

The logo consists of the letters 'LP' in a bold, white, sans-serif font, with a registered trademark symbol (®) to the right of the 'P'. The logo is set against a dark blue rectangular background.

**BUILDING PRODUCTS**



# **Louisiana-Pacific Corporation**

**Goldman Sachs Basic Materials Conference**

**June 3, 2009**

**BUILD WITH US.®**

# 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.

# Market Outlook – New Housing Demand

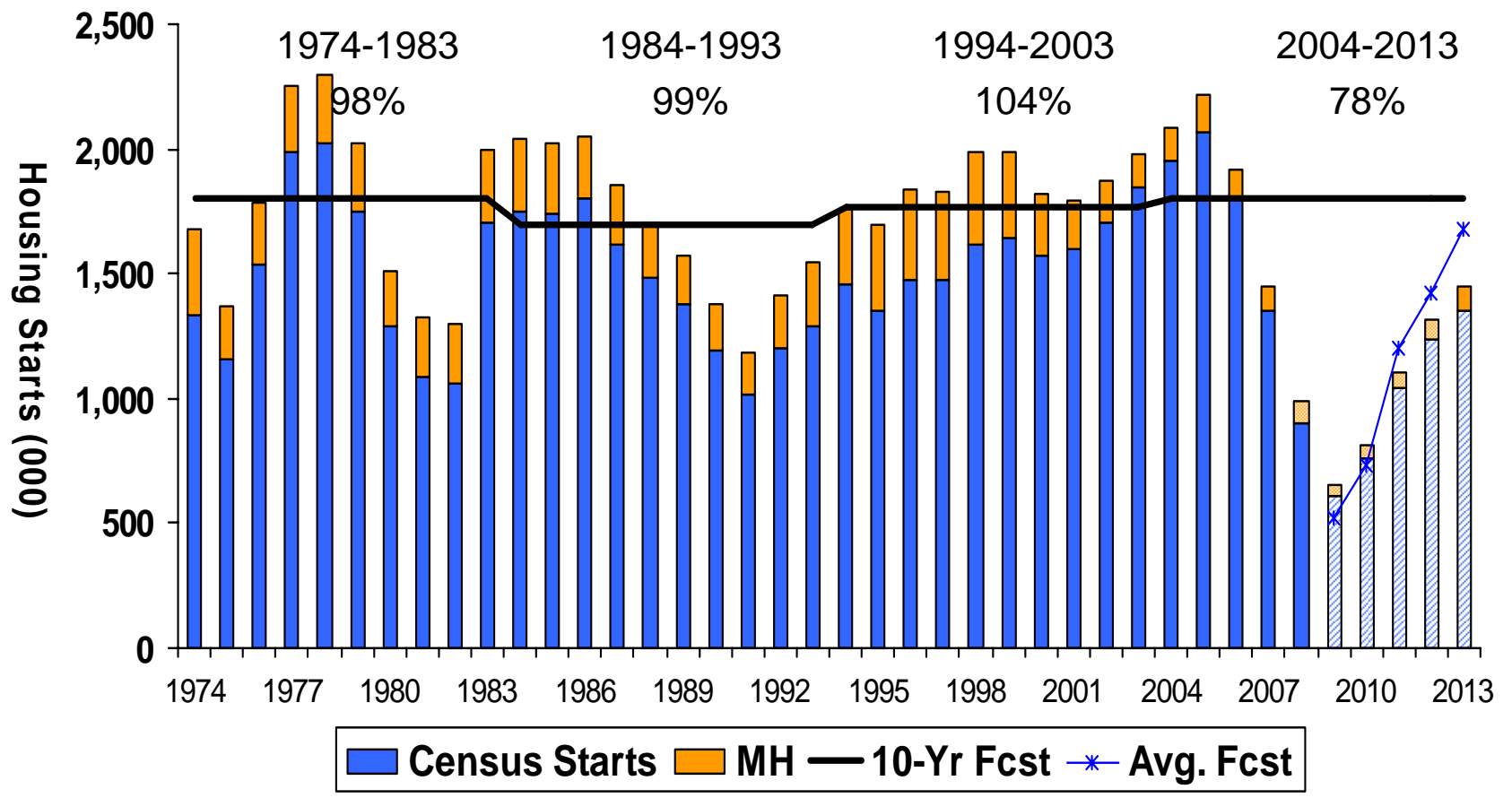
- Short-term ... what needs to happen?
  - Reduction in excess inventory of new and existing homes for sale
  - Ebb in mortgage foreclosures
  - Stabilization of home prices
  - Favorable mortgage rates and access to credit
  - Leveling out of unemployment
  
