

Louisiana - Pacific Corporation

Smith Barney Citigroup Small/Midcap Conference
February 16, 2005

Forward Looking Statements

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

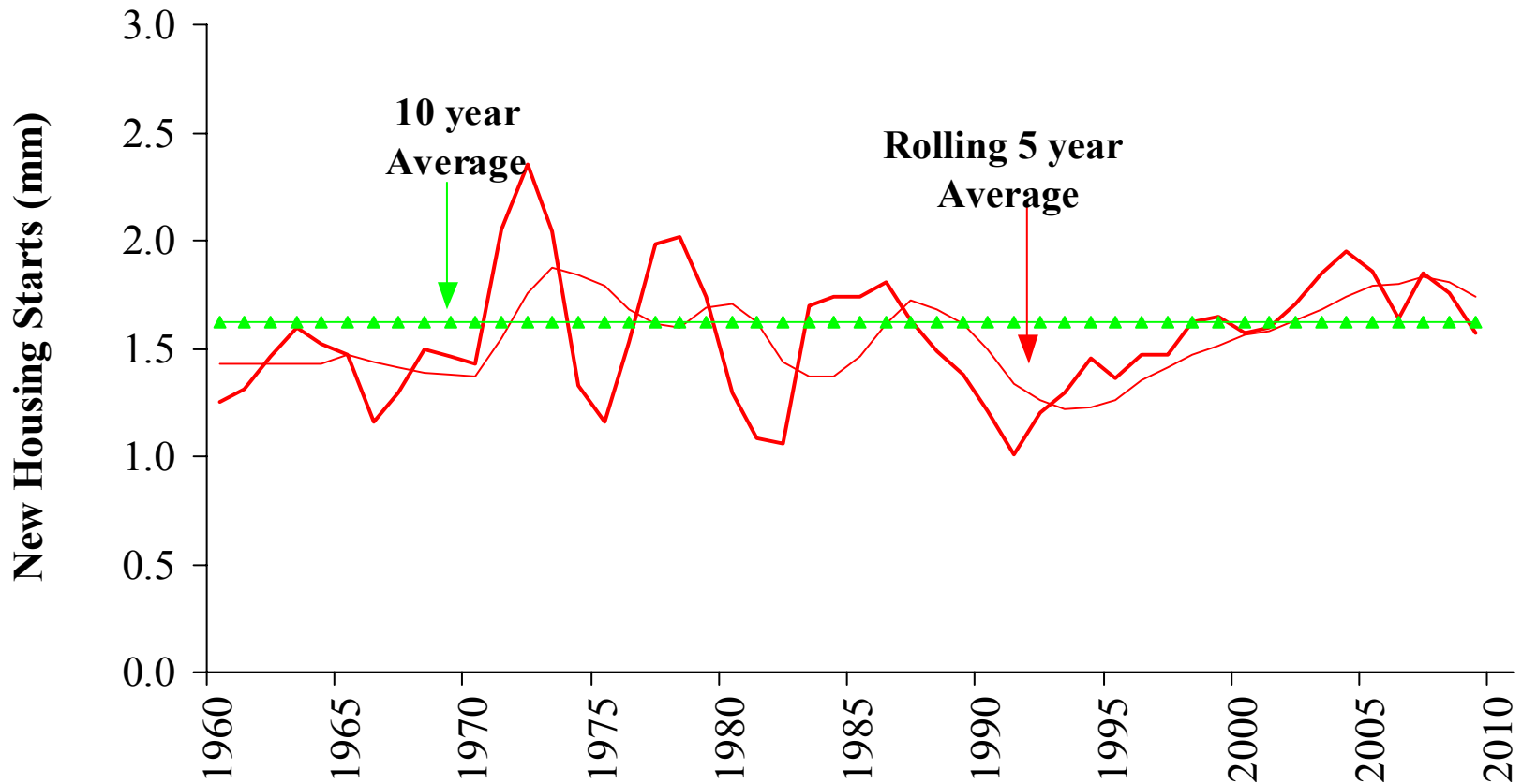
During the course of this presentation, certain non-U.S. GAAP financial information will be presented. Reconciliation of those numbers to U.S. GAAP financial measures are included in the appendix.

