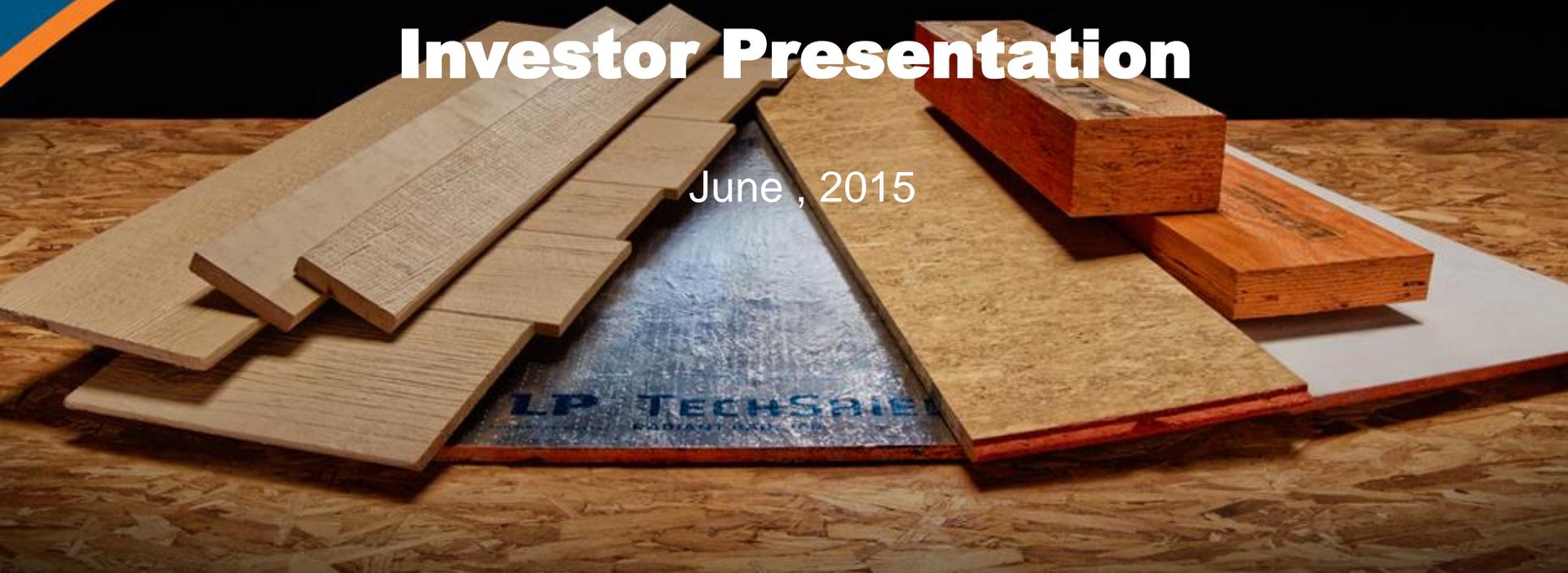




Two Harbors Mill Visit Investor Presentation

June , 2015



We look at many factors to evaluate the path of housing demand



Builder sentiment

SF/MF mix

Housing starts

Generational Shifts

Population Growth

Building trends

Global trends

Household Formation

Jobs

Permits

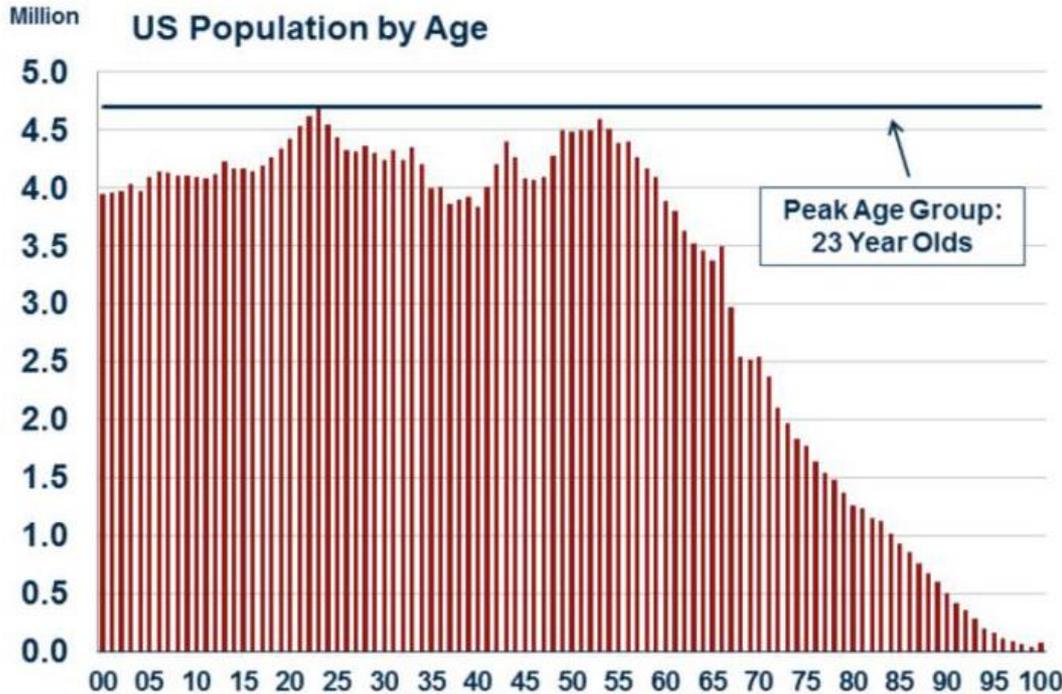
Mortgage Costs

Credit standards

Home Affordability

Demographics

- Current U.S. population 322M420M by 2060
- There is a surge in people starting young adulthood

