LOUISIANA-PACIFIC CORP
Form 10-Q/A
December 10, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

Amendment No. 1

Quarterly Report Under Section 13 or 15(d)

of the Securities Exchange Act of 1934

For Quarterly Period Ended March 31, 2009

Commission File Number 1-7107

LOUISIANA-PACIFIC CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE	**93-0609074**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

414 Union Street, Nashville, TN 37219

(Address of principal executive offices) (Zip Code)

Registrant s telephone number, including area code: (615) 986-5600

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of large accelerated filer, accelerated filers and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Smaller reporting company ¨ Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date: 103,733,946 shares of Common Stock, $1 par value, outstanding as of May 5, 2009.

Except as otherwise specified and unless the context otherwise requires, references to LP , the Company , we , us , and our

refer to Louisiana-Pacific Corporation and its subsidiaries.

EXPLANATORY NOTE

This Amendment No. 1 to the Quarterly Report on Form 10-Q (the Amended 10-Q) of Louisiana-Pacific Corporation (the Company) for the quarterly period ended March 31, 2009, originally filed with the Securities and Exchange Commission on May 6, 2009 (the Original Form 10-Q), is being filed solely to correct a typographical error in the certification filed as Exhibit 32.1 to the Original Form 10-Q, which inadvertently caused such certification to refer to a previously filed Quarterly Report on Form 10-Q.

This Amended 10-Q does not amend or change in any manner the previously reported consolidated results of operation, financial position or cash flows for the Company as reported in the Original Form 10-Q or any of the other disclosures contained in the Original Form 10-Q.

The information in this Amended 10-Q does not reflect events or changes in circumstances occurring after May 6, 2009.

ABOUT FORWARD-LOOKING STATEMENTS

Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 provide a safe harbor for forward-looking statements to encourage companies to provide prospective information about their businesses and other matters as long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those discussed in the statements. This report contains, and other reports and documents filed by us with the Securities and Exchange Commission may contain, forward-looking statements. These statements are or will be based upon the beliefs and assumptions of, and on information available to, our management.

The following statements are or may constitute forward-looking statements: (1) statements preceded by, followed by or that include words like may, will, could, should, believe, expect, anticipate, intend, plan, estimate, potential, continue or future or the negati thereof and (2) other statements regarding matters that are not historical facts, including without limitation, plans for product development, forecasts of future costs and expenditures, possible outcomes of legal proceedings, capacity expansion and other growth initiatives and the adequacy of reserves for loss contingencies.

Factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, but are not limited to the following:

- changes in general economic conditions;
- changes in the cost and availability of capital;
- changes in the level of home construction activity;
- changes in competitive conditions and prices for our products;
- changes in the relationship between supply of and demand for building products;
- changes in the relationship between supply of and demand for raw materials, including wood fiber and resins, used in manufacturing our products;
- changes in the cost of and availability of energy, primarily natural gas, electricity and diesel fuel;
- changes in other significant operating expenses;
- changes in exchange rates between the U.S. dollar and other currencies, particularly the Canadian dollar, EURO, Brazilian *real* and the Chilean *peso*;
- prolonged illiquidity in the market for auction-rate securities held by us for investment;
- changes in general and industry-specific environmental laws and regulations;

- changes in tax laws, and interpretations thereof;
- changes in circumstances giving rise to environmental liabilities or expenditures;
- the resolution of existing and future product-related litigation and other legal proceedings; and
- acts of God or public authorities, war, civil unrest, fire, floods, earthquakes and other matters beyond our control.

In addition to the foregoing and any risks and uncertainties specifically identified in the text surrounding forward-looking statements, any statements in the reports and other documents filed by us with the Commission that warn of risks or uncertainties associated with future results, events or circumstances identify important factors that could cause actual results, events and circumstances to differ materially from those reflected in the forward-looking statements.

ABOUT THIRD PARTY INFORMATION

In this report, we rely on and refer to information regarding industry data obtained from market research, publicly available information, industry publications, U.S. government sources and other third parties. Although we believe the information is reliable, we cannot guarantee the accuracy or completeness of the information and have not independently verified it.

