UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
For the Quarterly Period Ended June 30, 2020
Commission File Number 1-7107

LOUISIANA-PACIFIC CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**93-0609074**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

414 Union Street, Suite 2000, Nashville, TN 37219
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (615) 986 - 5600

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $1 par value	LPX	New York Stock Exchange

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 x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	o
Emerging growth company	o		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 112,306,685 shares of Common Stock, $1 par value, outstanding as of July 30, 2020. *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 (the Exchange Act) 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 quarterly report on Form 10-Q contains, and other reports and documents filed by us with the Securities and Exchange Commission (SEC) may contain forward-looking statements. These statements are 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,” "project," “potential,” “continue,” "likely," 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:

- impacts from public health issues (including global pandemics, such as the COVID-19 pandemic and resulting quarantines) on the economy, demand for our products or our operations, including the responses of governmental authorities to contain such public health issues;
- changes in governmental fiscal and monetary policies, including tariffs, and levels of employment;
- changes in general economic conditions, including impacts from the COVID-19 pandemic;
- changes in the cost and availability of capital;
- changes in the level of home construction and repair 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 financial or business conditions of third-party wholesale distributors and dealers;
- 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 the cost of and availability of transportation;
- difficulties in the launch or production ramp-up of newly introduced products;
- unplanned interruptions to our manufacturing operations, such as explosions, fires, inclement weather, natural disasters, accidents, equipment failures, labor disruptions, transportation interruptions, supply interruptions, public health issues (including pandemics and quarantines), riots, civil insurrection or social unrest, looting, protests, strikes and street demonstrations;
- changes in other significant operating expenses;
- changes in currency values and exchange rates between the U.S. dollar and other currencies, particularly the Canadian dollar, Brazilian *real* and Chilean *peso*;
- 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;
- warranty costs exceeding our warranty reserves;
- challenge or exploitation of our intellectual property or other proprietary information by others in the industry;
- changes in the funding requirements of our defined benefit pension plans;

- the resolution of existing and future product-related litigation and other legal proceedings;
- the amount and timing of any repurchases of our common stock and the payment of dividends on our common stock, which will depend on market and business conditions and other considerations; and
- acts of public authorities, war, civil unrest, natural disasters, fire, floods, earthquakes, inclement weather 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 SEC 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 quarterly report on Form 10-Q, 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.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Condensed Consolidated Statements of Income

Dollar amounts in millions, except per share amounts
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net sales	$ 548	$ 588	$ 1,133	$ 1,170
Cost of sales	(431)	(510)	(908)	(1,011)
Gross profit	117	78	225	159
Selling, general, and administrative expenses	(50)	(58)	(105)	(114)
Loss on impairment	(8)	—	(15)	(1)
Other operating credits and charges, net	(6)	3	(8)	1
Income from operations	53	23	97	45
Interest expense	(6)	(4)	(12)	(8)
Investment income	4	2	3	7
Other non-operating items	(1)	(2)	4	9
Income before income taxes	50	19	92	52
Provision for income taxes	(19)	(3)	(28)	(11)
Net income	$ 31	$ 16	$ 64	$ 42
Net loss attributed to noncontrolling interest	2	2	2	2
Net income attributed to LP	$ 33	$ 17	$ 66	$ 44
Basic net income per share of common stock:				
Net income per share - basic	$ 0.29	$ 0.14	$ 0.59	$ 0.34
Diluted net income per share of common stock:				
Net income per share - diluted	$ 0.29	$ 0.14	$ 0.58	$ 0.34
Average shares of common stock used to compute net income per share:				
Basic	112	123	112	127
Diluted	113	124	113	128

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Comprehensive Income
Dollar amounts in millions
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income	**$ 31**	**$ 16**	**$ 64**	**$ 42**
Other comprehensive income, net of tax				
Foreign currency translation adjustments	2	1	(21)	3
Unrealized gains on securities, net of reversals	(3)	—	(3)	(1)
Amortization of pension and post-retirement prior service costs and net loss	1	1	2	2
Other comprehensive income (loss), net of tax	—	2	(22)	4
Comprehensive income	**31**	**17**	**42**	**46**
Comprehensive income associated with noncontrolling interest	2	2	2	2
Comprehensive income attributed to LP	$ 33	$ 19	$ 44	$ 48

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

Condensed Consolidated Balance Sheets
Dollar amounts in millions
(Unaudited)

	June 30, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	$ 259	$ 181
Receivables, net of allowance for doubtful accounts of $2 million and $1 million at June 30, 2020, and December 31, 2019, respectively	175	164
Inventories	240	265
Prepaid expenses and other current assets	15	9
Total current assets	**689**	**619**
Timber and timberlands	55	63
Property, plant, and equipment, net	912	965
Operating lease assets	42	44
Goodwill and other intangible assets	48	53
Investments in and advances to affiliates	11	10
Restricted cash	—	14
Other assets	50	67
Total assets	**$ 1,807**	**$ 1,835**
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	204	242
Income tax payable	13	—
Other current liabilities	2	2
Total current liabilities	**219**	**244**
Long-term debt	348	348
Deferred income taxes	71	73
Non-current operating lease liabilities	33	36
Other long-term liabilities	125	133
Total liabilities	**796**	**834**
Redeemable noncontrolling interest	11	10
Stockholders' equity:		
Common stock, $1 par value, 200,000,000 shares authorized; 129,665,899 and 112,259,769 shares issued and outstanding, respectively, as of June 30, 2020; and 129,665,899 and 111,945,021 shares issued and outstanding, respectively, as of December 31, 2019	130	130
Additional paid-in capital	446	454
Retained earnings	999	966
Treasury stock, 17,406,130 shares and 17,720,878 shares, at cost as of June 30, 2020, and December 31, 2019, respectively	(400)	(406)
Accumulated comprehensive loss	(175)	(153)
Total stockholders' equity	**1,000**	**991**
Total liabilities and stockholders' equity	**$ 1,807**	**$ 1,835**

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Cash Flows
Dollar amounts in millions
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	$ 31	$ 16	$ 64	$ 42
Adjustments to net income:				
Depreciation and amortization	28	29	56	60
Loss on impairment	8	—	15	1
Gain on acquisition	—	—	—	(14)
Deferred taxes	5	(5)	1	(11)
Other adjustments, net	15	—	10	5
Changes in assets and liabilities (net of acquisitions and divestitures):				
Receivables	4	(6)	(27)	(41)
Prepaid expenses and other current assets	(4)	(3)	(5)	(3)
Inventories	38	19	2	(17)
Accounts payable and accrued liabilities	(6)	(2)	(22)	(17)
Income taxes payable, net of receivables	10	4	26	(5)
Net cash provided by operating activities	**129**	**54**	**120**	**—**
CASH FLOWS FROM INVESTING ACTIVITIES:				
Property, plant, and equipment additions	(15)	(38)	(39)	(81)
Proceeds from business divestiture	14	—	14	—
Redemption of insurance cash surrender value	10	—	10	—
Cash (used) acquired in acquisition	—	(7)	—	33
Other investing activities	3	—	3	—
Net cash provided by (used in) investing activities	**12**	**(45)**	**(12)**	**(50)**
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayment of long-term debt	(350)	(3)	(350)	(3)
Borrowing of long-term debt	—	—	350	—
Payment of cash dividends	(17)	(17)	(33)	(33)
Purchase of stock	—	—	—	(438)
Other financing activities	(1)	(3)	(6)	(7)
Net cash used in financing activities	**(368)**	**(22)**	**(39)**	**(481)**
EFFECT OF EXCHANGE RATE ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(2)	1	(5)	1
Net (decrease) increase in cash, cash equivalents and restricted cash	(229)	(13)	64	(530)
Cash, cash equivalents, and restricted cash at beginning of period	488	375	195	892
Cash, cash equivalents, and restricted cash at end of period	**$ 259**	**$ 362**	**$ 259**	**$ 362**
Supplemental cash flow information:				
Cash paid for income taxes, net of cash received	$ —	$ 7	$ 29	$ 28
Cash paid for interest, net of cash received	$ 2	$ —	$ 12	$ 5
Unpaid capital expenditures	$ 11	$ 15	$ 11	$ 15

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Stockholders' Equity
Dollar and share amounts in millions, except per share amounts
(Unaudited)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance, December 31, 2019	**130**	**$ 130**	**18**	**$ (406)**	**$ 454**	**$ 966**	**$ (153)**	**$ 991**
Net income attributed to LP	—	—	—	—	—	33	—	33
Dividends paid ($0.145 per share)	—	—	—	—	—	(16)	—	(16)
Issuance of shares under stock plans	—	—	—	8	(8)	—	—	—
Taxes paid related to net settlement of stock-based awards	—	—	—	(4)	—	—	—	(4)
Compensation expense associated with stock-based compensation	—	—	—	—	2	—	—	2
Other comprehensive loss	—	—	—	—	—	—	(22)	(22)
Balance, March 31, 2020	**130**	**$ 130**	**18**	**$ (402)**	**$ 448**	**$ 983**	**$ (175)**	**$ 984**
Net income attributed to LP	—	—	—	—	—	33	—	33
Dividends paid ($0.145 per share)	—	—	—	—	—	(17)	—	(17)
Issuance of shares under stock plans	—	—	(1)	2	(1)	—	—	1
Compensation expense associated with stock-based compensation	—	—	—	—	1	—	—	1
Noncontrolling interest redemption value adjustment	—	—	—	—	(2)	—	—	(2)
Other comprehensive loss	—	—	—	—	—	—	—	—
Balance, June 30, 2020	**130**	**$ 130**	**17**	**$ (400)**	**$ 446**	**$ 999**	**$ (175)**	**$ 1,000**

	Common Stock				Treasury Stock				Additional Paid-in Capital		Retained Earnings		Accumulated Comprehensive Loss		Total Stockholders' Equity	
	Shares		Amount		Shares		Amount									
Balance, December 31, 2018	**153**	**$**	**153**		**16**	**$**	**(378)**	**$**	**458**	**$**	**1,613**	**$**	**(146)**	**$**	**1,700**	
Net income attributed to LP	—		—		—		—		—		27		—		27	
Dividends paid ($0.135 per share)	—		—		—		—		—		(17)		—		(17)	
Issuance of shares under stock plans	—		—		—		8		(8)		—		—		—	
Taxes paid related to net settlement of stock-based awards	—		—		—		(4)		—		—		—		(4)	
Purchase of stock	(12)		(12)		2		(38)		(80)		(308)		—		(438)	
Compensation expense associated with stock-based compensation	—		—		—		—		2		—		—		2	
Other comprehensive loss	—		—		—		—		—		—		2		2	
Balance, March 31, 2019	**141**	**$**	**141**		**18**	**$**	**(412)**	**$**	**373**	**$**	**1,314**	**$**	**(144)**	**$**	**1,273**	
Net income attributed to LP	—		—		—		—		—	$	17		—	$	17	
Dividends paid ($0.135 per share)	—		—		—		—		—		(17)		—		(17)	
Issuance of shares under stock plans	—		—		—		2		(1)		—		—		1	
Compensation expense associated with stock-based compensation	—		—		—		—		2		—		—		2	
Other comprehensive income	—		—		—		—		—		—		2		2	
Balance, June 30, 2019	**141**	**$**	**141**		**18**	**$**	**(410)**	**$**	**374**	**$**	**1,315**	**$**	**(143)**	**$**	**1,278**	

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF OPERATIONS AND BASIS FOR PRESENTATION

Nature of Operations

Louisiana-Pacific Corporation and our subsidiaries are a leading provider of high-performance building solutions serving the new home construction, repair and remodeling, and outdoor structures markets. In addition to our U.S. operations, the Company also maintains manufacturing facilities in Canada, Chile, and Brazil through foreign subsidiaries and joint ventures. The principal customers for our building solutions are retailers, wholesalers, and homebuilding and industrial businesses in North America and South America, with limited sales to Asia, Australia, and Europe. References to "LP," "the Company," "we," "our," and "us" refer to Louisiana-Pacific Corporation and its consolidated subsidiaries as a whole.

Basis for Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP) for interim financial information. Accordingly, they do not include all the information and footnotes required by U.S. GAAP for complete consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal and recurring nature. These Condensed Consolidated Financial Statements and Notes hereto should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, filed with the SEC on February 13, 2020 (2019 Annual Report on Form 10-K). Results of operations for interim periods are not necessarily indicative of results to be expected for an entire year. All dollar amounts are shown in millions except per share.

COVID-19 Impact

In March 2020, the World Health Organization (WHO) characterized the outbreak of COVID-19 as a global pandemic. In response to this declaration and the rapid global spread of COVID-19, national, state, and local governments have taken extraordinary, wide-ranging actions to contain the outbreak and spread of COVID-19, including quarantines, "stay-at-home" orders and similar mandates imposing varying degrees of restrictions on social and commercial activity to promote social distancing. We are continuing to follow national, state, and local guidelines, while also continuing to provide our products to support critical infrastructure needs.

The pandemic and the resulting containment did not materially impact our results for the three and six months ended June 30, 2020. We initially reduced mill operating schedules to balance production and demand but have resumed full operating schedules as of June 30, 2020. However, the duration of the COVID-19 pandemic, the actions to contain the pandemic and mitigate its impacts, and the effects on our operations cannot be reasonably estimated. Therefore, the related financial impact on our business cannot be reasonably estimated.

In March 2020, we borrowed $350 million under our revolving credit facility dated as of June 27, 2019 (the “Credit Facility”) with American AgCredit, PCA, as administrative agent and CoBank, ACB, as a letter of credit issuer, as a precautionary measure, to ensure funds are available to meet our obligations for a substantial period of time in response to the COVID-19 pandemic. On May 1, 2020, we entered into an amendment to our the Credit Facility to provide a total capacity of $550 million and on May 27, 2020, we entered into a second amendment to the Credit Facility (as amended, the “Amended Credit Facility”), which modified certain representations and warranties included in the Credit Facility, related to the impacts of the ongoing COVID-19 pandemic on the Company’s business, operations or financial conditions as more particularly set forth in the second amendment. We repaid the $350 million borrowed under our Amended Credit Facility in June 2020 and there were no outstanding amounts borrowed on this Amended Credit Facility as of June 30, 2020.

As of June 30, 2020, we had $259 million of cash and cash equivalents. Additionally, in response to the current business environment as impacted by COVID-19, we continue to take precautionary measures and adjust our operational needs, including a significant reduction in capital spending.

As a result of the economic and business impact of COVID-19, we may be required to revise certain accounting estimates and judgments such as, but not limited to, those related to the valuation of goodwill, intangibles, long-lived assets, accounts receivable, and inventory, which could have a material adverse effect on our financial position and results of operations.

