2		(0.2)	1.2		3.2
Income (loss) from continuing operations	\$ (34.1)	\$ 8.8	\$ (9.2)	\$ (0.4)	\$ (44.5)	\$ (79.4)
Reconciliation of loss from continuing operations to EBITDA from continuing operations						
Income (loss) from continuing operations	\$ (34.1)	\$ 8.8	\$ (9.2)	\$ (0.4)	\$ (44.5)	\$ (79.4)
Income tax expense					(56.8)	(56.8)
Interest expense, net of capitalized interest					12.7	12.7
Depreciation and amortization	13.2	5.6	3.7	2.9	1.4	26.8
EBITDA from continuing operations	\$ (20.9)	\$ 14.4	\$ (5.5)	\$ 2.5	\$ (87.2)	\$ (96.7)

(Dollar amounts in millions)	OSB	Siding	EWP	Other	Corporate	Total
Six months Ended June 30, 2009						
Sales	\$170.0	\$176.4	\$65.8	\$58.6	\$—	\$470.8
Depreciation and amortization	16.0	9.0	5.9	5.1	2.0	38.0
Cost of sales and selling and administrative	192.0	158.7	77.3	50.4	35.7	514.1
(Gain) loss on sale or impairment of long lived assets	—	—	—	—	(0.9)	(0.9)
Other operating credits and charges, net	—	—	—	—	(5.7)	(5.7)
Total operating costs	208.0	167.7	83.2	55.5	31.1	545.5
Income (loss) from operations	(38.0)	8.7	(17.4)	3.1	(31.1)	(74.7)
Total non-operating income (expense)					(12.0)	(12.0)
Income (loss) before income taxes and equity in earnings of unconsolidated affiliates	(38.0)	8.7	(17.4)	3.1	(43.1)	(86.7)
Provision (benefit) for income taxes					(35.2)	(35.2)
Equity in (income) loss of unconsolidated affiliates	4.6		0.4	1.0		6.0
Income (loss) from continuing operations	\$ (42.6)	\$ 8.7	\$ (17.8)	\$ 2.1	\$ (7.9)	\$ (57.5)
Reconciliation of loss from continuing operations to EBITDA from continuing operations						
Income (loss) from continuing operations	\$ (42.6)	\$ 8.7	\$ (17.8)	\$ 2.1	\$ (7.9)	\$ (57.5)
Income tax expense	—	—	—	—	(35.2)	(35.2)
Interest expense, net of capitalized interest	—	—	—	—	32.9	32.9
Depreciation and amortization	16.0	9.0	5.9	5.1	2.0	38.0
EBITDA from continuing operations	<u>\$ (26.6)</u>	<u>\$ 17.7</u>	<u>\$ (11.9)</u>	<u>\$ 7.2</u>	<u>\$ (8.2)</u>	<u>\$ (21.8)</u>
Six months Ended June 30, 2008						
Sales	\$329.2	\$230.7	\$125.8	\$50.7	\$—	\$736.4
Depreciation and amortization	27.3	11.4	7.6	4.1	3.0	53.4
Cost of sales and selling and administrative	390.7	210.2	135.3	47.5	43.3	827.0
(Gain) loss on sale or impairment of long lived assets					(0.3)	(0.3)
Other operating credits and charges, net					66.1	66.1
Total operating costs	418.0	221.6	142.9	51.6	112.1	946.2
Loss from operations	(88.8)	9.1	(17.1)	(0.9)	(112.1)	(209.8)
Total non-operating income (expense)					1.3	1.3
Income (loss) before income taxes and equity in earnings of unconsolidated affiliates	(88.8)	9.1	(17.1)	(0.9)	(110.8)	(208.5)
Provision (benefit) for income taxes					(92.7)	(92.7)
Equity in (income) loss of unconsolidated affiliates	7.4		0.2	1.9		9.5
Income (loss) from continuing operations	\$ (96.2)	\$ 9.1	\$ (17.3)	\$ (2.8)	\$ (18.1)	\$ (125.3)
Reconciliation of loss from continuing operations to EBITDA from continuing operations						
Income (loss) from continuing operations	\$ (96.2)	\$ 9.1	\$ (17.3)	\$ (2.8)	\$ (18.1)	\$ (125.3)
Income tax expense					(92.7)	(92.7)
Interest expense, net of capitalized interest					23.9	23.9
Depreciation and amortization	27.3	11.4	7.6	4.1	3.0	53.4
EBITDA from continuing operations	<u>\$ (68.9)</u>	<u>\$ 20.5</u>	<u>\$ (9.7)</u>	<u>\$ 1.3</u>	<u>\$ (83.9)</u>	<u>\$ (140.7)</u>

RESULTS OF OPERATIONS

(Dollar amounts in millions, except per share amounts)

Our net loss for the second quarter of 2009 was \$29.3 million, or \$0.28 per diluted share, on sales of \$266.2 million, compared to net loss for the second quarter of 2008 of \$80.8 million, or \$0.79 per diluted share, on sales of \$387 million. For the second quarter of 2009, loss from continuing operations was \$27.3 million, or \$0.26 per diluted share, compared to loss from continuing operations of \$79.4 million, or \$0.77 per diluted share, for the second quarter of 2008.

Our net loss for the six months ended June 30, 2009 was \$59.7 million, or \$0.58 per diluted share, on sales of \$470.8 million, compared to net loss for the six months ended June 30, 2008 of \$127.2 million, or \$1.24 per diluted share, on sales of \$736.4 million. For the six months ended June 30, 2009, loss from continuing operations was \$57.5 million, or \$0.55 per diluted share, compared to loss from continuing operations of \$125.3 million, or \$1.22 per diluted share, for the six months ended June 30, 2008.

Our results of operations for each of our segments are discussed below as well as for the “other” category, which comprises products that are not individually significant.

OSB

Our OSB segment manufactures and distributes commodity and value-added OSB structural panels.

Segment sales, losses, depreciation, amortization and cost of timber harvested and EBITDA from continuing operations for this segment are as follows:

	Quarter Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
Net sales	\$ 97.7	\$ 170.2	(43)%	\$ 170.0	\$ 329.2	(48)%
Operating losses	(18.5)	(34.1)	46%	(42.6)	(96.2)	56%
Depreciation, amortization and cost of timber harvested	8.9	13.2	33%	16.0	27.3	41%
EBITDA from continuing operations	(9.6)	(20.9)	54%	(26.6)	(68.9)	61%

Percent changes in average sales prices and unit shipments for the quarter and six months ended June 30, 2009 compared to the quarter and nine months ended June 30, 2008 are as follows:

	Quarter Ended June 30, 2009 versus 2008		Six Months Ended June 30, 2009 versus 2008	
	Average Net Selling Price	Unit Shipments	Average Net Selling Price	Unit Shipments
Commodity OSB	(9)%	(36)%	1%	(47)%

OSB prices declined for the second quarter of 2009 as compared to the corresponding period of 2008. The weakened price as compared to cycle average pricing is due to dramatically lower demand for housing. The decrease in selling price unfavorably impacted net sales and operating losses by approximately \$9 million for the quarter as compared to the corresponding period of 2008. As compared to the corresponding period of 2008, the decline in sales volume was primarily due to lower demand caused by dramatically reduced housing starts. To balance our supply and demand, we indefinitely curtailed four of our twelve OSB mills as well as implementing other production curtailments at our other mills.

OSB prices remained relatively flat in the six month period ended June 30, 2009 as compared to the corresponding period of 2008. Sales volumes during this period were reduced due to the lower production as a result of the curtailments mentioned above.

Compared to the second quarter and first six months of 2008, the primary factors for decreased operating losses were reductions in operating costs due to reduced sales volumes, lower prices on petroleum based raw materials used in manufacturing and a decrease in our Canadian dollar denominated manufacturing costs. The Canadian dollar has weakened significantly since the second quarter and first six months of 2008, which causes our Canadian production costs stated in U.S. dollars to decrease.

SIDING

Our siding segment produces and markets wood-based siding and related accessories and interior hardboard products, together with commodity OSB products from one mill. In the second quarter of 2009, we ceased production of interior hardboard products.

Segment sales, profits, depreciation, amortization and cost of timber harvested and EBITDA from continuing operations for this segment are as follows:

	Quarter Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
Net sales	\$102.7	\$123.6	(17)%	\$176.4	\$230.7	(24)%
Operating profits	6.5	8.8	(26)%	8.7	9.1	(4)%
Depreciation, amortization and cost of timber harvested	4.3	5.6	23%	9.0	11.4	21%
EBITDA from continuing operations	10.8	14.4	(25)%	17.7	20.5	(14)%

Sales in this segment by product line are as follows:

	Quarter Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
SmartSide Siding	\$ 82.2	\$ 97.7	(16)%	\$133.6	\$168.3	(21)%
Commodity OSB	7.1	7.7	(8)%	14.2	17.0	(16)%
Canoxel siding and other hardboard related products	13.4	18.2	(26)%	28.6	45.4	(37)%
Total	<u>\$102.7</u>	<u>\$123.6</u>	(17)%	<u>\$176.4</u>	<u>\$230.7</u>	(24)%

Percent changes in average sales prices and unit shipments for the quarter and six month period ended June 30, 2009 compared to the quarter and six month period ended June 30, 2009 are as follows:

	Quarter Ended June 30, 2009 versus 2008		Six Months Ended June 30, 2009 versus 2008	
	Average Net Selling Price	Unit Shipments	Average Net Selling Price	Unit Shipments
SmartSide Siding	2%	(14)%	3%	(20)%
Commodity OSB	(9)%	1%	4%	(19)%
Canoxel siding and other hardboard related products	(13)%	(16)%	(16)%	(25)%

For both the second quarter and the six month period ended June 30, 2009 compared to the corresponding periods in 2008, sales volumes declined significantly in both our SmartSide and Canoxel siding lines due to dramatically reduced housing starts in both the U.S. and Canada. Sales prices in our SmartSide siding product line for the quarter and six month period ended June 30, 2009 as compared to the corresponding periods of 2008 changed due to product mix with specific product prices remaining generally constant. In our Canoxel product line, sales prices decreased in the second quarter and six month period ended June 30, 2009 as compared to the corresponding periods of 2008 due to the impact of the weakening Canadian dollar as a majority of these sales are made in Canada.

Overall, the reduction in operating results for our siding segment for the second quarter and first six months of 2009 compared to the corresponding periods of 2008 was primarily due to the significant reduction in sales volumes which were somewhat offset by improved manufacturing costs.

ENGINEERED WOOD PRODUCTS

Our engineered wood products (EWP) segment manufactures and distributes laminated veneer lumber (LVL), I-Joists, laminated strand lumber (LSL) (which began production in the first half of 2008) and other related products. This segment also includes the sale of I-Joist and LVL products produced by the AbitibiBowater JV or under a sales arrangement.

Segment sales, losses, depreciation, amortization and cost of timber harvested and EBITDA from continuing operations for this segment are as follows:

	Quarter Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
Net sales	\$35.9	\$65.3	(45)%	\$ 65.8	\$125.8	(48)%
Operating losses	(8.6)	(9.2)	7%	(17.8)	(17.3)	(3)%
Depreciation, amortization and cost of timber harvested	2.9	3.7	22%	5.9	7.6	22%
EBITDA from continuing operations	(5.7)	(5.5)	(4)%	(11.9)	(9.7)	(23)%

Sales in this segment by product line are as follows:

	Quarter Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
LVL/LSL	\$17.4	\$28.6	(39)%	\$31.3	\$ 52.7	(41)%
I-Joist	15.7	27.7	(43)%	25.4	48.4	(48)%
Related products	2.8	9.0	(69)%	9.1	24.7	(63)%
Total	<u>\$35.9</u>	<u>\$65.3</u>	(45)%	<u>\$65.8</u>	<u>\$125.8</u>	(48)%

Percent changes in average sales prices and unit shipments for the quarter and six months ended June 30, 2009 compared to the quarter and six months ended June 30, 2008 are as follows:

	Quarter Ended June 30, 2009 versus 2008		Six Months Ended June 30, 2009 versus 2008	
	Average Net Selling Price	Unit Shipments	Average Net Selling Price	Unit Shipments
LVL/LSL	(8)%	(35)%	(11)%	(32)%
I-Joist	(7)%	(40)%	(6)%	(44)%

During both the second quarter and the six month period ended June 30, 2009 as compared to the corresponding periods of 2008, we saw reductions in sales volumes in both LVL/LSL and I-Joist. These declines are attributed to the significantly reduced level of housing starts. Net average selling prices declined as we continued to see price pressure caused by lower demand. Additionally, during the second half of 2008, we introduced LSL which is a lower priced substitute for certain applications where LVL can be used which along with price pressure resulted in lower prices for LVL/LSL. Our focus in the EWP segment continues to be on reductions in conversion costs, better geographic manufacturing and distribution, and maintaining key customer relationships. Included in this segment is a plywood operation, which primarily produces plywood as a by-product from the LVL production process.