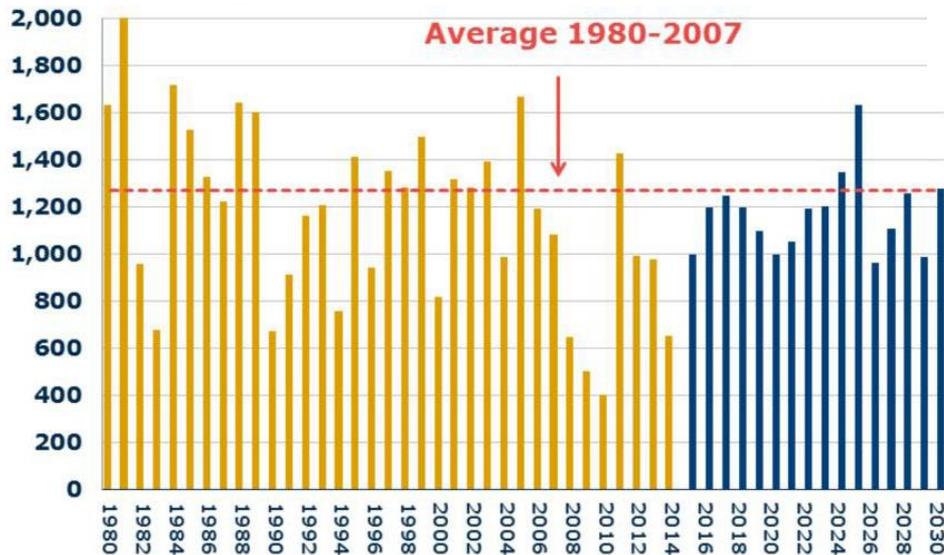


Source: U.S. Census Bureau/FEA

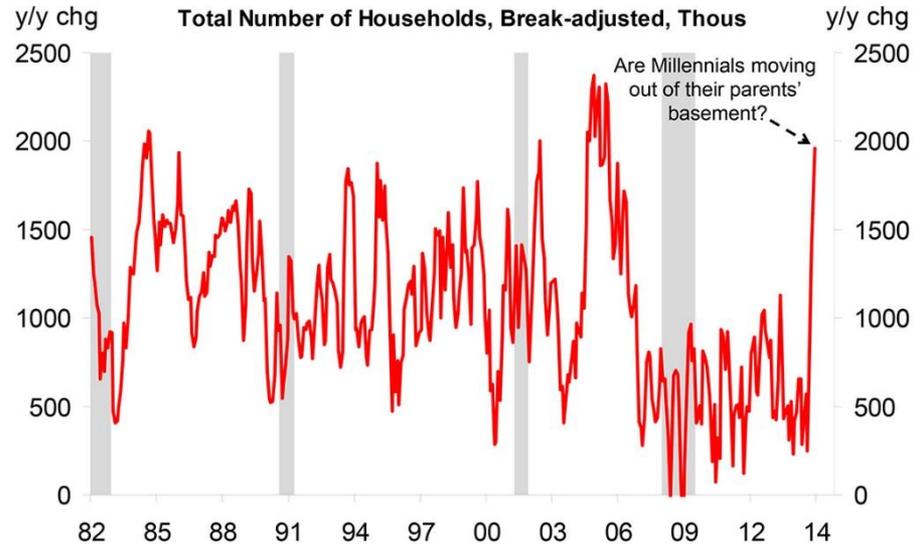
Household Formations

- After a sharp decline in household formation after 2007, we are starting to see households pick up