Market Outlook – Demand

- **New construction housing demand:**
 - Positive trends and demographics including: household formations, immigration, low interest rates
 - Sustainable at 1.85 – 1.95 million starts per year (2005-2015)
Source: The State of the Nation's Housing – 2004, Joint Center for Housing Studies of Harvard University
 - Manufactured housing has been down but recovering
- **Repair / remodel demand continues to grow:**
 - More houses in the existing stock
 - Homes are getting older
 - Rise of “big box retailers” makes access easy
 - Availability of “installed sales”
- **Commercial and light industrial on upward trend**

Home Building Demand Indicators

Housing Starts (single and multi-family)

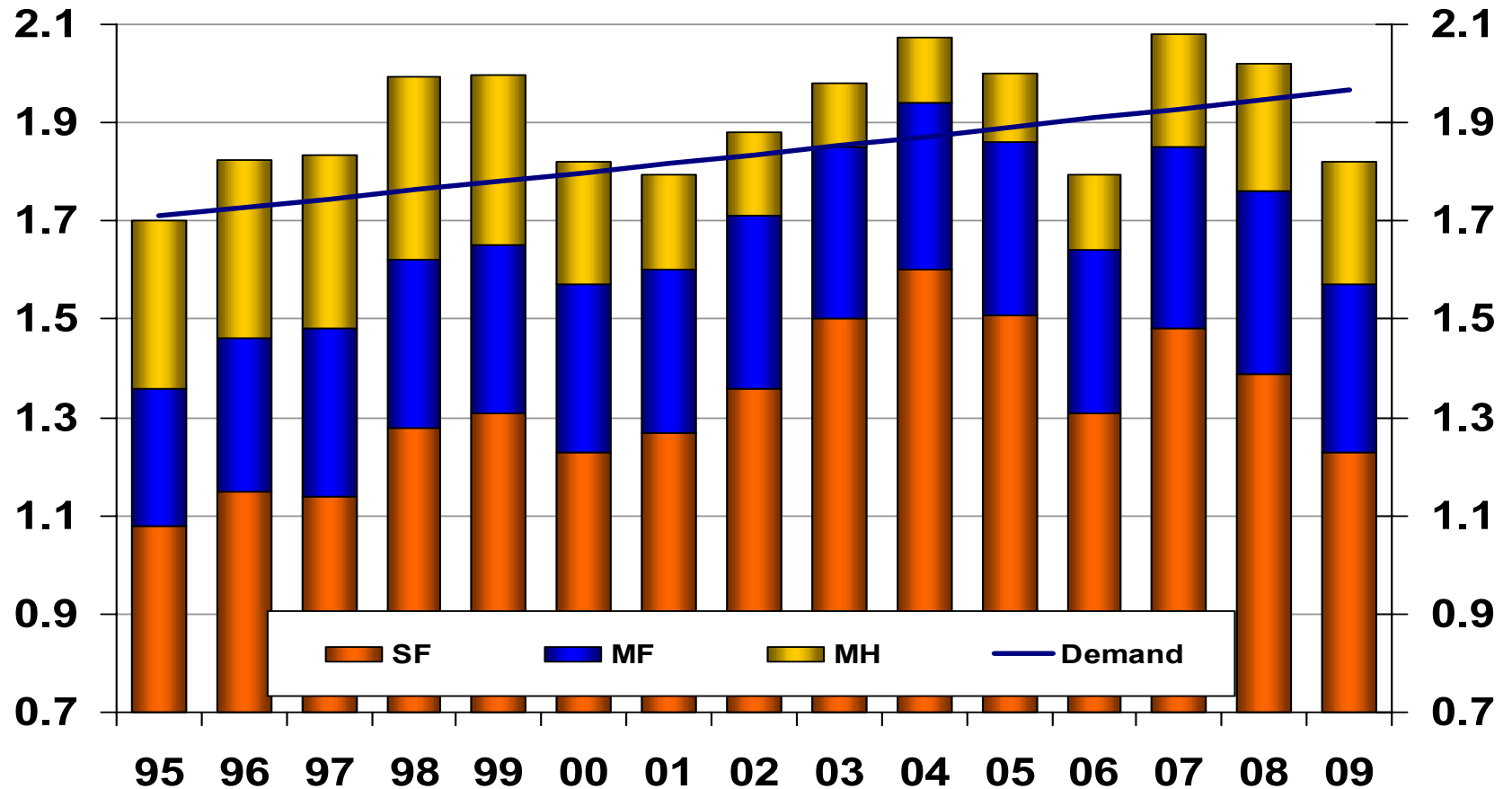


Source: US Department of Commerce and RISI.

Forecast 4

Housing Forecast

Single, Multi-Family and Modular Housing Starts



Source: RISI

Marketplace Dynamics – Customers

- **Consolidation of customers and end-users will continue:**
 - “Big boxes” ... price pressure, margin compression, electronic business systems and demand for more services
 - Builders ... consistent pricing, logistics support, ease of use
 - Pro dealers ... price pressure, locked-in pricing, branded products, “pull-through” marketing
- **Key implications for LP:**
 - Improve cost positions to lowest quartile ... “buy right”, drive capital for cost reductions
 - Participate in multiple channels to best meet customer’s needs
 - Most efficient supply chain / logistics ... delivered cost is what matters
 - Influence / participate in forward integration

What LP is Now : A Building Products Company

Under one brand....