For both the second quarter and the six month period ended June 30, 2009 compared to the corresponding periods of 2008, the results of operations for EWP were lower primarily due to lower sales volume which increased our conversion costs and reductions in sales prices which were slightly offset by reductions in raw materials costs for veneer, OSB and lumber.

OTHER PRODUCTS

Our other products category includes our moulding business, South American operations, export sales and our joint venture that produces and sells cellulose insulation. This category also includes our remaining timber and timberlands and other minor products, services and operations closed prior to January 1, 2002.

Segment sales, losses, depreciation, amortization and cost of timber harvested and EBITDA from continuing operations for this segment are as follows:

	Quarter Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
Net sales	\$29.9	\$27.9	7%	\$58.6	\$50.7	16%
Operating income (losses)	0.6	(0.4)	250%	2.1	(2.8)	175%
Depreciation, amortization and cost of timber harvested	2.0	2.9	31%	5.1	4.1	(24)%
EBITDA from continuing operations	2.6	2.5	4%	7.2	1.3	454%

Sales in this segment by product line are as follows:

	Quarter Ended June 30,			Six Months Ended June 30,		
	2009	2008	Change	2009	2008	Change
Moulding	\$ 7.3	\$ 8.8	(17)%	\$ 15.2	\$ 17.6	(14)%
South American operations	20.6	16.1	28%	39.4	28.1	40%
Other	2.0	3.0	(33)%	4.0	5.0	(20)%
Total	<u>\$29.9</u>	<u>\$27.9</u>	7%	<u>\$ 58.6</u>	<u>\$ 50.7</u>	16%

For both the second quarter and first six months of 2009 compared to the corresponding period of 2008, sales in our moulding operations were lower due to reduced retail demand while our sales in South American operations increased as we continued to penetrate local South American markets through the addition of our Brazil facility in late 2008.

Overall, operating results associated with these activities were positively impacted by improvements in our South American operations, the performance of our U.S. Greenfiber joint venture and reductions in carrying costs of our nonoperating facilities.

GENERAL CORPORATE AND OTHER EXPENSE, NET

For both the second quarter and first six months of 2009 compared to the corresponding periods of 2008, general corporate expenses and overall selling and administrative expenses declined. General corporate expenses declined 17 percent for the quarter and 19 percent for the six month period ended June 30, 2009 as compared to the same periods in the prior year. Overall selling and administrative expenses declined 26 percent for the quarter and 29 percent for the six month period ended June 30, 2009 as compared to the same periods in the prior year. General corporate and other expenses primarily consist of corporate overhead such as wages and benefits for corporate and sales personnel, professional fees, insurance and other expenses. The decrease in both the quarter and the six month period ended June 30, 2009 as compared to the corresponding periods of 2008 resulted from right sizing activities that we began in the fourth quarter of 2008. This "right sizing" resulted in the elimination of approximately 200 salaried positions (included in both general corporate and other expenses as well as segment results), reduction in certain employee benefits, closure of a research and development facility, elimination of our flight operations and reduced expenditures for marketing and sales.

INTEREST EXPENSE AND INVESTMENT INCOME

Investment income in the second quarter and for the first six months of 2009 was significantly lower than in the corresponding periods of 2008 due to lower cash balances as well as lower realized interest income rates. Interest expense for both the quarter and the six month period ended June 30, 2009 was higher than in the corresponding periods of 2008 due to the refinancing transaction that we completed late in the first quarter of 2009.

DISCONTINUED OPERATIONS

Included in discontinued operations for the second quarter of 2009 and the first six months of 2009 as well as the comparable periods in 2008 are the results of the operations of mills that have been or are to be divested. At June 30, 2009, we had one remaining decking facility classified as discontinued.

Included in the operating losses of discontinued operations for the second quarter of 2009 is an increase in our vinyl warranty reserves of \$2.6 million based upon increases in recent warranty claim activity. In the second quarter of 2008, we recorded an increase in our decking warranty reserves of \$2.0 million.

INCOME TAXES

Accounting standards require that we account for income taxes using the asset and liability approach, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. This method also requires the recognition of future tax benefits, such as net operating loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. Valuation allowances are recorded as necessary to reduce deferred tax assets to the amount thereof that is more likely than not to be realized. The likelihood of realizing deferred tax assets is evaluated by, among other things, estimating future taxable income to which the deferred tax assets may be applied and assessing the impact of tax planning strategies.

For interim periods, accounting standards require that income tax expense be determined by applying the estimated annual effective income tax rate, by income component, to year-to-date income or loss at the end of each quarter, then adding or subtracting the impact of any changes in reserve requirements or statutory tax rate changes, if any. Each quarter the income tax accrual is adjusted to the latest estimate and the difference from the previously accrued year-to-date balance is adjusted to the current quarter. Losses and resulting income tax benefits for the respective periods are shown below.

Dollars in millions

	Quarter Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Continuing operations	\$ (43.3)	\$ (136.2)	\$ (92.7)	\$ (218.0)
Discontinued operations	(3.7)	(2.3)	(4.4)	(3.1)
	(47.0)	(138.5)	(97.1)	(221.1)
Total tax benefit	(17.4)	(57.7)	(36.9)	(93.9)
Net loss	<u>\$ (29.6)</u>	<u>\$ (80.8)</u>	<u>\$ (60.2)</u>	<u>\$ (127.2)</u>

For the second quarter and first six months of 2009, the primary differences between the U.S. statutory rate of 35% and the effective rate applicable to our continuing operations relate to our foreign debt structure, state income taxes and the effect of foreign tax rates. For the second quarter and first six months of 2008, the primary differences between the U.S. statutory rate of 35% and the effective rate applicable to LP's continuing operations relate to our foreign debt structure, state income taxes and deductible foreign income taxes.

The components and associated estimated effective income tax rates applied to the quarter and six month periods ended June 30, 2009 and 2008 are as follows:

Dollars in millions

	Quarter Ended June 30,			
	2009		2008	
	Tax Benefit	Tax Rate	Tax Benefit	Tax Rate
Continuing operations	\$ (16.0)	37%	\$ (56.8)	42%
Discontinued operations	(1.4)	38%	(0.9)	39%
	<u>\$ (17.4)</u>	<u>37%</u>	<u>\$ (57.7)</u>	<u>42%</u>

	Six Months Ended June 30,			
	2009		2008	
	Tax Benefit	Tax Rate	Tax Benefit	Tax Rate
Continuing operations	\$ (35.2)	38%	\$ (92.7)	43%
Discontinued operations	(1.7)	39%	(1.2)	39%
	<u>\$ (36.9)</u>	<u>38%</u>	<u>\$ (93.9)</u>	<u>42%</u>

We and our domestic subsidiaries are subject to U.S. federal income tax as well as income taxes of multiple state jurisdictions. Our foreign subsidiaries are subject to income tax in Canada, Brazil and Chile. Federal income tax examinations for the years through 2006 have been effectively settled. We remain subject to state and local tax examinations for the tax years 2003 through 2007. Our Canadian returns have been audited and effectively settled through 2004. We have utilized all of its available net operating loss carry backs in both the U.S. and Canada, therefore the 2009 tax losses will result in deductible net operating loss carry forwards to future tax periods for which long-term deferred tax assets will be established.

As of June 30, 2009, we expect that our Canadian long term deferred tax assets at the end of the year, including those associated with the carry forward of future net operating losses, will exceed its deferred tax liabilities. We therefore have considered all sources of future taxable income, including future market growth, forecasted earnings and prudent, feasible and permissible tax planning strategies, and determined that no valuation allowances will be required related to these expected net deferred tax assets. The annual tax rate applied in determining tax expense for the period ended June 30, 2009 therefore reflects no impact of such a valuation allowance.

If we were to determine that we would not be able to realize a portion of an existing net deferred tax asset for which there is currently no valuation allowance, an adjustment to the net deferred tax asset would be charged to earnings in the period in which such determination was made. Conversely, if we were to make a determination that it is more likely than not that an existing deferred tax asset for which there is currently a valuation allowance would be realized, the related valuation allowance would be reduced and a benefit to earnings would be recorded.

DEFINED BENEFIT PENSION PLANS

We maintain several qualified and non-qualified defined benefit pension plans in the U.S. and Canada that cover a substantial portion of our employees. We account for all of these plans and provide aggregated disclosures about these plans in the Notes to our financial statements as required by SFAS No. 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132(R)" (SFAS 158). See Note 15 of the Notes to financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008. We estimate that our net periodic pension cost for 2009 will be approximately \$9.9 million. If a curtailment or settlement does occur in 2009, this estimate may change significantly. We estimate that we will contribute approximately \$1 million to our defined benefit pension plans in 2009. At December 31, 2008, we had \$101.9 million of net actuarial loss and \$1.8 million of prior service cost included in accumulated other comprehensive loss. Of these amounts, we expect to recognize a net actuarial loss of \$3.9 million and prior service cost of \$0.4 million as components of net periodic pension cost in 2009, which will account for approximately 44% of our estimated 2009 net periodic pension cost.

LEGAL AND ENVIRONMENTAL MATTERS

For a discussion of legal and environmental matters involving us and the potential impact thereof on our financial position, results of operations and cash flows, see Items 3, 7 and 8 in our Annual Report on Form 10-K for the year ended December 31, 2008, Note 20 to the Notes to the financial statements contained therein and Item 1, Legal Proceedings, in Part II of this report.

HARDBOARD SIDING LITIGATION UPDATE

The following discussion updates should be read in conjunction with the discussion of our hardboard siding litigation set forth in Note 20 of the Notes to financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008 and Note 16 of the Notes to the financial statements contained within this report.

Cumulative statistics under hardboard settlements are as follows:

	<u>June 30, 2009</u>	<u>March 31, 2009</u>	<u>December 31, 2008</u>
Completed claims received	75,000	71,200	66,800
Completed claims pending	700	2,600	3,500
Claims dismissed	13,400	12,600	12,100
Claims settled	60,900	56,000	51,200

The average payment amount for settled claims as of June 30, 2009 was \$1,000 and March 31, 2009 and December 31, 2008 was \$1,100. Dismissal of claims is typically the result of claims for product not produced by LP or predecessor companies or claims that lack sufficient information or documentation after repeated efforts to correct those deficiencies.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity are existing cash and investment balances, cash generated by our operations and our ability to borrow under credit facilities. We may also from time to time issue and sell equity, debt or hybrid securities or engage in other capital market transactions.

Our principal uses of liquidity are paying the costs and expenses associated with our operations, servicing outstanding indebtedness and making capital expenditures. We may also from time to time prepay or repurchase outstanding indebtedness, repurchase shares of our common stock and acquire assets or businesses that are complementary to our operations. Any such repurchases may be commenced, suspended, discontinued or resumed, and the method or methods of effecting any such repurchases may be changed, at any time or from time to time without prior notice.

We expect to be able to meet the future cash requirements of our existing businesses through cash expected to be generated from operations, existing cash and investment balances, existing credit facilities and other capital resources. The following discussion provides further details of our liquidity and capital resources.

OPERATING ACTIVITIES

During the first six months of 2009, we generated \$42.9 million of cash from operating activities compared to a use of cash of \$55.1 million in the first six months of 2008. The increase in cash provided from operating activities in the first six months of 2009 resulted primarily from reduced operating losses as well as the receipt of approximately \$74.6 million in income tax refunds and reductions in inventory levels.