Average of Household Formation and Change in Occupied Housing



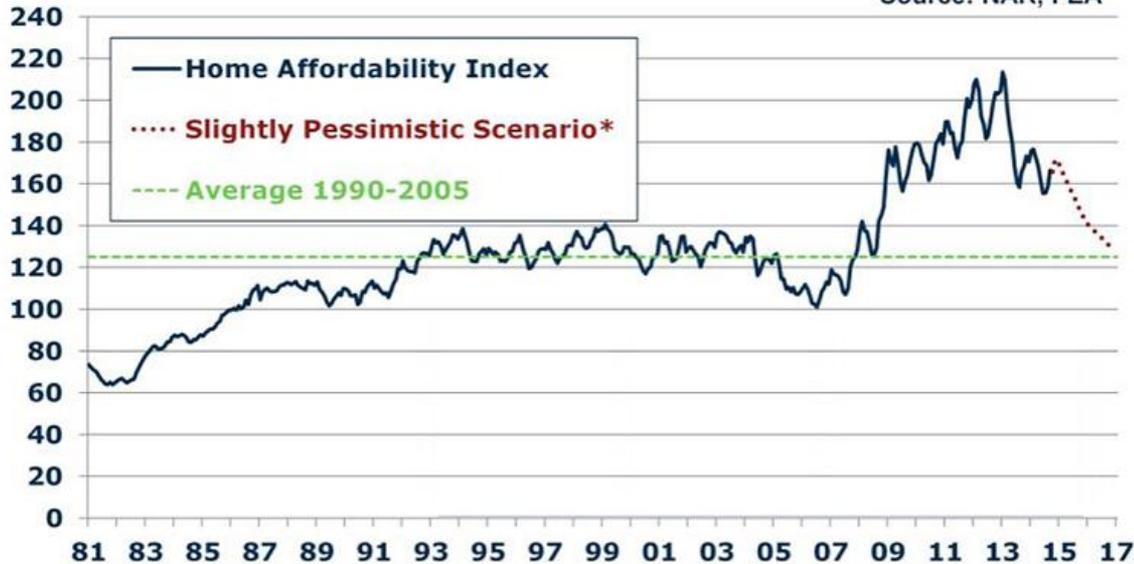
Source: FEA



Affordability

- Housing should remain affordable by historical standards
- Varies a lot by geography!

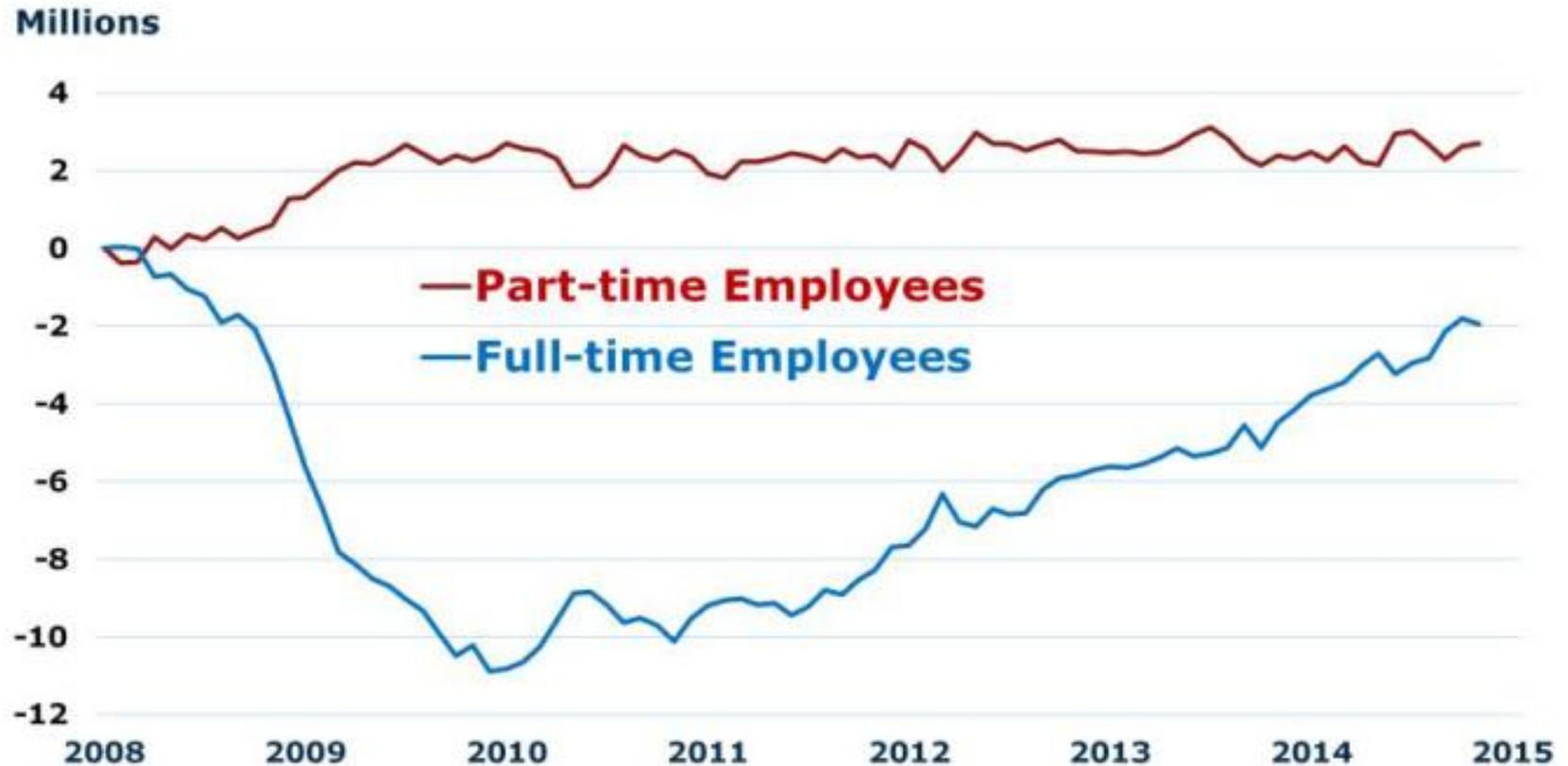
Source: NAR, FEA



*Assumes mortgage rate gradually increases to 6% by end of 2016, income growth averages 2.3%, and home prices increase at a 5% annual rate.