Recently Adopted Accounting Policies

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses* (Topic 326*)*. This ASU sets forth a "current expected credit loss" (CECL) model, which requires the measurement of all expected credit losses for financial instruments or other assets (e.g., trade receivables), held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. The Company adopted ASU 2016-13 on January 1, 2020. This adoption did not have a material impact on the Company’s Condensed Consolidated Financial Statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other* (Topic 350). The standard simplifies the accounting for goodwill impairments by eliminating step 2 from the goodwill impairment test. The Company adopted ASU 2017-14 on January 1, 2020. This adoption did not have a material impact on the Company’s Condensed Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement* (Topic 820). The standard amends ASC 820 to add and remove disclosure requirements related to fair value measurement. The Company adopted ASU 2018-13 on January 1, 2020. This adoption did not have a material impact on the Company’s Condensed Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract (Subtopic 350-40)*. The standard provides additional guidance on the accounting for costs of implementation activities performed in a cloud computing arrangement that is a service contract. The Company adopted ASU 2018-15 on January 1, 2020, using the prospective transition method. This adoption did not have a material impact on the Company’s Condensed Consolidated Financial Statements.

Accounting Standards Issued But Not Yet Adopted

In August 2018, the FASB issued ASU 2018-14, *Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans*, which amends ASC 715 to add, remove, and clarify disclosure requirements related to defined benefit pension and other postretirement plans. The amended guidance modifies the disclosure requirements for employers that sponsor defined benefit pension or other post-retirement plans by removing and adding certain disclosures for these plans. The eliminated disclosures include (a) the amounts in accumulated other comprehensive income expected to be recognized in net periodic benefit costs over the next fiscal year, and (b) the effects of a one percentage point change in assumed health care cost trend rates on the net periodic benefit costs and the benefit obligation for post-retirement health care benefits. Additional disclosures include descriptions of significant gains and losses affecting the benefit obligation for the period. The amended guidance is effective for fiscal years ending after December 15, 2020. Early adoption is permitted. The adoption of this guidance will modify our disclosures but is not expected to have a material effect on our Consolidated Financial Statements.

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes (Topic 740)*. This ASU simplifies the accounting for income taxes by, among other things, eliminating certain existing exceptions related to the general approach in ASC 740 relating to franchise taxes, reducing complexity in the interim-period accounting for year-to-date loss limitations and changes in tax laws, and clarifying the accounting for transactions outside of business combination that result in a step-up in the tax basis of goodwill. The transition requirements are primarily prospective, and the effective date is for interim and annual reporting periods beginning after December 15, 2020, with early adoption permitted. We are currently evaluating the impact of the new guidance on our Condensed Consolidated Financial Statements.

NOTE 2. REVENUE

The following table presents our reportable segment revenues, disaggregated by revenue source. We disaggregate revenue from contracts with customers into major product lines. We have determined that disaggregating revenue into these categories achieves the disclosure objective to depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. During the six months ended June 30, 2020, LP CanExel® prefinished siding was reclassified from Siding to Other, reflecting changes in organizational structure and, accordingly, the information that the chief operating decision maker uses to evaluate performance and allocate resources to our business segments. All prior periods presented have been adjusted for comparability.

As noted in the segment reporting information in Note 18 below, our reportable segments are Siding, Oriented Strand Board (OSB), Engineered Wood Products (EWP), and South America.

	Three Months Ended June 30, 2020						
By product type and family:	**Siding**	**OSB**	**EWP**	**South America**	**Other**	**Inter-segment**	**Total**
Value-add							
SmartSide® strand siding	$ 207	$ —	$ —	$ 5	$ —	$ —	$ 212
SmartSide® fiber siding	11	—	—	—	—	—	11
CanExel® siding	—	—	—	—	3	—	3
OSB - Structural Solutions	—	95	1	32	—	—	128
LVL	—	—	30	—	—	—	30
LSL	—	—	9	—	—	—	9
I-Joist	—	—	32	—	—	—	32
	218	95	72	37	3	—	425
Commodity							
OSB - commodity	—	108	—	—	—	—	108
Plywood	—	—	3	—	—	—	3
	—	108	3	—	—	—	111
Other							
Other products	2	1	4	1	4	—	12
	$ 220	$ 204	$ 79	$ 38	$ 7	$ —	$ 548

Six Months Ended June 30, 2020

By product type and family:	Siding	OSB	EWP	South America	Other	Inter-segment	Total
Value-add							
SmartSide® strand siding	$ 398	$ —	$ —	$ 8	$ —	$ —	$ 406
SmartSide® fiber siding	30	—	—	—	—	—	30
CanExel® siding	—	—	—	—	14	—	14
OSB - Structural Solutions	—	198	2	64	—	—	264
LVL	—	—	66	—	—	—	66
LSL	—	—	21	—	—	—	21
I-Joist	—	—	69	—	—	—	69
	428	198	158	72	14	—	870
Commodity							
OSB - commodity	—	221	—	—	—	—	221
Plywood	—	—	9	—	—	—	9
	—	221	9	—	—	—	230
Other							
Other products	4	5	11	2	11	—	33
	$ 432	$ 424	$ 178	$ 74	$ 25	$ —	$ 1,133

Three Months Ended June 30, 2019

By product type and family:	Siding	OSB	EWP	South America	Other	Inter-segment	Total
Value-add							
SmartSide® strand siding	$ 200	$ —	$ —	$ 4	$ —	$ —	$ 204
SmartSide® fiber siding	25	—	—	—	—	—	25
CanExel® siding	—	—	—	—	7	—	7
OSB - Structural Solutions	—	100	2	35	—	—	138
LVL	—	—	40	—	—	—	40
LSL	—	—	14	—	—	—	14
I-Joist	—	—	38	—	—	—	38
	225	100	95	39	7	—	466
Commodity							
OSB - commodity	5	97	1	—	—	(3)	100
Plywood	—	—	6	—	—	—	6
	5	97	7	—	—	(3)	107
Other							
Other products	1	1	5	1	7	—	15
	$ 231	$ 199	$ 107	$ 40	$ 14	$ (3)	$ 588

Six Months Ended June 30, 2019							
By product type and family:	Siding	OSB	EWP	South America	Other	Inter-segment	Total
Value-add							
SmartSide® strand siding	$ 387	$ —	$ —	$ 10	$ —	$ —	$ 397
SmartSide® fiber siding	51	—	—	—	—	—	51
CanExel® siding	—	—	—	—	24	—	24
OSB - Structural Solutions	—	199	4	73	—	—	276
LVL	—	—	71	—	—	—	71
LSL	—	—	28	—	—	(1)	28
I-Joist	—	—	64	—	—	—	64
	438	199	167	83	24	(1)	910
Commodity							
OSB - commodity	8	204	3	—	—	(3)	212
Plywood	—	—	12	—	—	—	12
	8	204	15	—	—	(3)	225
Other							
Other products	5	4	15	2	11	—	35
	$ 450	$ 407	$ 197	$ 85	$ 35	$ (4)	$ 1,170

Revenue is recognized when obligations under the terms of a contract (purchase orders) with our customers are satisfied; generally, this occurs with the transfer of control of our products. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods. The shipping cost incurred by us to deliver products to our customers is recorded in cost of sales. The expected costs associated with our warranties continue to be recognized as an expense when the products are sold. We recognize revenue as of a point in time.

Our businesses routinely incur customer program costs to obtain favorable product placement, to promote sales of products and to maintain competitive pricing. Customer program costs and incentives, including rebates and promotion and volume allowances, are accounted for as deductions from net sales at the time the program is initiated. These reductions of revenue are recorded at the time of sale or the implementation of the program based on management's best estimates. Estimates are based on historical and projected experience for each type of program or customer. Volume allowances are accrued based on management's estimates of customer volume achievement and other factors incorporated into customer agreements, such as new product purchases, store sell-through, and merchandising support. Management adjusts accruals when circumstances indicate (typically as a result of a change in volume expectations).

We ship some of our products to customers' distribution centers on a consignment basis. We retain title to our products stored at the distribution centers. As our products are removed from the distribution centers by retailers and shipped to retailers' stores, title passes from us to the retailers. At that time, we invoice the retailers and recognize revenue for these consignment transactions. We do not offer a right of return for products shipped to the retailers' stores from the distribution centers.

NOTE 3. EARNINGS PER SHARE

Basic earnings per share is based upon the weighted-average number of shares of common stock outstanding. Diluted earnings per share is based upon the weighted-average number of shares of common stock outstanding, plus all potentially dilutive securities that were assumed to be converted into common shares at the beginning of the period under the treasury stock method. This method requires that the effect of potentially dilutive common stock equivalents (stock options, stock-settled appreciation rights (SSARs), restricted stock units, and performance stock units) be excluded from the calculation of diluted earnings per share for the periods in which losses are reported because the effect is anti-dilutive.

The following table sets forth the computation of basic and diluted earnings per share (in millions, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income attributed to LP				
Weighted average common shares outstanding - basic	112	123	112	127
Dilutive effect of employee stock plans	1	1	1	1
Shares used for diluted earnings per share	113	124	113	128
Earnings per share:				
Basic earnings	$ 0.29	$ 0.14	$ 0.59	$ 0.34
Diluted earnings	$ 0.29	$ 0.14	$ 0.58	$ 0.34

NOTE 4. FAIR VALUE MEASUREMENTS

Fair value is defined 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. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. We are required to classify these financial assets and liabilities into two groups: (i) recurring—measured on a periodic basis and (ii) non-recurring—measured on an as-needed basis.

During the three and six months ended June 30, 2020, we sold our auction rate securities (ARS) and recognized a $3 million gain on available for sale securities, which is included in investment income in the Condensed Consolidated Statements of Income. Available for sale securities were $5 million as of December 31, 2019.

Trading securities consist of rabbi trust financial assets, which are recorded in other assets in our Condensed Consolidated Balance Sheets. The assets of the rabbi trust are invested in mutual funds and are reported at fair value based on active market quotations, which represent Level 1 inputs. The assets of the rabbi trust were $4 million at June 30, 2020, and December 31, 2019.

We estimated our 4.875% Senior Notes due in 2024 (2024 Senior Notes) to have a fair value of $356 million as of June 30, 2020, based upon market quotations. Our 2024 Senior Notes and other long-term debt were categorized as Level 1 in the U.S. GAAP fair value hierarchy. Fair values were based on trading activity among the Company’s lenders and the average bid and ask price as determined using published rates.

There were no outstanding amounts borrowed under our Amended Credit Facility as of June 30, 2020.

Carrying amounts reported on the balance sheet for cash and cash equivalents, accounts receivables, and accounts payable approximate fair value due to the short-term maturity of these items. During the three and six months ended June 30, 2020, and 2019, no adjustments were recognized associated with the fair value of these assets.

NOTE 5. RECEIVABLES

Receivables consisted of the following:

	June 30, 2020	December 31, 2019
Trade receivables	$ 134	$ 111
Income tax receivable	22	35
Other receivables	21	19
Allowance for doubtful accounts	(2)	(1)
Total	$ 175	$ 164

Trade receivables are primarily generated by sales of our products to our wholesale and retail customers. Other receivables as of June 30, 2020, and December 31, 2019, primarily consist of sales tax receivables, vendor rebates, a receivable associated with an affiliate, and other miscellaneous receivables.

NOTE 6. INVENTORIES

Inventories are valued at the lower of cost or net realizable value. Inventory cost includes materials, labor, and operating overhead. The major types of inventories are as follows (work in process is not material and is included in Semi-finished inventory below):

	June 30, 2020	December 31, 2019
Logs	$ 44	$ 47
Other raw materials	32	32
Semi-finished inventory	20	26
Finished products	144	160
Total	$ 240	$ 265

NOTE 7. DIVESTITURES

In February 2020, the Company entered into a joint agreement with Maibec, Inc. (Maibec) to sell LP's East River facility located in Nova Scotia, Canada, as well as the assets and brand rights for CanExel®, the fiber-based prefinished siding product manufactured at that facility. In June 2020, we completed the sale to Maibec for a total purchase price of $16 million, $14 million of which was paid in cash at closing and $2 million of which is payable under a promissory note due in three equal annual installments beginning in June 2021. The current portion is included in prepaid and other current assets and the long-term portion is included in other assets within the Condensed Consolidated Balance Sheet. We recognized a gain on sale of $2 million for the three month period ended June 30, 2020, within other operating credits and charges, net in the Condensed Consolidated Statements of Income.

The total net carrying value of assets related to the East River facility and CanExel® at the date of sale was $14 million, consisting primarily of $10 million and $5 million of inventories and property, plant, and equipment, respectively.

The Condensed Consolidated Statements of Income for the three and six months ended June 30, 2020, include net sales of $3 million and $14 million, respectively, related to the divested East River facility and assets and brand rights for CanExel®. The Condensed Consolidated Statements of Income for three and six months ended June 30, 2019, include net sales of $7 million and $24 million, respectively, related to the East River facility.

NOTE 8. GOODWILL AND OTHER INTANGIBLES

Goodwill and indefinite-lived intangible assets are not amortized and are subject to assessment for impairment by applying a fair value based test on an annual basis or more frequently if circumstances indicate a potential impairment. The Company's annual assessment date is October 1.

During the three months ended June 30, 2020, we performed an interim evaluation of impairment on the goodwill associated with our off-site construction operation Entekra Holdings, LLC (Entekra) due in part to the impacts of the COVID-19 pandemic on this reporting unit. As a result, we recognized a non-cash impairment charge of $5 million for the three and six month periods ended June 30, 2020, within loss on impairment in the Condensed Consolidated Statements of Income. We applied a discounted cash flow model in which cash flows are projected using internal forecasts over future periods, plus a terminal value, and were discounted to present value using a risk-adjusted rate of return. The cash flow forecasts included estimates of growth rates based on our current views of the long-term outlook of the reporting unit and may materially differ from actual results. The discount rate assumptions were based on an assessment of the risk inherent in the future cash flows of each reporting unit using industry, peer group, and company-specific information.

Changes in goodwill and other intangible assets as of June 30, 2020, are provided in the following table:

	Timber licenses[1]	Goodwill	Developed Technology	Trademark
Beginning balance December 31, 2019	$ 38	$ 30	$ 20	$ 3
Acquisition	—	—	—	—
Impairment charge		(5)		
Amortization	(2)	—	—	—
Ending balance June 30, 2020	$ 36	$ 25	$ 20	$ 3

[1]Timber licenses are included in Timber and Timberlands on the Condensed Consolidated Balance Sheets.

NOTE 9. REDEEMABLE NONCONTROLLING INTEREST

Redeemable noncontrolling interest is interest in subsidiaries that is redeemable outside of our control either for cash or other assets. These interests are classified as mezzanine equity and measured at the greater of estimated redemption value or carrying value at the end of each reporting period. Net loss attributed to noncontrolling interest is recorded in the Condensed Consolidated Statements of Income. Any adjustments to the redemption value of redeemable noncontrolling interest are recognized in either net income or through accumulated paid-in capital, depending on the nature of the underlying security (preferred or common units).