INVESTING ACTIVITIES

During the first six months of 2009, we generated approximately \$58.2 million of cash from investing activities. Capital expenditures in the first six months of 2009 were \$4.7 million. Additionally, we contributed \$1.4 million to our joint ventures for working capital requirements. We also received \$21.5 million in proceeds on the sale of investments with maturities in excess of 90 days. Additionally, included in accounts payable is \$0.5 million related to capital expenditures that had not yet been paid as of June 30, 2009.

During the first six months of 2008, we used \$44.8 million of cash in investing activities. Capital expenditures in the first six months were \$75.9 million and related primarily to the costs associated with our LSL facility in Houlton,

Maine and \$44.6 million to purchase an interest in an OSB mill in Brazil. Additionally, we contributed \$4.2 million to our joint venture with Canfor Corporation for working capital requirements. We also used \$172.9 million to purchase investments with maturities in excess of 90 days and received \$209.3 million on the sale of these types of investments. We received \$54.4 million in principal payments on our notes receivable from asset sales. Additionally, included in accounts payable is \$10 million related to capital expenditures that had not yet been paid as of June 30, 2008.

Capital expenditures for existing facilities and investments in existing joint ventures for 2009 are expected to total about \$20 to \$25 million.

FINANCING ACTIVITIES

In the first quarter of 2009, we issued and sold 375,000 Units consisting of (1) \$375,000,000 principal amount at maturity of 13% Senior Secured Notes due 2017 and (2) warrants to purchase 18,395,963 shares of our common stock at an exercise price of \$1.39 per share, subject to adjustment in certain circumstances and to mandatory cashless exercise provisions. The issuance and sale of the Units generated gross proceeds of \$281.3 million, reflecting original issue discounts of \$93.7 million, of which \$126.0 million was used to retire \$126.6 million aggregate principal amount of our 8.875% Senior Notes due 2010 and \$14.5 million was used to pay related transaction costs (including costs associated with our new credit facility described below). The effective interest rate of this debt is 19.1% (or 19.7% including the warrants). An additional \$1.0 million of debt issuance costs were paid in the second quarter of 2009.

In the first six months of 2008, net cash used by financing activities was \$84.4 million. We borrowed \$40 million and repaid \$52 million under a credit facility to support general operating requirements in our Canadian locations. Additionally, we borrowed \$12 million under a long term credit facility to fund our Chilean expansion. We also repaid \$54 million of our limited recourse notes payable. Additionally, in the first six months of 2008, we paid cash dividends of \$31 million.

CREDIT FACILITIES

During the first quarter of 2009, we entered into a new credit facility, which provides for a committed asset-based borrowing capacity of up to \$100 million, with a sublimit for letters of credit. The credit facility will end in September of 2012 unless we fail to repay, defease or reserve for our 8.875% Senior Notes totaling \$73.3 million at June 30, 2009 due 2010 by February 15, 2010 as planned, in which case the credit facility's term will end on February 15, 2010. The availability of credit under the credit facility is subject to a borrowing base, which is calculated based on certain percentages of accounts receivable and inventory and at any given time may limit the amount of borrowings and letters of credit otherwise available under the facility. In addition, the credit facility contains a covenant requiring us to maintain a fixed charge coverage ratio of at least 1.1 to 1.0 at any time that the excess of (1) the lesser of the commitments plus \$20 million or the borrowing base minus (2) obligations outstanding under the credit facility plus certain of our past due trade payables falls below \$50 million. At June 30, 2009, we had \$72.4 million of unused commitments under the credit facility, resulting from the borrowing base of \$86.6 million less \$14.2 million of outstanding letters of credit. Because our fixed charge coverage ratio on June 30, 2009 was less than 1.1 to 1.0 we were effectively precluded from utilizing \$50 million of the credit available after giving effect to the borrowing base limitation.

Louisiana Pacific Chile SA (LP Chile) has a committed term credit facility with a Chilean bank for up to \$40 million. LP Chile's ability to draw from this facility ended in December 2008, with the final maturity in March 2015. The proceeds from the facility were used to fund construction of an additional OSB plant in Chile. At June 30, 2009, there was \$39 million outstanding under this facility. Borrowings under the facility were secured.

OTHER LIQUIDITY MATTERS

As of June 30, 2009, we had \$25.1 million (\$151.8 million, par value) of principal invested in auction rate securities (ARS). The ARS held by us are securities with long-term nominal maturities for which the interest rates were historically reset through a Dutch auction each month. These auctions historically have provided a liquid market for these securities. Since the auctions began failing in August 2007, interest is reset at stipulated rates. Our investments in ARS represent interests in collateralized debt obligations supported by pools of residential and commercial mortgages, credit linked notes and bank trust preferred notes.

Consistent with our investment policy guidelines, the ARS investments held by us all had AAA or equivalent credit ratings (except for one corporate ARS rated AA) at the time of purchase. With the liquidity issues experienced in global credit and capital markets, the ARS held by us at June 30, 2009 have experienced multiple failed auctions as the amount of securities submitted for sale has exceeded the amount of purchase orders. As of June 30, 2009, all but one of our ARS securities continue to pay interest according to their stated terms. One of the investments has been accelerated resulting in LP receiving no further interest payments on this security unless and until a more senior tranche is paid. The value of this investment as of June 30, 2009 was approximately \$3,700 (par value \$3.7 million). The below table provides additional detail as to the composition of our auction rate securities as well as the year of issue.

<u>As of June 30, 2009</u>	<u>Original cost</u>	<u>Year of Issue</u>
Bank Trust Preferred notes	\$ 30.0	2003 - 2004
Collateralized Debt Obligation	25.6	2003 -2004
Credit Linked Notes	90.3	2007
Corporate	5.9	2006
Total	\$ 151.8	

The estimated market value of our ARS holdings at June 30, 2009 was \$25.1 million, which reflects a \$126.7 million adjustment to the par value of \$151.8 million. Based upon our evaluation of the structure of our ARS holdings and current market estimates of fair value from issuing banks, we recorded other-than-temporary impairments of \$1.7 million (\$1.1 million after tax) in the first six months of 2009 that was recorded as non-operating income (expense). In addition, at June 30, 2009, the value of the Credit Linked Notes was determined to be higher than the value at March 31, 2009 by \$14.5 million (\$9.0 million after tax). This increase has been recorded in "Other comprehensive income" in the second quarter of 2009.

We review our marketable securities routinely for other-than-temporary impairment. The primary factors LP uses to determine if an impairment charge must be recorded because a decline in value of the security is other than temporary include (i) whether the fair value of the investment is significantly below its cost basis, (ii) the financial condition of the issuer of the security (including its credit rating) and the underlying collateral, (iii) the length of time that the cost of the security has exceeded its fair value and (iv) LP's intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value.

If uncertainties in the credit and capital markets continue, these markets deteriorate further or we experience any ratings downgrades on any investments in our portfolio (including on ARS), we may incur additional impairments to our investment portfolio, which could negatively affect our financial condition, results of operations and cash flow.

The following details our debt ratings as of July 30, 2009:

	<u>Moody's Investor Service</u>	<u>Standard & Poor's</u>
Senior Notes	B2	BB
Senior Secured Notes	Ba3	BBB-

POTENTIAL IMPAIRMENTS

We continue to review several mills and investments for potential impairments. Management currently believes we have adequate support for the carrying value of each of these assets based upon the anticipated cash flows that result from our estimates of future demand, pricing and production costs assuming certain levels of planned capital expenditures. As of June 30, 2009, the undiscounted cash flows for the facilities indefinitely curtailed support the conclusion that no impairment is necessary for those facilities. However, should the markets for our products continue to remain at levels significantly below cycle average pricing or should we decide to invest capital in alternative projects, it is possible that we will be required to record further impairment charges.

We also review from time to time possible dispositions of various assets in light of current and anticipated economic and industry conditions, our strategic plan and other relevant factors. Because a determination to dispose of particular assets can require management to make assumptions regarding the transaction structure of the disposition and to estimate the net sales proceeds, which may be less than previous estimates of undiscounted future net cash flows, we may be required to record impairment charges in connection with decisions to dispose of assets.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

A portion of our outstanding debt bears interest at variable rates and accordingly is sensitive to changes in interest rates. Interest rate changes would result in gains or losses in the market value of our debt portfolio due to differences in market interest rates and the rates at the inception of the debt agreements. Based upon our indebtedness at June 30, 2009, a 100 basis point interest rate change would impact the pre-tax net income and cash flow by \$0.4 million annually.

Our international operations have exposure to foreign currency rate risks, primarily due to fluctuations in the Canadian dollar. Although we have in the past entered into foreign exchange contracts associated with certain of our indebtedness and foreign exchange contracts associated with major equipment purchases to manage a portion of the foreign currency rate risk, we historically have not entered into material currency rate hedges with respect to our exposure from operations, although we may do so in the future.

Some of our products are sold as commodities and therefore sales prices fluctuate daily based on market factors over which we have little or no control. The most significant commodity product we sell is OSB. Based upon an assumed annual production capacity of 6.5 billion square feet (3/8" basis) or 5.5 billion square feet (7/16" basis), a \$1 change in the annual average price on 7/16" basis would change our annual pre-tax profits or losses by approximately \$5.5 million. Because of the decline in the housing market and related indefinitely curtailed facilities in our OSB business, expected volumes will be significantly below our capacity.

We historically have not entered into material commodity futures and swaps, although we may do so in the future.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have carried out, as of June 30, 2009, with the participation of LP's management, an evaluation of the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act (the "Act"). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that LP's disclosure controls and procedures are effective to provide reasonable assurance that material information required to be disclosed by us in reports we file under the Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that information required to be disclosed by us in the reports we file or submit under the Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting that occurred during our most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES
SUMMARY OF PRODUCTION VOLUMES ⁽¹⁾

The following table sets forth production volumes for the quarter and six month periods ended June 30, 2009 and 2008.

	Quarter Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Oriented strand board, million square feet 3/8" basis ⁽¹⁾	660	1,029	1,081	2,106
Oriented strand board, million square feet 3/8" basis (produced by wood-based siding mills)	54	54	100	167
Wood-based siding, million square feet 3/8" basis	159	227	346	439
Engineered I-Joist, million lineal feet ⁽¹⁾	16	22	26	41
Laminated veneer lumber (LVL) and Laminated strand lumber (LSL), thousand cubic feet	1,024	2,096	1,985	3,612

⁽¹⁾ Includes volumes produced by joint venture operations and sold to LP or through exclusive sales arrangements.

INDUSTRY PRODUCT TRENDS

The following table sets forth the average wholesale price of OSB in the United States for the periods specified in dollars per 1,000 square feet.

	OSB N. Central 7/16" Basis
Annual Average	
2004	370
2005	320
2006	210
2007	146
2008	172
2008 1 st Qtr. Avg.	138
2008 2 nd Qtr. Avg.	174
2009 1 st Qtr. Avg.	154
2009 2 nd Qtr. Avg.	146

Source: *Random Lengths*

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The description of certain legal and environmental matters involving LP set forth in Part I of this report under “Note 16 – Contingency Reserves” is incorporated herein by reference.

Item 1A. Risk Factors.

You should be aware that the occurrence of any of the events described in this Risk Factors section and elsewhere in this report or in any other of our filings with the SEC could have a material adverse effect on our business, financial position, results of operations and cash flows. In evaluating us, you should consider carefully, among other things, the risks described below and the matters described in “About Forward-Looking Statements.”

