

Louisiana - Pacific Corporation

Smith Barney Citigroup Global Paper, Forest Products
and Packaging Conference
December 2, 2004



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.

Agenda

- Environment
- LP's Business Segments and Strategies
- What About the Cash?
- Conclusions

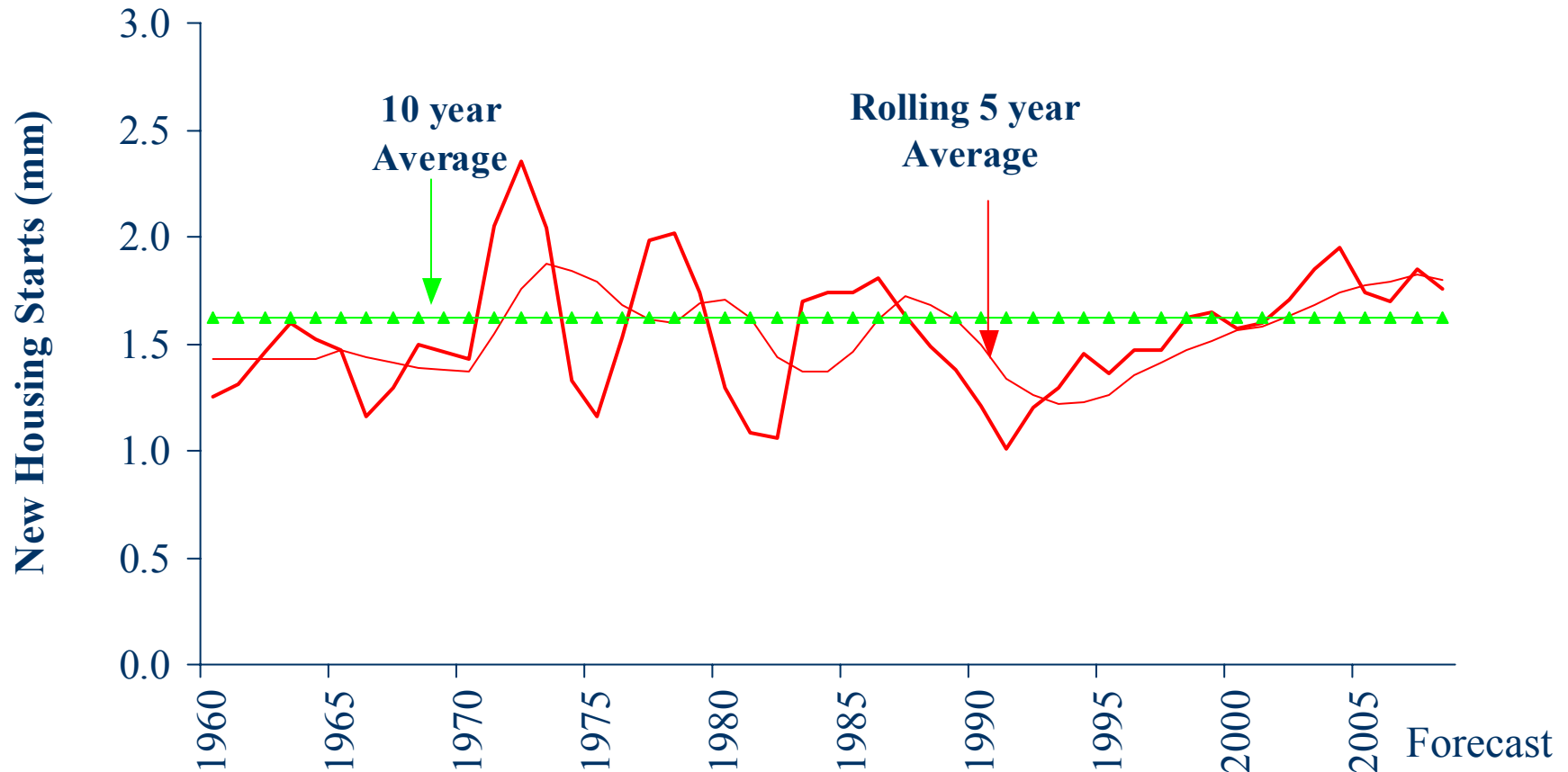
Market Outlook - Demand

- 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 coming back

Home Building Demand Indicators

Housing Starts

⌘ Annual housing starts have averaged about 1.62 million since 1994 and are projected to remain strong in the 1.8 – 1.9 million range over the next 10 years.