Jobs

Change in Employment Since the Start of the Recession

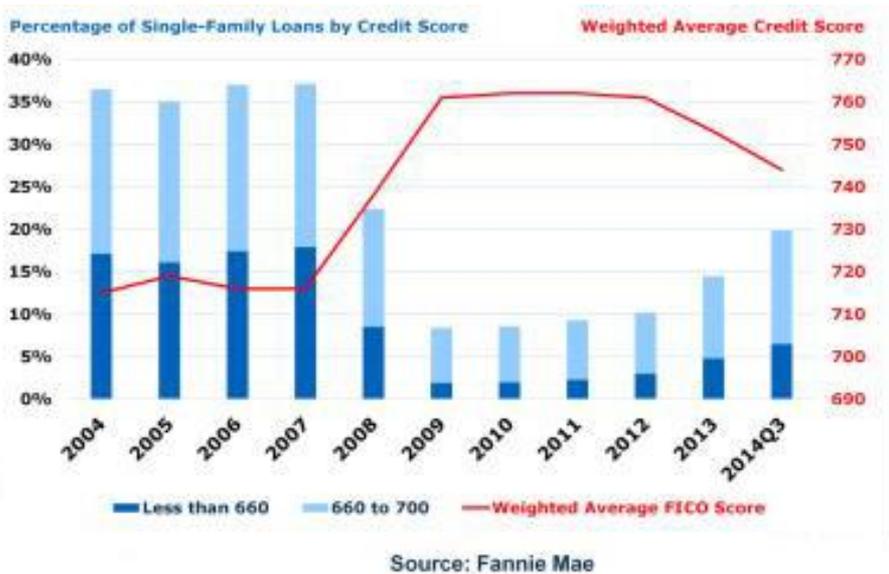


Source: FEA

Mortgage Costs and Availability

Weekly Average Rate 30-Year Fixed-Rate Mortgage

3.85% for the week ending May 15, 2015



Rules of Thumb

- New single family home = avg. 2600 sq. ft.
- Current single family/multifamily starts= 65/35
- 100,000 starts = 1 billion sq. ft. OSB
- 1 billion sq. ft. OSB = about 60,000 truckloads wood



Actual /Forecast Housing Activity

- Consensus Forecast

2015	1,153,000	+ 15%
2016	1, 337,000	+16%

- APA Actuals/Forecast

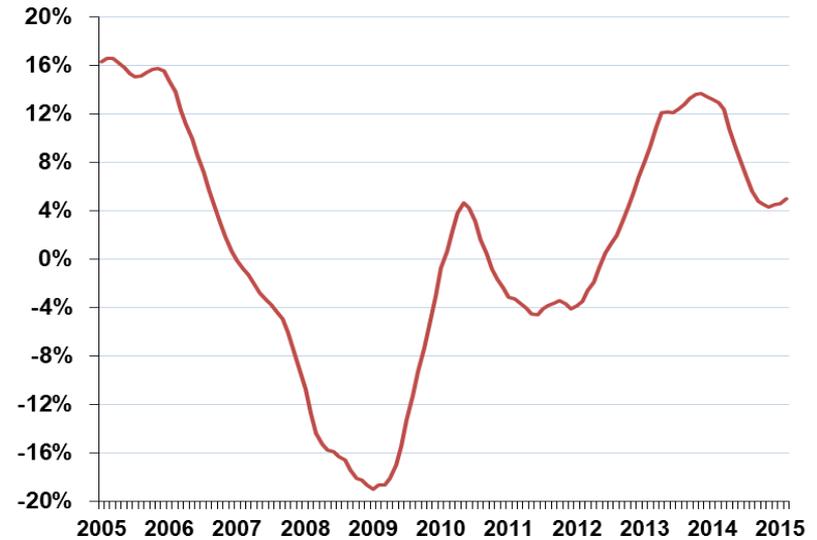
	2014 Actual	2015	2016
Single Family	647,900	735,000	850,000
Multi-Family	355,400	405,000	480,000
TOTAL	1,003,300	1,140,000	1,330,000
Canada	188,370	180,000	185,000