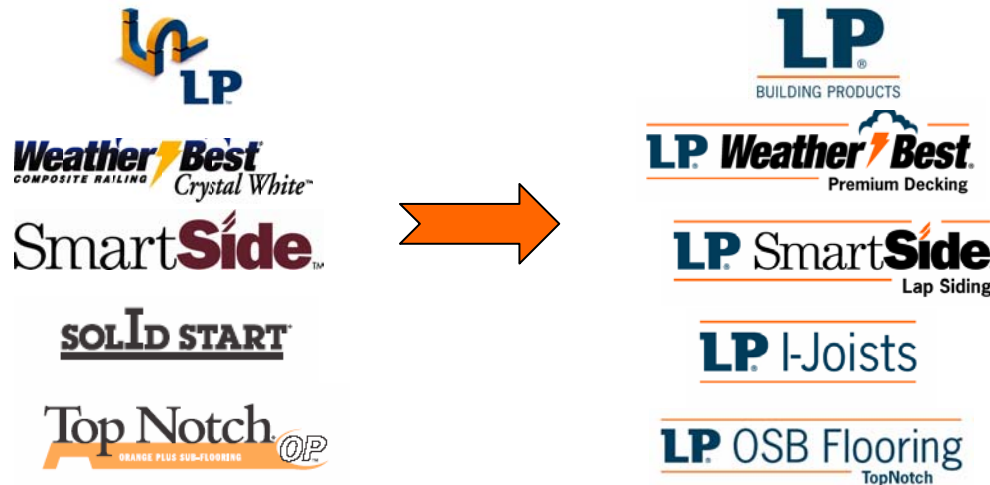


With one tag line.....

Build with Us

More than Just a Logo Change

- We want our customers to easily identify all our products as LP products
- The LP brand stands for quality, dependability and consistency, with good people standing behind the products
- Research shows we need to improve our brand recognition – people tend to buy brands they recognize



LP's Newly Aligned Business Segments

OSB

- Commodity panels
- Tech Shield
- Flooring

Siding

- SmartSide OSB siding
- Vinyl siding
- Exterior Hardboard siding

Engineered Wood Products

- Laminated veneer lumber
- I - Joist

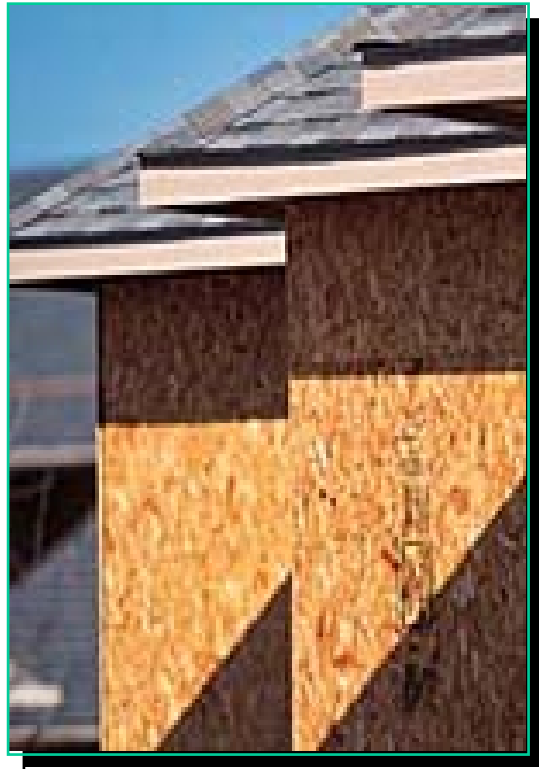
Other Building Products

- Composite Decking
- Moulding
- Chile OSB
- U.S. Greenfiber

Business Characteristics

- Commodity – OSB:
 - Primarily new construction
 - Price volatility
 - Traded daily
 - Cost is king
 - Demand / capacity management critical
- Specialty – EWP, Siding, Other:
 - Relatively stable pricing
 - “Demand creation” versus “trading”
 - Ongoing new product development to satisfy customer needs
 - Higher SG&A
 - Channel partners critical to success

Oriented Strand Board (OSB)



- #1 North American OSB producer with about 25% market share ... about 15% share of structural panels
- Lowest delivered cost among highest margin producers
- Growth through substitution
- Best geographic coverage

Mill capacities:

15 mills – 5.8 billion square feet

OSB Strategies for Growth and Profits

- Provide best delivered value through reliable and consistent product quality, excellent order fulfillment
- Continue to reduce costs through reinvestment in existing plants
- Maintain current production share from “brownfield” build-out and grow share with “greenfield” capacity
- Promote OSB substitution for plywood with premium and improved products