The components of redeemable noncontrolling interest are as follows:

Dollar amounts in millions	
Beginning balance December 31, 2019	$ 10
Purchase of redeemable common and preferred stock	—
Adjustment to redemption value (through accumulated paid in capital)	2
Net loss attributable to noncontrolling interest	(1)
Impairment charge attributed to noncontrolling interest	(1)
Ending balance June 30, 2020	11

NOTE 10. LONG TERM DEBT

The following table summarizes our outstanding debt:

	June 30, 2020	December 31, 2019
2024 Senior Notes	$ 350	$ 350
Amended Credit Facility	—	—
Financing leases	1	1
Unamortized debt costs	(3)	(3)
Total	348	348
Less: current portion	—	—
Long-term portion	$ 348	$ 348

The Amended Credit Facility which provides for revolving credit facilities in the aggregate principal amount of up to $550 million, with a $60 million sub-limit for letters of credit. The initial $350 million revolving facility provided pursuant to the Credit Facility (Revolving A Loan) terminates, and all loans made thereunder become due on June 27, 2024. The incremental $200 million revolving facility provided pursuant to the Amended Credit Facility in May 2020 (Revolving B Loan) terminates, and all loans made thereunder become due on May 1, 2023. Certain of LP's existing and future wholly-owned domestic subsidiaries may guaranty our obligations under the Amended Credit Facility and, subject to certain limited exceptions, provide security through a lien on substantially all the personal property of these subsidiaries. In March 2020, we borrowed $350 million under the Amended Credit Facility and repaid the entire amount in June 2020.

Revolving borrowings under the Amended Credit Facility accrue interest, at our option, at either a "base rate" plus a margin of 0.875% to 2.000% for Revolving A Loans and 1.125% to 2.250% for Revolving B Loans or LIBOR plus a margin of 1.875% to 3.000% for Revolving A Loans and 2.125% to 3.250% for Revolving B Loans. The Amended Credit Facility also includes an unused commitment fee, due quarterly, ranging from 0.3% to 0.6% for both Revolving A Loans and Revolving B Loans. The applicable margins and fees within these ranges are based on our ratio of consolidated EBITDA to cash interest charges. The "base rate" is the highest of (i) the Federal funds rate plus 0.5%, (ii) the U.S. prime rate, and (iii) one-month LIBOR plus 1.0%.

The Amended Credit Facility contains various restrictive covenants and customary events of default, the occurrence of which could result in the acceleration of our obligation to repay the indebtedness outstanding thereunder. The Amended Credit Facility also contains financial covenants that require us and our consolidated subsidiaries to have, as of the end of each quarter, (i) a capitalization ratio (i.e., funded debt less unrestricted cash to total capitalization) of no more than 57.5% and (ii) a minimum consolidated net worth of at least $475 million plus 70% of consolidated net income after December 31, 2019, without a deduction for net losses.

On May 27, 2020, we entered into the second amendment to the Credit Facility, which modified certain provisions to disregard, for purposes of the Company's representations and warranties included in the Amended Credit Facility, the impacts of the ongoing COVID-19 pandemic on the Company's business, operations or financial conditions that were disclosed to lenders or otherwise publicly available in the Company's filings with the Securities and Exchange Commission prior to the First Amendment Effective Date (as defined in the Amended Credit Facility).

In September 2016, we issued $350 million aggregate principal amount of the 2024 Senior Notes, which mature on September 15, 2024. We may, at our option on one or more occasions, redeem all or any portion of these notes at the redemption prices set forth in the indenture governing the 2024 Senior Notes, plus accrued and unpaid interest, if any, to, but not including, the date of redemption. The indenture governing the 2024 Senior Notes contains certain covenants that, among other things, limit our ability to grant liens to secure indebtedness, engage in sale and leaseback transactions and merge or consolidate or sell all or substantially all our assets. If we are subject to a "change of control," as defined in the indenture, we are required to offer to repurchase the 2024 Senior Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, thereon to, but not including, the date of purchase. The indenture governing the 2024 Senior Notes contains customary events of default, including failure to make required payments on the 2024 Senior Notes, failure to comply with certain agreements or covenants contained in the indenture, failure to pay or acceleration of certain other indebtedness and certain events of bankruptcy and insolvency. An event of default in the indenture allows either the indenture trustee or the holders of at least 25% in aggregate principal amount of the then-outstanding 2024 Senior Notes to accelerate, or in certain cases, automatically causes the acceleration of, the amounts due under the 2024 Senior Notes.

On March 17, 2020, LP entered into a letter of credit facility agreement (Letter of Credit Facility) with Bank of America, N.A., which provides for the funding of letters of credit up to an aggregate outstanding amount of $20 million, which may be secured by certain cash collateral of LP. The Letter of Credit Facility includes an unused commitment fee, due quarterly, ranging from 0.50% to 1.875% of the daily available amount to be drawn on each letter of credit issued under the Letter of Credit Facility. The Letter of Credit Facility is subject to similar affirmative, negative, and financial covenants as those set forth in the Amended Credit Facility, including capitalization ratio and minimum net worth covenants.

As of June 30, 2020, we were in compliance with all financial covenants under the Amended Credit Facility.

NOTE 11. INCOME TAXES

For interim periods, we recognize income tax expense by applying the estimated annual effective income tax rate to year-to-date results unless this method does not result in a reliable estimate of year-to-date income tax expense. Each period, 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. Changes in profitability estimates in various jurisdictions will impact our quarterly effective income tax rates.

The tax provision for income taxes for the first six months of 2020 reflected an estimated annual tax rate of 26%, compared with 24% for the first six months of 2019. The effective tax rate, including discrete items, for the three and six months ended June 30, 2020 were 37% and 30%, respectively, compared to 16% and 20% for the comparable periods in 2019. The 2020 increase in the total effective tax rate was primarily due to the effect of discrete items discussed below.

We recognized a discrete tax expense of $5 million during the six months ended June 30, 2020 related to the surrender of a corporate-owned life insurance contract and a sale of ARS. In addition, a net discrete tax benefit of $2 million and $3 million was recognized in the six months ended June 30, 2020 and 2019, respectively, principally related to excess tax benefits from stock-based compensation.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted into law and provided for changes to the U.S. tax code that impact businesses. As of June 30, 2020, we have made a reasonable estimate of the effects on our U.S. current and deferred tax balances.

NOTE 12. COMMITMENTS AND CONTINGENCIES

We maintain reserves for various contingent liabilities as follows:

	June 30, 2020	December 31, 2019
Environmental reserves	$ 9	$ 10
Other reserves	—	—
Total contingencies	9	10
Current portion (included in other current liabilities)	(2)	(2)
Long-term portion (included in other long-term liabilities)	$ 7	$ 8

Estimates of our loss contingencies are based on various assumptions and judgments. Due to the numerous uncertainties and variables associated with these assumptions and judgments, 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 contingencies and, as additional information becomes known, may change our estimates significantly. While no estimate of the range of any such change can be made at this time, the amount that we may ultimately pay in connection with these matters could materially exceed, in either the near term or the longer term, the amounts accrued to date. Our estimates of our loss contingencies do not reflect potential future recoveries from insurance carriers except to the extent that recovery may, from time to time, be deemed probable as a result of an insurer's agreement to payment terms.

Environmental Matters

We maintain 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. Our estimates of our environmental loss contingencies are based on various assumptions and judgments, the specific nature of which varies considering 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 the required investigation, remediation and/or monitoring activities and the probable cost of these activities, and in some cases reflect assumptions and judgments as to the obligation or willingness and ability of third parties to bear a proportionate or allocated share of the 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. We regularly monitor our estimated exposure to environmental 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.

Other Proceedings

We and our subsidiaries are parties to other legal proceedings. Based on the information currently available, management believes the resolution of such proceedings will not have a material adverse effect on our financial position, results of operations, cash flows, or liquidity.

NOTE 13. IMPAIRMENT OF LONG-LIVED ASSETS

We review the carrying values of our long-lived assets for potential impairments and believe we have adequate support for the carrying value of our long-lived assets. If demand and pricing for our products continue at levels significantly below cycle average demand and pricing, or should we decide to invest capital in alternative projects, or should changes occur related to our wood supply for our mills, it is possible that future impairment charges will be required. As of June 30, 2020, we believe the current impacts of the COVID-19 pandemic did not warrant an impairment of our long-lived assets. However, future changes in the long-term effects of the COVID-19 pandemic on the demand and pricing of our products may result in future impairment charges, including curtailed facilities.

We also review from time to time potential dispositions of various assets, considering 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.

During the three and six months ended June 30, 2020, we recorded $4 million and $9 million, respectively, in pre-tax impairment charges related to our fiber producing assets at a Siding facility. These impairment charges reflect the announced, accelerated conversion of this facility from fiber production to pre-finishing in February 2020.

NOTE 14. PRODUCT WARRANTIES

We offer warranties on the sale of most of our products and record 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 three and six months ended June 30, 2020, and 2019, is summarized in the following table:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Beginning balance	$ 8	$ 13	$ 8	$ 14
Accrued to expense	—	1	1	1
Reduced to other operating credits and charges	—	(4)	—	(4)
Payments made	—	—	(1)	(1)
Total warranty reserves	8	9	8	9
Current portion of warranty reserves (included in other current liabilities)	(2)	(2)	(2)	(2)
Long-term portion of warranty reserves (included in other long-term liabilities)	$ 6	$ 7	$ 6	$ 7

We continue to monitor warranty and other claims associated with these products and believe as of June 30, 2020, that the warranty reserve balances associated with these matters are adequate to cover future warranty payments. However, it is possible that additional changes may be required in the future.

NOTE 15. DEFINED BENEFIT PENSION PLANS

The following table summarizes our net periodic pension cost for our defined benefit pension and postretirement plans during the three and six months ended June 30, 2020, and 2019:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Service cost	$ 1	$ 1	$ 1	$ 2
Other components of net periodic pension cost[1]:				
Interest cost	3	3	5	6
Expected return on plan assets	(4)	(4)	(7)	(7)
Amortization of prior service cost	—	—	—	—
Amortization of net loss	1	1	3	2
Net periodic pension cost	$ 1	$ 2	$ 2	$ 3

[1]Other components of net periodic pension cost are included in other non-operating items on our Condensed Consolidated Statements of Income.

NOTE 16. ACCUMULATED COMPREHENSIVE INCOME (LOSS)

Other comprehensive income activity, net of tax, is provided in the following table for the three and six months ended June 30, 2020, and 2019:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Pension[1]				
Balance at beginning of period	$ (88)	$ (91)	$ (89)	$ (93)
Amounts reclassified from accumulated other comprehensive loss to income [2]	1	1	2	2
Total other comprehensive income	1	1	2	2
Balance at end of period	(87)	(91)	(87)	(91)
Translation Adjustments				
Balance at beginning of period	(90)	(55)	(67)	(57)
Translation adjustments	2	1	(21)	3
Balance at end of period	(88)	(54)	(88)	(54)
Other				
Balance at beginning of period	3	3	3	3
Other comprehensive loss before reclassifications	—	—	—	(1)
Unrealized gains on securities, net of reversals	(3)	—	(3)	—
Total other comprehensive loss	(3)	—	(3)	(1)
Balance at end of period	—	3	—	3
Accumulated other comprehensive loss, end of period	$ (175)	$ (143)	$ (175)	$ (143)

[1] Amounts are presented net of tax

[2] Amounts of actuarial loss and prior service cost are components of net periodic benefit cost.

NOTE 17. OTHER OPERATING AND NON-OPERATING INCOME

Other operating credit and charges, net

During the three months ended June 30, 2020, we recognized charges of $10 million related to the discontinuance of our fiber product (primarily related to fiber inventory adjustments to net realizable values). We recognized severance and other charges of $2 million and $4 million for the three and six months ended June 30, 2020, respectively, related to certain reorganizations and product-line discontinuance. Additionally, we recognized $4 million of Canadian wage subsidies during the three and six months ended June 30, 2020.

During the three months ended June 30, 2019, we reduced our product-related warranty reserves by $4 million and recorded a gain of $1 million in insurance recoveries associated with property damage from prior years. Additionally, we recorded a charge of $1 million and $3 million for the three and six months ended June 30, 2019, respectively, related to severance associated with certain reorganizations within the corporate office and severance and other charges associated with planned curtailments.

Non-operating income

Non-operating income is comprised of the following components:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Interest expense	$ (6)	$ (5)	$ (11)	$ (9)
Amortization of debt charges	—	(1)	(1)	(1)
Capitalized interest, net of reversals	—	1	—	2
Interest expense	**(6)**	**(4)**	**(12)**	**(8)**
Interest income	1	2	1	6
Gain on sale of auction rate securities	3	—	3	—
SERP market adjustments	—	—	(1)	1
Investment income	**4**	**2**	**3**	**7**
Net periodic pension cost, excluding service cost	—	(1)	(1)	(1)
Gain on acquisition of controlling interest	—	—	—	14
Foreign currency gain (loss)	(1)	(1)	5	(4)
Other non-operating items	**$ (1)**	**$ (2)**	**$ 4**	**$ 9**

NOTE 18. SELECTED SEGMENT DATA

We operate in four segments: Siding, OSB, EWP, and South America. Our business units have been aggregated into these four segments based upon the similarity of economic characteristics, customers, and distribution methods. Our 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. Our LP CanExel® prefinished siding was reclassified from Siding to Other during the six months ended June 30, 2020, reflecting changes in organizational structure and, accordingly, the information that the chief operating decision maker uses to evaluate performances and allocate resources to the segments. All prior periods presented have been adjusted for comparability.

We evaluate the performance of our business segments based on net sales and Adjusted EBITDA. Accordingly, our chief operating decision maker evaluates performance and allocates resources based primarily on net sales and Adjusted EBITDA for our business segments. Adjusted EBITDA is a non-GAAP financial measure and is defined as income attributed to LP before interest expense, net, provision for income taxes, depreciation and amortization, and excludes stock-based compensation expense, impairment of long-lived assets, other operating credits and charges, net, and other non-operating items.

Information about our product segments is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Net sales				
Siding	$ 220	$ 231	$ 432	$ 450
OSB	204	199	424	407
EWP	79	107	178	197
South America	38	40	74	85
Other	7	14	25	35
Intersegment sales	—	(3)	—	(4)
Total sales	$ 548	$ 588	$ 1,133	$ 1,170
PROFIT BY SEGMENT				
Net income	$ 31	$ 16	$ 64	$ 42
Add (deduct):				
Net loss attributed to noncontrolling interest	2	2	2	2
Income attributed to LP	33	17	66	44
Provision for income taxes	19	3	28	11
Depreciation and amortization	28	29	56	60
Stock-based compensation expense	1	3	3	5
Loss on impairment attributed to LP	7	—	14	1
Other operating credits and charges, net	(4)	(3)	(2)	(1)
Product-line discontinuance charges	10	—	10	—
Interest expense	6	4	12	8
Investment income	(4)	(2)	(3)	(7)
Other non-operating items	1	2	(4)	(9)
Adjusted EBITDA	$ 97	$ 53	$ 180	$ 111
Siding	51	45	93	84
OSB	46	(3)	81	5
EWP	3	10	12	17
South America	11	9	18	19
Other	(5)	(1)	(8)	—
Corporate	(9)	(7)	(16)	(14)
Adjusted EBITDA	97	53	180	111

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our Condensed Consolidated Financial Statements and related Notes and other financial information appearing elsewhere in this quarterly report on Form 10-Q. The following discussion includes statements that are forward-looking statements that are based on the beliefs of our management, as well as assumptions made by, and information currently available to our management.