Cyclical industry conditions and commodity pricing have and may continue to adversely affect our financial condition and results of operations. Our operating results reflect the general cyclical pattern of the building products industry. Demand for our products correlates to a significant degree to the level of residential construction activity in North America, which historically has been characterized by significant cyclicity. This cyclicity is influenced by a number of factors, including the supply of new and existing homes on the market, which are currently at above average levels, the level of unemployment, which has been increasing over the last year, longer-term interest rates, which in recent years have been at relatively low levels, the availability of mortgage financing, which has recently declined, and mortgage foreclosure rates which are accelerating. A significant increase in longer-term interest rates, a prolonged decline in the availability of mortgage financing, or the occurrence of other events that reduce levels of residential construction activity, could have a material adverse effect on our financial condition, results of operations and cash flows. Our primary product, OSB, and a significant portion of our raw materials are globally traded commodity products. In addition, our products are subject to competition from manufacturers worldwide. Historical prices for our products have been volatile, and we, like other participants in the building products industry, have limited influence over the timing and extent of price changes for our products. Product pricing is significantly affected by the relationship between supply and demand in the building products industry. Product supply is influenced primarily by fluctuations in available manufacturing capacity. Demand is affected by the state of the economy in general and a variety of other factors. The level of new residential construction activity and home repair and remodeling activity primarily affects the demand for our building products. Demand is also subject to fluctuations due to changes in economic conditions, interest rates, population growth, weather conditions and other factors. We are not able to predict with certainty market conditions and selling prices for our products. In this competitive environment with so many variables for which we do not control, we cannot assure you that prices for our products will not decline from current levels. A prolonged and severe weakness in the markets for one or more of our principal products, particularly OSB, could seriously harm our financial condition and results of operations and our ability to satisfy our cash requirements, including the payment of interest and principal on our debt.

We have a high degree of product concentration. OSB accounted for about 36% of our sales in the first six months of 2009, 45% of our sales in 2008 and 48% of our sales in 2007 and we expect OSB sales to continue to account for a substantial portion of our revenues and profits in the future. Concentration of our business in the OSB market further increases our sensitivity to commodity pricing and price volatility. In this competitive environment with so many variables for which we do not control, we cannot assure you that pricing for OSB or our other products will not decline from current levels.

Intense competition in the building products industry could prevent us from increasing or sustaining our net sales and profitability. The markets for our products are highly competitive. Our competitors range from very large, fully integrated forest and building products firms to smaller firms that may manufacture only one or a few types of products. We also compete less directly with firms that manufacture substitutes for wood building products. Many of our competitors have greater financial and other resources than we do, and certain of the mills operated by our competitors may be lower-cost producers than the mills operated by us.

Our results of operations may be harmed by potential shortages of raw materials and increases in raw material costs. The most significant raw material used in our operations is wood fiber. We currently obtain about 74% of our wood fiber requirements in the open market. Wood fiber is subject to commodity pricing, which fluctuates on the

basis of market factors over which we have no control. In addition, the cost of various types of wood fiber that we purchase in the market has at times fluctuated greatly because of governmental, economic or industry conditions. In addition to wood fiber, we also use a significant quantity of various resins in our manufacturing processes. Resin product costs are influenced by changes in the prices or availability of raw materials used to produce resins, primarily petroleum products, as well as demand for and availability of resin products. Selling prices of our products have not always increased in response to raw material cost increases. We are unable to determine to what extent, if any, we will be able to pass any future raw material cost increases through to our customers through product price increases. Our inability to pass increased costs through to our customers could have a material adverse effect on our financial condition, results of operations and cash flows.

Many of the Canadian forestlands also are subject to the constitutionally protected treaty or common-law rights of the aboriginal peoples of Canada. Most of British Columbia is not covered by treaties and, as a result, the claims of British Columbia's aboriginal peoples relating to forest resources are largely unresolved, although many aboriginal groups are actively engaged in treaty discussions with the governments of British Columbia and Canada. Final or interim resolution of claims brought by aboriginal groups are expected to result in additional restrictions on the sale or harvest of timber and may increase operating costs and affect timber supply and prices in Canada. It is possible that, over the long term, such claims could have an adverse effect on our business, financial condition and results of operations.

Our operations require substantial capital. Capital expenditures for expansion or replacement of existing facilities or equipment or to comply with future changes in environmental laws and regulations may be substantial. Although we maintain our production equipment with regular periodic and scheduled maintenance, we cannot assure you that key pieces of equipment in our various production processes will not need to be repaired or replaced or that we will not incur significant additional costs associated with environmental compliance. The costs of repairing or replacing such equipment and the associated downtime of the affected production line could have a material adverse effect on our financial condition, results of operations and cash flow. If for any reason we are unable to provide for our operating needs, capital expenditures and other cash requirements on economic terms, we could experience a material adverse effect on our business, financial condition, results of operations and cash flows.

We are subject to significant environmental regulation and environmental compliance expenditures and liabilities. Our businesses are subject to many environmental laws and regulations, particularly with respect to discharges of pollutants and other emissions on or into land, water and air, and the disposal and remediation of hazardous substances or other contaminants and the restoration and reforestation of timberlands. Compliance with these laws and regulations is a significant factor in our business. We have incurred and expect to continue to incur significant expenditures to comply with applicable environmental laws and regulations. Moreover, some or all of the environmental laws and regulations to which we are subject could become more stringent in the future. Our failure to comply with applicable environmental laws and regulations and permit requirements could result in civil or criminal fines or penalties or enforcement actions, including regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, installation of pollution control equipment or remedial actions.

Some environmental laws and regulations impose liability and responsibility on present and former owners, operators or users of facilities and sites for contamination at such facilities and sites without regard to causation or knowledge of contamination. In addition, we occasionally evaluate various alternatives with respect to our facilities, including possible dispositions or closures. Investigations undertaken in connection with these activities may lead to discoveries of contamination that must be remediated, and closures of facilities may trigger compliance requirements that are not applicable to operating facilities. Consequently, we cannot assure you that existing or future circumstances or developments with respect to contamination will not require significant expenditures by us.

We are involved in various environmental matters, product liability and other legal proceedings. The outcome of these matters and proceedings and the magnitude of related costs and liabilities are subject to uncertainties. The conduct of our business involves the use of hazardous substances and the generation of contaminants and pollutants. In addition, the end-users of many of our products are members of the general public. We currently are and from time to time in the future will be involved in a number of environmental matters and legal proceedings, including legal proceedings involving anti-trust, warranty or non-warranty product liability claims, negligence and other claims, including claims for wrongful death, personal injury and property damage alleged to have arisen out of the use by others of our or our predecessors' products or the release by us or our predecessors of hazardous substances. Environmental matters and legal matters and proceedings, including class action settlements relating to certain of

our products, have in the past caused and in the future may cause us to incur substantial costs. We have established contingency reserves in our consolidated financial statements with respect to the estimated costs of existing environmental matters and legal proceedings to the extent that our management has determined that such costs are both probable and reasonably estimable as to amount. However, such reserves are based upon various estimates and assumptions relating to future events and circumstances, all of which are subject to inherent uncertainties. We regularly monitor our estimated exposure to environmental and litigation loss contingencies and, as additional information becomes known, may change our estimates significantly. However, no estimate of the range of any such change can be made at this time. We may incur costs in respect of existing and future environmental matters and legal proceedings as to which no contingency reserves have been established. We cannot assure you that we will have sufficient resources available to satisfy the related costs and expenses associated with these matters and proceedings.

The valuation of our investment in auction rate securities (ARS) is subject to uncertainties that are difficult to predict. With the liquidity issues experienced in global credit and capital markets, the ARS held by us have experienced multiple failed auctions as the amount of securities submitted for sale has exceeded the amount of purchase orders. Given the failed auctions, the values of our ARS have been adversely affected. Factors that may further impact the valuation of our ARS include changes to credit ratings of the securities as well as to the underlying assets supporting those securities, rates of default of the underlying assets, underlying collateral value, discount rates, counterparty risk and ongoing strength and quality of market credit and liquidity. If uncertainties in the credit and capital markets continue, these markets deteriorate further or we experience additional ratings downgrades on any investments in our portfolio (including our ARS), we may incur additional impairments to our investment portfolio, which could negatively affect our financial condition, results of operations and cash flows.

Settlements of tax exposures may exceed the amounts we have established for known estimated tax exposures. We maintain reserves for known estimated tax exposures in federal, state and international jurisdictions and uncertain tax positions. Significant income tax exposures may include potential challenges to intercompany pricing, the treatment of financing, acquisition and disposition transactions, the use of hybrid entities and other matters. These exposures are settled primarily through the closure of audits with the taxing jurisdictions and, on occasion, through the judicial process, either of which may produce a result inconsistent with past estimates. We believe that we have established appropriate reserves for estimated exposures; however, if actual results differ materially from our estimates we could experience a material adverse effect on our financial condition, results of operations and cash flows.

Fluctuations in foreign currency exchange rates could result in currency exchange losses. A significant portion of our operations are conducted through foreign subsidiaries. The functional currency for our Canadian subsidiary is the U.S. dollar. The financial statements of this foreign subsidiary are remeasured into U.S. dollars using the historical exchange rate for property, plant and equipment, timber and timberlands, goodwill, equity and certain other non-monetary assets and liabilities and related depreciation and amortization on these assets and liabilities. These transaction gains or losses are recorded in foreign exchange gains (losses) in the income statement. The functional currency of our Chilean subsidiary is the Chilean *peso* and the functional currency in our Brazil subsidiary is the Brazilian *real*. Translation adjustments, which are based upon the exchange rate at the balance sheet date for assets and liabilities and the weighted average rate for the income statement, are recorded in the Accumulated Comprehensive Income (Loss) section of Stockholders' Equity. Therefore, a strengthening of the Canadian dollar, the Chilean *peso* or the Brazilian *real* relative to the U.S. dollar may have a material adverse effect on our financial condition and results of operations.

We may be unable to service our indebtedness, to refinance our indebtedness or to fund our other liquidity needs. Our ability to make scheduled payments on and to refinance our indebtedness depends on and is subject to our financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors, including the availability of financing in the banking and capital markets as well as the other risks described herein. In particular, demand for our products correlates to a significant degree to the level of residential construction activity in North America, which historically has been characterized by significant cyclical activity. According to the U.S. Census Bureau, single-family and multi-family housing starts for the first half of 2009 were approximately 48% lower than the same period of 2008. This reduced level of building has been caused, in part, by an increase in the inventory of homes for sale, a more restrictive mortgage market and a slowing economy. Home building activity is unlikely to improve until the number of homes available for sale is reduced and

the rate of home purchases increases. We have experienced significant losses from operations and significant net cash used in operating activities in recent periods and expect to continue to experience such losses and net cash uses pending improvement in the factors referred to above. We cannot assure you that our business will generate sufficient cash flows from operations or that future borrowings will be available to us in an amount sufficient to enable us to service our debt, to refinance our debt or to fund our other liquidity needs. If we are unable to service our debt obligations or to fund our other liquidity needs, we could be forced to curtail our operations, reorganize our capital structure or liquidate some or all of our assets in a manner that could cause the holders of our securities to experience a partial or total loss of their investment in us.

Execution of our business strategies could strain management and other resources, which could adversely affect our business and financial performance.

Execution of our business strategies, particularly those relating to international growth and the pursuit of strategic transactions, could place significant demands on our management, operational systems and capital and other resources, and could be disruptive to our relationships with suppliers, distributors, customers and employees. If we are unable to effectively manage our growth, including business integration and other issues that may arise out of business combination transactions, our business, financial condition and results of operations could be materially and adversely affected.

We have not verified the results of third-party research or confirmed assumptions or judgments upon which it may be based, and the forecasted and other forward-looking information contained therein is subject to inherent uncertainties. We refer in this report and other documents that we file with the SEC to historical, forecasted and other forward-looking information published by sources such as *RISI*, *Random Lengths* and the U.S. Census Bureau. We cannot guarantee the accuracy or completeness of this information, have not independently verified it and, with respect to the forecasted and forward-looking information, have not independently confirmed the assumptions and judgments upon which it is based. Forecasted and other forward looking information is necessarily based on assumptions regarding future occurrences, events, conditions and circumstances and subjective judgments relating to various matters, and is subject to inherent uncertainties. Actual results may differ materially from the results expressed or implied by, or based upon, such forecasted and forward-looking information. Accordingly, you should not place undue reliance upon the third-party information presented in this report, particularly where such information is forecasted or otherwise forward-looking.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

LP held its annual meeting on May 7, 2009, at which the stockholders of LP voted on the following:

The election of three Class III directors for LP with terms expiring at the Annual Meeting of Stockholders in 2012, approve the modified performance goals under LP's Amended and Restated Annual Cash Incentive Award Plan and approve the amendment and restatement of LP's 1997 Incentive Stock Award Plan and ratification of independent auditors.