- Long-term
  - Positive long term trends and demographics including: household formations, immigration, affordable interest rates
  - New housing starts sustainable at 1.85 – 1.95 million starts per year (2005-2014)\*

\* Source: The State of the Nation's Housing – 2007, *Joint Center for Housing Studies of Harvard University*

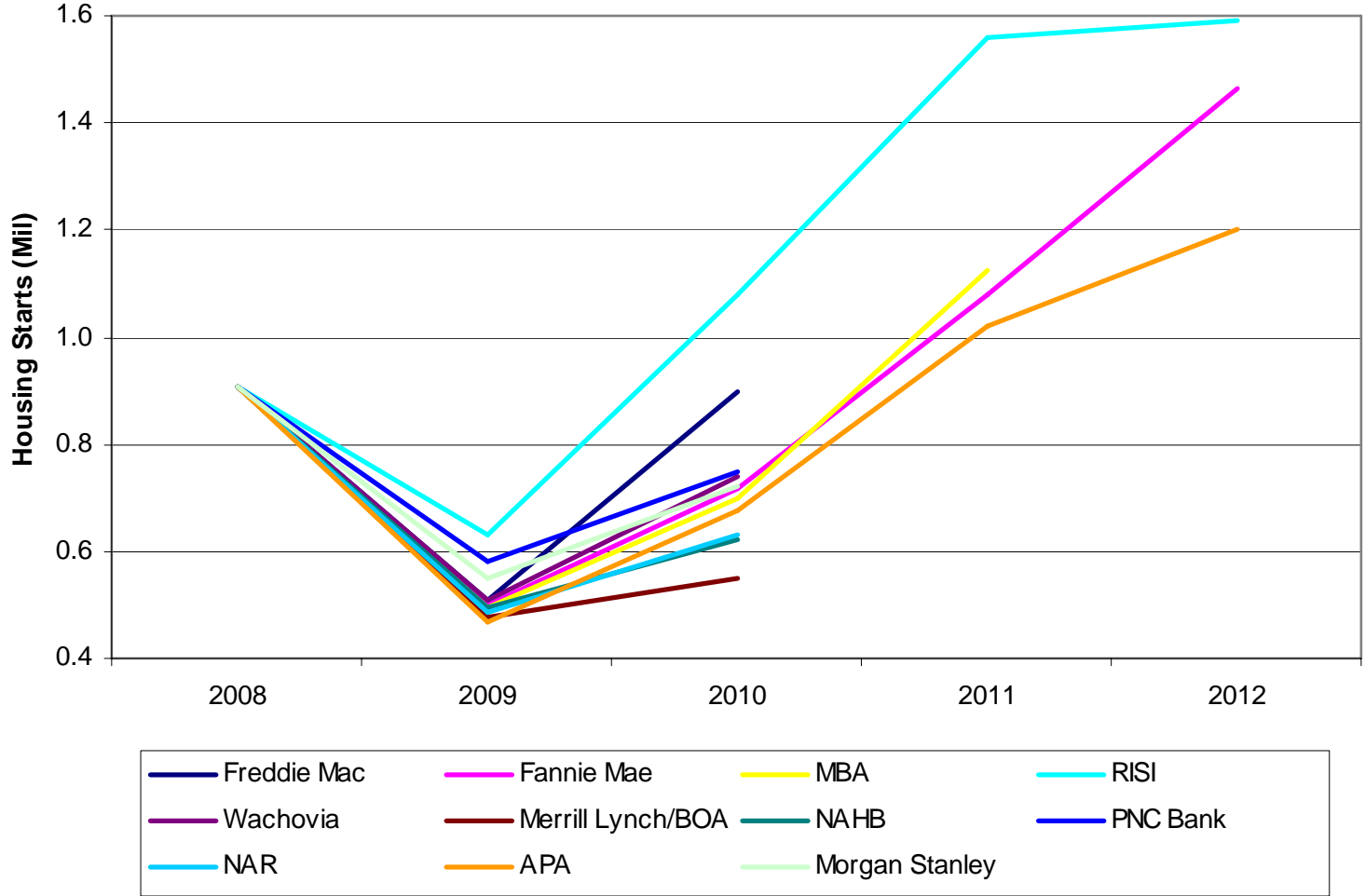
# Market Outlook – Other Demand

- **Repair / remodel demand slowing**
  - Limited consumer spending
  - Rising unemployment
  - Second mortgage activity to finance improvements hampered by current credit market uncertainty
- **Commercial and light industrial construction activity slowing ... financing issues**
- **Sluggish economic activity will negatively impacting all demand**

