

Louisiana-Pacific Corporation

Q3 2003 Results

October 22, 2003

These slides were prepared and should be read in conjunction with a webcast presentation and earnings release by LP's management on October 22, 2003 relating to LP's financial condition and results of operations as of and for the quarter and nine months ended September 30, 2003. 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 22, 2003.



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

	<u>2003</u>	<u>2002</u>
<u>Quarterly (September 30)</u>		
Sales	\$ 674.8	\$415.3
Income from continuing operations	\$ 109.9	\$ 17.8
Income (loss) from discontinued operations	\$ 14.6	\$ (14.5)
Net income	\$ 124.5	\$ 3.3
EPS from continuing operations	\$ 1.03	\$ 0.17
EPS	\$ 1.17	\$ 0.03

Financial Results – Year-to-Date

	<u>2003</u>	<u>2002</u>
<u>Year-to-date (September 30)</u>		
Sales	\$1,566.4	\$ 1,236.8
Income from continuing operations	\$ 120.8	\$ 25.4
Loss from discontinued operations	\$ (12.1)	\$ (41.0)
Net income (loss)	\$ 108.8	\$ (19.4)
EPS from continuing operations	\$ 1.14	\$ 0.24
EPS	\$ 1.03	\$ (0.19)

Reconciliation of Special Items

	9 Months			
	<u>Q3 2003</u>	<u>Q3 2002</u>	<u>2003</u>	<u>2002</u>
Pre - tax income from continuing operations	\$ 197.0	\$ 26.5	\$ 219.4	\$ 40.4
Special Items:				
Gain on sale or impairment of long-lived assets	22.5	38.8	64.2	43.0
Other operating credits and charges	<u>(5.7)</u>	<u>(2.6)</u>	<u>(31.1)</u>	<u>(2.2)</u>
Total	<u>16.8</u>	<u>36.2</u>	<u>33.1</u>	<u>40.8</u>
Pre - tax income (loss) from operations excluding "special items"	<u>\$180.2</u>	<u>\$(9.7)</u>	<u>\$ 186.3</u>	<u>\$ (0.4)</u>

OSB

	<u>Q3 03</u>	<u>Q3 02</u>	<u>Change</u>	<u>YTDQ3 03</u>	<u>YTDQ3 02</u>	<u>Change</u>
Sales	\$ 403.2	\$ 173.0	133%	\$ 826.7	\$556.6	49%
Profit ^a	\$ 197.8	\$ 8.0	2373%	\$ 248.7	\$ 56.1	343%
DDA	\$ 19.8	\$ 17.5		\$ 55.7	\$ 56.4	
Volume			19%			-1%
Price			114%			50%