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

1. ELECTION OF DIRECTORS

<u>Director</u>	<u>For</u>	<u>Withheld</u>
Archie W. Dunham	52,987,857	32,050,235
Daniel K. Frierson	53,104,492	31,926,600
Richard W. Frost	52,560,629	32,468,464

2. APPROVE THE MODIFIED PERFORMANCE GOALS UNDER LP'S AMENDED AND RESTATED ANNUAL CASH INCENTIVE AWARD PLAN

	<u>FOR</u>	<u>AGAINST</u>	<u>ABSTAIN</u>
SHARES	81,941,337	2,788,817	298,937

3. APPROVE THE AMENDMENT AND RESTATEMENT OF LP'S 1997 INCENTIVE STOCK AWARD PLAN

	<u>FOR</u>	<u>AGAINST</u>	<u>ABSTAIN</u>
SHARES	34,096,170	30,818,494	129,338

4. RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS

	<u>FOR</u>	<u>AGAINST</u>	<u>ABSTAIN</u>
SHARES	84,031,255	840,983	156,853

Item 5. Other Information

None.

Item 6. Exhibits

- 3.3 Amended Certificate of Designations Of Series A Junior Participating Cumulative Preferred Stock
- 10.10 Louisiana-Pacific Corporation 1992 Non-Employee Director Stock Option Plan (Amended and Restated as of May 8, 2009)
- 10.15 Louisiana-Pacific Corporation 2000 Non-Employee Director Restricted Stock Plan Effective May 1, 2000 (Amended and Restated as of May 8, 2009)
- 31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a).
- 31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(a).
- 32.1 Certifications pursuant to § 906 of the Sarbanes-Oxley Act of 2002.

LP hereby agrees to furnish supplementally to the SEC upon its request any schedules and similar documents omitted pursuant to Item 601(b)(2) of Regulation S-K and any instruments omitted pursuant to Item 601 (b)(4)(iii) of Regulation S-K.

SIGNATURES

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: August 5, 2009

BY: /s/ RICHARD W. FROST

Richard W. Frost
Chief Executive Officer

Date: August 5, 2009

BY: /s/ CURTIS M. STEVENS

Curtis M. Stevens
Executive Vice President Administration and
Chief Financial Officer

(Principal Financial Officer)

AMENDED

CERTIFICATE OF DESIGNATIONS

of

SERIES A JUNIOR PARTICIPATING CUMULATIVE PREFERRED STOCK

of

LOUISIANA-PACIFIC CORPORATION

(Pursuant to Section 151 of the
Delaware General Corporation Law)

Louisiana-Pacific Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (hereinafter called the "Corporation"), hereby certifies that:

(i) the Board of Directors of the Corporation, pursuant to authority granted to and vested in the Board of Directors of the Corporation, in accordance with the provisions of the Restated Certificate of Incorporation, has previously designated the relative rights, preferences and limitations of the Corporation's Series A Participating Cumulative Preferred Stock, par value \$1.00 per share, the certificate of designations relating to which has been duly executed, acknowledged and filed and has become effective in accordance with Section 103 of the General Corporation Law;

(ii) no shares of the Corporation's Series A Participating Cumulative Preferred Stock, par value \$1.00 per share, have been issued as of the date hereof; and

(iii) the following resolution was adopted by the Board of Directors of the Corporation as required by Section 151 of the General Corporation Law at a meeting duly called and held July 25, 1998:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of the Corporation (hereinafter called the "Board of Directors" or the "Board") in accordance with the provisions of the Restated Certificate of Incorporation, the Board of Directors hereby amends the certificate of designations for the Corporation's Series A Junior Participating Cumulative Preferred Stock, par value \$1.00 per share, of the Corporation (the "Preferred Stock"), and hereby states the designation and number of shares, and fixes the relative rights, preferences, and limitations thereof as follows:

Series A Junior Participating Cumulative Preferred Stock:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Cumulative Preferred Stock" (the "Series A Preferred Stock") and the

number of shares constituting the Series A Preferred Stock shall be 2,000,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Preferred Stock.

Section 2. Dividends and Distributions.

(A) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of Common Stock, par value \$1.00 per share (the "Common Stock"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time after June 6, 1998 declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$1 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first

Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time after June 6, 1998 declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in any other Certificate of Designations creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, or as otherwise provided by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock, as provided in Section 2, are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Restated Certificate of Incorporation, or in any other Certificate of Designations creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received \$100 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series A Preferred Stock shall be entitled to receive an

aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series A Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series A Preferred Stock shall not be redeemable.

Section 9. Rank. The Series A Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Corporation's Preferred Stock.

Section 10. Amendment. The Restated Certificate of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock, voting together as a single class.

IN WITNESS WHEREOF, this Amended Certificate of Designations is executed on behalf of the Corporation by its Chairman of the Board and attested by its Secretary this 25th day of July, 1998.

/s/ Mark A. Suwyn
Chairman of the Board

Attest:

/s/ Anton C. Kirchhof
Secretary

**LOUISIANA-PACIFIC CORPORATION
1992 NON-EMPLOYEE DIRECTOR STOCK OPTION PLAN**

(Amended and Restated as of May 8, 2009)

1. Establishment And Purpose

1.1 Establishment; Amendment and Restatement. Louisiana-Pacific Corporation, a Delaware corporation ("Corporation"), established the Louisiana-Pacific Corporation 1992 Non-Employee Director Stock Option Plan (the "Plan") effective as of June 15, 1992. The Plan as amended through May 3, 2004, was approved at Corporation's 2004 annual meeting of stockholders and was further amended and restated effective November 3, 2006, and August 4, 2007. Corporation further amended and restated the Plan in its current form effective May 8, 2009.

1.2 Purpose. The continued growth and success of Corporation are dependent upon the efforts of members of Corporation's board of directors (the "Board of Directors"). Those members of the Board of Directors who are not employees of Corporation or any of its subsidiaries ("Non-Employee Directors") are not eligible to participate in the stock option and other stock incentive plans maintained for employees of Corporation. The purpose of this Plan is to provide an incentive to Non-Employee Directors to remain as members of the Board of Directors and also to afford them the opportunity to acquire, or increase, stock ownership in Corporation in order that they may have a direct proprietary interest in its success. Options granted under the Plan shall be nonqualified options which are not intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code.

2. Stock. The stock subject to options granted under the Plan shall be shares of Corporation's authorized but unissued, or reacquired, \$1 par value common stock ("Common Stock"). The total number of shares of Common Stock with respect to which options may be granted shall not exceed in the aggregate 1,200,000, provided that such aggregate number of shares shall be subject to adjustment in accordance with the provisions of paragraph 6.7. In the event that any outstanding option under the Plan is canceled or terminates or expires prior to the end of the period during which options may be granted under the Plan, the shares of Common Stock allocable to the unexercised portion of such option may be made the subject of additional options granted under the Plan.

3. Administration. The Plan shall be administered by the Nominating and Corporate Governance Committee of the Board of Directors (the "Committee"), except for actions to be taken under the Plan which, under the provisions of Rule 16b-3 promulgated under the Securities Exchange Act of 1934 (the "Exchange Act") or any successor rule exempting certain transactions from Section 16(b) of the Exchange Act, cannot be taken by the Committee, which actions shall be taken by the full Board of Directors. The Committee shall have full power and authority, subject to the provisions of the Plan, to adopt, amend, and rescind rules and regulations for carrying out the Plan. The interpretation and decision of the Committee with regard to any question arising under the Plan shall be final and conclusive. No member of the Committee shall be liable for any action taken or determination made in good faith with respect to the Plan or to any options granted pursuant to the Plan.

4. Eligibility. The persons eligible to receive options under the Plan are the Non-Employee Directors of Corporation.

5. Grants of Options.

5.1 Option Value. For purposes of this Plan, the value of an option granted under the Plan (the "Option Value") shall be the fair value of an option for the number of shares of Common Stock subject to the option determined by applying the option-pricing model used by Corporation for purposes of preparing Corporation's audited annual financial statements for the year in which the option is granted. For purposes of determining the number of shares to be subject to an option such that the Option Value of the option is a specified dollar amount, the number of shares will be rounded down to the highest number of whole shares such that the Option Value does not exceed the targeted dollar amount.

5.2 Prior Grants. Grants made under the Plan prior to May 3, 2004, shall be governed by the terms and conditions of the Plan prior to its amendment and restatement effective as of such date. Grants made under the Plan on or after May 3, 2004, and before August 4, 2007, shall be governed by the terms and conditions of the Plan as amended and restated effective May 3, 2004.

5.3 Option Grants to New Non-Employee Directors Beginning August 4, 2007. Each person who becomes a Non-Employee Director on or after August 4, 2007, automatically shall be granted, as of the date such person becomes a Non-Employee Director, an option under the Plan to purchase a number of shares of Common Stock with an Option Value on the date of grant equal to \$30,000 multiplied by a fraction with a numerator equal to the number of days between the date on which such person became a Non-Employee Director (the "Commencement Date") and the June 1 next following the Commencement Date, and a denominator equal to 365. All such options are subject to the terms and conditions described in paragraph 6. All subsequent options granted to such Non-Employee Directors will be granted under paragraph 5.4(b)(i).

5.4 Option Grants to Continuing Non-Employee Directors Beginning August 4, 2007.

(a) Option Grants After August 3, 2007 and Before June 1, 2008. Each individual who became a Non-Employee Director prior to August 4, 2007, and was not granted an option under the Plan between June 1, 2007, and August 4, 2007, will next be granted an option under the Plan on the anniversary date of his or her next preceding option grant prior to June 1, 2007, to purchase a number of shares of Common Stock with an Option Value equal to \$30,000 multiplied by a fraction with a numerator equal to the number of days between such date and June 1, 2008, and a denominator equal to 365. All such options are subject to the terms and conditions described in paragraph 6. All subsequent options granted to such Non-Employee Directors will be granted under paragraph 5.4(b)(i).

(b) Annual Grants Beginning June 1, 2008.

(i) General Provisions Governing Annual Grants Beginning June 1, 2008. As of June 1 of each calendar year beginning June 1, 2008 (an "Annual Grant Date"), each Non-Employee Director who remains as a Non-Employee Director through such Annual Grant Date automatically shall be granted an option to purchase a number of shares of Common Stock with an Option Value on the Annual Grant Date equal to \$30,000, subject to proration as to Non-Employee Directors who were granted options after June 1, 2007 and before August 4, 2007, as described in paragraph 5.4(b)(ii) below. All such options are subject to the terms and conditions described in paragraph 6.

(ii) Non-Employee Directors Granted Options After June 1, 2007, and Before August 4, 2007. Each individual who was granted an option under the Plan after June 1, 2007, and before August 4, 2007, will next be granted an option under the Plan on June 1, 2008 to purchase a number of shares of Common Stock with an Option Value equal to \$30,000 multiplied by a fraction with a numerator equal to the number of days between the date on which such Non-Employee Director was last granted an option and June 1, 2008, and a denominator equal to 365. All such options are subject to the terms and conditions described in paragraph 6. All subsequent options granted to such Non-Employee Directors will be granted under paragraph 5.4(b)(i).

5.5 Reduction in Number of Shares Granted. The Committee may, in its discretion, reduce (below the formula amounts set forth above) the number of shares of Common Stock covered by any option to be granted under this Section 5 after May 8, 2009.