## Total Housing Trend: Forecast vs. Actual



# Outlook – Housing Forecasts



Updated: May 2009

## Market Outlook – R&R

- Job losses have dampened R&R spending in 2009 and consumer confidence in the housing market has pushed out major home improvement projects to at least 2010
  - Harvard's Joint Center for Housing Studies' Leading Indicator of Remodeling Activity (LIRA) projects R&R spending down 12% in 2009
- Home Depot expects sales to be down 9% in 2009 while Lowe's is projecting a decline of up to 2%
  - Comp stores sales in the 1<sup>st</sup> Quarter were off 8.6% in the U.S. for HD and off 6.6% for Lowe's

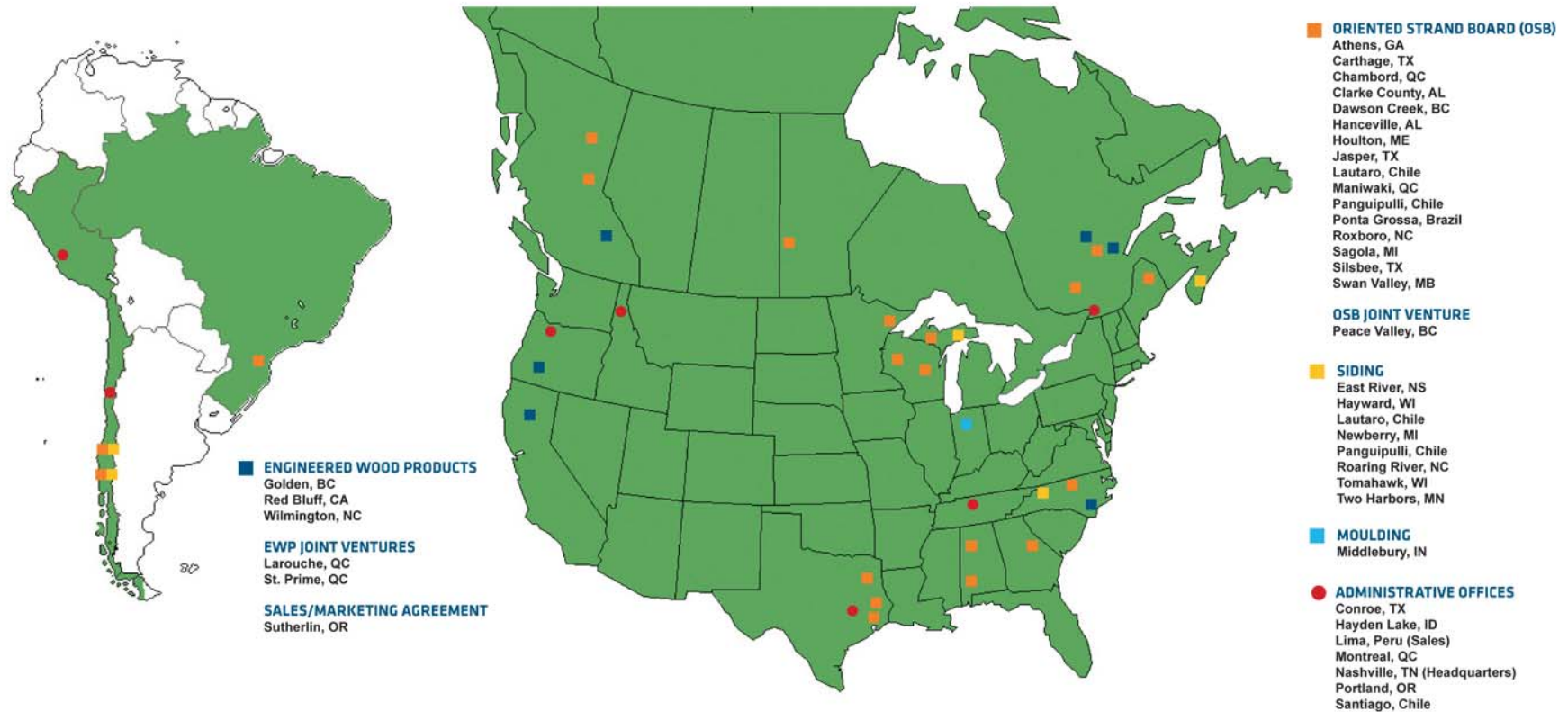
# Louisiana-Pacific is a Market Leader

- #1 North American OSB producer with an attractive market position
  - Only North American producer positioned to compete in all geographic markets
  - Strong growth in value-added OSB
  - Proven cash flow generation with average EBITDA of approximately \$315 million over the past seven years
- #3 producer of EWP in North America
  - Significant expansion potential in new markets
  - Proven cash flow generation with average EBITDA of approximately \$20 million over the past seven years
- Leading North American producer of wood-based siding products
  - Diversified end markets with stable pricing
    - Repair and remodel, non-discretionary maintenance, single-family, multi-family and pre-fabricated housing
  - Broadest product portfolio in wood-based siding and trim in North America
  - Proven cash flow generation with average EBITDA of approximately \$60 million over the past seven years
- Only OSB producer in South America
  - Growing markets for low cost housing
  - Mills in Chile and Brazil