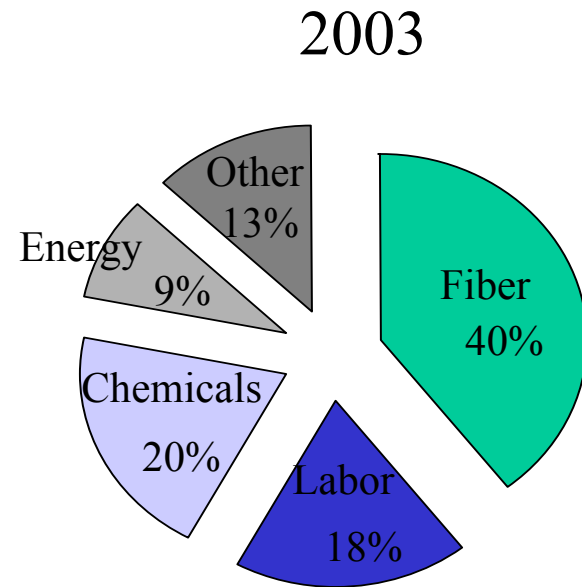
OSB – Build or Buy?

- **Why Build?**
 - Least expensive alternative
 - Cost leaders
 - Leading edge technology
 - Log & markets: If you don't, someone else will (voids are always filled)
 - Lowers overall COS
 - *\$220-\$300
- **Why Buy (Consolidate)?**
 - Grow market share
 - Buy customers
 - Buy knowledge
 - Captures raw materials
 - Immediate contribution
 - *\$325-\$450

*USD per 1,000 msf 3/8"

OSB Investment Priorities – Brownfield

- \$250 million investment in existing mills 2003 – 08:
 - Reduce cost (energy, materials, resin costs, yield)
 - Improve product properties
 - Increase capacity ... + 900 mmsf



OSB Investment Priorities – More Mills

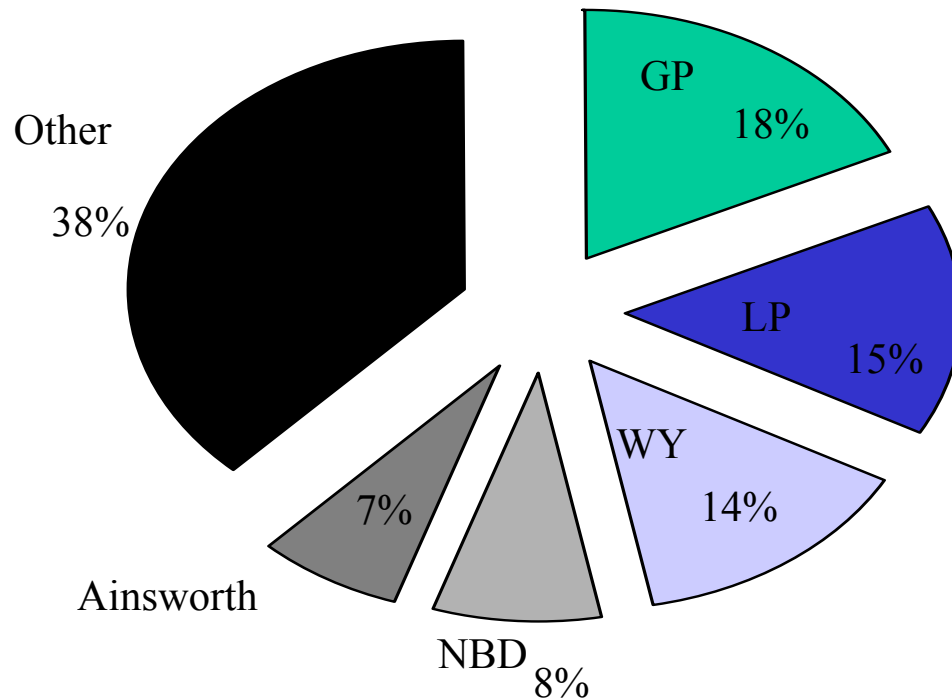
- Acquire competitive facilities “at the right price”
- Greenfield “opportunities:
 - Canada – British Columbia ... Canfor-LP JV (800 mmsf) under construction ... startup Q4 2005
 - Alabama ... site selected and planning underway for a 700 mmsf mill with start-up in late 2007
 - South America (Chile) ... potential use of a “mothballed” mill

Canfor-LP JV in Ft. St. Johns, B.C.