6. Terms and Conditions of Options. Each option granted pursuant to the Plan shall be subject to the following terms and conditions:

6.1 Payment. Upon exercise of an option, in whole or in part, the option price for shares to which the exercise relates may be made, at the election of the optionee, either in cash or by delivering to Corporation shares of Common Stock having a Fair Market Value (as defined below) equal to the option price, or any combination of cash and Common Stock having a combined value equal to the option price. Shares of Common Stock may not be used in payment or partial payment unless an option is being exercised for at least 2,000 shares. Payment in shares of Common Stock shall be made by delivering to Corporation certificates, duly endorsed for transfer, representing shares of Common Stock having an aggregate Fair Market Value on the date of exercise equal to that portion of the option price which is to be paid in Common Stock. The Fair Market Value of a share of Common Stock on any given date means the closing price per share of Common Stock as reported for such day by the principal exchange or trading market on which Common Stock is traded (as determined by the

Committee) or, if Common Stock was not traded on such date, on the next preceding day on which Common Stock was traded. If Common Stock is not listed on a stock exchange or if trading activities for Common Stock are not reported, the Fair Market Value will be determined by the Committee. Whenever payment of the option price would require delivery of a fractional share, the optionee shall deliver the next lower whole number of shares of Common Stock and a cash payment shall be made by the optionee for the balance of the option price.

6.2 Option Price. The option price per share for each option granted under the Plan shall be 100 percent of the Fair Market Value per share on the date the option was granted.

6.3 Term of Option. Each option shall expire ten years from the date the option is granted, unless the option is terminated earlier in accordance with the Plan.

6.4 Date of Exercise. Unless an option is terminated or the time of its exercisability is accelerated in accordance with the Plan, each option may be exercised in whole or in part from time to time to purchase shares as follows:

(a) Each option shall not be exercisable until the date which is three months after the option was granted. On that date, the option shall become exercisable as to 10 percent of the shares subject to the option (rounded down to the nearest whole number of shares). The option shall become exercisable as to an additional 10 percent of the shares every three months thereafter until the option is exercisable in full (which shall occur on the date which is 2.5 years after the date of grant).

(b) No option shall be exercisable in part with respect to a number of shares fewer than 100 unless fewer than 100 shares remain subject to the option.

6.5 Acceleration of Exercisability. Notwithstanding the limitations on exercisability pursuant to paragraph 6.4, an option shall become immediately and fully exercisable:

(a) In the event of the death of the optionee Non-Employee Director; or

(b) Upon the later of (i) the occurrence of a "Change in Control" (as defined below) of Corporation and (ii) six months after the date of grant; or

(c) On the date an optionee Non-Employee Director retires pursuant to Section 15 of Article II of the bylaws of Corporation; provided, however, that for options granted prior to November 3, 2006, this paragraph 6.5(c) shall only apply to an additional 20 percent of the shares covered by such Non-Employee Director's option.

For purposes of the Plan, a Change of Control shall be deemed to occur if (x) any person or group, together with its affiliates and associates (other than Corporation or any of its subsidiaries or employee benefit plans), acquires direct or indirect beneficial ownership of 20 percent or more of the then outstanding shares of Common Stock or

commences a tender or exchange offer for 30 percent or more of the then outstanding shares of Common Stock, or (y) Corporation is to be liquidated or dissolved. The terms “group,” “affiliates,” “associates” and “beneficial ownership” shall have the meanings ascribed to them in the rules and regulations promulgated under the Exchange Act.

6.6 Continuation as a Director. Notwithstanding the option term provided in paragraph 6.3, in the event that an optionee Non-Employee Director ceases to be a member of the Board of Directors:

(a) By reason of death, the estate, personal representative, or beneficiary of the Non-Employee Director shall have the right to exercise the option at any time within 12 months from the date of death and the option shall terminate as of the last day of such 12-month period; or

(b) By reason of the retirement of an optionee Non-Employee Director pursuant to Section 15 of Article II of the bylaws of Corporation, the Non-Employee Director’s option shall remain exercisable, to the extent it had become exercisable on the date of said retirement, for a period of 24 months following the date of said retirement and the option shall terminate as of the last day of such 24-month period; or

(c) For any other reason, the Non-Employee Director’s option shall remain exercisable, to the extent it had become exercisable on the date the optionee ceased to be a member of the Board of Directors (the “Termination Date”), for a period of three months following the Termination Date and the option shall terminate as of the last day of such three-month period.

6.7 Recapitalization. In the event of any change in capitalization affecting the Common Stock of Corporation, such as a stock dividend, stock split, recapitalization, merger, consolidation, split-up, combination or exchange of shares or other form of reorganization, or any Extraordinary Distribution or other change affecting the Common Stock, the Committee will make proportionate adjustments in the total number of shares of Common Stock in respect of which options may be granted under the Plan, the number of shares covered by each outstanding option, and the exercise price per share under each such option; however, any fractional shares resulting from any such adjustment shall be eliminated. For this purpose, an “Extraordinary Distribution” means a dividend or other distribution payable in cash or other property with respect to Corporation’s Common Stock where the aggregate amount or value of the dividend or distribution exceeds 5% of the aggregate Fair Market Value of all outstanding Common Stock as of the business day immediately preceding the date the dividend or distribution is declared by the Board. The Committee may also make similar adjustments in the number of shares and exercise prices in the event of a spin-off or other distribution (other than normal cash dividends) of Corporation assets to stockholders that is not specifically addressed above in this Section 6.7.

A dissolution of Corporation, or a merger or consolidation in which Corporation is not the resulting or surviving corporation (or in which Corporation is the resulting or surviving corporation but becomes a subsidiary of another corporation), shall cause every option outstanding hereunder to terminate concurrently with consummation of any such dissolution, merger or consolidation, except that the resulting or surviving corporation (or, in the event Corporation is the resulting or surviving corporation but has become a subsidiary of another corporation, such other corporation) may, in its absolute and uncontrolled discretion, tender an option or options to purchase its shares on terms and conditions, both as to number of shares and otherwise, which will substantially preserve the rights and benefits of any option then outstanding hereunder.

In the event of a change in Corporation's presently authorized Common Stock which is limited to a change of all its presently authorized shares with par value into the same number of shares with a different par value or into the same number of shares without par value, the shares resulting from any such change shall be deemed to be Common Stock within the meaning of this Plan.

6.8 Transferability. No option shall be assignable or transferable other than by will or the laws of descent and distribution. During an optionee's lifetime, only he or his guardian or legal representative may exercise any such option or right.

6.9 Rights as a Stockholder. An optionee Non-Employee Director shall have no rights as a stockholder with respect to shares covered by the option until the date of the issuance or transfer of the shares to him and only after such shares are fully paid. Except as provided in paragraph 6.7, no adjustment shall be made for dividends or other rights for which the record date is prior to the date of such issuance or transfer.

6.10 Provision for Taxes. It shall be a condition to Corporation's obligation to issue or reissue shares of Common Stock upon exercise of any option that the optionee pay, or make provision satisfactory to Corporation for payment of, any federal and state income and other taxes which Corporation is obligated to withhold or collect with respect to the issue or reissue of such shares.

6.11 Option Agreement. Each option granted under the Plan shall be evidenced by an option agreement substantially in the form attached to the Plan as Appendix A.

7. Effective Date and Term of Plan. The Plan was adopted and became effective June 15, 1992, and shall continue in effect until options have been granted covering all available shares of Common Stock as specified in paragraph 2 or until the Plan is terminated by the Board of Directors, whichever is earlier, except as provided below.

The amendment of Section 5 of the Plan to change the number of options to be granted to a new Non-Employee Director and the number of options to be granted as Annual Grants was approved by the Corporation's stockholders at the May 3, 2004, annual meeting of Corporation's stockholders.

8. Amendment or Termination. The Board of Directors may alter, amend, suspend or terminate the Plan at any time. Amendments to the Plan shall be subject to stockholder approval to the extent required to comply with any exemption to the short swing profit provisions of Section 16(b) of the Exchange Act pursuant to rules and regulations promulgated thereunder or with the rules and regulations of any securities exchange or trading system on which the Common Stock is listed or traded. Expiration or termination of the Plan shall not affect outstanding options except as provided in paragraph 7. The Board of Directors may also modify the terms and conditions of any outstanding option, subject to the consent of the optionee and consistent with the provisions of the Plan.

9. Application of Proceeds. The proceeds received by Corporation from the sale of Common Stock pursuant to options shall be available for general corporate purposes.

10. No Obligation to Exercise Option. The granting of an option shall impose no obligation upon the optionee to exercise the same, in whole or in part.

11. Restrictions on Exercise. Any provision of the Plan to the contrary notwithstanding, no option granted pursuant to the Plan shall be exercisable at any time, in whole or in part, (i) prior to the shares of Common Stock subject to the option being authorized for listing on the New York Stock Exchange, if applicable, or (ii) if issuance and delivery of the shares of Common Stock subject to the option would violate any applicable laws or regulations.

APPENDIX A

LOUISIANA-PACIFIC CORPORATION
1992 NON-EMPLOYEE DIRECTOR STOCK OPTION PLAN

OPTION AGREEMENT

Date of Option Grant: _____, 200_

Louisiana-Pacific Corporation
a Delaware corporation
414 Union Street
Suite 2000
Nashville, Tennessee 37219

(“Corporation”)

(“Optionee”)

Corporation maintains the Louisiana-Pacific Corporation 1992 Non-Employee Director Stock Option Plan (the “Plan”). A copy of the Plan is attached hereto as Exhibit A and is incorporated by reference in this Agreement. Capitalized terms not otherwise defined in this Agreement have the meanings given them in the Plan.

The Plan is administered by the Nominating and Corporate Governance Committee of the Board of Directors for the benefit of Non-Employee Directors of Corporation.

The parties agree as follows:

1. **Grant of Option.**

Subject to the terms and conditions of this Agreement and the Plan, Corporation grants, as of the date of grant set forth above, to the Optionee a stock option (the “Option”) to purchase _____ shares of Corporation’s Common Stock at \$_____ per share.

2. **Terms of Option.**

The option shall be subject to all the terms and conditions set forth in the Plan.

3. Conditions Precedent.

Corporation will use its best efforts to obtain approval of the Plan and the Option by any state or federal agency or authority that Corporation determines has jurisdiction. If Corporation determines that any required approval cannot be obtained, the Option shall terminate on notice to the Optionee to that effect.

4. Successorship.

Subject to restrictions on transferability set forth in the Plan, this Agreement shall be binding upon and benefit the parties, their successors and assigns.

5. Notices.

Any notices under the Option shall be in writing and shall be effective when actually delivered personally or by facsimile or through Corporation interoffice mail service, or, if mailed, when deposited as registered or certified mail directed to the address of Corporation's Principal executive offices or to such other address as a party may certify by notice to the other party. Notices to Corporation shall be sent to the Secretary of Corporation at Corporation's address set forth above, or at such other address as Corporation, by written notice to Optionee, may designate from time to time.

CORPORATION:

LOUISIANA-PACIFIC CORPORATION

Secretary

OPTIONEE:

**LOUISIANA-PACIFIC CORPORATION
2000 NON-EMPLOYEE DIRECTOR RESTRICTED STOCK PLAN**

Effective May 1, 2000

(Amended and Restated as of May 8, 2009)

1. Establishment And Purpose

1.1 Establishment; Amendment and Restatement. Louisiana-Pacific Corporation, a Delaware corporation ("Corporation"), established the Louisiana-Pacific Corporation 2000 Non-Employee Director Restricted Stock Plan (the "Plan") effective as of May 1, 2000. The Plan as amended through May 3, 2004, was approved at Corporation's 2004 annual meeting of stockholders and was further amended and restated effective November 3, 2006, and August 4, 2007. Corporation further amended and restated the Plan in its current form effective May 8, 2009.

1.2 Purpose. The purpose of the Plan is to promote and advance the interests of Corporation and its stockholders by enabling Corporation to attract and retain well-qualified individual Non-Employee Directors (as defined below) and to strengthen the mutuality of interests between such Non-Employee Directors and Corporation's stockholders through annual grants of Restricted Stock to each Non-Employee Director.

2. Definitions

For purposes of the Plan, the following terms have the meanings set forth below:

"Award" means an award of Restricted Stock or Restricted Stock Units granted to a Non-Employee Director pursuant to the Plan.

"Board" means the board of directors of Corporation.