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

LP Today

- Completed a significant restructuring involving asset sales, product line divestitures and debt reduction
- Result: focused business model with four segments capable of generating sufficient cash to reward our investors and cover our investment plans:
 - Retained businesses have scale, low cost and opportunities for growth
- Increased financial flexibility ... at September 30, 2004:
 - Working capital over \$1.1 billion
 - Cash exceeds debt by almost \$850 million
 - Unsecured \$150 million revolving credit facility and renewal of \$100 million accounts receivable securitization in place
 - Recent rating change to “investment grade” status by Moodys

LP's Businesses

OSB

- Commodity panels
- Tech Shield
- Flooring

Engineered Wood Products

- Laminated veneer lumber
- I - Joist

Siding

- SmartSide OSB siding
- Vinyl siding
- Exterior Hardboard siding
- Chile OSB

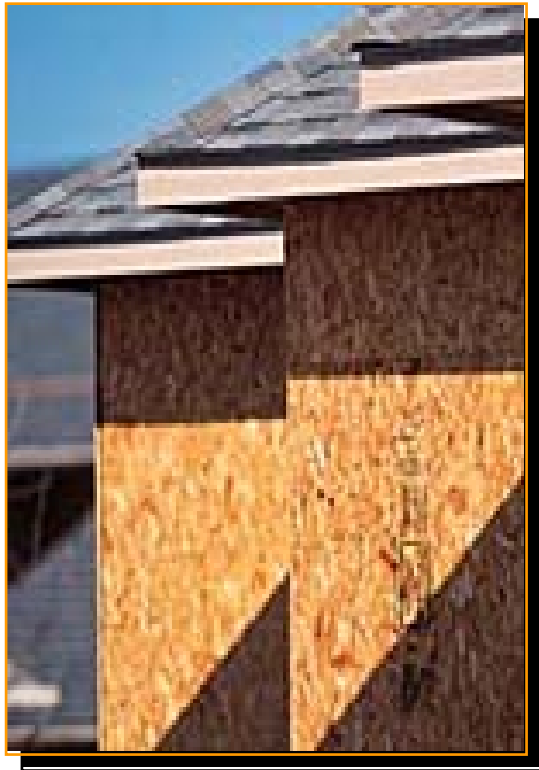
Other Building Products

- Composite Decking
- Moulding

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 ... less than 15% share of structural panels
- Lowest delivered cost / highest margin producer
- Growth through substitution
- Best geographic coverage

Mill capacities:

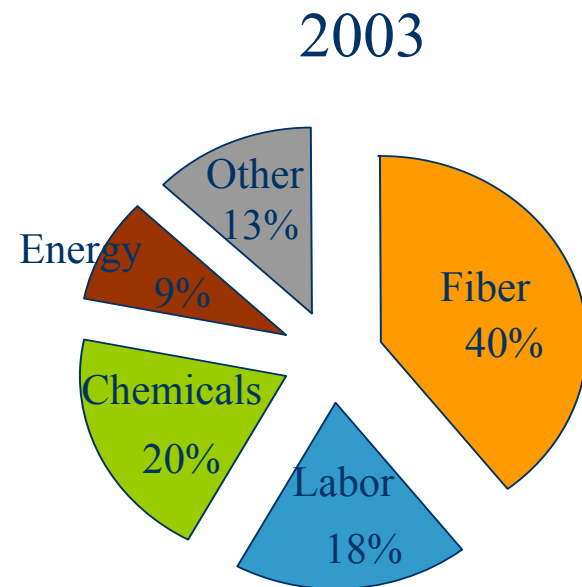
15 mills – 5.8 billion square feet

OSB Strategies

- 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 Investment Priorities - Brownfield