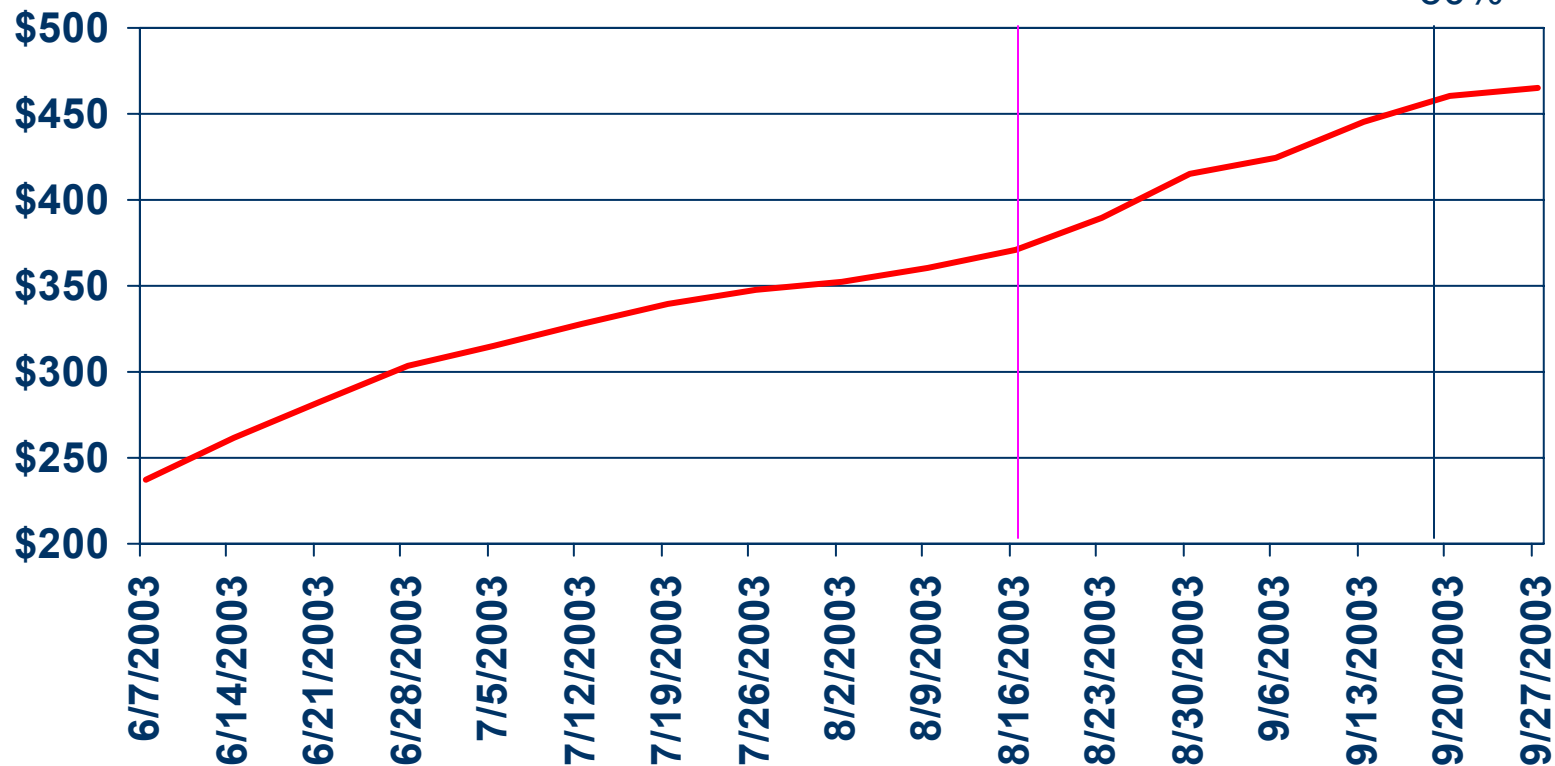
^a Profit equals sales less cost of sales, depreciation, amortization and cost of timber harvest and selling and administration directly associated with the segment