Item 1. Financial Statements.
CONSOLIDATED STATEMENTS OF INCOME

LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES

(AMOUNTS IN MILLIONS EXCEPT PER SHARE AMOUNTS) (UNAUDITED)

	Quarter Ended March 31, 2009	2008
Net sales	$ 204.6	$ 349.4
Operating costs and expenses:		
Cost of sales	204.4	372.8
Depreciation, amortization and cost of timber harvested	19.1	26.6
Selling and administrative	27.3	40.1
(Gain) loss on sale or impairment of long-lived assets	0.1	(0.4)
Other operating credits and charges, net	(3.8)	(4.0)
Total operating costs and expenses	247.1	435.1
Loss from operations	(42.5)	(85.7)
Non-operating income (expense):		
Foreign currency exchange gain (loss)	2.6	9.4
Gain on early debt extinguishment	0.6	
Other than temporary investment impairment	(0.9)	(0.8)
Interest expense, net of capitalized interest	(11.8)	(11.2)
Investment income	5.2	12.8
Total non-operating income (expense)	(4.3)	10.2
Loss before taxes and equity in loss of unconsolidated affiliates	(46.8)	(75.5)
Benefit for income taxes	(19.2)	(35.9)
Equity in loss of unconsolidated affiliates	2.6	6.3
Loss from continuing operations	(30.2)	(45.9)
Discontinued operations:		
Loss from discontinued operations before taxes	(0.7)	(0.8)
Benefit for income taxes	(0.3)	(0.3)
Loss from discontinued operations	(0.4)	(0.5)
Net loss	(30.6)	(46.4)
Less: Loss attributed to noncontrolling interest	(0.2)	
Net loss attributed to LP	$ (30.4)	$ (46.4)
Net loss per share of common stock (basic and diluted):		
Loss from continuing operations	$ (0.29)	$ (0.44)
Loss from discontinued operations	(0.01)	(0.01)
Net loss per share	$ (0.30)	$ (0.45)

Cash dividends per share of common stock	$	$ 0.15
Average shares of stock outstanding - basic and diluted	102.8	102.9

The accompanying notes are an integral part of these unaudited financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES

(AMOUNTS IN MILLIONS) (UNAUDITED)

	March 31, 2009	December 31, 2008
ASSETS		
Cash and cash equivalents	$ 279.9	$ 97.7
Short-term investments	7.8	21.4
Receivables, net	77.7	43.8
Income tax receivable	21.6	94.2
Inventories	188.9	187.3
Prepaid expenses and other current assets	3.9	9.9
Deferred income taxes	25.3	25.3
Current portion of notes receivable from asset sales	20.0	20.0
Current assets of discontinued operations	3.1	3.1
Total current assets	628.2	502.7
Timber and timberlands	54.1	55.6
Property, plant and equipment	2,331.5	2,324.6
Accumulated depreciation	(1,266.8)	(1,250.3)
Net property, plant and equipment	1,064.7	1,074.3
Notes receivable from asset sales	238.6	238.6
Long-term investments	12.7	19.3
Restricted cash	49.9	76.7
Investments in and advances to affiliates	187.6	186.9
Deferred debt costs	17.4	3.3
Other assets	25.2	26.3
Long-term assets of discontinued operations	5.0	5.0
Total assets	$ 2,283.4	$ 2,188.7
LIABILITIES AND EQUITY		
Current portion of long-term debt	$ 11.3	$ 7.7
Current portion of limited recourse notes payable	20.0	20.0
Short-term notes payable	2.0	2.0
Accounts payable and accrued liabilities	115.9	121.5
Current portion of deferred tax liabilities	4.7	4.7
Current portion of contingency reserves	10.0	10.0
Total current liabilities	163.9	165.9
Long-term debt, excluding current portion:		
Limited recourse notes payable	233.3	233.3
Other long-term debt	378.4	239.3
Total long-term debt, excluding current portion	611.7	472.6
Contingency reserves, excluding current portion	25.7	30.5
Other long-term liabilities	127.0	130.8
Deferred income taxes	166.4	187.9
Redeemable noncontrolling interest	18.8	18.7
Stockholders equity:		
Common stock	116.9	116.9
Additional paid-in capital	445.8	441.3
Retained earnings	988.9	1,019.5

Treasury stock	(287.1)	(297.3)
Accumulated comprehensive loss	(94.6)	(98.1)
Total stockholders equity	1,169.9	1,182.3
Total liabilities and equity	$ 2,283.4	$ 2,188.7

The accompanying notes are an integral part of these unaudited financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES

(AMOUNTS IN MILLIONS) (UNAUDITED)