Note: EBITDA represents net earnings before income tax expense (benefit), interest expense net of capitalized interest, depreciation, amortization and cost of timber harvested. See appendix for reconciliation



# Facility Locations Differentiate LP



- Strategic location of plants drives efficient order-fulfillment, shipping and distribution of finished products
- For the three years ended December 31, 2008, LP has built 3 newer facilities and upgraded other plants and facilities

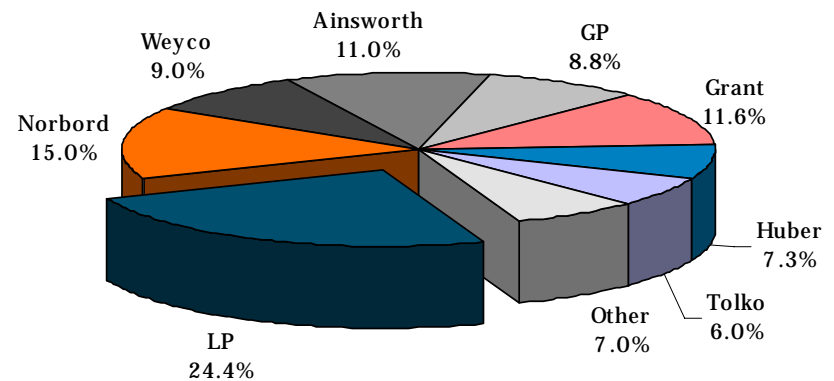
# Leading Position in North American OSB

- #1 North American OSB producer with about 24% capacity share and 15% share of structural panels
- Broad commodity and value-added product line
- Optimal geographic coverage provides a lower delivered cost
- Ability to leverage assets to support high margin SmartSide, EWP and international strategies
- Extensive investments in facility upgrades over the last 4 years limit required capital expenditures going forward

*Mill capacities:*

- 12 LP mills — 5.6 bsf
- Peace Valley JV — 820 mmsf
- Total NA Capacity — 6.4 bsf

**2008 OSB Market Share**



# Long Term Outlook for OSB is Positive

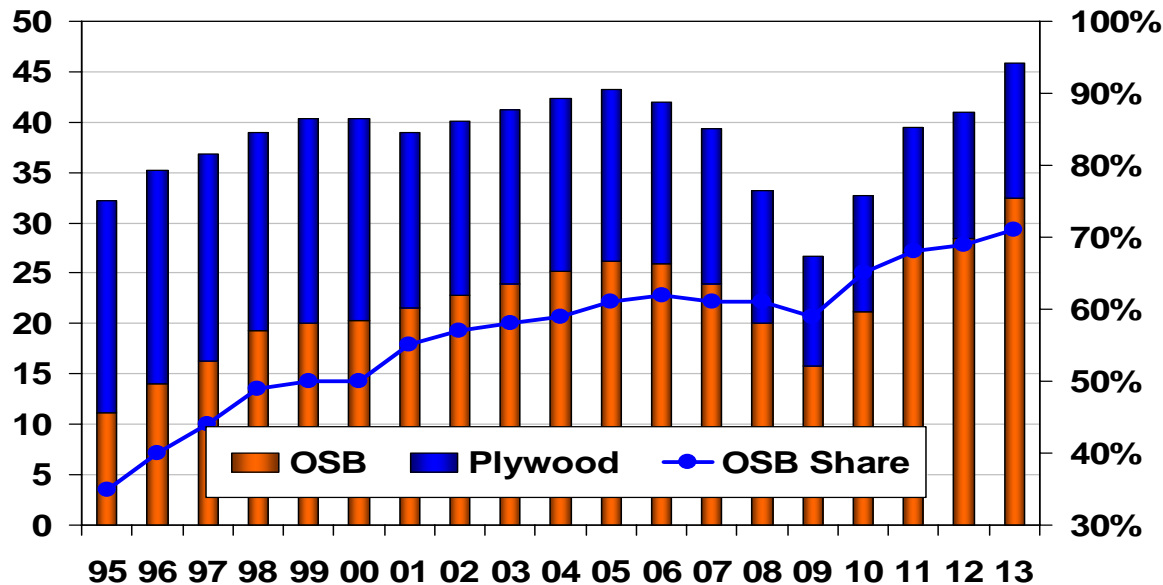
## Key Drivers of OSB Demand

- OSB substitution for plywood
- New residential construction
- Repair/remodeling
- Industrials/light commercial