- Underlying demand 2010-2020 @ 1.6 M

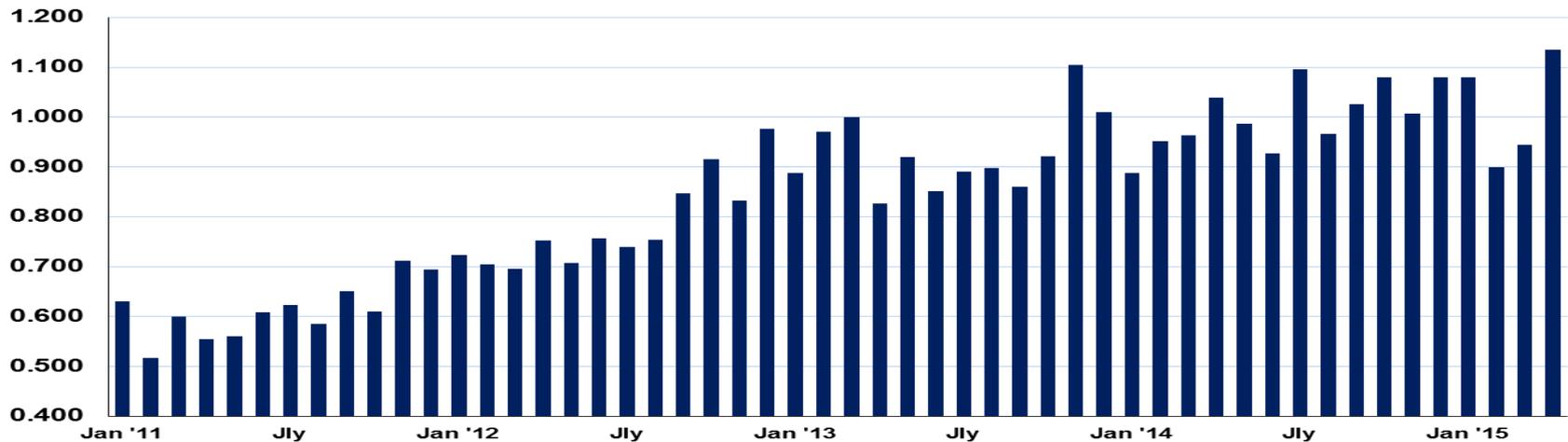
New Housing Outlook Short Term

- Growing housing starts and permits but slower than anticipated
- Increasing home sales
- Improving home prices
- Inventory shortage

S&P Case Schiller Home Price Index



Seasonally adjusted annual rate. - Millions



Other Demand for Wood Products

- Non-residential structures
- Retail
- Repair and remodel
- Industrial



A Leader in its Markets



OSB

- Leading producer of OSB in North America
- Positioned to compete in all geographic markets
- Competitive delivered cost
- 5.8 bsf of OSB capacity in North America
- Leading producer of value-added OSB



Siding

- # 1 producer of engineered wood siding
- 6 Siding plants with 1.3 bsf of capacity and growing
- Converting Swan Valley from OSB to Siding
- Diversified end markets with stable pricing
- Strong retail presence
- Competitive installed cost



Engineered Wood Products

- # 3 producer in North America
- # 1 producer of solid sawn I-joist
- A leading supplier to two-step distribution
- 2 LVL and 1 LSL plant with 16.4 mm cubic feet capacity and 220 mmlf of I-Joist capacity



South America

- Only producer of OSB in South America
- 2 OSB plants in Chile with 290 mmsf of capacity
- 3rd mill for Chile in the planning stage
- 1 OSB plant in Brazil with 390 mmsf of capacity
- Growing demand for wood-based residential construction

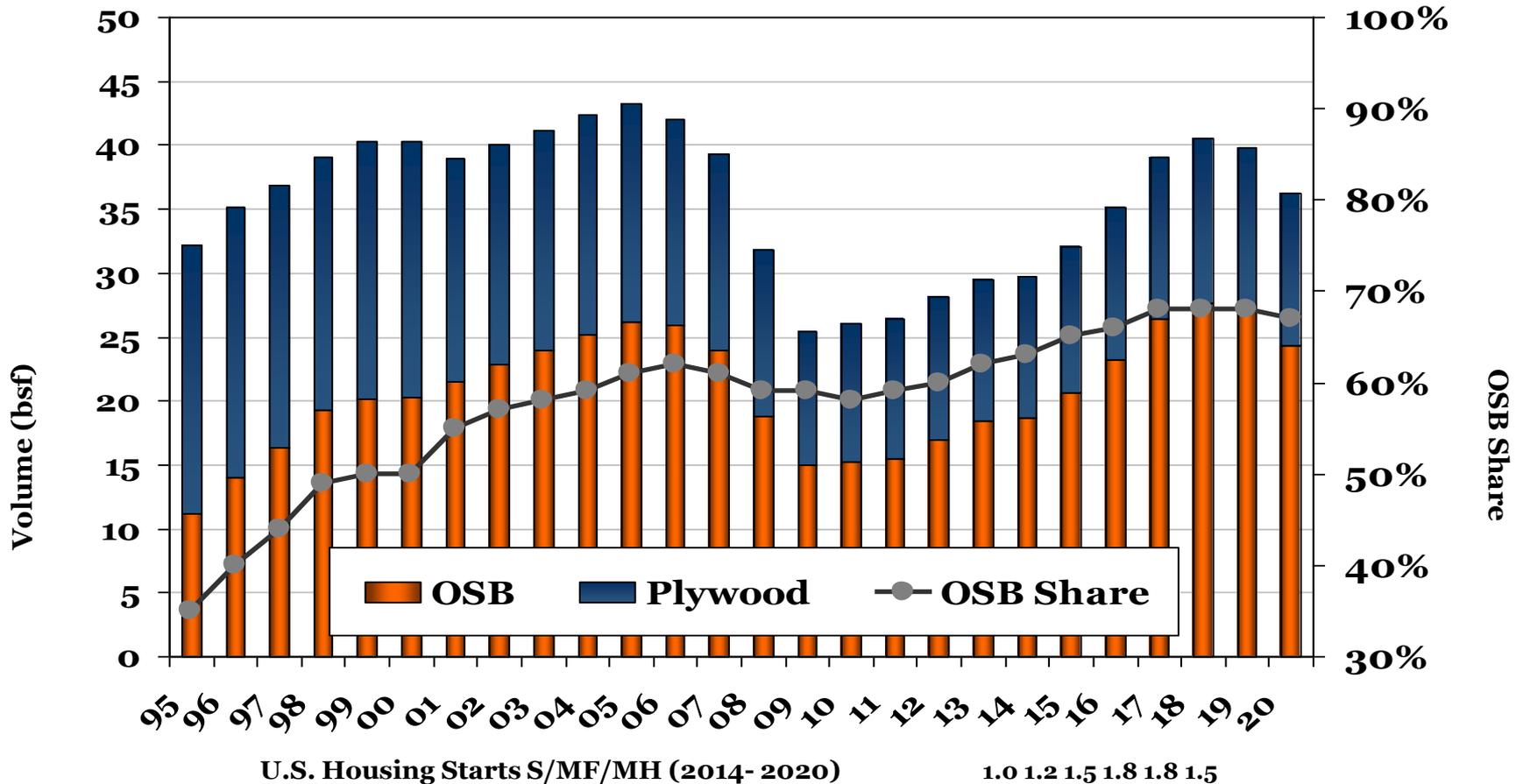
LP's Market Approach OSB

- Be agile: meet our customers' needs
- Provide competitive delivered cost
- Deliver superior quality and service
- Grow value-added OSB