	Quarter Ended March 31, 2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (30.6)	$ (46.4)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation, amortization and cost of timber harvested	19.1	26.6
Loss of unconsolidated affiliates	2.6	6.3
Other operating charges and credits, net	0.7	1.8
(Gain) loss on sale or impairment of long-lived assets		(0.4)
Other than temporary investment impairment	0.9	0.8
Stock based compensation expense related to stock plans	1.8	2.2
Exchange (gain) loss on remeasurement	(5.4)	(7.8)
Net accretion on available for sale securities		(0.6)
Cash settlement of contingencies	(5.0)	(6.1)
Other adjustments	(1.1)	0.5
Pension expense (in excess of payments)	1.6	3.4
Increase in receivables	(34.3)	(27.7)
Decrease (increase) in income tax receivables	70.7	(34.7)
Decrease (increase) in inventories	1.2	(6.6)
Decrease in prepaid expenses	5.9	2.0
Decrease in accounts payable and accrued liabilities	(3.7)	(15.7)
Decrease in deferred income taxes	(22.1)	(6.2)
Net cash provided by (used in) operating activities	2.3	(108.6)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property, plant, and equipment additions	(3.9)	(36.8)
Investments in and advances to joint ventures	(3.7)	(4.7)
Cash paid for purchase of investments		(102.0)
Proceeds from sales of investments	19.6	91.1
(Increase) decrease in restricted cash under letters of credit	26.8	(8.0)
Other investing activities, net	0.5	1.0
Net cash provided by (used in) investing activities	39.3	(59.4)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowing of long term debt	281.3	8.0
Repayment of long term debt	(126.6)	(0.1)
Payment of debt issuance fees	(14.5)	
Net borrowings under revolving credit lines and short term notes payable		38.5
Payment of cash dividends		(15.4)
Net cash provided by financing activities	140.2	31.0
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	0.4	(3.4)
Net increase (decrease) in cash and cash equivalents	182.2	(140.4)
Cash and cash equivalents at beginning of period	97.7	352.1
Cash and cash equivalents at end of period	$ 279.9	$ 211.7

The accompanying notes are an integral part of these unaudited financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES

(AMOUNTS IN MILLIONS) (UNAUDITED)

	Common Stock		Treasury Stock		Additional		Accumulated	Total	Redeemable
	Shares	Amount	Shares	Amount	Paid-in Capital	Retained Earnings	Comprehensive Loss	Stockholders Equity	Non Controlling Interest
Balance, December 31, 2008	116.9	$ 116.9	13.6	$ (297.3)	$ 441.3	$ 1,019.5	$ (98.1)	$ 1,182.3	$ 18.7
Net Loss						(30.4)		(30.4)	(0.2)
Issuance of shares for employee stock plans and other purposes and other transactions			(0.4)	10.2	(10.2)				
Compensation expense associated with stock awards					2.0			2.0	
Issuance of stock warrants in connection with debt					12.7			12.7	
Adjustments to redemption value of noncontrolling interest						(0.2)		(0.2)	0.3
Other comprehensive income							3.5	3.5	
Balance, March 31, 2009	116.9	$ 116.9	13.2	$ (287.1)	$ 445.8	$ 988.9	$ (94.6)	$ 1,169.9	$ 18.8

The accompanying notes are an integral part of these unaudited financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES

(AMOUNTS IN MILLIONS) (UNAUDITED)

	2009	2008
Net loss	$ (30.6)	$ (46.4)
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	2.5	7.2
Unrealized gain on derivative instruments	(0.2)	0.1
Unrealized gain (loss) on marketable securities	0.3	(8.1)
Defined benefit pension plans:		
Amortization of prior service cost		0.2
Amortization of net loss	0.5	0.5
Other comprehensive income, net of tax	3.1	(0.1)
Comprehensive loss, net of tax	(27.5)	(46.5)
Comprehensive income attributable to noncontrolling interest	0.2	
Foreign currency translation adjustments attributed to noncontrolling interest	0.4	
Comprehensive loss, net of tax	$ (26.9)	$ (46.5)

The accompanying notes are an integral part of these unaudited financial statements.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 BASIS FOR PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, in the opinion of management, include all adjustments (consisting of normal recurring adjustments, except for other operating credits and charges, net referred to in Note 10) necessary to present fairly, in all material respects, the consolidated financial position, results of operations and cash flows of LP and its subsidiaries for the interim periods presented. Results of operations for interim periods are not necessarily indicative of results to be expected for an entire year. For those consolidated subsidiaries in which LP s ownership interest is less than 100%, those outside shareholders interests are shown as noncontrolling interest. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in LP s Annual Report on Form 10-K for the year ended December 31, 2008.