Weekly Random Lengths Price

7/16" BASIS NORTH CENTRAL

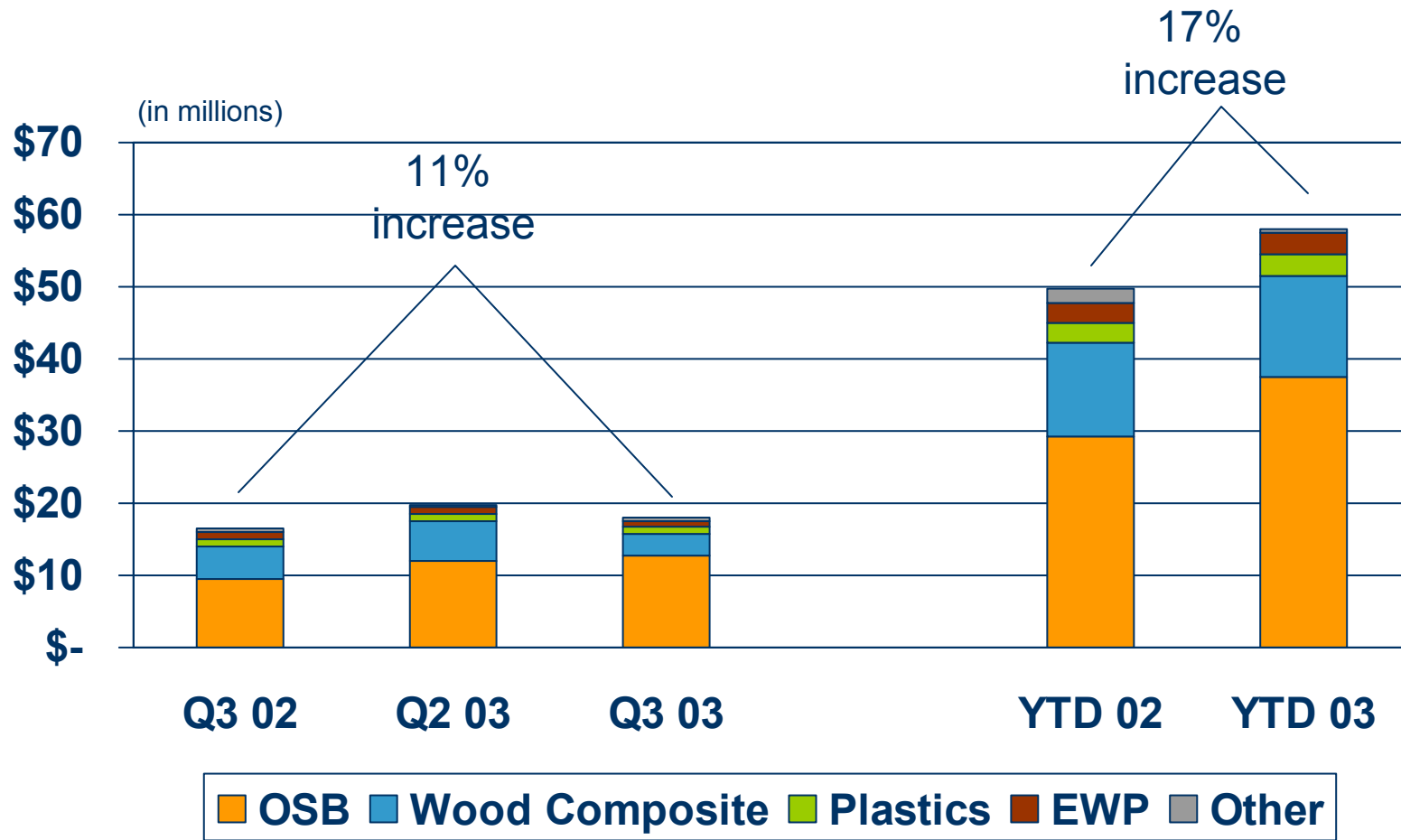
Price time
of order
50%

Price time
of shipment
50%



Using Random Lengths' reported averages –
open market (assuming 6 week order file) = \$311
contract wood - \$367
overall Random Lengths' average - \$379

Utility Cost by Business



Composite Wood Products

	<u>Q3 03</u>	<u>Q3 02</u>	<u>Change</u>	<u>YTDQ3 03</u>	<u>YTDQ3 02</u>	<u>Change</u>
Sales	\$ 121.7	\$ 90.0	35%	\$ 311.2	\$278.1	12%
Profit ^a	\$ 23.3	\$ 9.6	143%	\$ 43.5	\$ 38.0	14%
DDA	\$ 4.1	\$ 4.2		\$ 12.5	\$ 12.3	
Volume:						
Smart Side			12%			18%
Commodity OSB			31%			27%
Hardboard			-2%			-7%
Price:						
Smart Side			2%			-%
Commodity OSB			114%			50%
Hardboard			-2%			-2%