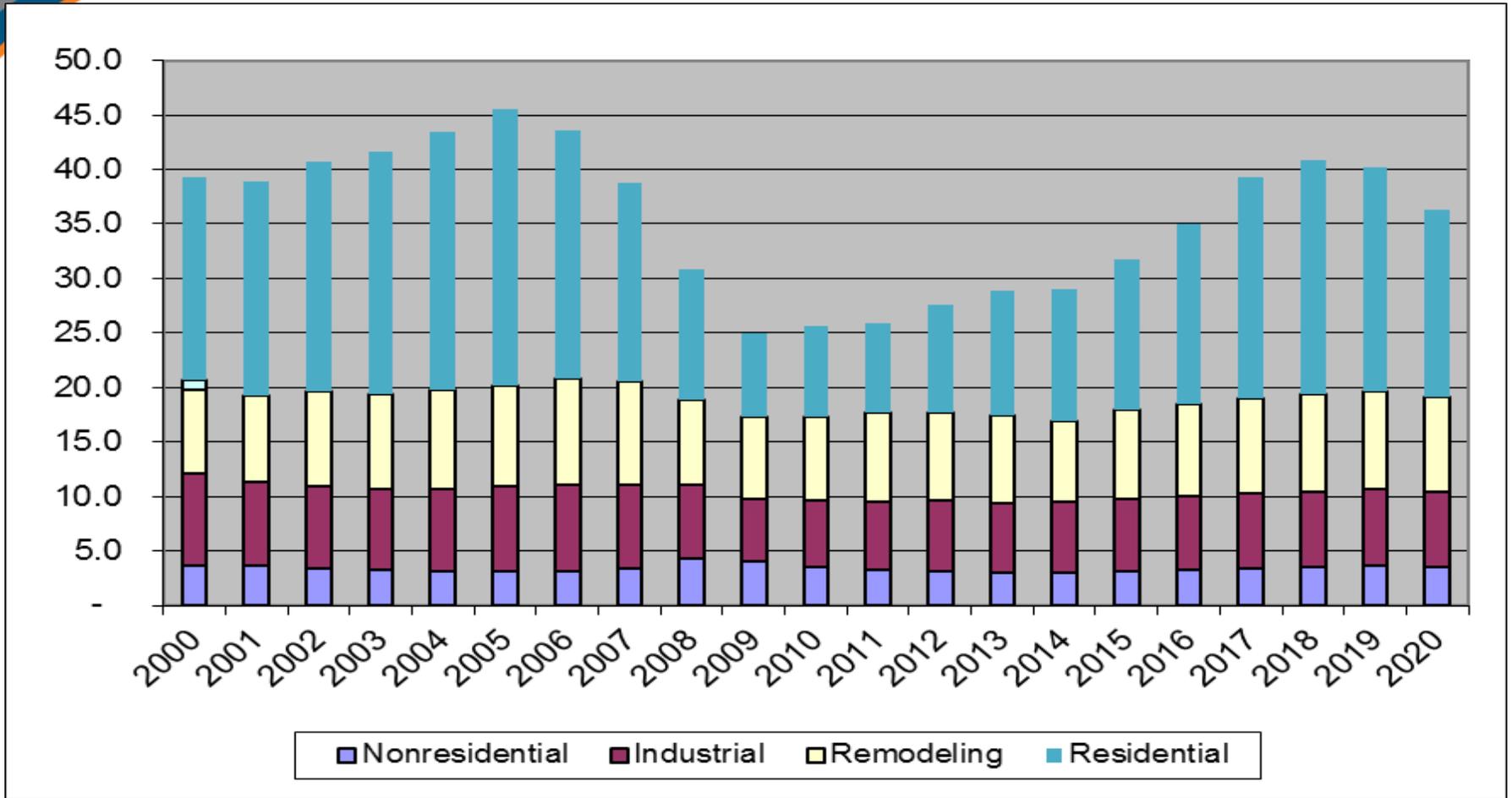
Attractive OSB Outlook Driven By Strong Fundamentals