NOTE 2 STOCK-BASED COMPENSATION

At March 31, 2009, LP has stock-based employee compensation plans as described below. The total compensation expense related to all of LP s stock-based compensation plans was $1.8 million for the quarter ended March 31, 2009.

Stock Compensation Plans

LP grants options and stock settled stock appreciation rights (SSARs) to key employees and directors to purchase LP common stock. At March 31, 2009, 648,198 shares were available under the current stock award plans for stock-based awards. On exercise or issuance, LP generally issues these shares from treasury. The options and SSARs are granted at market price at the date of grant. For employees, options and SSARs become exercisable over three years and expire ten years after the date of grant. For directors, these options become exercisable in 10% increments every three months, starting three months after the date of grant, and expire ten years after the date of grant.

The following table sets out the weighted average assumptions used to estimate the fair value of the options and SSARs granted using the Black-Scholes option-pricing model in the first quarter of the respective years noted:

	2009	2008
Expected stock price volatility	49.8%	30.0%
Expected dividend yield	%	4.0%
Risk-free interest rate	1.7%	3.0%
Expected life of options	5.0 years	5.0 years
Weighted average fair value of options and SSARs granted	$ 0.97	$ 2.85

The following table summarizes stock options and stock settled stock appreciation rights outstanding as of March 31, 2009 as well as activity during the three month period then ended.

Share amounts in thousands	Options/ SSARs	Weighted Average Exercise Price	Weighted Average Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding options				
Options outstanding at January 1, 2009	5,437	$ 18.79	6.76	$ 0.0
Options granted	1,880	$ 2.17		
Options exercised		$		
Options cancelled	(686)	$ 18.94		
Options outstanding at March 31, 2009	6,631	$ 14.07	8.12	$ 0.3
Vested and expected to vest at March 31, 2009	5,335	$ 14.97	7.89	$ 0.2
Options exercisable at March 31, 2009	2,828	$ 20.28	6.70	$ 0.0

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between LP s closing stock price on the last trading day of the first quarter of 2009 and the exercise price, multiplied by the number of in-the-money options and SSARs) that would have been received by the holders had all holders exercised their awards on March 31, 2009. This amount changes based on the market value of LP s stock as reported by the New York Stock Exchange.

As of March 31, 2009, there was $7.6 million of total unrecognized compensation costs related to stock options and SSARs. These costs are expected to be recognized over a weighted-average period of 2.3 years. LP recorded compensation expense related to these awards in the first quarter of 2009 of $1.1 million.

Incentive Share Awards

LP has granted incentive share stock awards (restricted stock units) to selected senior executives as allowed under the current stock award plans. The awards entitle the participant to receive a specified number of shares of LP common stock at no cost to the participant. The market value of these grants approximates the fair value. LP recorded compensation expense related to these awards in the first quarter of 2009 of $0.2 million. As of March 31, 2009, there was $1.9 million of total unrecognized compensation cost related to unvested incentive share awards. This expense will be recognized over a weighted-average period of 2.6 years.

The following table summarizes incentive share awards outstanding as of March 31, 2009 as well as activity during the three months then ended.

	Shares	Weighted Average Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Incentive share awards outstanding at January 1, 2009	193,987	1.3	$ 0.3
Incentive shares awards granted	455,967		
Incentive share awards vested	(56,477)		
Incentive share awards cancelled	(11,510)		
Incentive share awards outstanding at March 31, 2009	581,967	2.6	$ 1.4
Vested and expected to vest at March 31, 2009	332,769	2.6	$ 0.8
Incentive share awards exercisable at March 31, 2009	0	0.0	$ 0.0

Restricted Stock

LP grants restricted stock to certain senior employees. The shares vest three years from the date of grant. During the vesting period, the participants have voting rights and receive dividends, but the shares may not be sold, assigned, transferred, pledged or otherwise encumbered. Additionally, granted but unvested shares are forfeited upon termination of employment. The fair value of the restricted shares on the date of the grant is amortized ratably over the vesting period which is generally three years. As of March 31, 2009, there was $3.0 million of total unrecognized compensation costs related to restricted stock. This expense will be recognized over the next 2.4 years.