- \$250 million investments in existing mills 2003 – 08:
 - Reduce cost (energy, materials, resin costs, yield)
 - Improve product properties
 - Increase capacity ... + 900 mmsf
 - Reduce “relative” cash cost by 10%

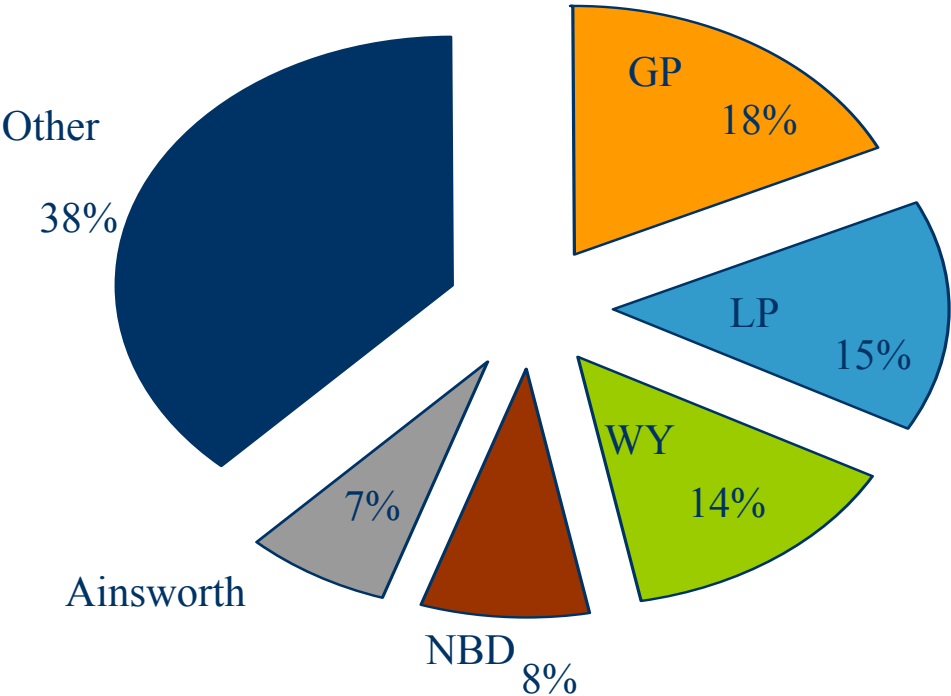


OSB Investment Priorities - New

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

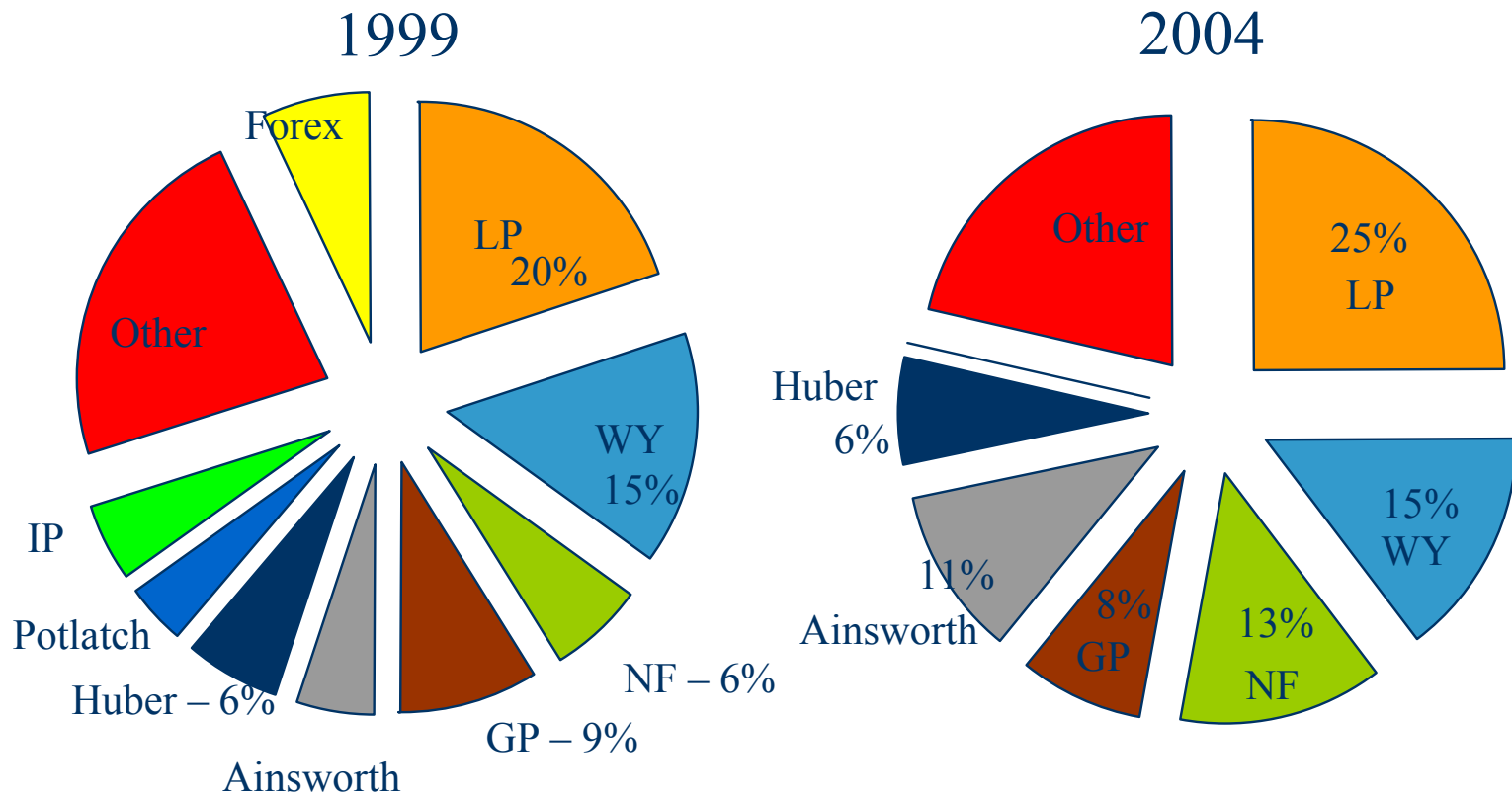
North America Structural Panel Manufacturers