## Key Strategies

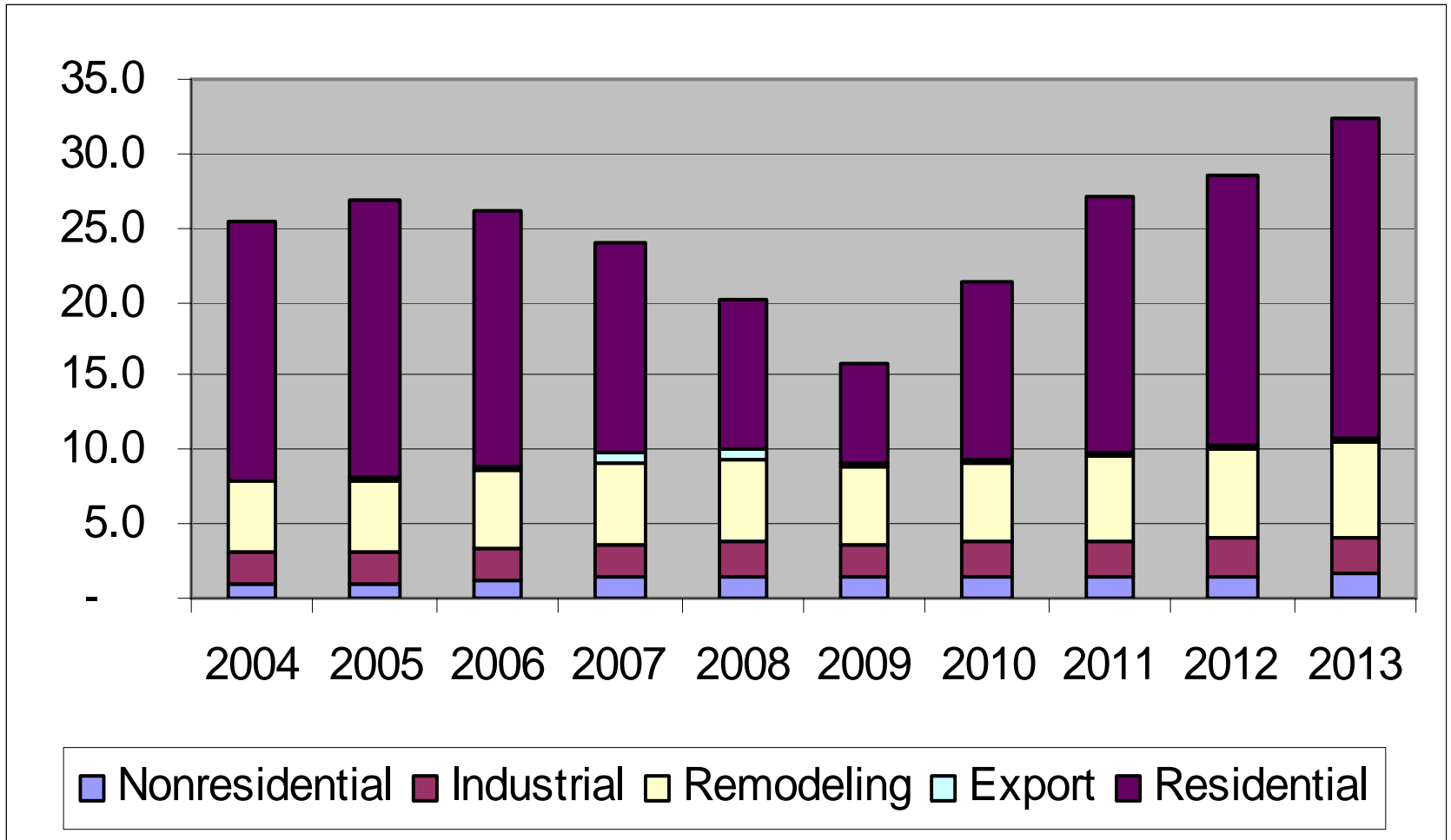
- Drive pricing
- Maintain lowest delivered cost
- Provide superior quality and service
- Grow value-added OSB