Recent Developments

In March 2020, the WHO characterized the outbreak of COVID-19 as a global pandemic. In response to this declaration and the rapid global spread of COVID-19, national, state, and local governments have taken extraordinary, wide-ranging actions to contain the outbreak and spread of COVID-19, including quarantines, "stay-at-home" orders and similar mandates imposing varying degrees of restrictions on social and commercial activity to promote social distancing. Although many of the restrictions have eased across the country, the pandemic has yet to show substantial signs of decline in the United States. Some areas are re-imposing closures and other restrictions due to increasing rates of COVID-19 cases. There are no reliable estimates of how long the pandemic will last, how many people are likely to be affected by it or the duration or types of restrictions that will be imposed. For that reason, we are unable to predict the long-term impact of the pandemic on our business at this time.

The pandemic and actions taken in response thereto did not materially impact our results for the three and six months ended June 30, 2020. However, the COVID-19 pandemic and actions taken in response thereto are continuing to have a significant adverse effect on many sectors of the economy and overall financial conditions in the United States. We are continuing to follow national, state, and local guidelines, while also continuing to provide our products to support critical infrastructure needs. We initially reduced mill operating schedules to balance production and demand but have resumed full operating schedules as of June 30, 2020. The duration of the COVID-19 pandemic, the actions to contain the pandemic and mitigate its impacts, and the effects on our operations cannot be reasonably estimated. Therefore, the related financial impact cannot be reasonably estimated at this time.

General

We are a leading provider of high-performance building solutions serving the new home construction, repair and remodeling, and outdoor structures markets. We also market and sell our products to primarily retail home centers, wholesalers, distributors, and homebuilding and industrial businesses. Our manufacturing facilities are primarily located in the U.S. and Canada, and we also operate two facilities in Chile and one facility in Brazil.

To serve these markets, we operate in four segments: Siding, OSB, EWP, and South America.

Demand for our Building Products

Demand for our products correlates positively with new home construction and repair and remodeling activity in North America, which historically have been characterized by significant cyclicality. The COVID-19 pandemic had a significant adverse impact on the new home construction and a favorable impact on repair and remodel activity during the second quarter of 2020.

The U.S. Department of Census reported on July 17, 2020, that actual single housing starts were 23%, 15%, and 2% lower in April, May and June 2020, respectively, as compared to the same periods in 2019. Repair and remodeling activity is difficult to reasonably measure, but many indications, including the substantial increase in LP’s retail sales, suggest that it grew significantly in the second quarter of 2020.

While we expect demand for new home construction and repair and remodel activity to continue to be impacted by the COVID-19 pandemic, the results of operations, cash flows, financial position, and the related financial impacts cannot be reasonably estimated at this time.

Supply and Demand for OSB

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 OSB products will remain at current levels or increase or decrease in the future.

For additional factors affecting our results, refer to the Overview within our Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our 2019 Annual Report on Form 10-K, and to “About Forward-Looking Statements” and “Risk Factors” in this quarterly report on Form 10-Q.

Critical Accounting Policies and Significant Estimates

Note 1 of the Notes to the Consolidated Financial Statements included in our 2019 Annual Report on Form 10-K is a discussion of our significant accounting policies and 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.

While there have been no changes in the application of principles, methods, and assumptions used to determine our significant estimates, we may be required to revise certain accounting estimates and judgments related to the economic and business impact of the COVID-19 pandemic, such as, but not limited to, those related to the valuation of goodwill, intangibles, long-lived assets, accounts receivable, and inventory, which could have a material adverse effect on our financial position and results of operations.

Non-GAAP Financial Measures and Other Key Performance Indicators

In evaluating our business, we utilize non-GAAP financial measures that fall within the meaning of SEC Regulation G and Regulation S-K Item 10(e), which we believe provide users of the financial information with additional meaningful comparison to prior reported results. Non-GAAP financial measures do not have standardized definitions and are not defined by U.S. GAAP. In this quarterly report on Form 10-Q, we disclose income attributed to LP before interest expense, provision for income taxes, depreciation and amortization, and exclude stock-based compensation expense, loss on impairment attributed to LP, product-line discontinuance charges, other operating credits and charges, net, loss on early debt extinguishment, investment income, and other non-operating items as Adjusted EBITDA (Adjusted EBITDA) which is a non-GAAP financial measure. We have included Adjusted EBITDA in this report because we view it as an important supplemental measure of our performance and believe that it is frequently used by interested persons in the evaluation of companies that have different financing and capital structures and/or tax rates. We also disclose income attributed to LP, which excludes loss on impairment attributed to LP product-line discontinuance charges, interest outside of normal operations, other operating credits and charges, net, gain (loss) on acquisition, other non-operating credits and charges, net, and adjusts for a normalized tax rate (Adjusted Income). We also disclose Adjusted Diluted EPS, calculated as Adjusted Income divided by diluted shares outstanding. We believe that Adjusted Diluted EPS and Adjusted Income are useful measures for evaluating our ability to generate earnings and that providing this measure should allow interested persons to more readily compare the earnings for past and future periods.

Neither Adjusted EBITDA, Adjusted Income, nor Adjusted Diluted EPS is a substitute for the U.S. GAAP measure of net income or for any other U.S. GAAP measures of operating performance. It should be noted that other companies may present similarly-titled measures differently and therefore, as presented by us, these measures may not be comparable to similarly-titled measures reported by other companies. Adjusted EBITDA, Adjusted Income, and Adjusted Diluted EPS have material limitations as performance measures because they exclude items that are actually incurred or experienced in connection with the operations of our business.

We have elected to change our definition of Adjusted EBITDA and Adjusted Income to exclude product-line discontinuance charges incurred during the second quarter of 2020. Product-line discontinuance charges consist of inventory and other asset impairment and exit charges related to products no longer offered. We consider product-line discontinuance charges to be outside the performance of our ongoing core business operations and believe that presenting

Adjusted EBITDA and Adjusted Income excluding product-line discontinuance charges provides increased transparency as to the operating costs of our current business performance. We did not revise prior years' Adjusted EBITDA or Adjusted Income amounts because there were no significant costs similar in nature to these items.

The following table presents significant items by operating segment and reconciles Net income to Adjusted EBITDA:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Net income	**$ 31**	**$ 16**	**$ 64**	**$ 42**
Add (deduct):				
Net loss attributed to noncontrolling interest	2	2	2	2
Income attributed to LP	33	17	66	44
Provision for income taxes	19	3	28	11
Depreciation and amortization	28	29	56	60
Stock-based compensation expense	1	3	3	5
Loss on impairment attributed to LP	7	—	14	1
Other operating credits and charges, net	(4)	(3)	(2)	(1)
Product-line discontinuance charges	10	—	10	—
Interest expense	6	4	12	8
Investment income	(4)	(2)	(3)	(7)
Other non-operating items	1	2	(4)	(9)
Adjusted EBITDA	**$ 97**	**$ 53**	**$ 180**	**$ 111**
Siding	$ 51	$ 45	$ 93	$ 84
OSB	46	(3)	81	5
EWP	3	10	12	17
South America	11	9	18	19
Other	(5)	(1)	(8)	—
Corporate	(9)	(7)	(16)	(14)
Adjusted EBITDA	**$ 97**	**$ 53**	**$ 180**	**$ 111**

The following table provides the reconciliation of Net income to Adjusted Income:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income	**$ 31**	**$ 16**	**$ 64**	**$ 42**
Add (deduct):				
Net loss attributed to noncontrolling interest	2	2	2	2
Income attributed to LP	33	17	66	44
Loss on impairment attributed to LP	7	—	14	1
Other operating credits and charges, net	(4)	(3)	(2)	(1)
Product-line discontinuance	10	—	10	—
Gain on acquisition of controlling interest	—	—	—	(14)
Reported tax provision	19	3	28	11
Adjusted income before tax	65	17	116	40
Normalized tax provision at 25%	(16)	(5)	(29)	(10)
Adjusted Income	**$ 49**	**$ 12**	**$ 87**	**$ 30**
Diluted shares outstanding	113	124	113	128
Adjusted Diluted EPS	**$ 0.43**	**$ 0.11**	**$ 0.77**	**$ 0.23**

In addition, management monitors certain key performance indicators to evaluate our business performance, which include our Overall Equipment Effectiveness (OEE) and our performance relative to housing starts, as provided by reports from the U.S. Department of Census. These key performance indicators are further described on page 38 of this quarterly report on Form 10-Q and are incorporated herein by reference.

Results of Operations

Our results of operations are separately discussed below for each of our segments, as well as for the “other” category, which comprises other products that are not individually significant. See Note 18 of the Notes to the Condensed Consolidated Financial Statements included in Item 1 of this quarterly report on Form 10-Q for further information regarding our segments.

SIDING

The Siding segment consists of LP SmartSide® Trim & Siding and LP Outdoor Building Solutions® innovative products for premium outdoor buildings. Our LP CanExel® prefinished siding was reclassified from Siding to Other during the six months ended June 30, 2020. All prior periods presented have been adjusted for comparability.

Segment sales, Adjusted EBITDA, and Adjusted EBITDA margin for this segment were as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Change	2020	2019	Change
Net sales	$ 220	$ 231	(5)%	$ 432	$ 450	(4)%
Adjusted EBITDA	51	45	13 %	93	84	11 %
Adjusted EBITDA margin	23%	19%		22%	19%	

Sales in this segment by product line were as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Change	2020	2019	Change
SmartSide® strand siding	$ 207	$ 200	4 %	$ 398	$ 387	3 %
SmartSide® fiber siding	11	25	(56)%	30	51	(41)%
Other	2	6	(67)%	4	13	(69)%
Total	**$ 220**	**$ 231**	**(5)%**	**$ 432**	**$ 450**	**(4)%**

Percent changes in average sales prices and unit shipments for the three and six months ended June 30, 2020, compared to the three and six months ended June 30, 2019, were as follows:

	Three Months Ended June 30, 2020 versus 2019		Six Months Ended June 30, 2020 versus 2019	
	Average Net Selling Price	Unit Shipments	Average Net Selling Price	Unit Shipments
SmartSide® strand siding	1%	3 %	— %	3 %
SmartSide® fiber siding	—%	(55)%	1 %	(42)%

Net sales for the three and six months ended June 30, 2020 decreased by $11 million (or five percent) and by $18 million (or four percent), respectively, compared to the corresponding periods in 2019, primarily due to decreases in sales of SmartSide fiber, partially offset by SmartSide strand volume increases of three percent in both periods.

Adjusted EBITDA increased year over year by $6 million and $9 million, respectively, for the three and six months ended June 30, 2020, primarily due to the increased SmartSide strand revenue, increased production at the Dawson Creek facility after the prior year conversion to SmartSide strand, and sourcing and operational efficiency savings, partially offset by a decrease in SmartSide fiber sales.

OSB

The OSB segment manufactures and distributes OSB structural panel products including LP OSB, and Structural Solutions products such as LP TechShield® Radiant Barrier, LP TopNotch® Sub-Flooring, LP Legacy® Premium Sub-Flooring, LP WeatherLogic® Air & Water Barrier, and LP FlameBlock® Fire-Rated Sheathing.

Segment sales, Adjusted EBITDA, and Adjusted EBITDA Margin for this segment were as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Change	2020	2019	Change
Net sales	$ 204	$ 199	3%	$ 424	$ 407	4%
Adjusted EBITDA	46	(3)	NA	81	5	NA
Adjusted EBITDA margin	23%	(2)%		19%	1%	

Sales in this segment by product line were as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Change	2020	2019	Change
OSB - commodity	$ 108	$ 97	11 %	$ 221	$ 204	8 %
OSB - Structural Solutions	95	100	(5)%	198	199	(1)%
Other	1	1	— %	5	4	25 %
Total	**$ 204**	**$ 199**	**3 %**	**$ 424**	**$ 407**	**4 %**

Percent changes in average sales prices and unit shipments for the three and six months ended June 30, 2020, compared to the three and six months ended June 30, 2019, were as follows:

	Three Months Ended June 30, 2020 versus 2019		**Six Months Ended June 30, 2020 versus 2019**	
	Average Net Selling Price	Unit Shipments	Average Net Selling Price	Unit Shipments
OSB - commodity	27%	(13)%	20%	(11)%
OSB - Structural Solutions	18%	(19)%	11%	(9)%

Net sales increased by $5 million (or three percent) and by $17 million (or four percent) for the three and six months ended June 30, 2020, respectively, compared to the corresponding periods in 2019. OSB prices increased over the prior year by $37 million and $56 million for the three- and six-month periods, partially offset by 16% and 10% lower volumes, respectively. Structural Solutions volumes, as a percentage of total OSB segment volume, were 41% and 42% for the three and six months ended June 30, 2020, respectively, compared to 43% and 42% in the comparable periods of 2019.

Adjusted EBITDA increased over the prior year by $49 million and $76 million for the three and six months ended June 30, 2020, respectively, primarily due to increased prices, lower raw material costs, and cost containment efforts.

EWP

The EWP segment consists of LP SolidStart® I-Joist (IJ), Laminated Veneer Lumber (LVL), Laminated Strand Lumber (LSL), and other related products. This segment also includes the sales of I-Joist and LVL products produced by the joint venture and sales of plywood produced as a by-product of the LVL production process.

Segment sales, Adjusted EBITDA, and Adjusted EBITDA margin for this segment were as follows:

	Three Months Ended June 30,			**Six Months Ended June 30,**		
	2020	**2019**	**Change**	**2020**	**2019**	**Change**
Net sales	$ 79	$ 107	(26)%	$ 178	$ 197	(10)%
Adjusted EBITDA	3	10	(70)%	12	17	(29)%
Adjusted EBITDA margin	4%	9%		7%	9%	

Sales in this segment by product line were as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Change	2020	2019	Change
I-Joist	$ 32	$ 38	(15)%	$ 69	$ 64	8 %
LVL	30	40	(26)%	66	71	(7)%
LSL	9	14	(38)%	21	28	(25)%
Other, including OSB, plywood and related products	8	15	(45)%	22	34	(35)%
Total	**$ 79**	**$ 107**	**(26)%**	**$ 178**	**$ 197**	**(10)%**

Percent changes in average sales prices and unit shipments for the three and six months ended June 30, 2020, compared to the three and six months ended June 30, 2019, were as follows:

	Three Months Ended June 30, 2020 versus 2019		Six Months Ended June 30, 2020 versus 2019	
	Average Net Selling Price	Unit Shipments	Average Net Selling Price	Unit Shipments
I-Joist	(7)%	(9)%	(4)%	12 %
LVL	(4)%	(22)%	(1)%	(5)%
LSL	(2)%	(34)%	1 %	(24)%

Net sales decreased by $28 million (or 26%) and by $19 million (or ten percent) and Adjusted EBITDA decreased by $7 million and $5 million for the three and six months ended June 30, 2020, respectively, compared to the corresponding periods in 2019.

SOUTH AMERICA

Our South America segment manufactures and distributes OSB structural panel and siding products in South America and certain export markets. This segment has manufacturing operations in two countries, Chile and Brazil, and operates sales offices in Chile, Brazil, Peru, Columbia, and Argentina.