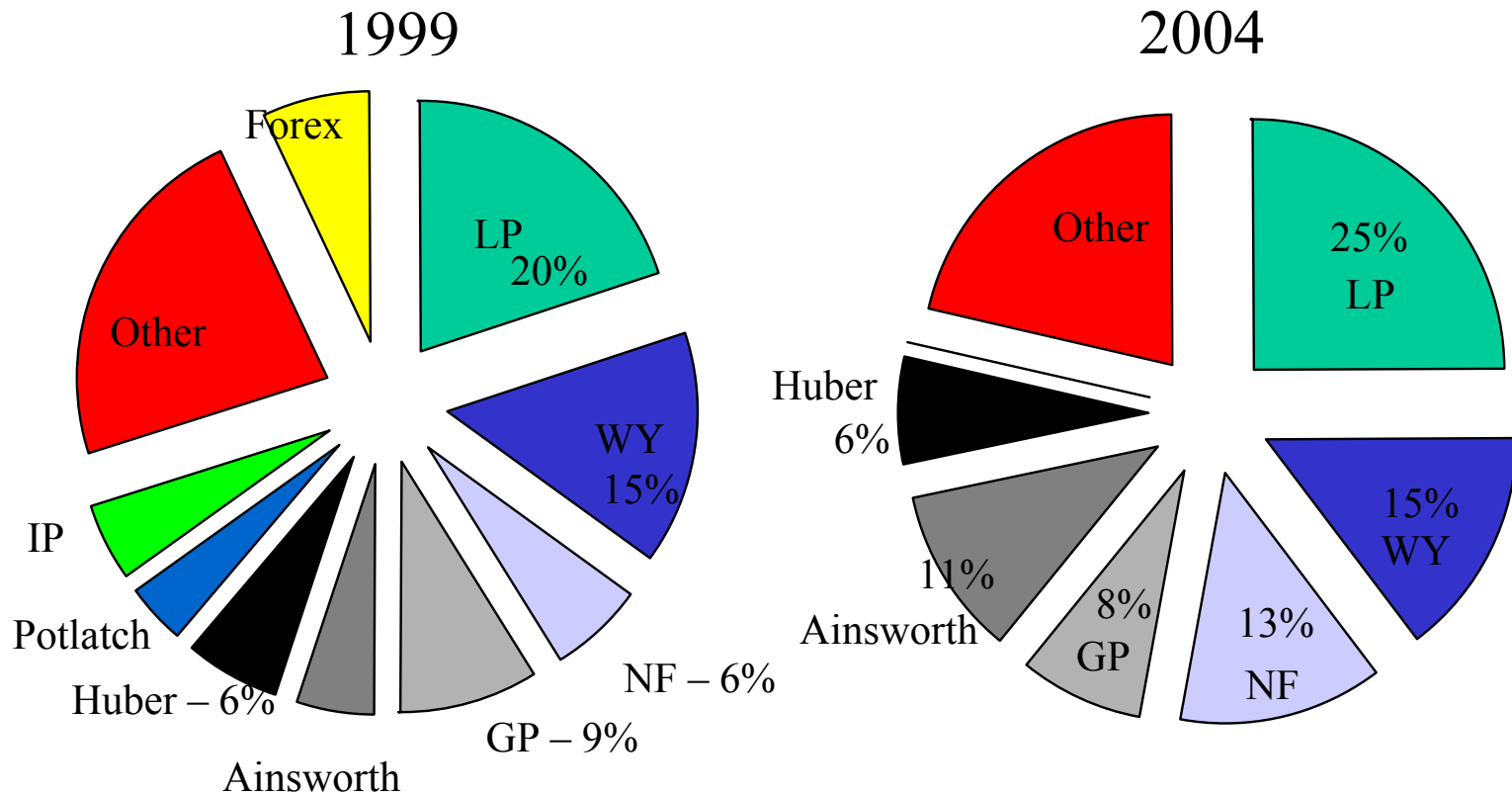
North America Structural Panel Manufacturers