"Change in Control" means:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (A) the then outstanding shares of common stock of Corporation (the "Outstanding Corporation Common Stock") or (B) the combined voting power of the then outstanding voting securities of Corporation entitled to vote generally in the election of directors (the "Outstanding Corporation Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions will not constitute a Change in Control: (i) any acquisition directly from Corporation, (ii) any acquisition by Corporation, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Corporation or any corporation controlled by Corporation or (iv) any acquisition pursuant to a transaction which complies with clauses (i), (ii), and (iii) of subsection (c) of this definition; or

(b) Individuals who, as of the effective date of this Plan (the “Effective Date”), constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by Corporation’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board will be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation by Corporation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of Corporation or the acquisition of assets of another entity (a “Business Combination”), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns Corporation or all or substantially all of Corporation’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities, as the case may be, (ii) no Person (excluding any employee benefit plan (or related trust) of Corporation or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the stockholders of Corporation of a complete liquidation or dissolution of Corporation.

“**Code**” means the Internal Revenue Code of 1986, as amended and in effect from time to time, or any successor thereto, together with rules, regulations, and interpretations promulgated thereunder. Where the context so requires, any reference to a particular Code section will be construed to refer to the successor provision to such Code section.

“**Committee**” means the committee of the Board described in Section 3.1.

“**Disability**” means inability to perform the duties of a director of Corporation by reason of a medically determinable (to the reasonable satisfaction of the Committee) physical or mental condition that results in absence from such duties for a period of 90 consecutive days or a total of 120 days during any calendar year.

“**Exchange Act**” means the Securities Exchange Act of 1934 as amended and in effect from time to time, and any successor statute. Where the context requires, any reference to a particular section of the Exchange Act or to any rule promulgated under the Exchange Act will be construed to refer to successor provisions to such section or rule.

“**Extraordinary Distribution**” means a dividend or other distribution payable in cash or other property with respect to Corporation’s Stock where the aggregate amount or value of the dividend or distribution exceeds 5% of the aggregate Fair Market Value of all outstanding Stock as of the business day immediately preceding the date the dividend or distribution is declared by the Board.

“**Fair Market Value**” means, on any given date, the closing price per share of Stock as reported for such day by the principal exchange or trading market on which Stock is traded (as determined by the Committee) or, if Stock was not traded on such date, on the next preceding day on which Stock was traded. If Stock is not listed on a stock exchange or if trading activities for Stock are not reported, the Fair Market Value will be determined by the Committee.

“**Grant Date**” means the date an Award is granted to a Non-Employee Director under the Plan, including an “Initial Grant Date,” an “Anniversary Grant Date,” and an “Annual Grant Date,” namely:

(a) For each person who first becomes a Non-Employee Director on or after August 4, 2007, the date such person becomes a Non-Employee Director will be the Initial Grant Date and each following June 1 (while the person continues to be a Non-Employee Director and while a sufficient number of shares of Stock remain available for Awards pursuant to Section 4.3 of the Plan) will be an Annual Grant Date.

(b) For each person who became a Non-Employee Director prior to August 4, 2007, and received an Award after June 1, 2007 and before August 4, 2007, each following June 1 commencing June 1, 2008 (while the person continues to be a Non-Employee Director and while a sufficient number of shares of Stock remain available for Awards pursuant to Section 4.3 of the Plan) will be an Annual Grant Date.

(c) For each person who became a Non-Employee Director prior to August 4, 2007, and did not receive an Award between June 1, 2007 and August 4, 2007, the first anniversary of the last date on which the person was granted an Award under the Plan prior to June 1, 2007, will be an Anniversary Grant Date and each following June 1 commencing June 1, 2008 (while the person continues to be a Non-Employee Director and while a sufficient number of shares of Stock remain available for Awards pursuant to Section 4.3 of the Plan) will be an Annual Grant Date.

“**Non-Employee Director**” means a member of the Board who is not an employee of Corporation or any subsidiary of Corporation.

“**Plan**” means this Louisiana-Pacific Corporation 2000 Non-Employee Director Restricted Stock Plan, as it may be amended and in effect from time to time.

“**Restricted Stock**” means Stock granted to a Non-Employee Director subject to the Restrictions set forth in this Plan.

“**Restricted Stock Unit**” means a contractual right representing a right to receive one share of Stock for each Restricted Stock Unit pursuant to the terms and conditions of, and subject to the Restrictions set forth in, this Plan.

“**Restriction**” means the provisions of Section 7 of the Plan that govern the forfeiture of an Award or shares of Restricted Stock or Restricted Stock Units during the applicable Restriction Period.

“**Restriction Period**” means the period following the Grant Date of an Award as described in Section 7.1 during which the Award is subject to Restrictions.

“**Retirement**” means termination of a Non-Employee Director’s membership on the Board due to:

(a) (1) Voluntary resignation as a director at or after attaining age 67, (2) voluntary resignation as a director after serving as a director for eight or more continuous years or (3) retirement on the mandatory retirement date for directors under Corporation’s bylaws;

(b) A determination by the Committee that the Non-Employee Director cannot continue as a member of the Board without violating applicable law; or

(c) The Non-Employee Director taking a position with, or providing services to, a governmental, charitable, or educational institution whose policies prohibit the Non-Employee Director from continuing to serve as a member of the Board.

“**Stock**” means Corporation’s common stock, \$1 par value, or any security issued by Corporation in substitution, exchange, or lieu of such common stock.

“**Termination Date**” means the date a Non-Employee Director ceases to be a member of the Board for any reason.

“**Vest**” or “**Vested**” with respect to shares of Restricted Stock, Restricted Stock Units, or an Award means to be or to become nonforfeitable, freely transferable (subject to any applicable securities law limitations), and free of all Restrictions due to expiration of the Restriction Period.

Except where otherwise indicated by the context, any masculine or feminine terminology used in the Plan also includes the opposite gender; and the definition of any term in the singular also includes the plural, and vice versa.

3. Administration

3.1 Committee. The Plan will be administered by Corporation's Nominating and Corporate Governance Committee or by another committee of the Board expressly designated by the Board to administer the Plan.

3.2 Authority of the Committee. The Committee will have full power and authority to administer the Plan in its sole discretion, including the authority to:

(a) Construe and interpret the Plan; and

(b) Promulgate, amend, and rescind rules and procedures relating to the implementation of the Plan.

Decisions of the Committee will be final, conclusive, and binding on all Non-Employee Directors.

4. Duration Of The Plan And Stock Subject To The Plan

4.1 Duration of the Plan. The Plan became effective May 1, 2000, and will continue in effect until Awards have been granted covering all available shares of Stock or until the Plan is otherwise terminated by the Board. Termination of the Plan will not affect outstanding Awards.

4.2 Stock. The shares of Stock that may be granted subject to Awards under the Plan are shares of Corporation's reacquired treasury Stock. No fractional shares of Stock will be issued under the Plan.

4.3 Number of Shares. The maximum number of shares of Stock for which Awards may be granted under the Plan is 200,000 shares subject to adjustment pursuant to Section 9 of the Plan.

4.4 Availability of Stock for Future Awards. If an Award under the Plan is canceled or expires for any reason prior to having been fully Vested, all shares of Stock covered by such Award not otherwise issued as Vested Stock will be available for future Awards under the Plan.

5. Eligibility

All Non-Employee Directors of Corporation are automatically eligible to receive Awards under the Plan.

6. Awards

6.1 Initial Grants. For each person who first becomes a Non-Employee Director on or after August 4, 2007, the person will receive as of the Initial Grant Date an Award of a number of shares of Restricted Stock (subject to the Restrictions described in Section 7.2) equal to (a) \$30,000 multiplied by a fraction with a numerator equal to the number of days between the Initial Grant Date and the next following June 1 and a denominator equal to 365, divided by (b) the Fair Market Value of a Share as of the Initial Grant Date (rounded to the nearest number of whole Shares).

6.2 Anniversary Grants. For each person who became a Non-Employee Director prior to August 1, 2007, and did not receive an Award between June 1, 2007 and before August 4, 2007, the person will receive as of such person's Anniversary Grant Date an Award of a number of shares of Restricted Stock (subject to the Restrictions described in Section 7.2) equal to (a) \$30,000 multiplied by a fraction with a numerator equal to the number of days between the Anniversary Grant Date and June 1, 2008, and a denominator equal to 365, divided by (b) the Fair Market Value of a Share as of the Anniversary Grant Date (rounded to the nearest number of whole Shares).

6.3 Annual Grants. For each person who remains a Non-Employee Director as of each Annual Grant Date, the person will receive as of the Annual Grant Date an Award of a number of shares of Restricted Stock (subject to the Restrictions described in Section 7.2) equal to \$30,000 divided by the Fair Market Value of a Share as of the Annual Grant Date (rounded to the nearest number of whole Shares); provided that the Award made as of June 1, 2008 to each Non-Employee Director who received an Award after June 1, 2007 and before August 4, 2007 will relate to a number of shares of Restricted Stock equal to (a) \$30,000 multiplied by a fraction with a numerator equal to the number of days between the date on which such Non-Employee Director last received an Award and June 1, 2008, and a denominator equal to 365, divided by (b) the Fair Market Value of a Share as of June 1, 2008 (rounded to the nearest number of whole Shares).

6.4 Canadian Residents. For Non-Employee Directors who are residents of Canada, unless the Committee determines that an Award of shares of Restricted Stock be granted, an Award of a number of Restricted Stock Units (subject to the Restrictions described in Section 7.2) equal to the number of Restricted Shares determined pursuant to Sections 6.1, 6.2, or 6.3 will be granted to the Non-Employee Director.

6.5 Restricted Stock Award Agreement and Stock Power. Each Award of Restricted Stock under the Plan will be evidenced by a Restricted Stock Award Agreement and Stock Power in the form attached to this Plan as Appendix 6.5.

6.6 Restricted Stock Unit Award Agreement. Each Award of Restricted Stock Units under the Plan will be evidenced by a Restricted Stock Unit Award Agreement in the form attached to this Plan as Appendix 6.6.

6.7 Reduction in Number of Shares Granted. The Committee may, in its discretion, reduce (below the formula amounts set forth above) the number of shares of Restricted Stock or number of Restricted Stock Units to be granted pursuant to an Award under this Section 6 after May 8, 2009.

7. Restrictions

7.1 Restriction Period. For each Award of Restricted Stock or Restricted Stock Units, the Restriction Period is the period commencing on the Grant Date for the Award and ending on the first to occur of:

- (a) The expiration of five years from the Grant Date;
- (b) The termination of the Non-Employee Director's membership on the Board by reason of:
 - (i) Death;
 - (ii) Disability;
 - (iii) Retirement; or
 - (iv) A Change in Control of Corporation.

7.2 Restrictions During Restriction Period. During the Restriction Period applicable to each Award of Restricted Stock or Restricted Stock Units:

(a) The Non-Employee Director may not sell, assign, pledge, or otherwise transfer or encumber the Award or the Restricted Stock or Restricted Stock Units subject to the Award;

(b) With respect to Awards of Restricted Stock, in the event the Non-Employee Director ceases to be a director of Corporation prior to the expiration of the Restriction Period for any reason other than death, Disability, Retirement, or in connection with a Change in Control of Corporation, the Non-Employee Director will immediately and automatically forfeit all shares of Restricted Stock subject to the Award, the Restricted Stock will automatically revert to Corporation, and the Non-Employee Director will cease to have any rights as a stockholder with respect to such Restricted Stock.

(c) With respect to awards of Restricted Stock Units, in the event the Non-Employee Director ceases to be a director of Corporation prior to the expiration of the Restriction Period for any reason other than death, Disability, Retirement, or in connection with a Change in Control of Corporation, the Non-Employee Director will immediately and automatically forfeit all Restricted Stock Units subject to the Award and the Non-Employee Director will cease to have any rights with respect to the Award or the Restricted Stock Units.

7.3 Rights During Restriction Period.

(a) Restricted Stock Awards. During the Restriction Period for any Award of Restricted Stock, the Non-Employee Director will have (except as expressly provided in Section 7.2) all the rights of a stockholder with respect to the Restricted Stock, including without limitation the right to exercise all voting rights with respect to the Restricted Stock and the right to receive cash dividends with respect to the Restricted Stock. Stock dividends issued with respect to Restricted Stock will be treated as additional shares of Restricted Stock covered by the Award and will be subject to the same Restrictions.