2004



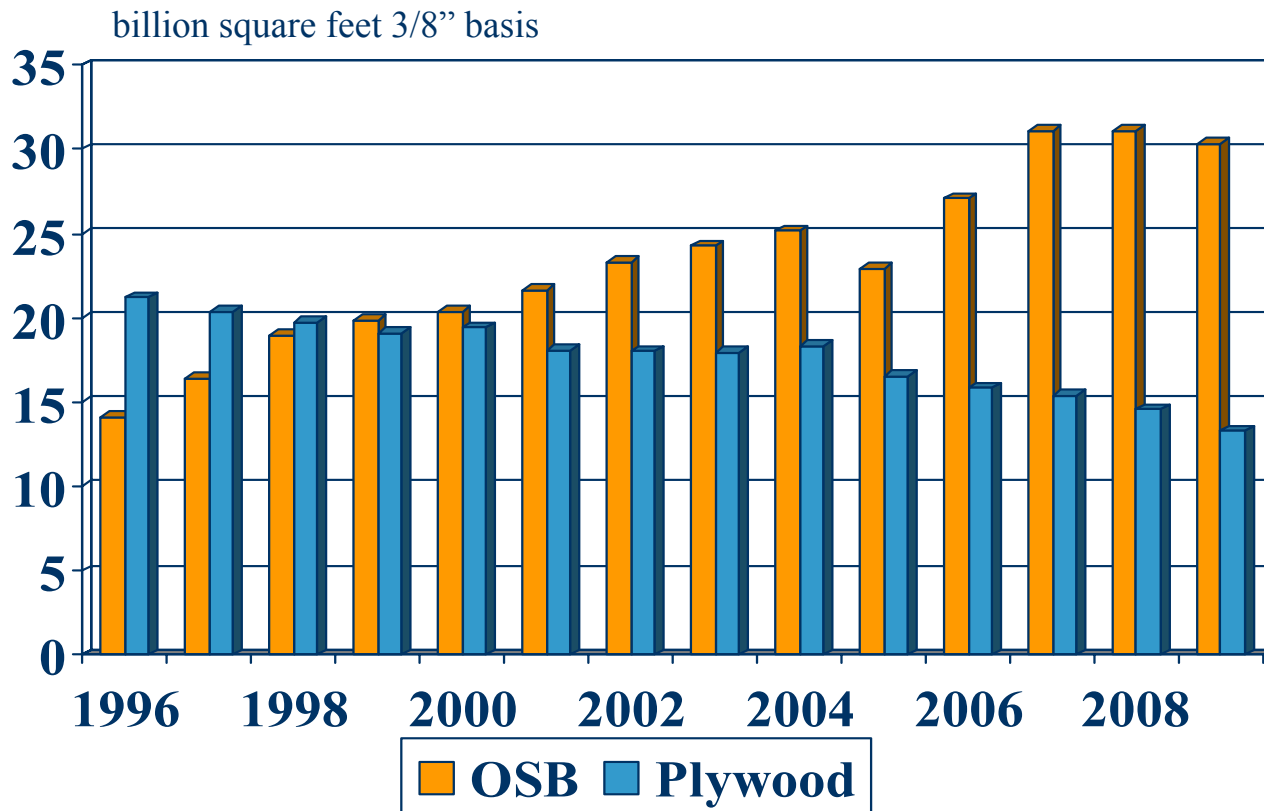
Source: RISI

OSB Market Share



Source: RISI

Overall Structural Panel Demand



Source: RISI

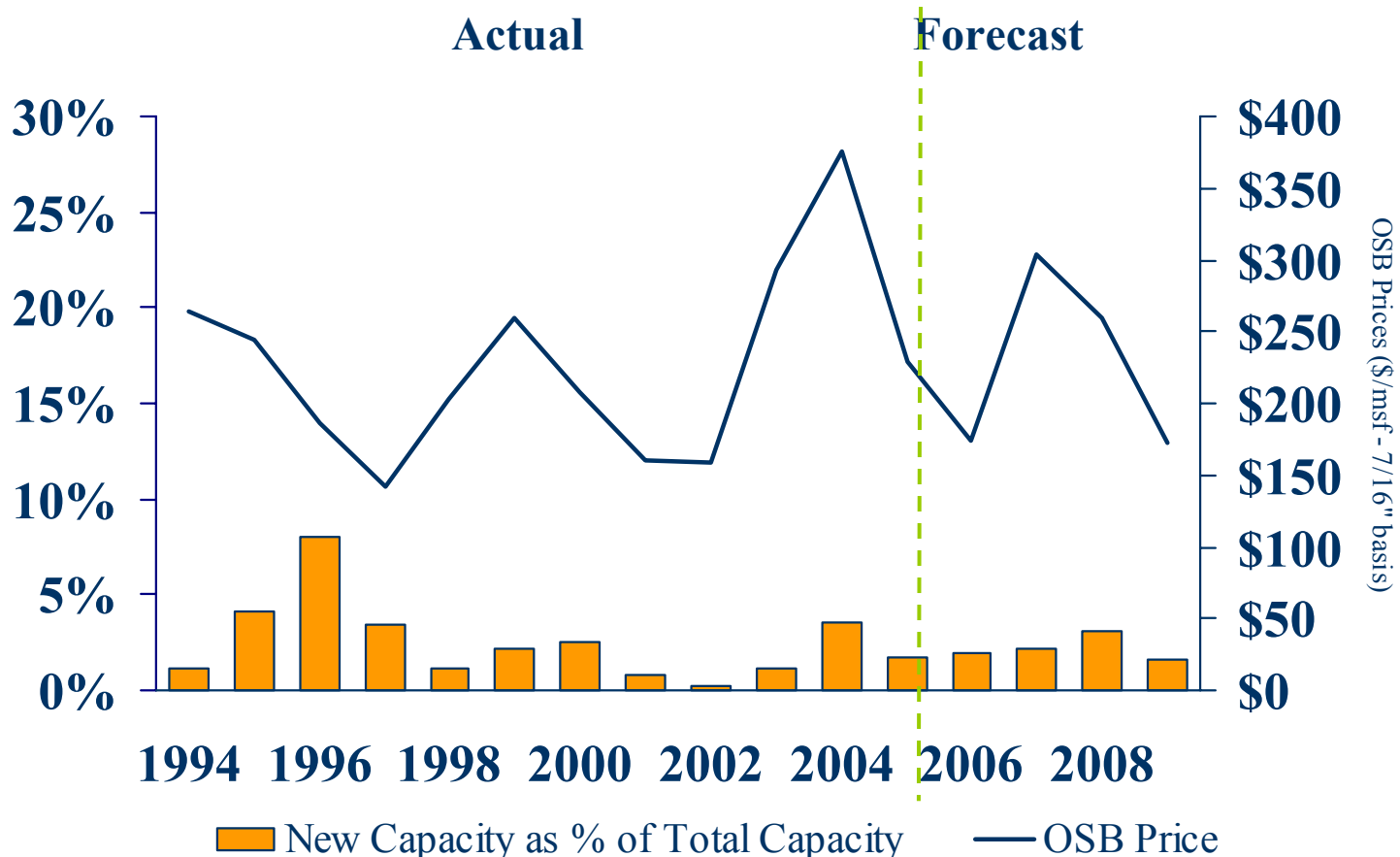
2000
OSB – 51%
Plywood – 49%

2004
OSB – 60%
Plywood – 40%

2009
OSB – 70%