OSB Market Penetration



Source: FEA Q4 2014 Structural Panel Forecast

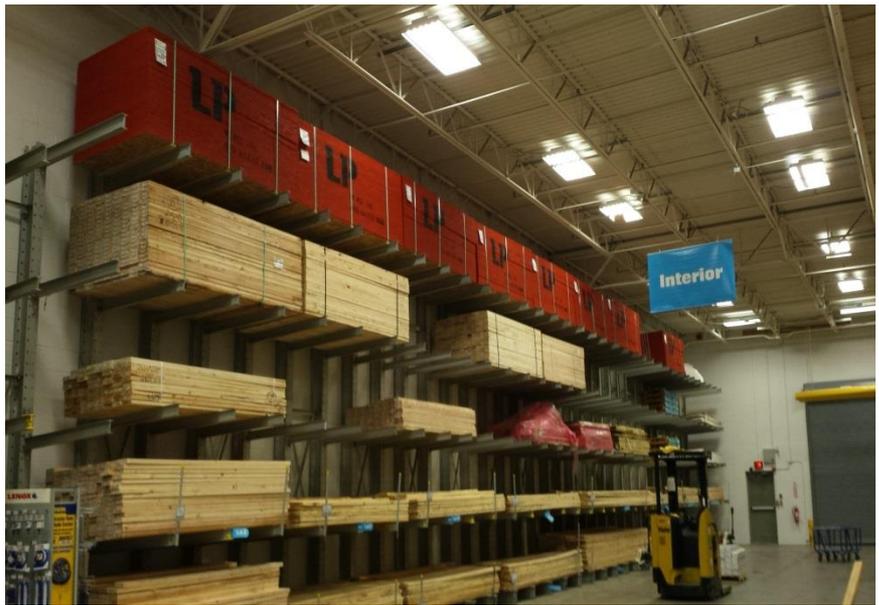
Structural Panel Demand – N. A.



Housing Starts (SF/MF/MH)

US	1.82	1.79	1.88	1.98	2.08	2.22	1.93	1.44	0.98	0.60	0.63	0.66	0.85	0.99	1.05	1.23	1.46	1.79	1.86	1.79	1.51
Canada	0.15	0.16	0.21	0.22	0.23	0.22	0.23	0.23	0.21	0.15	0.19	0.19	0.21	0.19	0.19	0.16	0.18	0.19	0.18	0.16	0.14
Total NA	1.97	1.95	2.09	2.20	2.31	2.44	2.16	1.67	1.19	0.75	0.82	0.85	1.06	1.18	1.24	1.39	1.64	1.98	2.04	1.95	1.65

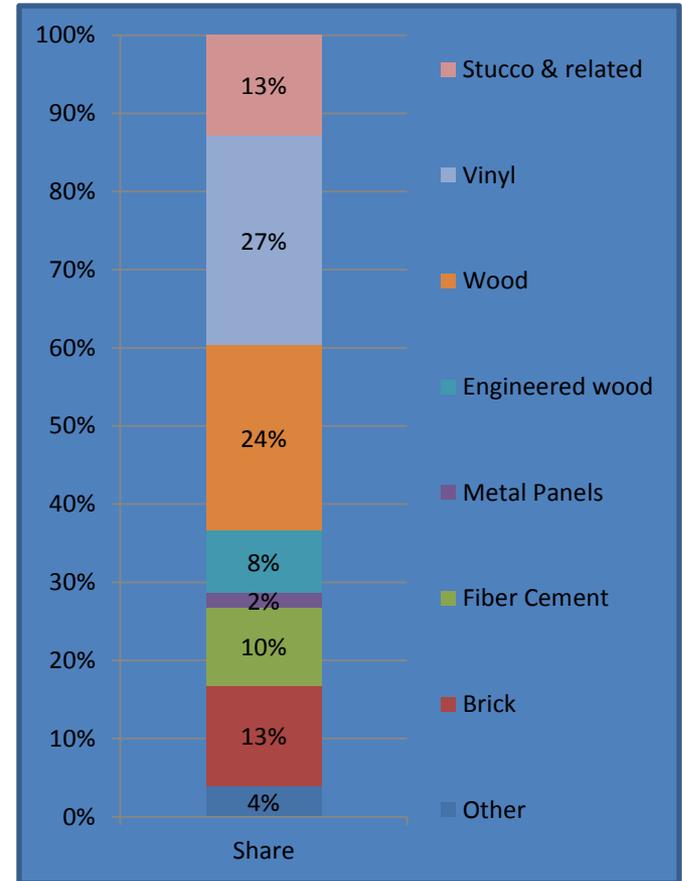
Source: FEA Q4 2014 5 year forecast



SmartSide to Leverage Strong Presence in Several Markets into Broader Share Gains

Growth Market Opportunity: Capturing Share from Wood, Fiber cement, and Vinyl

- LP Currently has 85%+ share of the \$600 million engineered wood siding sub sector
- Revenue and operating income for Siding segment less sensitive to changes in housing starts due to diversity of end markets
- Opportunity to grow total available market to ~\$3 billion as engineered wood siding continues to displace fiber cement, vinyl and wood



Total 2013 Siding & Trim Market: \$9.1bn (Normalized: \$11bn)

Note: Market size includes non-residential applications and trim
 Source: Principia Residential Siding and Trim Industry Study 2014 #pp2-115 and LP Internal