Segment sales, Adjusted EBITDA, and Adjusted EBITDA margin for this segment were as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Change	2020	2019	Change
Net sales	$ 38	$ 40	(5)%	$ 74	$ 85	(13)%
Adjusted EBITDA	11	9	22 %	18	19	(5)%
Adjusted EBITDA margin	29%	23%		24%	22%	

Sales in this segment by product line were as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Change	2020	2019	Change
OSB -Structural Solutions	$ 32	$ 35	(9)%	$ 64	$ 73	(12)%
Siding	5	4	25 %	8	10	(20)%
Other	1	1	— %	2	2	— %
Total	**$ 38**	**$ 40**	**(5)%**	**$ 74**	**$ 85**	**(13)%**

Percent changes in average sales prices and unit shipments for the three and six months ended June 30, 2020, compared to the three and six months ended June 30, 2019, were as follows:

	Three Months Ended June 30, 2020 versus 2019		Six Months Ended June 30, 2020 versus 2019	
	Average Net Selling Price	Unit Shipments	Average Net Selling Price	Unit Shipments
OSB	(14)%	11%	(22)%	6 %
Siding	(14)%	54%	(18)%	(1)%

Foreign currency changes lowered net sales and Adjusted EBITDA by $8 million and $1 million, respectively, for the three months ended June 30, 2020, compared to 2019. For the six months ended June 30, 2020, foreign currency changes lowered net sales and Adjusted EBITDA by $14 million and $1 million, respectively, compared to 2019. Excluding foreign currency changes, net sales in both the three- and six-month periods increased due to higher OSB and Siding volumes (local and export), partially offset by lower export prices.

OTHER PRODUCTS

Our Other products segment includes LP CanExel® prefinished siding, Entekra, remaining timber and timberlands, and other minor products, services, and closed operations, which are not classified as discontinued operations. During the six months ended June 30, 2020, our LP CanExel® prefinished siding was reclassified from Siding to Other, reflecting changes in the organizational structure of the business.

Other net sales were $7 million and $25 million for the three and six months ended June 30, 2020, respectively, as compared to $14 million and $35 million for the corresponding periods in 2019. Adjusted EBITDA was $(5) million and $(8) million for the three and six months ended June 30, 2020, respectively, as compared to $(1) million and breakeven, for the corresponding periods in 2019.

INCOME TAXES

We recorded an estimated tax provision of $19 million and $28 million in the three and six months ended June 30, 2020, respectively. We recorded an estimated tax provision of $3 million and $11 million in the three and six months ended June 30, 2019, respectively. Each quarter the income tax accrual is adjusted to the latest estimate, and the difference from the previously accrued year-to-date balance is recorded in the current quarter. For 2020, the primary differences between the U.S. statutory rate of 21% and the effective rate relate to state income tax, foreign tax rates, tax credits, stock-based compensation, the sale of our ARS and the redemption of our company-owned life insurance cash surrender value. For 2019, the primary differences between the U.S. statutory rate of 21% the effective rate related to state income tax, foreign tax rates, tax credits, and stock-based compensation.

On March 27, 2020, the CARES Act was enacted into law and provides for changes to the U.S. tax code that impact businesses. As of June 30, 2020, we have made a reasonable estimate of the effects on our U.S. current and deferred tax balances.

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 2019 Annual Report on Form 10-K and Note 12 of the Notes to the Condensed Consolidated Financial Statements included in Item 1 of this quarterly report on Form 10-Q.

Liquidity and Capital Resources

OVERVIEW

Our principal sources of liquidity are existing cash and investment balances, cash generated by our operations, and our ability to borrow under such credit facilities as we may have in effect from time to time. 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, paying dividends, and making capital expenditures. We may also, from time to time, prepay or repurchase outstanding indebtedness or shares or 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 affecting any such repurchases may be changed at any time, or from time to time, without prior notice.

OPERATING ACTIVITIES

During the three months ended June 30, 2020, and 2019, cash provided by operations was $129 million and $54 million, respectively. During the six months ended June 30, 2020, cash provided by operations was $120 million compared to breakeven for the comparable period in 2019. The improvement in cash provided by operations was primarily related to an increase in OSB pricing, favorable working capital changes (primarily reductions in inventory balances), and reductions in income tax payments.

INVESTING ACTIVITIES

During the three months ended June 30, 2020, and 2019, cash provided by investing activities was $12 million and cash used in investing activities was $45 million, respectively. During the six months ended June 30, 2020, and 2019, cash used in investing activities were $12 million and $50 million, respectively.

Capital expenditures for the three months ended June 30, 2020, and 2019, were $15 million and $38 million, respectively. Capital expenditures in the six months end June 30, 2020, and 2019, were $39 million and $81 million, respectively, primarily related to the expansion of our siding business and growth and maintenance capital. As a result of the outbreak of the COVID-19 pandemic, we reduced capital expenditure plans by 50% to approximately $70 million for the year 2020. We expect to fund our capital expenditures through cash on hand and cash generated from operations.

During the three and six months ended June 30, 2020, we received $14 million in cash related to the divestiture of our East River facility and assets and brand rights of CanExel®, $10 million related to the cash surrender value of the company-owned life insurance policy, and $3 million related to the sale of our ARS.

We paid $7 million to acquire a prefinishing company during the three months ended June 30, 2019. During the six months ended June 30, 2019, we acquired $40 million of cash in connection with our acquisition of a controlling interest in Entekra and the resulting consolidation of Entekra's financial results.

FINANCING ACTIVITIES

During the three and six months ended June 30, 2020, cash used in financing activities was $368 million and $39 million, respectively. In March 2020, we borrowed $350 million under our Amended Credit Facility as a precautionary measure due to the COVID-19 pandemic, and we repaid the outstanding balance in June 2020. We also paid $1 million of financing costs associated with our Amended Credit Facility during the three and six months ended June 30, 2020. During the three and six months ended June 30, 2020, we paid cash dividends of $17 million and $33 million, respectively. Additionally, we used $5 million to repurchase stock from employees in connection with income tax withholding requirements associated with our employee stock-based compensation plans.

During the three and six months ended June 30, 2019, cash used in financing activities was $22 million and $481 million, respectively. We used $438 million to repurchase stock though our share repurchase program during the six months ended June 30, 2019. We paid cash dividends of $17 million and $33 million during the three and six months ended June 30, 2019, respectively. The remaining financing activities relate to repayment of long-term debt and the repurchase of stock from employees in connection with income tax withholding requirements associated with our employee stock-based compensation plans.

CREDIT FACILITY AND LETTER OF CREDIT FACILITY

The Amended Credit Facility provides for revolving credit facilities in the aggregate principal amount of up to $550 million, with a $60 million sub-limit for letters of credit. The Revolving A Loan terminates, and all loans thereunder become due, on June 27, 2024. The Revolving B Loan terminates, and all loans made thereunder become due, on May 1, 2023. As of June 30, 2020, we had no amounts outstanding under the Amended Credit Facility.

The Amended Credit Facility contains a various restrictive covenants and customary events of default. The Amended Credit Facility also contains financial covenants that requires us and our consolidated subsidiaries to have, as of the end of each quarter, (i) a capitalization ratio (i.e., funded debt less unrestricted cash to total capitalization) of no more than 57.5% and (ii) a net worth of at least $475 million plus 70% of consolidated net income after December 31, 2019, without deduction for net losses. As of June 30, 2020, we were in compliance with all financial covenants under the Amended Credit Facility. The Amended Credit Facility contains customary events of default, the occurrence of which could result in the acceleration of our obligation to repay the indebtedness outstanding thereunder. On May 27, 2020, LP entered into the Second Amendment, which modified certain provisions to disregard, for purposes of the Company’s representations and warranties included in the Amended Credit Facility, the impacts of the ongoing COVID-19 pandemic on the Company’s business, operations or financial conditions that were disclosed to lenders or otherwise publicly available in the Company’s filings with the Securities and Exchange Commission prior to the First Amendment Effective Date (as defined in the Amended Credit Facility).

On March 17, 2020, LP entered into the Letter of Credit Facility with Bank of America, N.A., which provides for the funding of letters of credit up to an aggregate outstanding amount of $20 million, which may be secured by certain cash collateral of LP. The Letter of Credit Facility includes an unused commitment fee, due quarterly, ranging from 0.50% to 1.875% of the daily available amount to be drawn on each letter of credit issued under the Letter of Credit Facility. The Letter of Credit Facility is subject to similar affirmative, negative and financial covenants as those set forth in the Amended Credit Facility, including capitalization ratio and minimum net worth covenants.

OTHER LIQUIDITY MATTERS

Off-Balance Sheet Arrangements

As of June 30, 2020, we had standby letters of credit of $12 million outstanding related to collateral for environmental impact on owned properties, deposit for forestry license, and insurance collateral, including workers' compensation.

Potential Impairments

We review our mill and investment assets for potential impairments at least annually and believe we have adequate support for the carrying value of our assets as of June 30, 2020. We recognized a non-cash impairment charge of $5 million during the three and six months ended June 30, 2020 related to goodwill assigned to the Entekra reporting unit in part to the impacts of the COVID-19 pandemic on this reporting unit.

If demand and pricing for our products continue at levels significantly below cycle average demand and pricing, or should we decide to invest capital in alternative projects, or should changes occur related to our wood supply for these locations, it is possible that future impairment charges will be required. As of June 30, 2020, we believe the current impacts of the COVID-19 pandemic did not warrant impairments of our long-lived assets. The long-term effects of the COVID-19 pandemic on the demand and pricing of our products may result in future impairment charges.

We also review from time to time possible dispositions of various assets, considering 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

Our international operations have exposure to foreign currency rate risks, primarily due to fluctuations in the Canadian dollar, Brazilian real and the Chilean peso. Although we have in the past entered into foreign exchange contracts associated with certain of our indebtedness and may continue to enter into 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 North America annual production capacity in the OSB segment of 3.7 billion square feet (3/8" basis) or 3.2 billion square feet (7/16" basis), a $1 change in the annual average price per thousand square feet on a 7/16" basis would change annual pre-tax profits by approximately $3 million.

We are exposed to market risk associated with changes in interest rates on our variable rate long-term debt. As of June 30, 2020, we had no outstanding amounts borrowed under our Amended Credit Facility. We do not currently have any derivative or hedging arrangements, or other known exposures, to changes in interest rates.

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

As of June 30, 2020, our Chief Executive Officer and Chief Financial Officer have carried out, with the participation of the Company's Disclosure Practices Committee and the Company's management, an evaluation of the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Exchange Act. Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2020, LP’s disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES
KEY PERFORMANCE INDICATORS

We consider the following items to be key performance indicators because LP's management uses these metrics to evaluate our business and trends, measure our performance, and make strategic decisions and believes that the key performance indicators presented provide additional perspective and insights when analyzing the core operating performance of LP. These key performance indicators should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented herein. These measures may not be comparable to similarly-titled performance indicators used by other companies.

We monitor U.S. housing starts, which is a leading external indicator of residential construction in the United States that correlates with the demand for many of our products, and we believe that this is a useful measure for evaluating our results and that providing this measure should allow interested persons to more readily compare the earnings for past and future periods. Other companies may present housing start data differently and therefore, as presented by us, our housing start data may not be comparable to this indicator as reported by other companies.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Housing starts[1]:				
Single-Family	211	242	425	431
Multi-Family	79	111	194	184
	290	353	619	615

[1] Actual U.S. Housing starts data reported by U.S. Census Bureau as published through July 17, 2020.

We monitor sales volumes for our products in our Siding, OSB and EWP segments, which we define as the number of units of our products sold within the applicable period. Evaluating sales volume by product type helps us identify and address changes in product demand, broad market factors that may affect our performance, and opportunities for future growth. It should be noted that other companies may present sales volumes differently and, therefore, as presented by us, sales volumes may not be comparable to similarly-titled measures reported by other companies. We believe that sales volumes can be a useful measure for evaluating and understanding our business.

The following table sets forth North American sales volumes for the three months ended June 30, 2020, and 2019:

	Three Months Ended June 30, 2020				Three Months Ended June 30, 2019			
Sales Volume	Siding	OSB	EWP	Total	Siding	OSB	EWP	Total
SmartSide® strand siding (MMSF)	319	—	—	319	309	—	—	309
SmartSide® fiber siding (MMSF)	22	—	—	22	51	—	—	51
OSB - commodity (MMSF)	—	480	—	480	26	549	7	582
OSB - Structural Solutions (MMSF)	—	339	—	339	1	420	5	427
LVL (MCF)	—	—	1,534	1,534	—	—	1,968	1,968
LSL (MCF)	—	—	573	573	—	—	869	869
I-Joist (MMLF)	—	—	24	24	—	—	26	26

The following table set forth North American sales volume for the six months ended June 30, 2020, and 2019:

	Six Months Ended June 30, 2020				Six Months Ended June 30, 2019			
Sales Volume	Siding	OSB	EWP	Total	Siding	OSB	EWP	Total
SmartSide® strand siding (MMSF)	610	—	—	610	593	—	—	593
SmartSide® fiber siding (MMSF)	60	—	—	60	104	—	—	104
OSB - commodity (MMSF)	—	1,002	—	1,002	43	1,120	16	1,179
OSB - Structural Solutions (MMSF)	—	737	—	737	2	810	11	823
LVL (MCF)	—	—	3,292	3,292	—	—	3,481	3,481
LSL (MCF)	—	—	1,272	1,272	—	—	1,666	1,666
I-Joist (MMLF)	—	—	50	50	—	—	45	45

We measure OEE at each of our mills to track improvements in the utilization and productivity of our manufacturing assets. OEE is a composite metric that considers asset uptime (adjusted for capital project downtime and similar events), production rates, and finished product quality. It should be noted that other companies may present OEE differently and, therefore, as presented by us, OEE may not be comparable to similarly-titled measures reported by other companies. We believe that when used in conjunction with other metrics, OEE can be a useful measure for evaluating our ability to generate profits, and that providing this measure should allow interested persons to more readily monitor operational improvements. OEE for the three and six months ended June 30, 2020 and 2019 for each of our segments is listed below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Siding	88%	87%	88%	86%
OSB	90%	87%	89%	87%
EWP	93%	87%	91%	86%
South America	71%	77%	70%	77%

PART II-OTHER INFORMATION

Item 1. Legal Proceedings.

The description of certain legal and environmental matters involving LP set forth in Item 1 of this quarterly report on Form 10-Q under “Note 12” to the Notes to the Condensed Consolidated Financial Statements contained herein 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 quarterly report on Form 10-Q 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.” The following risk factors amend, restate, and supplement the risk factors discussed in the Company’s 2019 Annual Report on Form 10-K.

Our business, financial condition, and results of operations may be further adversely affected by global pandemics, including the recent COVID-19 pandemic. Our business, financial condition and results of operations have been and may continue to be adversely affected if the COVID-19 pandemic continues to interfere with the ability of our employees, suppliers, customers, distributors, financing sources or others to conduct business or continues to negatively affects consumer confidence or the global economy.

In December 2019, COVID-19 was reported to have surfaced in Wuhan, China. In January 2020, COVID-19 spread to other countries, including the United States. In March 2020, WHO characterized the outbreak of COVID-19 as a global pandemic and recommended containment and mitigation measures, the United States declared a national emergency concerning the pandemic, and multiple states and municipalities have declared public health emergencies. Along with these declarations, there have been extraordinary and wide-ranging actions taken by international, federal, state and local public health and governmental authorities to contain and combat the outbreak and spread of COVID-19 in regions across the United States and the world, including quarantines, and “stay-at-home” orders and similar mandates for many individuals to substantially restrict daily activities and for many businesses to curtail or cease normal operations. Although many of the restrictions have eased across the country, the pandemic has yet to show substantial signs of decline in the United States and some areas are re-imposing closures and other restrictions due to increasing rates of COVID-19 cases. As a result, the COVID-19 pandemic is significantly affecting, and is likely to continue to affect, overall economic conditions in the United States.