^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

	<u>Q3 03</u>	<u>Q3 02</u>	<u>Change</u>	<u>YTDQ3 03</u>	<u>YTDQ3 02</u>	<u>Change</u>
Sales	\$ 56.3	\$ 47.0	20%	\$ 156.5	\$ 120.8	30%
Profit ^a	\$ 4.0	\$ 3.4	18%	\$ 13.2	\$ 5.4	144%
DDA	\$ 1.9	\$ 1.7		\$ 5.6	\$ 4.6	
Volume:						
Vinyl			9%			9%
Moulding			9%			-1%
Decking			8%			92%
Price:						
Vinyl			5%			6%
Moulding			-%			-1%
Decking			13%			20%

^a Profit equals sales less cost of sales, depreciation, amortization and cost of timber harvest and selling and administration directly associated with the segment 11

Engineered Wood Products

	<u>Q3 03</u>	<u>Q3 02</u>	<u>Change</u>	<u>YTDQ3 03</u>	<u>YTDQ3 02</u>	<u>Change</u>
Sales	\$ 82.2	\$ 81.6	1%	\$ 219.6	\$ 202.9	8%
Profit ^a	\$ (1.6)	\$ 2.6	-162%	\$ (3.7)	\$ 6.9	-54%
DDA	\$ 3.8	\$ 4.2		\$ 11.3	\$ 12.5	
Volume:						
LVL			17%			30%
I-Joist			10%			8%
Price:						
LVL			3%			-2%
I-Joist			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

Expected Annual Tax Rates

Applied to year-to-date income (loss)

	Tax (Benefit) <u>Provision</u>	Annual <u>Rate</u>
Continuing operations	\$ 98.9	45%
Discontinued operations	(7.5)	38%
Cumulative effect of accounting change	<u>0.1</u>	<u>38%</u>
Total provision	<u>\$ 91.5</u>	<u>46%</u>

Based upon projected annual income as of September 30, 2003.

Balance Sheet

(in millions, except per share amounts)

	Sept. 30, <u>2003</u>	Dec. 31, <u>2002</u>
Working capital	\$512	\$225
Net debt	\$129	\$517
Capital expenditures YTD 2003	\$ 48	
Projected full year capital expenditures	\$ 85	
Depreciation, amortization and cost of timber harvested (continuing operations)	\$ 99	
Book value per share	\$10.61	\$9.62

Financial / Capitalization Strategies

- Balance sheet strategies:
 - Build appropriate cash reserves
 - Review the cost / benefit of retiring tranches of long-term public debt
- Invest in remaining businesses:
 - Lower costs
 - Appropriate capacity additions
- Shareholder value strategies:
 - Optimize capital structure
 - Reinstate dividend
 - Consider share repurchase

Asset Divestiture Plan Update

- Q3 2003 “value”:
 - \$102 million in value including cash and notes which were mostly converted to cash through financing transactions in early Q4
- What’s left? ... not much:
 - Big block closed October 17, 2003
 - Sales price of \$290 million
 - Installment sale treatment – resulting in \$257 in cash in Q4 2003
 - Several lumber mills
- Total program will result in more than **\$750** million in value.

QUESTIONS

	<u>9/30/03</u>	<u>12/31/02</u>
<u>Calculation of "Working Capital":</u>		
Current assets	\$ 789	\$ 491
Current liabilities	<u>277</u>	<u>266</u>
Working capital	<u>\$ 512</u>	<u>\$ 255</u>
<u>Calculation of "Net Debt":</u>		
Long term debt	\$ 1,015	\$ 1,070
Current portion long term debt	8	35
Notes receivable from asset sales	(404)	(404)
Restricted cash	(108)	(47)
Cash and cash equivalents	<u>(382)</u>	<u>(137)</u>
Net debt	<u>\$ 129</u>	<u>\$ 517</u>

Glossary

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

OSB -- oriented strand board

LVL -- laminated veneer lumber