The following table summarizes the restricted stock outstanding as of March 31, 2009 as well as activity during the three months then ended.

	Quarter Ended March 31, 2009	
	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding restricted shares		
Restricted stock awards outstanding at January 1, 2009	336,450	$ 19.61
Restricted stock awards granted	413,741	$ 2.17
Restrictions lapsing	(59,500)	$ 28.90
Restricted stock awards cancelled	(25,170)	$ 17.34
Restricted stock awards at March 31, 2009	665,521	$ 8.02

LP recorded compensation expense related to these awards in the first quarter of 2009 of $0.4 million.

LP annually grants to each director restricted stock or restricted stock units. As of March 31, 2009, LP has 49,149 shares (or restricted stock units) outstanding under this program. Compensation expense recognized in 2009 related to these grants was $0.1 million.

NOTE 3 - INVESTMENTS

Short-term and long-term investments held by LP are debt securities designated as available for sale and are reported at fair market value using the specific identification method. The following table summarizes unrealized gains and losses related to these investments as of March 31, 2009 and December 31, 2008:

Dollar amounts in millions	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
March 31, 2009				
U.S. treasury and government agency securities	$	$	$	$
Commercial paper				
Corporate obligations	9.2		0.1	9.1
Auction rate securities	11.4			11.4
Total marketable securities	$ 20.6	$	$ 0.1	$ 20.5
December 31, 2008				
U.S. treasury and government agency securities	$	$	$	$
Commercial paper				
Corporate obligations	28.9		0.5	28.4
Auction rate securities	12.3			12.3
Total marketable securities	$ 41.2	$	$ 0.5	$ 40.7

As of March 31, 2009, LP had $11.4 million ($151.8 million, par value) of principal invested in auction rate securities (ARS). The ARS held by LP are securities with long-term nominal maturities for which the interest rates are reset through a Dutch auction each month. These auctions historically have provided a liquid market for these securities. LP s investments in ARS represent interests in collateralized debt obligations supported by pools of residential and commercial mortgages, credit linked notes and bank trust preferred notes.

Consistent with the Company s investment policy guidelines, the ARS investments held by the Company all had AAA or equivalent credit ratings (except for one corporate ARS rated AA) at the time of purchase. With the liquidity issues experienced in global credit and capital markets, the ARS held by LP at March 31, 2009 have experienced multiple failed auctions as the amount of securities submitted for sale has exceeded the amount of purchase orders. As of March 31, 2009, all but one of LP s ARS securities continues to pay interest according to their stated terms. One of the investments has been accelerated resulting in LP receiving no further interest payments on this security until the super senior tranche has been paid. The value of this investment as of March 31, 2009 was approximately $3,700 (par value $3.7 million).

The estimated market value of the company s ARS holdings at March 31, 2009 was $11.4 million, which reflects a $140.4 million adjustment to the par value of $151.8 million. Based upon LP s evaluation of the structure of LP s ARS holdings and current market estimates of fair value from issuing banks, LP has recorded an other-than-temporary impairment of $0.9 million ($0.6 million after tax) in the first quarter of 2009 that was recorded as non-operating income (expense).

LP reviews its marketable securities routinely for other-than-temporary impairment. The primary factors LP used to determine if an impairment charge must be recorded because a decline in value of the security is other than temporary include (i) whether the fair value of the investment is significantly below its cost basis, (ii) the financial condition of the issuer of the security (including its credit rating), (iii) the length of time that the cost of the security has exceeded its fair value and (iv) LP s intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value.

NOTE 4 FAIR VALUE MEASUREMENTS

Effective January 1, 2008, LP adopted Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements (SFAS 157), for financial assets and liabilities and any other assets and liabilities carried at fair value. This pronouncement defines fair value (FV), provides guidance on how to measure FV under generally accepted accounting principles, and expands FV measurement disclosures.

SFAS 157 defines FV as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 also establishes a FV hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Under this standard, LP is required to classify these financial assets and liabilities into two groups: recurring measured on a periodic basis and non-recurring measured on an as needed basis.

SFAS 157 describes three levels of inputs that may be used to measure fair value:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable or can be corroborated by observable market data.