The pandemic is a widespread health crisis that has affected large segments of the global economy, resulting in a rapidly changing market and economic activities. The pandemic and any preventative or protective actions that governments or we may take with respect to COVID-19 may have a material adverse effect on our business or our supply of raw materials, production, distribution channels, and customers, including business shutdowns or disruptions for an indefinite period of time, reduced operations, restrictions on manufacturing or shipping products or reduced consumer demand. Any additional financial impact cannot be estimated reasonably at this time but may materially affect our business, financial condition, or results of operations. The extent to which COVID-19 continues to affect our results will depend on future developments, which are highly uncertain and cannot be predicted.

We are uncertain of the potential full magnitude or duration of the business and economic impacts from the unprecedented public health effort to contain and combat the spread of COVID-19, which has previously included, and may in the future include, among other things, significant volatility in financial markets and a sharp decrease in the value of equity securities, including our common stock.

Our business primarily relies on North American new home construction and repair, which are impacted by risks associated with fluctuations in the housing market. Downward changes in the general economy, the housing market *or other business conditions could adversely affect our results of operations, cash flows, and financial condition.* The housing market is sensitive to changes in economic conditions and other factors, such as the level of employment, access to labor, consumer confidence, consumer income, availability of financing, interest rate, and inflation levels, and growth of the gross domestic product.

Adverse changes in any of these conditions generally, or in any of the markets where we operate, could decrease demand for our products and could adversely impact our businesses by: causing consumers to delay or decrease homeownership; making consumers more price-conscious resulting in a shift in demand to smaller homes; making consumers more reluctant to make investments in their existing homes; or making it more challenging to secure loans for major renovations or new home construction. Although the U.S. new home construction market is improving, demand for new homes is still recovering after the 2007-2009 U.S. economic recession and continues to remain below average historical levels. While we believe long-term housing market fundamentals remain positive, including low interest rates and a relatively constrained supply of homes available for sale, we expect that overall economic conditions in the United States will be negatively impacted by the spread of COVID-19, as discussed above, though the magnitude and duration of any such impact are unknown and highly uncertain. If conditions in the overall housing market or in a specific market or submarket worsen in the future beyond our current expectations, such changes could have a material adverse effect on our financial position, results of operations, and cash flows. Additionally, higher interest rates, high levels of unemployment, restrictive lending practices, heightened regulation, and increased foreclosures could have a material adverse effect on our financial position, results of operations, and cash flows.

We have a high degree of product concentration in OSB. OSB accounted for about 39%, 54%, and 54% of our North American sales in 2019, 2018, and 2017, respectively, and we expect OSB sales to continue to account for a substantial portion of our revenues and profits in the future. The concentration of our business in the OSB market further increases our sensitivity to commodity pricing and price volatility. Historical prices for our commodity 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. Commodity 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, including the level of new residential construction activity and home repair and remodeling activity, changes in the availability and cost of mortgage financing. In this competitive environment, with so many variables for which we do not control, we cannot guarantee that pricing for our OSB products will not decline from current levels. The continued development of builder and consumer preference for our OSB products (commodity and Structural Solutions) over competitive products is critical to sustaining and expanding demand for our products. Therefore, a failure to maintain and increase builder and consumer acceptance of our OSB products could have a material adverse effect on our financial position, liquidity, results of operations, and cash flows.

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. Many of our competitors may have greater financial and other resources, greater product diversity, and better access to raw materials than we do, and certain of the mills operated by our competitors may be lower-cost producers than the mills operated by us. Increased competition in any of the markets in which we compete would likely cause pricing pressures in those markets. Any of these factors could have a material adverse effect on our financial position, results of operations, and cash flows.

Our reliance on third-party wholesale distribution channels could impact our business. We offer our products directly and through a variety of third-party wholesale distributors and dealers. Adverse changes in the financial or business condition of these wholesale distributors and dealers or our customers, including as a result of the impacts arising from the COVID-19 pandemic, could subject us to losses and affect our ability to bring our products to market. One or more of our customers may experience financial difficulty, file for bankruptcy protection or go out of business as a result of the current events surrounding the COVID-19 pandemic, which could result in an increase in customer financial difficulties that affect us. The direct impact on us could include reduced revenues and write-offs of accounts receivable, and negatively impact our operating cash flow. While we currently cannot estimate what those effects will be, if they are severe, the indirect impact could include impairments of intangible assets and reduced liquidity, among others. Any such adverse changes could have a material adverse effect on our business, financial position, liquidity, results of operations, and cash flows. Further, our ability to effectively manage inventory levels at wholesale distributor locations may be impaired under such arrangements, which could increase expenses associated with excess and obsolete inventory and negatively impact cash flows.

Our results of operations may be adversely affected by potential shortages of raw materials and increases in raw material costs. The most significant raw material used in our operations is wood fiber. Wood fiber is subject to commodity pricing, which fluctuates based on 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, and may be affected by increased demand resulting from initiatives to increase the use of biomass materials in the production of heat, power, bio-based products, and biofuels. Wood fiber supply could also be influenced by natural events, such as forest fires, severe weather conditions, insect epidemics, and other natural disasters, which may increase wood fiber costs, restrict access to wood fiber, or force production curtailments.

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. The 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 from which we obtain wood fiber 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

We mostly depend on third parties for transportation services and increases in costs, and the availability of transportation could materially and adversely affect our business and operations. Our business depends on the transportation of many products, both domestically and internationally. We rely primarily on third parties for transportation of the products we manufacture and/or distribute as well as for delivery of our raw materials. In particular, a significant portion of the goods we manufacture and raw materials we use are transported by railroad or trucks, which are highly regulated. If any of our third-party transportation providers were to fail to deliver the goods we manufacture or distribute in a timely manner, including as a result of the impacts arising from the COVID-19 pandemic, we may be unable to sell those products at full value or at all. Similarly, if any of these providers were to fail to deliver raw materials to us in a timely manner, we may be unable to manufacture our products in response to customer demand. In addition, if any of these third parties were to cease operations or cease doing business with us, we may be unable to replace them at a reasonable cost. Any failure of a third-party transportation provider to deliver raw materials or finished products in a timely manner could harm our reputation, negatively affect our customer relationships and have a material adverse effect on our financial condition and results of operations. In addition, an increase in transportation rates or fuel surcharges could materially and adversely affect our sales and profitability.

We may experience difficulties in the launch or production ramp-up of new products, which could adversely affect our business. As we ramp up manufacturing processes for newly introduced products, we may experience difficulties, including manufacturing disruptions, delays or other complications, which could adversely impact our ability to serve our customers, our reputation, our costs of production and, ultimately, our financial position, results of operations and cash flows.

Unplanned events may interrupt our manufacturing operations, which may adversely affect our business. The manufacturing of our products is subject to unplanned events such as explosions, fires, inclement weather, natural disasters, accidents, equipment failures, labor disruptions, transportation interruptions, supply interruptions, public heal th issues (including pandemics and quarantines), riots, civil insurrection or social unrest, looting, protests, strikes and street demonstrations. Operational interruptions could significantly curtail the production capacity of a facility for a period of time. We have redundant capacity and capability to produce many of our products within our manufacturing platform to mitigate our business risk from such interruptions, but major or prolonged interruptions could compromise our ability to meet our customers' needs. Delayed delivery of our products to customers who require on-time delivery from us may cause customers to purchase alternative products at a higher cost, reschedule their own production, or incur other incremental costs. Customers may be able to pursue financial claims against us for their incremental costs, and we may incur costs to correct such problems in addition to any liability resulting from such claims. Interruptions may also harm our reputation among actual and potential customers, potentially resulting in a loss of business. To the extent these losses are not covered by insurance, our financial position, results of operations, and cash flows could be adversely affected by such events.

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 the 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, the environmental laws and regulations to which we are subject could become more stringent in the future, which could result in additional compliance costs or restrictions on our ability to manufacture our products or operate our business. 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 guarantee that existing or future circumstances or developments with respect to contamination will not require significant expenditures by us.

We are subject to various environmental, product liability, and other legal proceedings, matters, and claims. The outcome of these proceedings, matters, and claims, and the magnitude of related costs and liabilities are subject to uncertainties. We currently are, or from time to time in the future may be, involved in a number of environmental matters and legal proceedings, including legal proceedings involving antitrust, 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. 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. Environmental matters and other 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. The actual or alleged existence of defects in any of our products could also subject us to significant product liability claims. 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.

Warranty claims relating to our products and exceeding our warranty reserves could have a material adverse effect on our business. We have offered, and continue to offer, various warranties on our products. Although we maintain reserves for warranty-related claims and we have established and recorded product-related warranty reserves on our Consolidated Financial Statements, we cannot guarantee that warranty expense levels or the results of any warranty-related legal proceedings will not exceed our reserves. If our warranty reserves are significantly exceeded, the costs associated with such warranties could have a material adverse effect on our financial position, results of operations, and cash flows.

Because our intellectual property and other proprietary information may become publicly available, we are subject to the risk that competitors could copy our products or processes. Our success depends, in part, on the proprietary nature of our technology, including non-patentable intellectual property, such as our process technology. To the extent that a competitor can reproduce or otherwise capitalize on our technology, it may be difficult, expensive, or impossible for us to obtain adequate legal or equitable relief. Also, the laws of some foreign countries may not protect our intellectual property to the same extent as do the laws of the United States. In addition to patent protection of intellectual property rights, we consider elements of our product designs and processes to be proprietary and confidential and/or trade secrets. To safeguard our confidential information, we rely on employee, consultant, and vendor nondisclosure agreements and contractual provisions and a system of internal and technical safeguards to protect our proprietary information. However, any of our registered or unregistered intellectual property rights may be subject to challenge or possibly exploited by others in the industry, which could materially adversely affect our financial position, results of operations, cash flows, and competitive position.

We have not independently 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 our annual reports, quarterly reports and other documents that we file with the SEC to historical, forecasted and other forward-looking information published by sources such as *Resource Information Systems, Inc*. (RISI), *Forest Economic Advisors, LLC (FEA), Random Lengths Publications, Inc. (Random Lengths)* and the U.S. Census Bureau that we believe to be reliable. However, we have not independently verified this information 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.

Cybersecurity risks related to the technology used in our operations and other business processes, as well as security breaches of company, customer, employee, and vendor information, could adversely affect our business. We rely on various information technology systems to capture, process, store, and report data and interact with customers, vendors, and employees. Despite careful security and controls design, implementation, updating, and internal and independent third-party assessments, our information technology systems, and those of our third-party providers, could become subject to security breaches, cyber-attacks, employee misconduct, computer viruses, misplaced or lost data, programming and/or human errors or other similar events. Network, system, and data breaches could result in misappropriation of sensitive data or operational disruptions, including interruption to systems availability and denial of access to and misuse of applications required by our customers to conduct business with us. In addition, hardware and operating system software and applications that we procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of the systems. Misuse of internal applications, theft of intellectual property, trade secrets, or other corporate assets, and inappropriate disclosure of confidential information could stem from such incidents. A breach in cybersecurity could result in manipulation and destruction of sensitive data, cause critical systems to malfunction, be damaged or shut down, and lead to disruption to our operations and production downtimes, potentially for lengthy periods of time. Theft of personal or other confidential data and sensitive proprietary information could also occur as a result of a breach in cybersecurity, exposing us to costs and liabilities associated with privacy and data security laws in the jurisdictions in which we operate. Furthermore, we face additional cybersecurity risks related to our employees working remotely as a result of the COVID-19 pandemic. While we have security measures in place that are designed to protect customer and other sensitive information and the integrity of our information technology systems and prevent data loss and other security breaches, our security measures or those of our third party service providers may not be sufficiently broad in scope to protect all relevant information, may not function as planned, or could be breached as a result of third-party action, employee or vendor error, malfeasance, or otherwise. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement sufficient control measures to defend against these techniques. Further, once a security incident is identified, we may be unable to remediate or otherwise respond to such incident in a timely manner. Additionally, a breach could expose us, our customers, our suppliers, and our employees to risks of misuse of such information. Such negative consequences of cyberattacks or security breaches could adversely affect our reputation, competitive position, business, or results of operations. The lost profits and increased costs related to cyber or other security threats or disruptions may not be fully insured against or indemnified by other means. A security failure could also impact our ability to operate our businesses effectively, adversely affect our reported financial results, impact our reputation, and expose us to potential liability or litigation. As a result, cybersecurity and the continued development and enhancement of our controls, processes and practices remain a priority for us. We may be required to expend additional resources to continue to enhance our security measures to investigate and remediate any security vulnerabilities.

From time to time, we may implement new technology systems or replace and/or upgrade our current information technology systems. These upgrades or replacements may not improve our productivity to the levels anticipated and may subject us to inherent costs and risks associated with implementing, replacing and updating these systems, including potential disruption of our internal control structure, substantial capital expenditures, demands on management time and other risks of delays or difficulties in transitioning to new systems or of integrating new systems into other existing systems. Our inability to prevent information technology system disruptions or to mitigate the impact of such disruptions could have an adverse effect on us.

Because we have operations outside the United States and report our earnings in U.S. dollars, unfavorable fluctuations in currency values and exchange rates could have a material adverse effect on our results of operations. Because our reporting currency is the U.S. dollar, our non-U.S. operations face the additional risk of fluctuating currency values and exchange rates. Such operations may also face hard currency shortages and controls on currency exchange. Changes in the value of foreign currencies (principally Canadian dollars, Brazilian reals, and Chilean pesos) could have an adverse effect on our results of operations. We have, in the past, entered into foreign exchange contracts associated with certain of our indebtedness and may continue to enter into foreign exchange contracts associated with major equipment purchases to manage a portion of the foreign currency rate risk. We historically have not entered into currency rate hedges with respect to our exposure from operations, although we may do so in the future. There can be no assurance that fluctuation in foreign currencies and other foreign exchange risks will not have a material adverse effect on our financial position, results of operations or cash flows.

Covenants and events of default in our debt instruments could limit our ability to undertake certain types of transactions and adversely affect our liquidity. Our Amended Credit Facility and the indenture governing our 2024 Senior Notes contain a number of restrictive covenants that impose operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including, among others, restrictions on our ability to incur indebtedness, grant liens to secure indebtedness, engage in sale and leaseback transactions and merge or consolidate or sell all or substantially all of our assets.

In addition, restrictive covenants in our Amended Credit Facility require us to maintain specified financial ratios and satisfy other financial condition tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we may be unable to meet them.

A breach of the covenants or restrictions under our Amended Credit Facility or under the indenture governing the 2024 Senior Notes could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt. A payment default or an acceleration following an event of default under our Amended Credit Facility or our indenture for our 2024 Senior Notes could trigger an event of default under the other indebtedness obligation, as well as any other debt to which a cross-acceleration or cross-default provision applies, which could result in the principal of and the accrued and unpaid interest on all such debt becoming due and payable. In addition, an event of default under our Amended Credit Facility could permit the lenders under our Amended Credit Facility to terminate all commitments to extend further credit under that facility. Furthermore, if we were unable to repay any amounts due and payable under our Amended Credit Facility, those lenders could proceed against the collateral granted to them to secure that indebtedness. In the event our lenders or noteholders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness.