Builder View of LP Siding Single Family New Construction

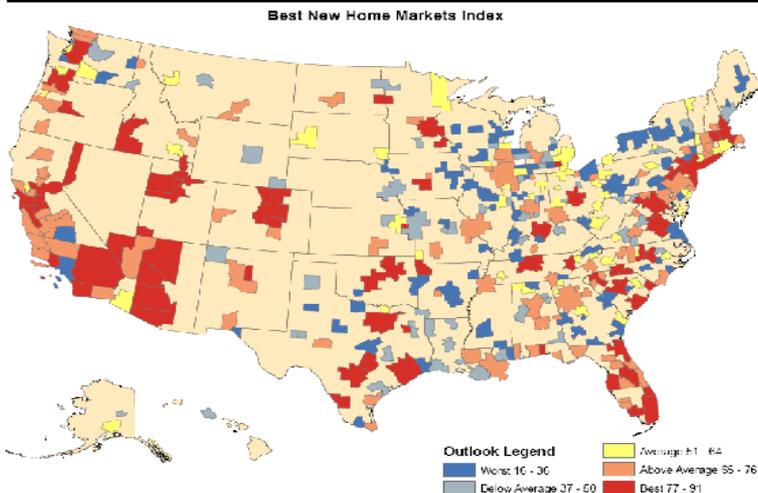
Builder Major Concerns

- Land, labor, financing and regional economics
- Selling homes
- Operational efficiency

LP program offering

- Partner, promote & protect
 - Focus on coop advertising to increase model home traffic
 - Builds builder's brand in market
 - Ties builder's brand and LP thus increasing retention
- Higher performance cladding
 - Easier installation and finishing
 - Reduced call backs
 - Better aesthetic performance help improve builder image
 - 5/50 warranty helps sell through

Best Markets for Home Building



Remodeler View of LP Siding

Remodeler Major Concerns

- Getting leads
- Closing leads
- Differentiation
- Right products for jobs
- Installation guidance

LP program offering

- LP BuildSmart program
 - Training on localized marketing to produce leads
 - Training on in home selling
 - Certification to enhance image with consumers
 - Wide selection of skus to fit multiple architectural styles
 - Prefinish network increasing design options fit to local trends
- Online consumer brand awareness campaigns
 - Social media to build credible brand via 3rd parties
 - Increases likelihood of consumer requesting or accepting LP Sidings
- 5/50 warranty helps convince consumers of product durability



Shed Fabricator View of LP Siding

Fabricator Major concerns

- Differentiation
- Materials specifically for sheds
- Increased dealer lots
- Increased traffic to dealer lots
- Sales training at dealer lots



LP program offering

- Panel products enhanced for open wall applications
 - SmartFinish & SilverTech panels
 - SilverTech roofing
 - ProStruct flooring
- POS merchandising to increase consumer traffic
- Dealer training on LP product value
- Online consumer awareness campaign
 - Directs consumers to dealer lots with LP Sheds
 - Educates consumers on LP product value over plywood competitors
- Warranties are unique to this industry

DIY'er View of LP Siding

DIY'er Major Concerns

- Material selection for projects
- Installation guidance
- Availability of materials



LP program offering

- Multiple products available at over 5,000 consumer and pro retail locations
- Online information on materials, installation and project guidance
- In store merchandising to guide DIY'ers on material selection by project type and installation guidance
- Product packaging graphics replicating merchandising messaging
- Warranties position LP products as superior to in aisle competitors

LP's Market Approach – EWP

- Ongoing displacement of lumber by EWP provides growth
 - Potential for EWP to capture half traditional lumber market
- EWP offers superior technology over traditional lumber
- Continue international and non-residential growth



What's Next for Strand Lumber?



Lumber
Capacity
Stress

LVL
Capacity
Stress

Strand
Lumber
Growth



LP's Market Approach – South America

- Only producer of OSB in South America ... 680 mmsf of capacity
- Chile
 - 2 Chilean mills support local growth
 - Seeding other South American markets
 - Started process to add capacity in Chile
- Brazil
 - Early stages of adapting wood into residential construction
 - Export markets – other South American countries, Asia and other countries



Trend Watching

solar



global warming



globalization

fire retardants



Waste and efficiency



labor shortages



components



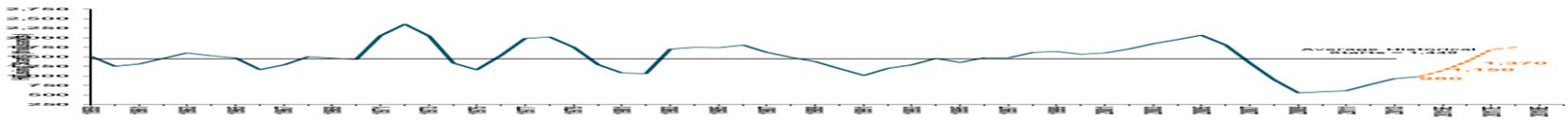
Emerging from the Woods

- **Short-term:** growth slower than anticipated. Emerging positive signs, need support from mortgage rates, job growth, household formation, labor availability
- **Mid-term:** economic recovery should fuel turnaround in household formation
- **Long-term:** a return to normalized housing starts, maybe even a shortage!



LP Positioned for Upside As Market Continues to Recover

- **A Leading Participant in the Housing Upturn**
 - Significant commitment to meet the future demand in all segments
 - Strong sales and marketing coupled with enhanced operational productivity
- **Upside Opportunity**
 - Large, stable, growing specialty offering
 - Important supplier to industrial, non-residential and R & R markets
 - Geographic diversification
- **Strategy**
 - Maintain a strong balance sheet
 - Selective acquisitions that enhance product or geographic diversification
 - Implement high return capital projects that take advantage of synergies
 - Opportunistically buy our own stock
 - Cost-effectively add capacity as demanded by the market



Questions?