Level 3 Valuations based on models where significant inputs are not observable. Unobservable inputs are used when little or no market data is available and reflect the Company s own assumptions about the assumptions market participants would use.

Assets measured at fair value on a recurring basis are summarized in the following table.

Dollar amounts in millions	**March 31, 2009**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Available for sale securities	$ 20.5	$	$ 9.1	$ 11.4
Trading securities	14.0	1.8		12.2
Total	$ 34.5	$ 1.8	$ 9.1	$ 23.6

Available for sale securities measured at fair value are recorded in cash and cash equivalents, short-term investments, long-term investments and restricted cash on LP s condensed consolidated balance sheets. Included in available for sale securities are money market funds, U.S. government agency securities, commercial paper, corporate debt obligations and auction rate securities.

Government agency securities, commercial paper and corporate obligations are determined by evaluations based on observable market information from broker or dealer quotations, which represent Level 2 inputs.

Due to the lack of observable market quotes on LP s auction rate securities (ARS) portfolio, LP evaluates the structure of its ARS holdings and current market estimates of fair value, including fair value estimates from issuing banks that rely exclusively on Level 3 inputs. These inputs may include those that are based on expected cash flow streams and collateral values, including assessments of counterparty credit quality, default risk underlying the security, discount rates and overall capital market liquidity. The valuation of LP s ARS investment portfolio is subject to uncertainties that are difficult to predict. Factors that may impact LP s valuation include changes to credit ratings of the securities as well as to the underlying assets supporting those securities, rates of default of the underlying assets, underlying collateral value, discount rates, counterparty risk and ongoing strength and quality of market credit and liquidity.

Trading securities consist of rabbi trust and grantor trust financial assets which are recorded in other assets in LP s condensed consolidated balance sheets. The rabbi trust holds the assets of the Louisiana-Pacific Corporation 2004 Executive Deferred Compensation Plan (EDC), a non-qualified deferred compensation plan which allows certain management employees to defer receipt of a portion of their compensation and contribute such amounts to one or more investment funds. The assets of the rabbi trust are invested in mutual funds and are reported at fair value based on active market quotes, which represent Level 1 inputs.

The grantor trust provides funds for benefits payable under LP s Supplemental Executive Retirement Plan (SERP), an unfunded, non-qualified defined benefit plan that provides supplemental retirement benefits to key executives. The assets of the grantor trust, which are the cash surrender value of corporate-owned life insurance, are invested in index funds which are reported at fair value based on the underlying share prices provided by the third party insurance carrier, which represent Level 3 inputs.

The following table summarizes assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period.

Dollar amounts in millions	**Available for sale securities**	**Trading securities**	**Total**
Balance at January 1, 2009	$ 12.3	$ 12.9	$ 25.2
Total realized/unrealized gains (losses)			
Included in other-than-temporary investment impairment	(0.9)		(0.9)
Included in investment income		(0.7)	(0.7)
Balance at March 31, 2009	$ 11.4	$ 12.2	$ 23.6
The amount of total losses for the period included in net loss attributable to the fair value of changes in assets still held at the reporting date	$ (0.9)	$	$ (0.9)

NOTE 5 EARNINGS PER SHARE

Basic net income per share is computed using the weighted-average number of common shares outstanding during the period. Diluted net income per share is computed using the weighted-average number of common shares and dilutive potential common shares outstanding during the period. Dilutive potential common shares primarily consist of employee stock options, stock settled stock appreciation rights (SSARs), restricted stock units and restricted common stock.

SFAS No. 128, Earnings per Share, requires that employee equity share options, non-vested shares and similar equity instruments granted by the Company be treated as potential common shares outstanding in computing diluted earnings per share. Diluted shares outstanding include the dilutive effect of in-the-money options, which is calculated, based on the average share price for each fiscal period using the treasury stock method. Under the treasury stock method, the amount the employee must pay for exercising stock options, the amount of compensation cost for future service that the Company has not yet recognized, and the amount of tax benefits that would be recorded in additional paid-in capital when the award becomes deductible are assumed to be used to repurchase shares.