As a result of these restrictions, we may be:

- limited in how we conduct our business and grow in accordance with our strategy;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

In addition, our financial results, our level of indebtedness, and our credit ratings could adversely affect the availability and terms of any additional or replacement financing.

More detailed descriptions of our Amended Credit Facility and the indenture governing our 2024 Senior Notes are included in filings made by us with the SEC, along with the documents themselves, which provide the full text of these covenants.

Our defined benefit plan funding requirements or plan settlement expense could impact our financial results and cash flow. We have several pension plans in the U.S. and Canada, covering many of the Company’s employees. Benefit accruals under our defined benefit pension plan in the U.S. were frozen as of January 1, 2010. Significant changes in interest rates, decreases in the fair value of plan assets, and timing and amount of benefit payments could affect the funded status of our plans and could increase future funding requirements of the plans. A significant increase in future funding requirements could have a negative impact on our financial position, results of operations, and cash flows. These plans allow eligible retiring employees to receive lump-sum distributions of benefits earned. Under applicable accounting rules, if annual lump sum distributions exceed an actuarially determined threshold of the total of the annual service and interest costs, we would be required to recognize, in the current period of operations, a settlement expense of a portion of the unrecognized actuarial loss, which could have a negative impact on our results of operations.

In addition to the risks discussed above, we are subject to a variety of other risks as a publicly traded U.S. manufacturing company. As a publicly-traded U.S. manufacturing company, we are subject to a variety of other risks, each of which could adversely affect our financial position, results of operations or cash flows, or the price of our common stock. These risks include but are not limited to:

- the effects of global economic uncertainty or recession, including the impact of the COVID-19 pandemic and the responses of governmental authorities thereto;
- the ability to attract and retain key management and other personnel and develop effective succession plans;
- pursuing growth through acquisitions, including the ability to identify acceptable acquisition candidates, finance and consummate acquisitions on favorable terms and successfully integrate acquired assets or businesses;
- compliance with a wide variety of health and safety laws and regulations and changes to such laws and regulations;
- the exertion of influence over us, individually or collectively, by a few entities with concentrated ownership of our stock;
- taxation by multiple jurisdictions and the impact of such taxation on the effective tax rate and the amount of taxes paid;
- changes in tax laws and regulations;
- new or modified legislation related to health care;
- compliance with Section 404 of the Sarbanes-Oxley Act of 2002, including the potential impact of compliance failures; and
- failure to meet the expectations of investors, including as a result of factors beyond the control of an individual company.

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

On February 6, 2020, LP's Board of Directors authorized LP to repurchase up to $200 million of LP's common stock. LP may initiate, discontinue or resume purchases of its common stock under this authorization in the open market, in privately negotiated transactions or otherwise at any time or from time to time without prior notice. As of August 6, 2020, no purchases have occurred under this authorization.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

10.1	Second Amendment to Amended and Restated Credit Agreement, dated May 27, 2020, among the Company, as borrower, American AgCredit PCA, as administrative agent, CoBank, ACB, as letter of credit issuer and lenders and voting participants party thereto, incorporated herein by reference to the Company's Current Report on Form 8-K, filed on May 29, 2020.
10.2	Amended and Restated LP Non-Employee Directors Compensation Plan
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1	Certifications pursuant to § 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.*
101.SCH	XBRL Taxonomy Extension Schema Document.*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.*

*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this quarterly report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

			LOUISIANA-PACIFIC CORPORATION
Date:	August 6, 2020	BY:	/S/ W. BRADLEY SOUTHERN
			W. Bradley Southern
			Chief Executive Officer
Date:	August 6, 2020	BY:	/S/ ALAN J.M. HAUGHIE
			Alan J.M. Haughie
			Executive Vice President and
			Chief Financial Officer

Amended and Restated Louisiana-Pacific Corporation
Non-Employee Directors Compensation Plan

1. **Establishment, Purpose and Term of Plan.**

(a) **Establishment.** The Board adopted the Amended and Restated Louisiana-Pacific Corporation Non-Employee Directors Compensation Plan (as amended from time to time, the "***Plan***") on May 21, 2020 (the "***Effective Date***").

(b) **Purpose.** The purpose of the Plan is to give the Company an advantage in attracting and retaining Non-Employee Directors and to link the interests of Non-Employee Directors to those of the Company's stockholders.

(c) **Term of Plan.** The Plan commenced on the Effective Date and will remain in effect until the Board terminates it pursuant to Section 7 hereof.

2. **Definitions and Construction.**

(a) **Definitions.** The following defined terms have the meanings set forth below:

(i) "***Affiliate***" means any person that, directly or indirectly, is in control of, is controlled by, or is under common control with, the Company.

(ii) "***Annual Retainer***" means the cash retainer fee established by the Board in accordance with Section 5(a) and paid to a Non-Employee Director for services performed as a member of the Board for a Plan Year.

(iii) "***Award***" has the meaning given to such term under the Incentive Plan.

(iv) "***Beneficiary***" means the person entitled under Section 6(e) to receive payment of the balances remaining in a Non-Employee Director's Cash Account and/or DSU Account in case such Non-Employee Director dies before the entire balance in such Cash Account and/or DSU Account has been paid.

(v) "***Board***" means the Board of Directors of the Company.

(vi) "***Cash Account***" means a recordkeeping account in a Non-Employee Director's name to which his or her cash retainer fees not immediately payable to him or her and, if applicable, interest earned on such fees, are credited.

(vii) "***Change of 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 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 (I) the then outstanding Shares (the "***Outstanding Company Stock***") or (II) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "***Outstanding Company Voting Securities***"); provided, however, that for purposes of this subsection (A), the following acquisitions shall not constitute a Change of Control: (I) any acquisition directly from the Company, (II) any acquisition by the Company, (III) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company 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, 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 the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall 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 the Company of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company 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 Company Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding Shares 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 the Company or all or substantially all of the Company'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 Company Stock and Outstanding Company Voting Securities, as the case may be, (II) no Person (excluding any employee benefit plan (or related trust) of the Company 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 the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, if an amount is "deferred compensation" for purposes of Code Section 409A, and if payment of such amount would be accelerated or otherwise triggered upon a "Change in Control," then the foregoing definition is modified, to the extent necessary to avoid the imposition of an excise tax under Code Section 409A, to mean a "change in control event" as such term is defined for purposes of Code Section 409A. For purposes of clarity, if an amount would, for example, vest and be paid on a "Change in Control" as defined herein but payment of such amount would violate the provisions of Code Section 409A, then the amount shall vest but will be paid only in compliance with its terms and Code Section 409A (i.e., upon a permissible payment event).

(viii) *"**Code**"* means the U.S. 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.

(ix) *"**Common Stock Fair Market Value**"* means the closing price of publicly traded Shares on the national exchange on which the Shares are listed as of a particular date.

(x) *"**Company**"* means Louisiana-Pacific Corporation, a Delaware corporation, or any successor corporation thereto.

(xi) *"**Deferral Election Form**"* means such document(s) or form(s), which may be electronic, as prescribed and made available from time to time by the Compensation Committee, whereby a Non-Employee Director elects to defer all or a portion of his or her Annual Retainer to his or her Cash Account or exchange all or a portion of his or her Annual Retainer and/or all of his or her Restricted Stock Units for an Award of Deferred Stock Units.

(xii) “***Deferred Stock Unit***” means a deferred stock unit (which Award is a form of restricted stock grant under the Incentive Plan) granted under the Incentive Plan.

(xiii) “***Director***” means any individual who is a member of the Board.

(xiv) “***DSU Account***” means a recordkeeping account in the Non-Employee Director’s name to which Deferred Stock Units are credited.

(xv) “***Effective Date***” has the meaning ascribed to it in Section 1(a).

(xvi) “***Exchange Act***” means the Securities Exchange Act of 1934, 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 Exchange Act section will be construed to refer to the successor provision to such Exchange Act section.

(xvii) “***Incentive Plan***” means the Company’s 2013 Omnibus Stock Award Plan, as amended from time to time, or a successor plan.

(xviii) “***Installment Payment***” has the meaning ascribed to it in Section 5(a).

(xix) “***Non-Employee Director***” means a Director who, at the time in question, is not an employee of the Company or any of its Affiliates.

(xx) “***Plan***” has the meaning ascribed to it in Section 1.

(xxi) “***Plan Year***” means the 12 month period beginning on January 1 and ending on the next following December 31.

(xxii) “***Restricted Stock Unit***” means a restricted stock unit (which Award is a form of restricted stock granted under the Incentive Plan) granted under the Incentive Plan.

(xxiii) “***Separation from Service***” or “***Separate from Service***” means ceasing to be a Director of the Company for any reason. Notwithstanding anything to the contrary, the determination of whether an individual has had a Separation from Service will be made in accordance with Code Section 409A and the regulations thereunder.

“***Shares***” means the common stock, $1.00 par value, of the Company, as adjusted from time to time.

(xxiv) “***Termination Date***” means the date on which a Non-Employee Director has a Separation from Service.

(b) **Construction.** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term “or” is not intended to be exclusive, unless the context clearly requires otherwise.

3. **<u>Administration</u>.**

(a) **The Board.** The Plan will be administered by the Board. The Board will act by a majority of its members at the time in office and eligible to vote on any particular matter, and may act either by a vote at a meeting or in writing without a meeting.

(b) **Authority of the Board.** Except as limited by law and subject to the provisions herein, the Board has full power to: construe and interpret the Plan and any agreement or instrument entered into under the Plan; establish, amend or waive rules and regulations for the Plan’s administration; and amend the terms and conditions of the Plan. Further, the Board will make all other determinations which may be necessary or advisable for the administration of the Plan. As permitted by law and consistent with Section 3(a), the Board may delegate some or all of its authority under this Plan.

(c) **Decisions Binding**. All determinations and decisions made by the Board pursuant to the provisions of the Plan will be final, conclusive and binding on all persons, including the Company, its stockholders, all Affiliates, Non-Employee Directors and their estates and beneficiaries.

4. **<u>Eligibility</u>.**

Each Non-Employee Director of the Board during a Plan Year will participate in the Plan for that year.

5. **Annual Retainer and Restricted Stock Unit Grant.**

(a) **Amount Payable in Cash**. Each Non-Employee Director will be entitled to receive an Annual Retainer in the amount determined from time to time by the Board. Until changed by resolution of the Board, the Annual Retainer will be $85,000. In addition, the Chair of each committee will receive:

- $15,000 Chair of the Finance and Audit Committee
- $15,000 Chair of the Compensation Committee
- $12,500 Chair of the Governance and Corporate Responsibility Committee
- $25,000 Lead Independent Director

The Annual Retainer will be paid in quarterly cash installments (the *"**Installment Payments**"*) to the Non-Employee Director, payable on the first day of the second month in each quarter (i.e., February 1, May 1, August 1, and November 1), for the given quarter's service. Each Installment Payment to a Non-Employee Director will equal the quotient of the Non-Employee Director's Annual Retainer divided by four. Any Non-Employee Director who first becomes a Non-Employee Director during a quarter will be entitled to a prorated Installment Payment for that quarter based on such Non-Employee Director's days of service for the applicable quarter.

(b) **Restricted Stock Unit Grant**. Each Non-Employee Director will be entitled to receive a grant of Restricted Stock Units, which grant will be made under the Incentive Plan, as of the date that is seven (7) calendar days following the date of any annual meeting of the stockholders of the Company at which such Non-Employee Director is elected or re-elected to serve in such position. The amount of the Restricted Stock Unit grant will be determined from time to time by the Board. Until changed by resolution of the Board, the number of Shares subject to each Restricted Stock Unit grant for each Non-Employee Director will be equal to $125,000 divided by the Common Stock Fair Market Value on the date of the grant. The Restricted Stock Units may be subject to restrictions and conditions in the event a Non-Employee Director ceases to be a Non-Employee Director, in accordance with the terms of the Incentive Plan and the applicable award agreement. Any Non-Employee Director who first becomes a Non-Employee Director during a year will be entitled to a prorated Restricted Stock Grant for that year based on such Non-Employee Director's days of service until the next annual meeting.

6. **Deferral of Annual Retainer and Restricted Stock Units.**

(a) **Deferral of Annual Retainer**. Any Non-Employee Director may elect to defer the cash compensation payable to him or her under Section 5(a) for the Plan Year by completing a Deferral Election Form, pursuant to which he or she elects to (i) defer all or a portion of his or her Annual Retainer to his or her Cash Account and/or (ii) exchange all or a portion of his or her Annual Retainer for an Award of Deferred Stock Units. For purposes of clause (i) above, each Installment Payment deferred to a Non-Employee Director's Cash Account will be credited with interest, compounded monthly, from the date the cash would otherwise have been payable under Section 5(a) until the amount credited to his or her Cash Account is paid to the Non-Employee Director. The rate of interest credited for each quarter will be the annual rate on 30-year Treasury securities, as of the first business day of each quarter, on an annual basis. For purposes of clause (ii) above, the number of Deferred Stock Units to be awarded will be determined by dividing the amount of the Annual Retainer to be exchanged by the Common Stock Fair Market Value as of the date(s) on which the Annual Retainer would otherwise have been paid. Deferred Stock Units will be issued upon the date on which the Cash Retainer would otherwise have been paid and credited to the Non-Employee Director's DSU Account.

(b) **Deferral of Restricted Stock Units**. Any Non-Employee Director may elect to defer settlement of the Restricted Stock Units payable to him or her under Section 5(b) for the Plan Year by completing a Deferral Election Form, pursuant to which he or she elects to exchange all of his or her Restricted Stock Units for an Award of Deferred Stock Units. The Deferred Stock Units will be awarded at a rate of one Deferred Stock Unit for each Restricted Stock Unit and shall be issued upon the date that the

Restricted Stock Units would have otherwise settled in Shares and credited to the Non-Employee Director's DSU Account. For the avoidance of doubt, a Non-Employee Director may not elect to defer Restricted Stock Units to his or her Cash Account.

(c) **Dividend Voting and Other Rights**. Non-Employee Directors will have no rights of ownership in the Shares underlying the Deferred Stock Units, no right to current dividends, and no right to vote the Shares underlying the Deferred Stock Units until the date on which the Shares underlying the Deferred Stock Units are issued pursuant to the Deferral Election Form. However, from and after the grant date of the Deferred Stock Units and until the Deferred Stock Units are settled in Shares, on the date the Company pays a dividend (if any) to holders of Shares generally, Non-Employee Directors holding Deferred Stock Units will be credited with dividend equivalent additional Deferred Stock Units equal to the number obtained by dividing (i) the amount of the dividend the Non-Employee Director would have received had he or she owned a number of Shares equal to the number of Deferred Stock Units then credited to his or her DSU Account by (ii) the Common Stock Fair Market Value on the day before the date of the dividend payment. These dividend equivalent Deferred Stock Units shall be credited to the Non-Employee Director's DSU Account and paid to such Non-Employee Director only if, and at the same time as, the Shares for such underlying DSUs are distributed to such Non-Employee Director pursuant to the terms of this Plan.