### OSB Market Penetration



Source: RISI March 2009 forecast

# North America OSB Consumption by Category



Source: RISI March 2009 Forecast

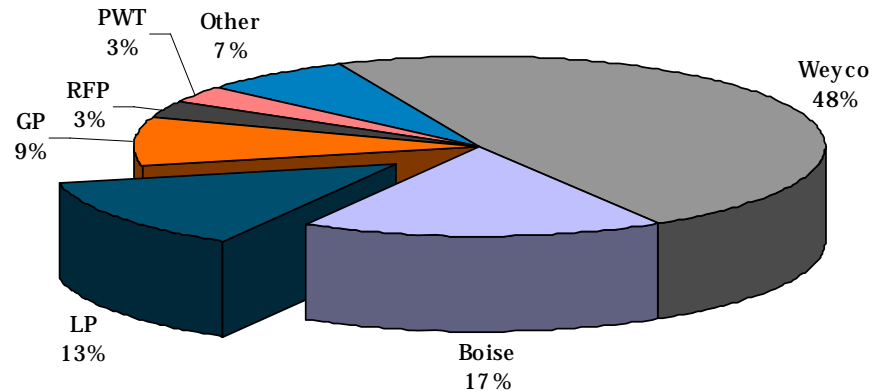
# Well Positioned in the EWP Market

- #1 position in solid-sawn I-joist
- #3 overall EWP position
- Laminated Strand Lumber (LSL) new in the market
- Supportive and growing customer base ... #1 supplier to two-step independent distribution

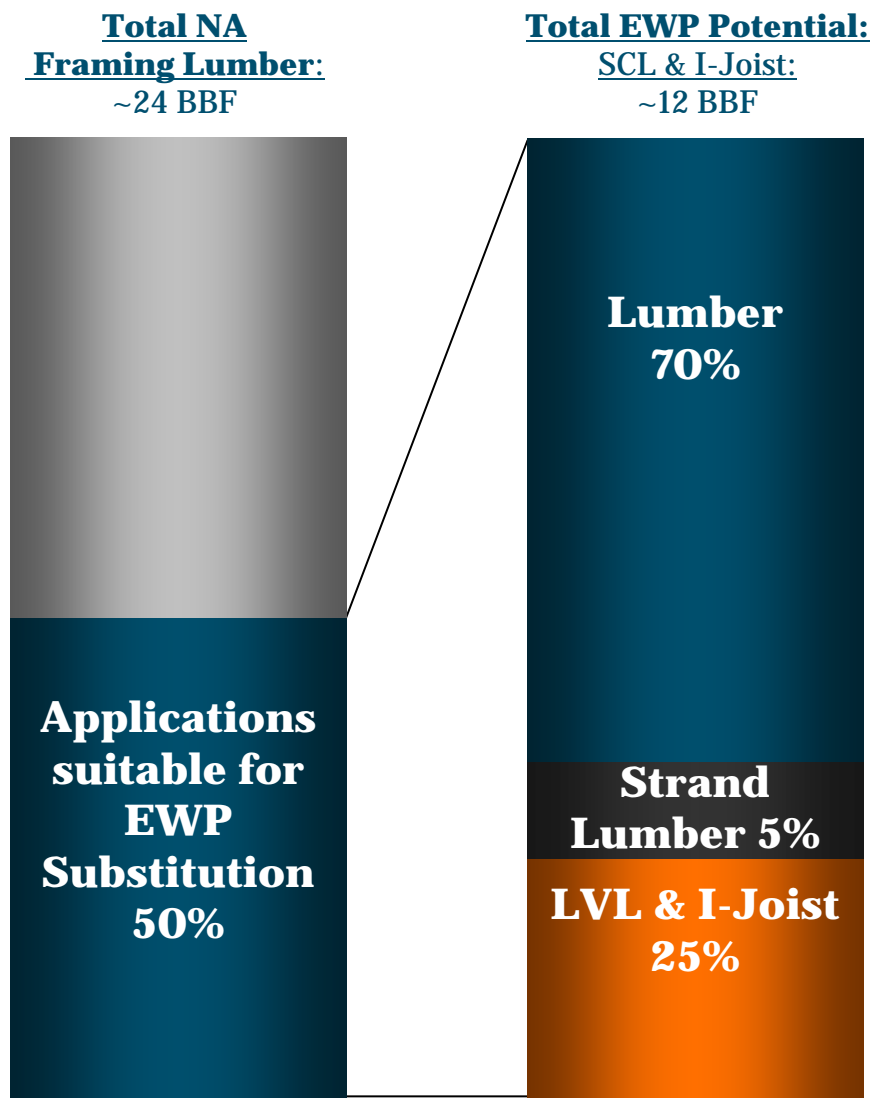
*Mill capacities:*

- *LVL*
  - 8.6 mmcf
  - 4.5 mmcf mktg agreement
- *I-Joist*
  - 80 mmlf
  - 140 mmlf (JV)
- *LSL*
  - 7 mmcf