2004



Source: RISI

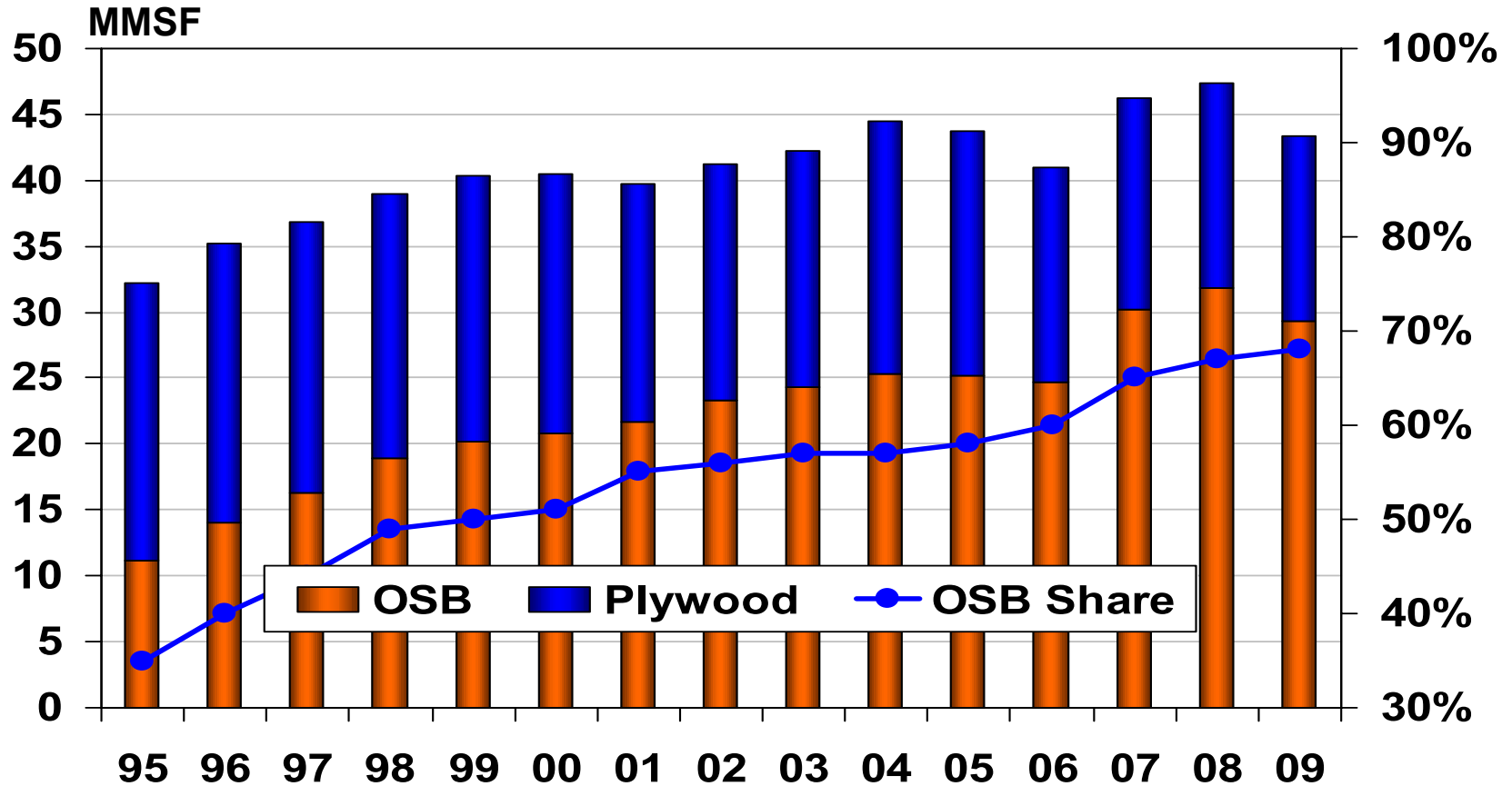
OSB Market Share



Source: RISI

Structural Panel Demand

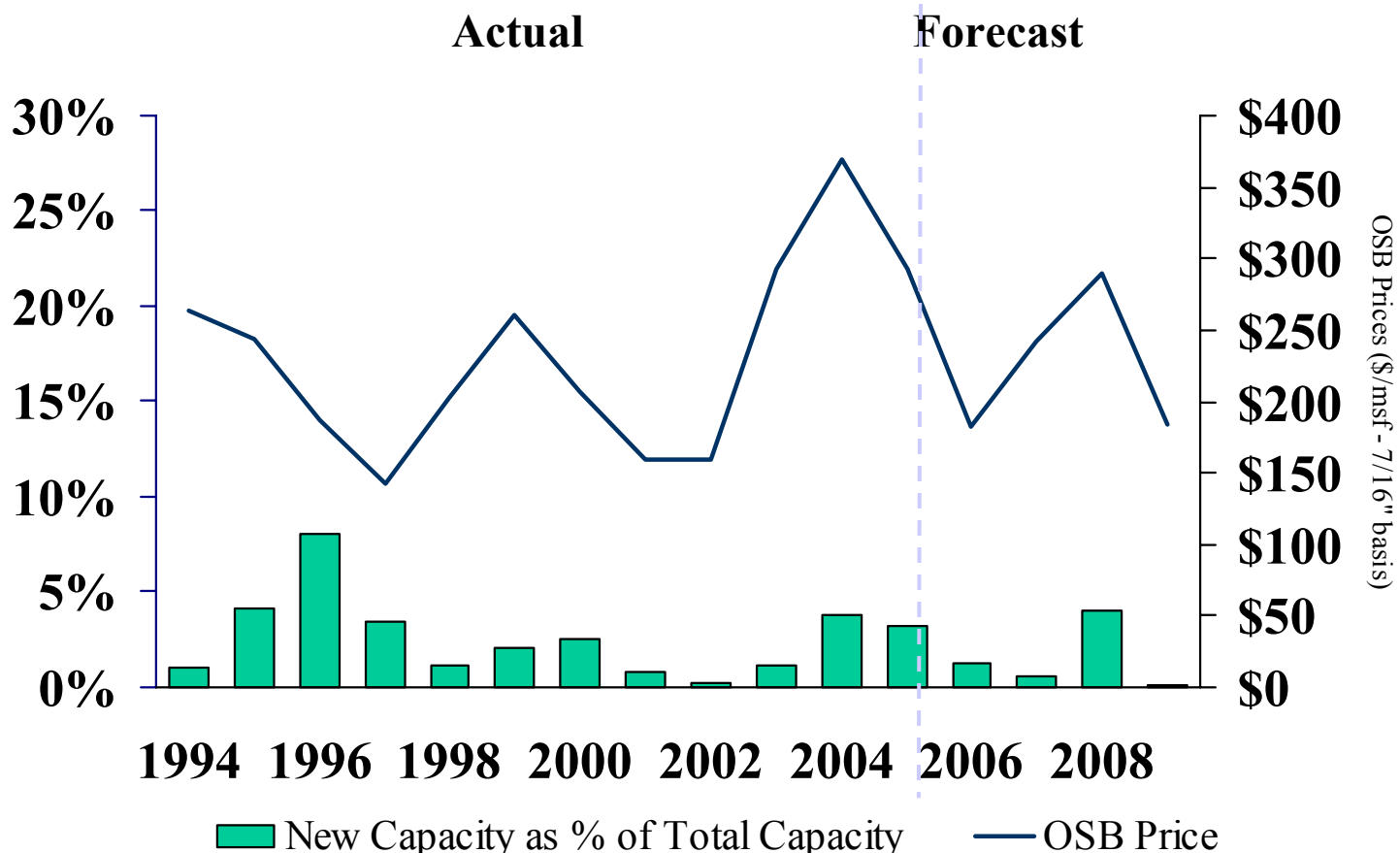
North America Structural Panel Demand



Source: RISI

Favorable OSB Supply Outlook

Net Additions and OSB Prices – Structural Panels



Source: RISI (15 Year Forecast for 2005), includes greenfield and creep capacity

Engineered Wood Products



- #1 position in solid-sawn I-Joist
- #3 position in LVL / I-Joist
- Steady demand growth
- Aligned and supportive customer base

Mill capacities:

LVL - 10.6 million cubic feet

I-Joist - 106 million lineal feet

- 60 million lineal feet (Abitibi JV)

EWP Strategies

- Significantly lower costs ... progress on conversion but raw materials key