(d) **Timing and Form of Distribution**. The amount (or portion thereof, as applicable) in a Non-Employee Director's Cash Account and/or DSU Account will be distributed, or will begin to be distributed, to him or her or, in the event of his or her death, to his or her Beneficiary, as soon as administratively possible, but in any event within thirty (30) days following the earliest of:

(i) the date(s) specified by the Non-Employee Director in his or her Deferral Election Form(s);

(ii) the Non-Employee Director's Termination Date; and

(iii) the date on which a Change in Control occurs.

(e) **Beneficiary**. A Non-Employee Director may designate any person to whom payments are to be made if the Non-Employee Director dies before receiving payment of all amounts due hereunder. A Beneficiary Designation form becomes effective only after the signed form is filed with the Secretary of the Company while the Non-Employee Director is alive, and will cancel any prior Beneficiary Designation form. If the Non-Employee Director fails to designate a Beneficiary or if all designated Beneficiaries predecease the Non-Employee Director, the Non-Employee Director's Beneficiary will be his or her estate.

7. **<u>Amendment and Termination</u>.**

The Board may at any time and from time to time, alter, amend, modify or terminate the Plan in whole or in part.

8. **<u>Miscellaneous</u>.**

(a) **Indemnification**. Each person who is or has been a member of the Board will be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by that person in connection with or resulting from any claim, action, suit, or proceeding to which that person may be a party or in which that person may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by that person in a settlement approved by the Company, or paid by that person in satisfaction of any judgment in any such action, suit, or proceeding against that person, provided he or she gives the Company an opportunity, at its own expense, to handle and defend the action, suit or proceeding before that person undertakes to handle and defend it. The foregoing right of indemnification will not be exclusive of any other rights of indemnification to which an individual may be entitled under the Company's Certificate of Incorporation or By-Laws, as a matter of law, or otherwise, or any power that the Company may have to indemnify him or her or hold him or her harmless.

(b) **Successors**. All obligations of the Company under the Plan with respect to a given Plan Year will be binding on any successor to the Company, whether the existence of the successor is the result of a direct or indirect purchase of all or substantially all of the business and/or assets of the Company, or a merger, consolidation, or otherwise.

(c) **Reservation of Rights**. Nothing in this Plan or in any award agreement granted hereunder will be construed to limit in any way the Board's right to remove a Non-Employee Director from the Board.

(d) **Source of Shares**. The Restricted Stock Units and Deferred Stock Units that may be paid pursuant to the Plan shall be issued as restricted stock awards under the Incentive Plan subject to all of the terms and conditions of the Incentive Plan, and only to the extent that Shares remain available for issuance under the Incentive Plan. The terms and conditions of the Incentive Plan are incorporated into and made a part of this Plan with respect to any Restricted Stock Units and Deferred Stock Units paid pursuant to this Plan, and any awards of Restricted Stock Units or Deferred Stock Units shall be governed by and construed in accordance with the provisions of the Incentive Plan. In the event of any inconsistency between the Incentive Plan and this Plan with respect to Restricted Stock Units or Deferred Stock Units, the terms of the Incentive Plan shall control. The Plan does not constitute a separate source of Shares for the grant of the Restricted Stock Units and Deferred Stock Units described herein.

9. **Legal Construction.**

(a) **Gender and Number**. Except where otherwise indicated by the context, any masculine term used herein will also include the feminine; the plural will include the singular and the singular will include the plural.

(b) **Severability**. If any provision of the Plan is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provision had not been included.

(c) **Requirements of Law**. The issuance of payments under the Plan will be subject to all applicable laws, rules, and regulations, and to any approvals required by any governmental agencies or national securities exchanges.

(d) **Securities Law and Tax Law Compliance**.

(i) **Insider Trading**. To the extent any provision of the Plan or action by the Board would subject any Non-Employee Director to liability under Section 16(b) of the Exchange Act, it will be deemed null and void, to the extent permitted by law and deemed advisable by the Board.

(ii) **Section 409A**. This Plan is intended to comply with Code Section 409A and the regulations thereunder, and will be administered and interpreted in accordance with such intent. If the Company determines that any provision of the Plan is or might be inconsistent with the requirements of Code Section 409A, it will attempt in good faith to make such changes to the Plan as may be necessary or appropriate to avoiding a Non-Employee Director's becoming subject to adverse tax consequences under Code Section 409A. No provision of the Plan will be interpreted to transfer any liability for a failure to comply with Code Section 409A from a Non-Employee Director or any other individual to the Company. Notwithstanding anything to the contrary herein, if the Compensation Committee determines that the Non-Employee Director is a "specified employee" (within the meaning of Code Section 409A(a)(2)(B)), then notwithstanding any provision in the Plan to the contrary, payments triggered by the Non-Employee Director's Termination Date will not be paid until six months after the Non-Employee Director's Termination Date or until the Non-Employee Director's earlier death. The foregoing six-month delay provision will not affect the timing of payments that would otherwise be paid more than six months after the Non-Employee Director's Termination Date.

(e) **Unfunded Status of the Plan**. The Plan is intended to constitute an "unfunded" plan. With respect to any payments not yet made to a Non-Employee Director by the Company, nothing contained herein will give any rights to a Non-Employee Director that are greater than those of a general creditor of the Company.

(f) **Governing Law**. The Plan will be construed in accordance with and governed by the laws of the State of Delaware, determined without regard to its conflict of law rules.

Nontransferability. A Non-Employee Director's Cash Account, DSU Account and any Restricted Stock Units or Deferred Stock Units granted hereunder may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution, or pursuant to a domestic relations order (as defined in Code Section 414(p)). All rights with respect to Cash Accounts, DSU Accounts, Restricted Stock Units and Deferred Stock Units will be available during the Non-Employee Director's lifetime only to the Non-Employee Director or the Non-Employee Director's guardian or legal representative. The Board may, in its discretion, require a Non-Employee Director's guardian or legal representative to supply it with evidence the Board deems necessary to establish the authority of the guardian or legal representative to act on behalf of the Non-Employee Director.

EXHIBIT A

LOUISIANA-PACIFIC CORPORATION

NON-EMPLOYEE DIRECTORS COMPENSATION PLAN

DEFERRAL ELECTION FORM: ANNUAL RETAINER

Please complete and return this Deferral Election Form to [_______] so that it is received by Louisiana-Pacific Corporation (the "Company") on or before December 31 of the year prior to the year in which you intend to (i) defer all or a portion of your Annual Retainer to your Cash Account and/or (ii) exchange all or a portion of your Annual Retainer for an Award of Deferred Stock Units under the Louisiana-Pacific Corporation Non-Employee Directors Compensation Plan (the "Plan"). However, if you are newly eligible to participate in the Plan, you may complete and return this Deferral Election Form during the 30-day period following the date on which you became eligible to participate in the Plan. Capitalized terms used in this Deferral Election Form and not defined herein shall have the meaning ascribed to them in the Plan.

_________________________	_________________________	_________________________	
First Name	Middle Name	Last Name	
___________________________________	_______________	________	______________
Street Address	City	State	Zip Code

ELECTION TO DEFER ANNUAL RETAINER

As a non-employee director on the Company's Board, you may elect to:

(i) defer receipt of all or a portion of your Annual Retainer, which will be credited to the Cash Account established for you under the Plan as of the date(s) you would have otherwise been paid your Annual Retainer.

(ii) exchange all or a portion of your Annual Retainer for an award of Deferred Stock Units, which will be credited to the DSU Account established for you under the Plan as of the date(s) you would have otherwise been paid your Annual Retainer.

This election will be applied to your Annual Retainer effective January 1 of the year following the year in which you make and file this election. **<u>This election will remain in effect for each subsequent year until you file a new Deferral Election Form with the Company.</u>** Any new election will not be effective until January 1 of the year following the year in which the new election is made and filed.

However, if you are a new participant in the Plan, and you make and file this election during the 30-day period following the date on which you became a participant in the Plan, your election will be applied to your Annual Retainer paid after your Deferral Election Form is filed.

Please complete the following:

(A) I elect to defer a whole percentage of my Annual Retainer equal to ________% (0% - 100%) to my Cash Account

(B) I elect to exchange a whole percentage of my Annual Retainer equal to ________% (0% - 100%) for an award of Deferred Stock Units under the terms of the Plan.

***Note that the aggregate percentage included in (A) and (B) above cannot exceed 100%.**

ELECTION OF DISTRIBUTION DATE

The amount in your Cash Account and/or your Deferred Stock Units will be settled and/or distributed to you on the earliest to occur of (i) your Termination Date; (ii) the date on which a Change in Control occurs; and (iii) the date you elect pursuant to this Deferral Election Form, in accordance with the terms of the Plan. If you do not elect a date below, the amount in your Cash Account and/or your Deferred Stock Units (as applicable) will be settled and/or distributed upon the earlier of your Termination Date and the date on which a Change in Control occurs.

This election will be applied to your Cash Account and/or Deferred Stock Units credited to your DSU Account beginning on January 1 of the year following the year in which you make and file this election. Following your initial election, you may elect a different date by filing a new Deferral Election Form with the Company in accordance with the terms of the Plan; however, a new election following your initial election (1) must be filed with the Committee no later than 12 months prior to the distribution date you initially elected, (2) will not become effective until 12 months following the date your new election is made and filed, and (3) must elect a distribution date that is at least 5 years after the date you initially elected.

I elect to receive payment of my Cash Account in a lump sum on _____________ ___, ______.

I elect to receive a distribution (in Shares) of my Deferred Stock Units on _____________ ___, ______.

This Deferral Election Form, the Plan and the Incentive Plan are intended to comply with the applicable requirements of Code Section 409A and will be limited, construed and interpreted in a manner so as to comply therewith. I acknowledge and agree that the Company reserves the right to amend my election, the Plan and the Incentive Plan at any time to comply with the requirements of Code Section 409A.

AGREEMENT AND AUTHORIZATION

I understand that my elections are subject to review and final approval by the Company, and that my elections are governed by the terms and conditions of the Plan, as may be amended from time to time. The Plan and related Plan materials (if any) have been made available to me, and I have had the opportunity to ask questions and receive answers regarding the terms and conditions of the Plan. I hereby certify that the above information about me is true, accurate, and complete. I authorize the Company to make the appropriate deductions, as indicated on this form, from my Annual Retainer. I acknowledge that I have been advised to consult with my own financial, tax, estate planning and legal advisors before making any election to defer compensation in order to determine the tax effects and other implications of my participation in the Plan.

____ ________________________

Participant Signature   Date

EXHIBIT B

LOUISIANA-PACIFIC CORPORATION

NON-EMPLOYEE DIRECTORS COMPENSATION PLAN

DEFERRAL ELECTION FORM: RESTRICTED STOCK UNIT GRANT

Please complete and return this Deferral Election Form to [_______] so that it is received by Louisiana-Pacific Corporation (the "Company") on or before December 31 of the year prior to the year in which you intend to exchange all of your Restricted Stock Units for Deferred Stock Units under the Louisiana-Pacific Corporation Non-Employee Directors Compensation Plan (the "Plan"). However, if you are newly eligible to participate in the Plan, you may complete and return this Deferral Election Form during the 30-day period following the date on which you became eligible to participate in the Plan. Capitalized terms used in this Deferral Election Form and not defined herein shall have the meaning ascribed to them in the Plan.

___________________________	___________________________	___________________________
First Name	Middle Name	Last Name

______________________________________	________________	________	______________
Street Address	City	State	Zip Code

ELECTION TO RECEIVE DEFERRED STOCK UNITS

As a non-employee director on the Company's Board, you are scheduled to receive a grant of Restricted Stock Units in **[2019]**. This Restricted Stock Unit grant date will coincide with the Company's 2019 annual meeting. **[On such date]**, you will be granted a number of Restricted Stock Units equal to $120,000 divided by the Common Stock Fair Market Value on the date of the grant. **[These Restricted Stock Units will vest as follows: __________.]**

Under the terms of the Plan, you may elect to defer the settlement (in Shares) of all of your Restricted Stock Units by exchanging such Restricted Stock Units for an award of Deferred Stock Units, which will be credited to the DSU Account established for you under the Plan, as of the date your Restricted Stock Units would have otherwise settled. Upon making a timely deferral election, your Restricted Stock Units will remain subject to the same vesting terms but shall be exchanged for Deferred Stock Units on the original vesting date on the basis of one Deferred Stock Unit for each Restricted Stock Unit, and no Shares will be issued to you at the time such Shares would otherwise be issued under the Incentive Plan.

Please complete the following:

- I elect to defer the settlement (in Shares) of the Restricted Stock Units granted to me under the **[2019]** Restricted Stock Unit grant by exchanging my Restricted Stock Units for an award of Deferred Stock Units as follows:

  I elect to defer the settlement (in Shares) of 100% of my Restricted Stock Units.

ELECTION OF DISTRIBUTION DATE

Your Deferred Stock Units will be settled and distributed on the earliest to occur of (i) your Termination Date; (ii) the date on which a Change in Control occurs; and (iii) the date you elect pursuant to this Deferral Election Form, in accordance with the terms of the Plan. If you do not elect a date below, your Deferred Stock Units will be settled and distributed upon the earlier of your Termination Date and the date on which a Change in Control occurs.

I elect to receive a distribution (in Shares) of my Deferred Stock Units on _____________ ___, ______.

I understand that by making this election, I will not receive Shares payable upon the vesting of my Restricted Stock Units and instead will receive Deferred Stock Units, which will be settled and distributed in Shares on the date elected above. I further understand that my election for the [calendar year] is irrevocable.

This Deferral Election Form, the Plan and the Incentive Plan are intended to comply with the applicable requirements of Code Section 409A and will be limited, construed and interpreted in a manner so as to comply therewith. I acknowledge and agree that the Company reserves the right to amend my election, the Plan and the Incentive Plan at any time to comply with the requirements of Code Section 409A.

AGREEMENT AND AUTHORIZATION

I understand that my elections are subject to review and final approval by the Company, and that my elections are governed by the terms and conditions of the Plan, as may be amended from time to time. The Plan and related Plan materials (if any) have been made available to me, and I have had the opportunity to ask questions and receive answers regarding the terms and conditions of the Plan. I hereby certify that the above information about me is true, accurate, and complete. <u>I acknowledge that I have been advised to consult with my own financial, tax, estate planning and legal advisors before making any election to defer compensation in order to determine the tax effects and other implications of my participation in the Plan</u>.

____ _________________________
Participant Signature Date

Exhibit 31.1

CERTIFICATION

I, W. Bradley Southern, 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 6, 2020

/S/ W. BRADLEY SOUTHERN

W. BRADLEY SOUTHERN

Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Alan Haughie, 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 6, 2020

/s/ Alan J.M. Haughie

Alan J.M. Haughie

Chief Financial Officer

Exhibit 32.1

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

August 6, 2020

Securities and Exchange Commission
100 F Street NE.
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 six months ended June 30, 2020, 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/ W. BRADLEY SOUTHERN
Name: W. BRADLEY SOUTHERN
Title: Chief Executive Officer

/S/ ALAN J.M. HAUGHIE
Name: Alan J.M. Haughie
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.