(b) Restricted Stock Unit Awards. During the Restriction Period for any Award of Restricted Stock Units, the Non-Employee Director will not have any rights as a stockholder with respect to the Restricted Stock Units (until shares of Stock have been issued in settlement of the Restricted Stock Units as described in Section 8). Non-Employee Directors holding a Restricted Stock Unit Award will be credited with dividend equivalent additional Restricted Stock Units equal to the amount or value of any cash or other distributions or dividends payable during the Restriction Period with respect to an equal number of shares of Stock.

7.4 Stock Certificates.

(a) Restricted Stock Awards. Certificates for shares of Restricted Stock subject to a Restricted Stock Award will be issued in the Non-Employee Director's name and held by Corporation, together with an executed counterpart of the Restricted Stock Award Agreement and Stock Power, until the Restrictions lapse at the expiration of the Restriction Period or until the Restricted Stock is forfeited as provided in Section 7.2. During the Restriction Period, each certificate for shares of Restricted Stock will bear a legend in substantially the following form:

THE SHARES EVIDENCED BY THIS CERTIFICATE WERE ISSUED AS RESTRICTED STOCK UNDER THE LOUISIANA-PACIFIC CORPORATION 2000 NON-EMPLOYEE DIRECTOR RESTRICTED STOCK PLAN (THE "PLAN") AND ARE SUBJECT TO RESTRICTIONS ON THEIR TRANSFER, DISPOSITION, OR ENCUMBRANCE SET FORTH IN THE PLAN. A COPY OF THE PLAN MAY BE OBTAINED FROM LOUISIANA-PACIFIC CORPORATION.

Certificates for shares of Restricted Stock may also bear any other restrictive legends required by law or any other agreement.

(b) Restricted Stock Unit Awards. No stock certificates will be issued in the Non-Employee Director's name with respect to Restricted Stock Units until settlement of the Award of Restricted Stock Units pursuant to Section 8.

8. Settlement of Awards

8.1 Settlement of Restricted Stock Award. Upon the Vesting of any Restricted Stock Award (due to expiration of the Restriction Period for that Award):

(a) A new stock certificate for the shares of Stock subject to the Award will be issued in the Non-Employee Director's name, without the legend described in Section 7.4, and the new certificate, together with the Restricted Stock Award Agreement and Stock Power previously held by Corporation, will be delivered to the Non-Employee Director, and

(b) The Stock will no longer be subject to the Restrictions.

8.2 Settlement of Restricted Stock Unit Award. Upon Vesting of a Restricted Stock Unit Award (due to expiration of the Restriction Period for that Award), a stock certificate for a number of shares of Stock equal to the number of Restricted Stock Units subject to the Award will be issued in the Non-Employee Director's name. The Stock represented by such certificate will not be subject to the Restrictions.

8.3 Tax Withholding. As of the date the Plan was amended and restated in its current form, income recognized by Non-Employee Directors with respect to Restricted Stock or Restricted Stock Units (upon Vesting or in connection with making an election under Code Section 83(b)) is treated as self-employment income that is not subject to tax withholding. However, Corporation will have the right to withhold from any settlement of Restricted Stock or Restricted Stock Units made under the Plan (or deemed settlement due to a Code Section 83(b) election) any federal, state, or local taxes of any kind subsequently required by law to be withheld or paid by Corporation on behalf of a Non-Employee Director with respect to such settlement. In the event any such taxes are imposed, each Non-Employee Director will be required to make arrangements satisfactory to Corporation for the satisfaction of any such withholding tax obligation. Corporation will not be required to deliver shares under the Plan until any such obligation is satisfied.

8.4 Effect of Tax Election. In the event any Non-Employee Director makes a timely election under Code Section 83(b) with respect to any Restricted Stock Award, the Restricted Stock will be deemed (for income tax purposes) to be transferred to the Non-Employee Director effective as of the Grant Date (and any obligation for withholding tax liability imposed by subsequent changes in tax laws would be due as of the Grant Date). However, such an election will not affect the Restrictions or terminate the Restriction Period for such Award. No tax election under Code Section 83(b) may be made with respect to Restricted Stock Unit Awards.

9. Adjustments Upon Changes in Capitalization, Etc.

9.1 Plan Does Not Restrict Corporation. The existence of the Plan and the Awards granted under the Plan do not affect or restrict in any way the right or power of the Board or the stockholders of Corporation to make or authorize any adjustment, recapitalization, reorganization, or other change in Corporation's capital

structure or its business, any merger or consolidation of Corporation, any issue of bonds, debentures, preferred or prior preference stocks ahead of or affecting Corporation's capital stock or the rights of such stock, the dissolution or liquidation of Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding.

9.2 Adjustments by the Committee. In the event of any change in capitalization affecting the Stock of Corporation, such as a stock dividend, stock split, recapitalization, merger, consolidation, split-up, combination or exchange of shares or other form of reorganization, or any Extraordinary Distribution or other change affecting the Stock, the Committee will make proportionate adjustments with respect to the aggregate number of shares of Stock for which Awards may be granted under the Plan and the number of shares of Stock or Restricted Stock Units covered by each outstanding Award. The Committee may also make similar adjustments in the number of shares of Stock or Restricted Stock Units in the event of a spin-off or other distribution (other than normal cash dividends) of Corporation assets to stockholders that is not specifically addressed above in this Section 9.2.

10. Amendment and Termination

The Board may amend, suspend, or terminate the Plan or any portion of the Plan at any time, provided that no amendment may be made without shareholder approval if such approval is required by applicable law or the applicable requirements of a stock exchange or over-the-counter stock trading system. Amendment or termination of the Plan will not adversely affect the rights of Non-Employee Directors under previously granted Awards.

11. Miscellaneous

11.1 Unfunded Plan. The Plan will be unfunded and Corporation will not be required to segregate any assets that may at any time be represented by Awards under the Plan. Any liability of Corporation to any Non-Employee Director with respect to any Award under the Plan will be based solely upon the contractual obligations effected pursuant to the Plan. No such obligation of Corporation will be deemed to be secured by any pledge of, or other encumbrance on, any property of Corporation.

11.2 Securities Law Restrictions. No shares of Stock may be issued under the Plan unless counsel for Corporation is satisfied that such issuance will be in compliance with applicable federal and state securities laws. Certificates for shares of Stock delivered under the Plan may be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Stock is then listed, and any applicable federal or state securities law. The Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions (in addition to the legend described in Section 7.4).

11.3 Conditions Precedent. Corporation will use its best efforts to obtain approval of the Plan and all Awards by any state or federal agency or authority that Corporation determines has jurisdiction. If Corporation determines that any required approval cannot be obtained, each Award will terminate on notice to the Non-Employee Director to that effect. Without limiting the foregoing, Corporation will not be required to issue any certificates for all or any portion of the Restricted Stock until Corporation has taken any action required to comply with all applicable federal and state securities laws.

11.4 Successorship. Subject to restrictions on transferability set forth in the Plan, each Restricted Stock Award under the Plan will be binding upon and benefit the parties, their successors and assigns.

11.5 Governing Law. Except with respect to references to the Code or federal securities laws, the Plan and all actions taken thereunder will be governed by and construed in accordance with the laws of the state of Oregon.

11.6 Stockholder Approval. The Plan was approved by Corporation's stockholders at Corporation's 2003 annual meeting of stockholders. The amendment to Section 6 of the Plan to increase the value of future annual grants under the Plan from \$20,000 to \$30,000 was approved by Corporation's stockholders at the May 3, 2004, annual meeting of Corporation's stockholders.

APPENDIX 6.5

RESTRICTED STOCK AWARD AGREEMENT AND STOCK POWER

Corporation: Louisiana-Pacific Corporation, a Delaware corporation
Director: _____, a Non-Employee Director of Corporation
Plan: The Louisiana-Pacific Corporation 2000 Non-Employee Director Restricted Stock Plan
Restricted Stock: _____ shares of Corporation's common stock subject to an Award made under the Plan as of the Grant Date
Grant Date: _____ 200__
Certificate: Stock certificate number _____ evidencing the Restricted Stock issued in Director's name as of the Grant Date

AGREEMENT

Corporation and Director agree as follows:

- 1. Defined Terms.** Capitalized terms not otherwise defined in this Agreement have the meanings given them in the Plan.
- 2. Grant of Restricted Stock.** As of the Grant Date, Corporation grants to Director an Award for the Restricted Stock.
- 3. Restrictions.** Director acknowledges that the Restricted Stock is subject to the Restrictions and all the terms and conditions set forth in the Plan, a copy of which is attached to this Agreement as Exhibit A.
- 4. Federal Tax Elections.** Director agrees to notify Corporation promptly if Director makes an election under Code Section 83(b) with respect to the Restricted Stock.

5. **Certificate.** Director agrees that the Certificate for the Restricted Stock, together with an executed counterpart of this Restricted Stock Award Agreement and Stock Power, will be held by Corporation until the expiration of the Restricted Stock Period with respect to this Award as described in the Plan.

STOCK POWER

Effective as of the Grant Date, Director assigns and transfers to Corporation the shares of Restricted Stock evidenced by the Certificate and appoints _____ as attorney-in-fact to transfer the stock on the books of Corporation, with full power of substitution. Although Director is the owner of the Restricted Stock, Corporation will hold the Certificate and this Stock Power during the Restriction Period described in the Plan. Upon expiration of the Restriction Period, Corporation will return this Stock Power to Director, together with a new, unrestricted, certificate for the Restricted Stock.

Corporation:

LOUISIANA-PACIFIC CORPORATION

By _____

Its _____

Director:

APPENDIX 6.6

RESTRICTED STOCK UNIT AWARD AGREEMENT

Corporation: Louisiana-Pacific Corporation, a Delaware corporation
Director: _____, a Non-Employee Director of Corporation
Plan: The Louisiana-Pacific Corporation 2000 Non-Employee Director Restricted Stock Plan
Restricted Stock Units: _____ Restricted Stock Units subject to an Award made under the Plan as of the Grant Date
Grant Date: _____ 200__

AGREEMENT

Corporation and Director agree as follows:

1. Defined Terms. Capitalized terms not otherwise defined in this Agreement have the meanings given them in the Plan.

2. Grant of Restricted Stock Units. As of the Grant Date, Corporation grants to Director an Award for the Restricted Stock Units.

3. Restrictions. Director acknowledges that the Restricted Stock Units are subject to the Restrictions and all the terms and conditions set forth in the Plan, a copy of which is attached to this Agreement as Exhibit A.

Corporation:

LOUISIANA-PACIFIC CORPORATION

By _____

Its _____

Director:

CERTIFICATION

I, Richard W. Frost, certify that:

1. I have reviewed this report on Form 10-Q of Louisiana-Pacific Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2009

/s/ RICHARD W. FROST

RICHARD W. FROST
Chief Executive Officer

CERTIFICATIONS

I, Curtis M. Stevens, certify that:

1. I have reviewed this report on Form 10-Q of Louisiana-Pacific Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2009

/s/ CURTIS M. STEVENS

Curtis M. Stevens

Chief Financial Officer

LOUISIANA-PACIFIC CORPORATION
411 Union Street, Suite 2000
Nashville, TN 37219-1700
(615) 986-5600

August 5, 2009

Securities and Exchange Commission

Judiciary Plaza

450 Fifth Street, N.W.

Washington, D.C. 20549

Re: Certification Pursuant to § 906 of the Sarbanes-Oxley Act of 2002

Ladies and Gentlemen:

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Form 10-Q of Louisiana-Pacific Corporation (the "Company") for the period ended June 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, that, to such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ RICHARD W. FROST

Name: Richard W. Frost

Title: Chief Executive Officer

/s/ CURTIS M. STEVENS

Name: Curtis M. Stevens

Title: Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Louisiana-Pacific Corporation and will be retained by Louisiana-Pacific Corporation and furnished to the Securities and Exchange Commission or its staff upon request.