Plywood – 30%

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

Siding Products



- 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
- Chile – access to new markets with full line of products

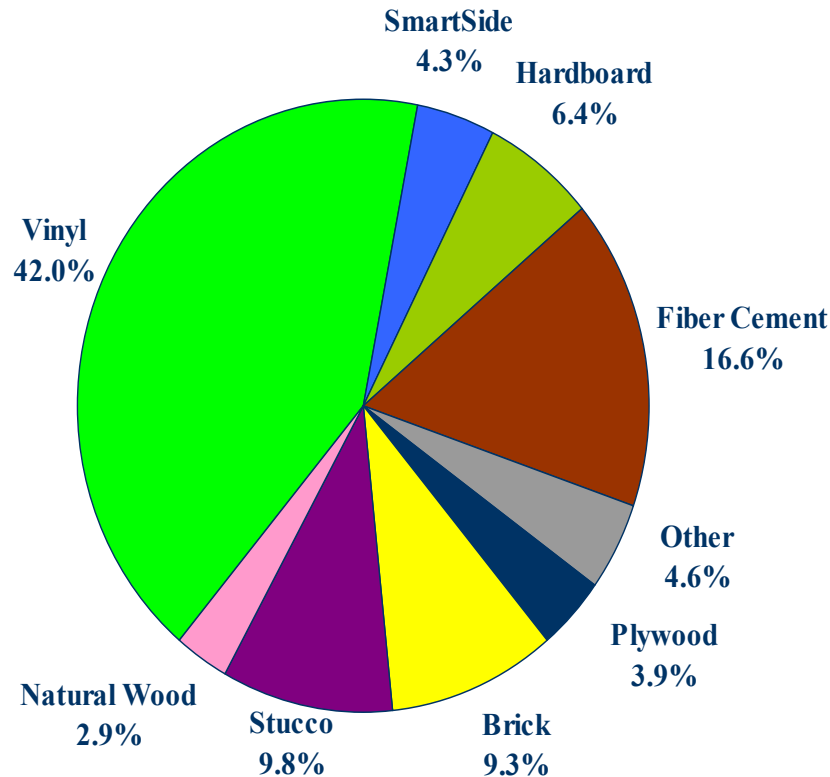
Mill capacities:

4 SmartSide mills – 750 mmsf

2 Hardboard mills – 505 mmsf

Chile – 130 mmsf

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



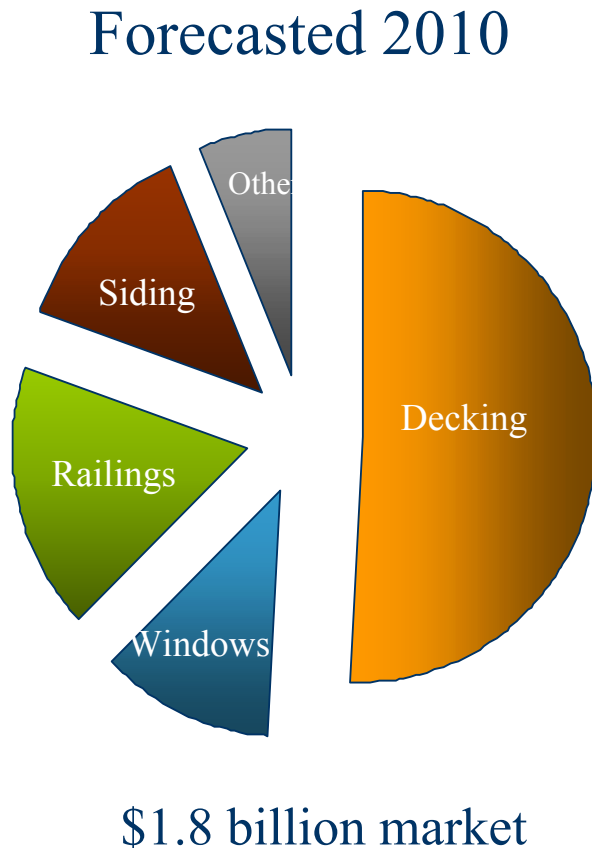
- Mouldings – profitable / growing business, alliance partner opportunities
- Outdoor Living – early stage, excellent decking products (good/better/best strategy), technology platform for expanded product line

Mill capacities:

Moulding – 290 million lineal feet

Decking – 50 million lineal feet

Plastic Composite 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

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:
 - Increased quarterly dividend to \$0.10 / share
 - Share repurchase program ... first step is dilution recovery
- Invest in existing facilities to lower costs and expand capacity to meet demand
- New facilities required to meet demand ... Slocan-LP JV, expansion of I-Joist JV, Alabama OSB
- Acquisitions that add to capabilities (“right time” and “right price”)

Conclusions

LP has ...

- Leadership position in OSB with exceptional geographic distribution
- 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

9/30/04

Calculation of "Working Capital":

Current assets	\$ 1,582
Current liabilities	<u>433</u>
Working capital	\$ <u>1,149</u>

Calculation of "Net Debt":

Long term debt	\$ 634
Current portion long term debt	171
Notes receivable from asset sales	(397)
Total cash and investments(see pg 30)	<u>(1,249)</u>
Net debt	\$ <u>(841)</u>

Calculation of “Total Cash and Investments”:

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