**2008 EWP Market Share**

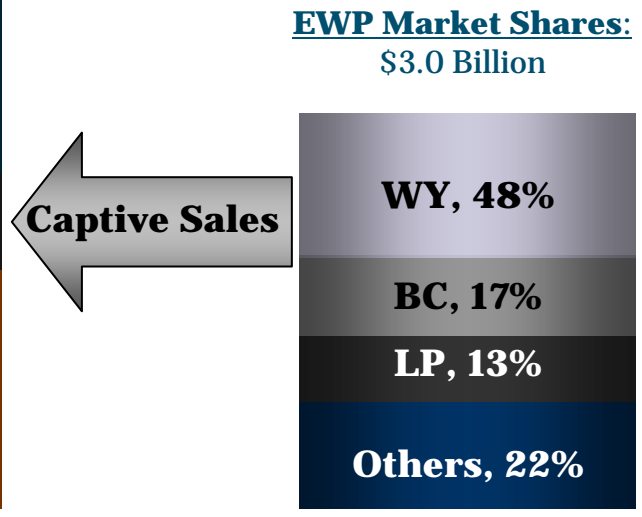


# EWP Growth Potential is Significant



**Historical Market Growth (2002 to 2007)**

- ➔ Overall Market: -5%  
- New Construction
- ➔ Engineered Wood: 1%  
- New Construction  
- Displace Lumber



# Range of Wood-Based Siding Products

- SmartSide provides builders a unique and complete portfolio of products
  - SmartSide Trim
  - Architectural Collection
  - Precision Series
  - Foundations
- Canoxel pre-finished siding strong in Canada and export markets

