

Louisiana-Pacific Corporation

Q3 2004 Results

October 27, 2004

These slides were prepared and should be read in conjunction with a webcast presentation and earnings release by LP's management on October 27, 2004 relating to LP's financial condition and results of operations as of and for the quarter and nine months ended September 30, 2004. LP does not intend to update these slides. Accordingly, you should not assume that the information contained in these slides will continue to be accurate as of any date after October 27, 2004.



Forward Looking Statement

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

Statement relating to the Use of Non-GAAP Financial Measures

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

Financial Results – Quarterly

Dollars in millions, except per share amounts

	<u>2004</u>	<u>2003</u>
<u>Quarterly (September 30)</u>		
Net sales	\$ 741	\$ 671
Income from continuing operations	\$ 106	\$ 110
Income (loss) from discontinued operations	\$ 2	\$ 14
Net income (loss)	\$ 108	\$ 125
Diluted EPS from continuing operations	\$0.96	\$ 1.04
Diluted EPS	\$0.98	\$ 1.17

Financial Results – Nine Months Ended

Dollars in millions, except per share amounts

	<u>2004</u>	<u>2003</u>
<u>Nine Months Ended September 30,</u>		
Net sales	\$ 2,261	\$ 1,550
Income from continuing operations	\$ 408	\$ 122
Loss from discontinued operations	\$ (1)	\$ (13)
Net income (loss)	\$ 407	\$ 109
Diluted EPS from continuing operations	\$ 3.72	\$ 1.15
Diluted EPS	\$ 3.72	\$ 1.03

Reconciliation of Special Items

	<u>Q3 2004</u>	<u>Q3 2003</u>	Nine Months	
			<u>2004</u>	<u>2003</u>
Income (loss) from continuing operations	\$ 106	\$ 110	\$408	\$122
Less “special items”:				
(Gain) loss on sale or impairment of long-lived assets	3	(22)	12	(64)
Other operating credits and charges	16	6	25	31
Loss on early extinguishment of debt	<u>--</u>	<u>1</u>	<u>42</u>	<u>1</u>
	19	(15)	79	(32)
Provision (benefit) for income taxes	<u>7</u>	<u>(6)</u>	<u>30</u>	<u>(12)</u>
After tax effect of “special items”	<u>12</u>	<u>(9)</u>	<u>49</u>	<u>(20)</u>
Adjusted income from operations excluding “special items”	<u>\$118</u>	<u>\$101</u>	<u>\$457</u>	<u>\$102</u>
Adjusted income from operations excluding “special items” per diluted share	<u>\$1.06</u>	<u>\$0.95</u>	<u>\$4.17</u>	<u>\$0.97</u>

OSB

	Nine Months Ended September 30,					
	<u>Q3 04</u>	<u>Q3 03</u>	<u>Change</u>	<u>2004</u>	<u>2003</u>	<u>Change</u>
Sales	\$ 430	\$ 403	7%	\$ 1,417	\$827	71%
Profit ^a	\$ 198	\$ 197	--%	\$ 761	\$248	207%
DDA	\$ 26	\$ 20		\$ 67	\$ 56	
Volume			3%			6%
Price			4%			61%

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

Composite Wood Products

	Nine Months Ended September 30,					
	<u>Q3 04</u>	<u>Q3 03</u>	<u>Change</u>	<u>2004</u>	<u>2003</u>	<u>Change</u>
Sales	\$ 122	\$ 122	--%	\$ 345	\$311	11%
Profit ^a	\$ 20	\$ 23	(13)%	\$ 53	\$ 44	20%
DDA	\$ 4	\$ 4		\$ 13	\$ 13	
Volume:						
Smart Side			12%			25%
Commodity OSB			(86)%			(90)%
Hardboard			8%			11%
Price:						
Smart Side			11%			5%
Commodity OSB			4%			61%
Hardboard			10%			8%

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

Plastic Building Products

	Nine Months Ended September 30,					
	Q3 04	Q3 03	Change	2004	2003	Change
Sales	\$ 67	\$ 56	20%	\$ 183	\$ 157	17%
Profit ^a	\$ 2	\$ 4	(50%)	\$ 8	\$ 14	(43%)
DDA	\$ 2	\$ 2		\$ 6	\$ 6	
Volume:						
Vinyl			4%			3%
Moulding			8%			5%
Decking			73%			43%
Price:						
Vinyl			--%			5%
Moulding			5%			2%
Decking			5%			3%

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

Engineered Wood Products

	Nine Months Ended September 30,					
	<u>Q3 04</u>	<u>Q3 03</u>	<u>Change</u>	<u>2004</u>	<u>2003</u>	<u>Change</u>
Sales	\$ 112	\$ 80	40%	\$ 293	\$ 210	40%
Profit ^a	\$ 3	\$ (1)	400%	\$ 2	\$ (2)	200%
DDA	\$ 4	\$ 3		\$ 11	\$ 9	
Volume:						
LVL			24%			31%
I-Joist			8%			19%
Plywood			74%			40%
Price:						
LVL			16%			10%
I-Joist			18%			12%
Plywood			10%			29%

^a Profit equals sales less cost of sales, depreciation, amortization and cost of timber harvest and 10 selling and administration directly associated with the segment

Annual Tax Rates

Applied to year-to-date income (loss)

	Tax (Benefit) <u>Provision</u>	Annual <u>Rate</u>
Continuing operations	\$ 244	37%
Discontinued operations	<u>(1)</u>	38%
Total provision	<u>\$ 243</u>	<u>37%</u>

Of this amount, \$158 million is estimated to be currently payable or has been paid.

Balance Sheet & Other Statistics

(in millions, except per share amounts)

	September 30, <u>2004</u>	December 31, <u>2003</u>
Total cash and investments	\$1,249	\$1,037
Working capital	\$1,149	\$1,023
Net debt	(\$841)	(\$405)
Capital expenditures YTD (includes JVs)	\$104	
Depreciation, amortization and cost of timber harvested (continuing operations)	\$105	
Book value per share	\$15.86	\$12.31

See appendix for reconciliations

Financial / Cash Strategies

- Operating cash balances to accommodate normal cyclicity of \$250 - \$300 million
- Cash pegged to retire \$215 million of debt due or callable in 2005
- Discretionary cash uses could include (subject to Board decisions):
 - Increase regular dividend (over time) to approximately 30-40% of normalized earnings
 - Acceleration of high return capital projects
 - Selective acquisitions at the right time and price
 - Continued opportunistic share repurchases

Appendix

	<u>9/30/04</u>	<u>12/31/03</u>
<u>Calculation of "Working Capital":</u>		
Current assets	\$ 1,582	\$ 1,325
Current liabilities	<u>433</u>	<u>303</u>
Working capital	\$ <u>1,149</u>	\$ <u>1,022</u>
<u>Calculation of "Net Debt":</u>		
Long term debt	\$ 634	\$ 1,021
Current portion long term debt	171	8
Notes receivable from asset sales	(397)	(397)
Total cash and investments(see pg 16)	<u>(1,249)</u>	<u>(1,037)</u>
Net debt	\$ <u>(841)</u>	\$ <u>(405)</u>

Calculation of “Total Cash and Investments”:

	<u>9/30/04</u>	<u>12/31/03</u>
Restricted cash	\$ 67	\$ 111
Long-term investments	35	---
Short-term investments	304	---
Cash and cash equivalents	<u>843</u>	<u>926</u>
Total cash and investments	<u>\$1,249</u>	<u>\$1,037</u>

Glossary

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

OSB -- oriented strand board

LVL -- laminated veneer lumber