- Maintain position as “supplier of choice” to the independent 2-step distribution channel
- Provide growth opportunities to channel partners:
 - Additional solid-sawn I-Joist capacity
 - Searching for “bolt-on” LVL capacity
 - Develop “economic substitute” products for LVL / lumber

St. Prime Project Update

Current photo (Jan 11) of the new I-Joist building



Siding



- Smart Side product line exhibiting strong growth:
 - Family of products – lap, panel, trim, fascia, soffit
 - Lowest installed cost
 - Curb appeal / outstanding performance
 - Beginning Hayward conversion
- Hardboard – lowest cost and broadest product line in the industry
- Vinyl – strong retail position; growing 1-step

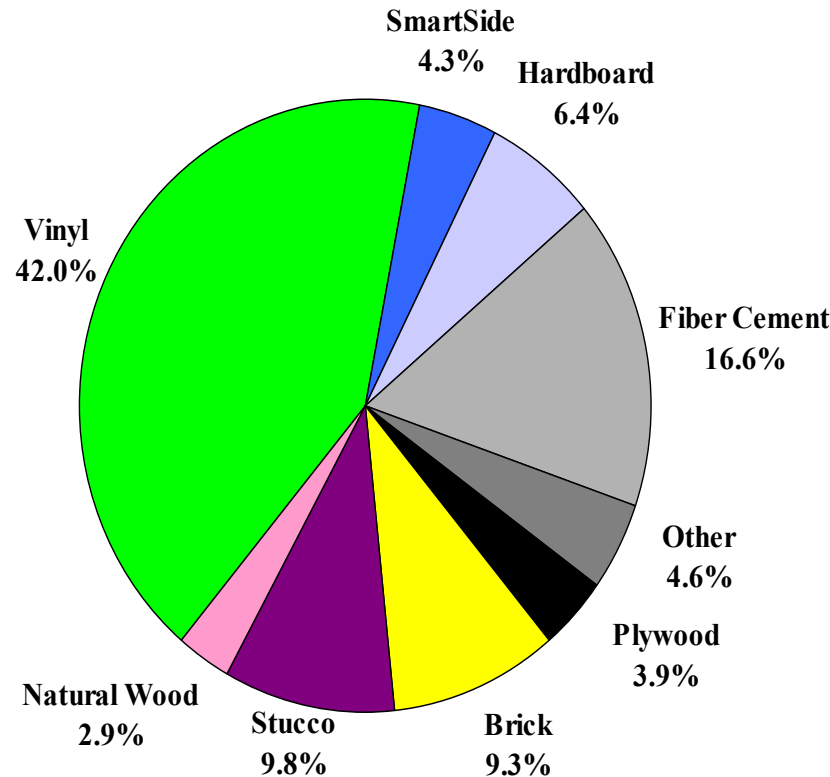
Mill capacities:

4 SmartSide mills – 750 mmsf

2 Hardboard mills – 505 mmsf

2 Vinyl mills – 3.2 million squares

Exterior Siding Market – Market Share by Category – 2003



Total Siding Demand in North America in 2003 = 10 billion square feet
LP currently participates in siding segments that represent over 50% of the market

Source: Ciprus, Freedonia, James Hardie, LP Internal

Siding Strategies

- SmartSide:
 - Become #1 supplier of branded trim, fascia and soffit
 - Become a major supplier of lap siding in new construction ... 6% market share by 2007
 - Penetrate repair / remodeling through both big boxes and on-step channels
- Hardboard:
 - Utilize cost position – “last man standing”
 - Optimize CanExel volume and expand sales
- Vinyl:
 - Gain more and better access to one-step channel
 - Implement “brownfield” capital plan to reduce costs

Other Building Products



- Mouldings – profitable / growing business, alliance partner opportunities
- Outdoor Living – early stage, excellent decking products (good/better/best strategy)
- Chile – small operation supporting early South American growth
- U.S. GreenFiber – cellulose insulation joint venture

Mill capacities:

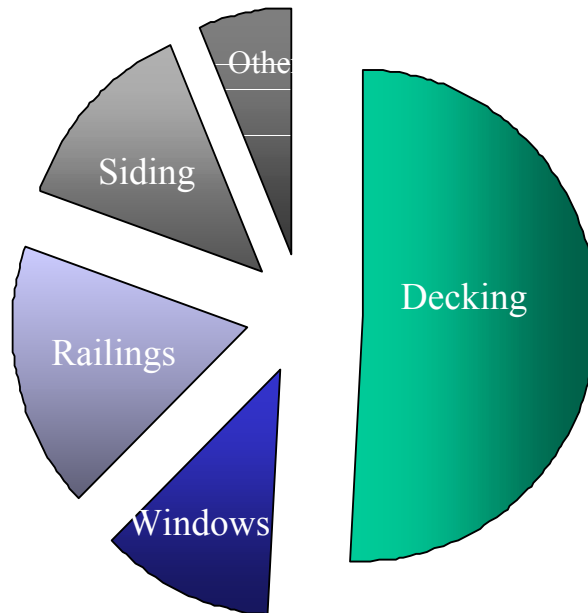
Moulding – 290 million lineal feet

Decking – 50 million lineal feet

Chile – 130 mmsf

Plastic Composite Market

Forecasted 2010



\$1.8 billion market

- The plastic composite market for building products estimated at \$600 million in 2002 growing to \$1.8 billion by 2010
- Applications include:
 - Decking
 - Railings
 - Windows and doors
 - Fencing
 - Siding accessories

Other Building Products Strategies

- Outdoor Living:
 - Establish a recognized brand, develop and maintain access to the market with Home Centers and standard distributors
 - Keep capacity ahead of demand
 - Drive down costs to ensure a sustainable cost position
 - Develop / acquire products to fill-out “outdoor living” concept
- Moulding:
 - Be a primary supplier to the home centers
 - Identify and enter new market segments

Financial Flexibility

(in millions, except per share amounts)

	December 31, <u>2004</u>	December 31, <u>2003</u>
Total cash and investments	\$1,249	\$1,037
Working capital	\$1,164	\$1,023
Net debt	\$ (845)	\$ (405)
Book value per share	\$16.05	\$12.31

See appendix for reconciliations

What About the Cash?

- Build appropriate cash reserves and fund debt retirement:
 - Operating cash balances maintained at \$250 – 300 million
 - Retire 2005 maturing debt and make the call on remaining 2008 notes ...\$200 million
- Returning cash to shareholders via appropriate dividend
- Invest in existing facilities to lower costs and expand capacity to meet demand
- New facilities required to meet demand ... Canfor-LP JV, expansion of I-Joist JV, Alabama OSB
- “War chest” for acquisitions that add to capabilities (“right product” and “right price”)

Conclusions

LP has ...

- Leadership position in OSB with exceptional geographic distribution
- Specialty businesses with sales > \$1 billion
- A focused business model
- Continuing drive to be the low cost producer
- Growth opportunities in OSB (commodity and specialty), EWP and specialty exterior products
- Discipline in capital deployment
- Strong balance sheet ... financial flexibility

Questions

Appendix

12/31/04

Calculation of “Working Capital”:

Current assets	\$ 1,604
Current liabilities	<u>440</u>
Working capital	\$ <u>1,164</u>

Calculation of “Net Debt”:

Long term debt	\$ 623
Current portion long term debt	178
Notes receivable from asset sales	(397)
Total cash and investments(see pg 30)	<u>(1,249)</u>
Net debt	\$ <u>(845)</u>

Calculation of “Total Cash and Investments”:

	<u>9/30/04</u>
Restricted cash	\$ 66
Long-term investments	30
Short-term investments	327
Cash and cash equivalents	<u>826</u>
Total cash and investments	<u><u>\$1,249</u></u>