*Mill capacities:*

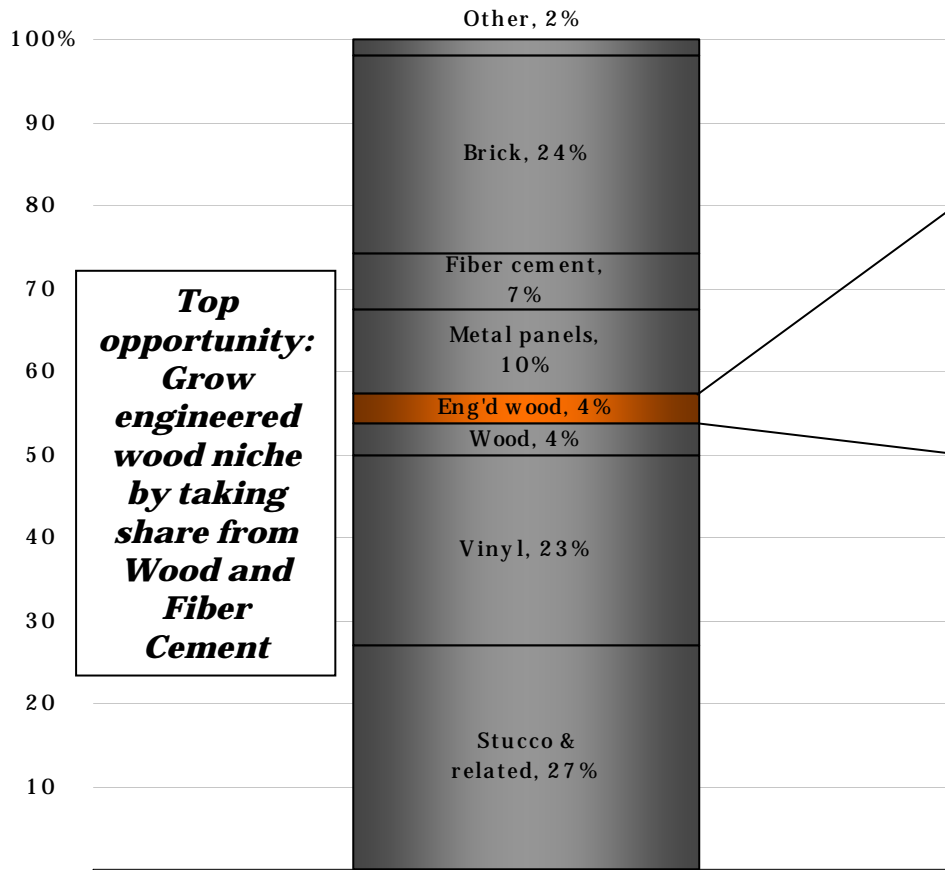
- *6 mills — 1.4 bsf*



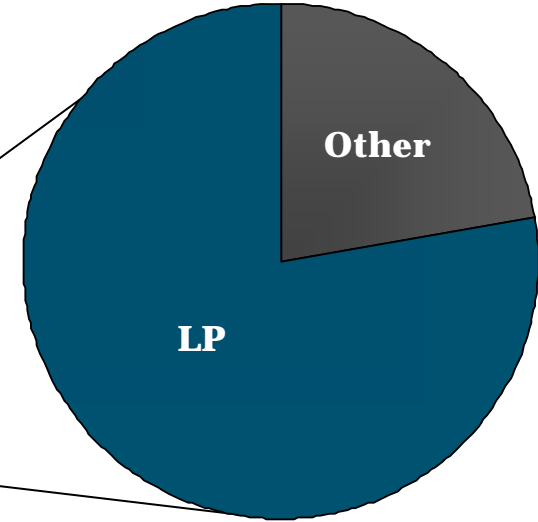
# Leadership in Growth Area of Market

***2006 U.S. Siding: \$10.65 Billion***

***2006 Engineered Wood: \$398 million***



***Top opportunity: Grow engineered wood niche by taking share from Wood and Fiber Cement***



Other includes: Temple-Inland <sup>(1)</sup> and Collins Pine

(1) Effective December 2008, Temple-Inland announced its exit from the hardboard business  
 Note: Market size includes non-residential applications, but not trim nor accessories



# Attractive Growth Opportunities

- South America
  - Chilean mills support local growth
  - Controlling interest in Brazilian OSB mill
  - Seeding other South American markets
- Mouldings ... profitable interior business with ability to broaden product line
- U.S. Greenfiber ... largest cellulose insulation business in North American (50% owned JV)

## *Mill capacities:*

- *Chile — 2 facilities; 305 mmsf*
- *Brazil — 400 mmsf*
- *Moulding — 300 mmlf*
- *U.S. Greenfiber — 11 facilities*



# 2009 Q1 Summary

- **Comparison Q1 2009 to Q1 2008**
  - Housing starts down 49%
  - Income from operations improved by 34%
  - EBITDA from continuing operations improved by 58%
  - OSB operating results improved by 61%
  - Total selling, general and administrative expenses lower by 32%
- **Completed refinancing efforts**
- **Received \$70.7 million in net tax refunds**

## Balance Sheet and Other Statistics

Dollar amounts in millions, except per share amounts

	March 31, <u>2009</u>	December 31, <u>2008</u>
Total cash and investments	\$ 350	\$ 215
Working capital	\$ 464	\$ 337
Net Debt	\$ (42)	\$ (35)
Capital expenditures YTD (includes investments in JVs)	\$ 8	\$ 161
Book value per share	\$ 11.27	\$ 11.45

# Financial Objectives

- Preserve sufficient cash and liquidity to execute strategic plan
  - Maintain aggressive focus on cash flow through the cycle
  - Maintain cash balances and/or available liquidity of \$200-\$300 million
- Covenants in place that consider current business forecast
- Prudent capital expenditure policy going forward ... \$15 - \$20 million for the next couple years
- Minimize cash burn rate

# 2009 Operating Objectives

- Safety, Compliance, and Quality
- Lean principles
- Minimize working capital ... inventory
- Continue to optimize mill operations
- Push raw material reductions to the bottom line
- Aggressively match our supply with our demand
- Continue to reduce SG&A expenses

# Appendix

## EBITDA Reconciliation

Dollar amounts in millions

Average EBITDA by business	2002	2003	2004	2005	2006	2007	2008	Ave 02-08
OSB								
Profit (loss)	61.6	503.4	829.7	528.4	109.6	(194.7)	(155.2)	
Adjustments:								
D, A and timber	75.7	78.4	94.0	87.7	78.2	62.5	49.5	
Interest expense	-	-	-	-	-	-	-	
Income tax expense (benefit)	-	-	-	-	-	-	-	
EBITDA	<u>137.3</u>	<u>581.8</u>	<u>923.7</u>	<u>616.1</u>	<u>187.8</u>	<u>(132.2)</u>	<u>(105.7)</u>	<u>315.5</u>
Siding								
Profit (loss)	44.5	54.2	51.9	45.2	67.3	33.6	2.8	
Adjustments:								
D, A and timber	18.6	14.9	15.0	16.2	18.1	17.7	20.5	
Interest expense	-	-	-	-	-	-	-	
Income tax expense (benefit)	-	-	-	-	-	-	-	
EBITDA	<u>63.1</u>	<u>69.1</u>	<u>66.9</u>	<u>61.4</u>	<u>85.4</u>	<u>51.3</u>	<u>23.3</u>	<u>60.1</u>
EWP								
Profit (loss)	7.3	(1.5)	7.2	34.0	33.2	11.0	(40.2)	
Adjustments:								
D, A and timber	12.6	15.7	16.6	14.7	13.9	15.7	15.8	
Interest expense	-	-	-	-	-	-	-	
Income tax expense (benefit)	-	-	-	-	-	-	-	
EBITDA	<u>19.9</u>	<u>14.2</u>	<u>23.8</u>	<u>48.7</u>	<u>47.1</u>	<u>26.7</u>	<u>(24.4)</u>	<u>22.3</u>