Dollar and share amounts in millions, except per share amounts	**Quarter Ended March 31, 2009**	**2008**
Numerator:		
Income attributed to LP common shares:		
Loss from continuing operations	$ (30.0)	$ (45.9)
Loss from discontinued operations	(0.4)	(0.5)
Net loss	$ (30.4)	$ (46.4)
Denominator:		
Basic - weighted average common shares outstanding	102.8	102.9
Dilutive effect of stock plans		
Diluted shares outstanding	102.8	102.9
Basic and diluted earnings per share:		
Loss from continuing operations	$ (0.29)	$ (0.44)
Loss from discontinued operations	(0.01)	(0.01)
Net loss per share	$ (0.30)	$ (0.45)

Stock options, stock warrants and SSARs to purchase approximately 24.3 million shares at March 31, 2009 were considered anti-dilutive for purposes of LP s earnings per share calculation due to LP s loss position from continuing operations. Stock options and SSARs to purchase approximately 4.2 million shares at March 31, 2008 were considered anti-dilutive for purposes of LP s earnings per share calculation due to LP s loss position from continuing operations.

NOTE 6 RECEIVABLES

Receivables consist of the following:

Dollar amounts in millions	**March 31, 2009**	**December 31, 2008**
Trade receivables	$ 60.2	$ 27.4
Interest receivables	7.1	2.8
Other receivables	11.8	14.8
Allowance for doubtful accounts	(1.4)	(1.2)
Total	$ 77.7	$ 43.8

Other receivables at March 31, 2009 and December 31, 2008 primarily consist of short-term notes receivable, settlements, Canadian sales tax receivables and other items.

NOTE 7 INVENTORIES

Inventories are valued at the lower of cost or market. Inventory cost includes materials, labor and operating overhead. The LIFO (last-in, first-out) method is used for certain log inventories with remaining inventories valued at FIFO (first-in, first-out) or average cost. The major types of inventories are as follows (work in process is not material):

Dollar amounts in millions	**March 31, 2009**	**December 31, 2008**
Logs	$ 40.1	$ 34.7
Other raw materials	22.3	23.9
Finished products	120.1	122.6
Supplies	8.2	7.9
LIFO reserve	(1.8)	(1.8)
Total	$ 188.9	$ 187.3
Inventory included in current assets of discontinued operations		
Logs	$	$
Other raw materials	0.2	0.2
Finished products	2.8	2.8
Supplies	0.1	0.1
Total	$ 3.1	$ 3.1

NOTE 8 BUSINESSES HELD FOR SALE AND DIVESTITURES

At March 31, 2009 and 2008, LP s discontinued operations included its decking operations and residual charges from previously discontinued operations.

The assets of the discontinued operations included in the accompanying condensed consolidated balance sheets as of March 31, 2009 and December 31, 2008 are as follows:

Dollar amounts in millions	**March 31, 2009**	**December 31, 2008**
Inventories	$ 3.1	$ 3.1
Property, plant and equipment	11.9	11.9
Accumulated depreciation	(6.9)	(6.9)
Net, property, plant and equipment	5.0	5.0
Total assets of discontinued operations	$ 8.1	$ 8.1

NOTE 9 INCOME TAXES

Accounting standards require that income tax expense for interim periods be determined by applying the estimated annual effective income tax rate, by income component attributed to LP, to year-to-date income or loss at the end of each quarter, then adding or subtracting the impact of any changes in reserve requirements or statutory tax rate changes, if any. Each quarter the income tax accrual is adjusted to the latest estimate and the difference from the previously accrued year-to-date balance is adjusted to the current quarter. Losses and resulting income tax benefit for the respective periods are shown below.

Quarter Ended March 31,

Dollars in millions	2009	2008
Continuing operations	$ (49.4)	$ (81.8)
Discontinued operations	(0.7)	(0.8)
	(50.1)	(82.6)
Total tax benefit	(19.5)	(36.2)
Net loss	$ (30.6)	$ (46.4)

For the first quarter of 2009, the primary differences between the U.S. statutory rate of 35% and the effective rate applicable to LP s continuing operations relate to the Company s foreign debt structure, state income taxes and the effect of foreign tax rates. For the first quarter of 2008, the primary differences between the U.S. statutory rate of 35% and the effective rate applicable to LP s continuing operations relate to the Company s foreign debt structure, state income taxes and deductible foreign income taxes.

The components and associated estimated effective income tax rates applied to the quarter ended March 31, 2009 and 2008 are as follows:

	Quarter Ended March 31,			
	2009		2008	
Dollars in millions	**Tax Benefit**	**Tax Rate**	**Tax Benefit**	**Tax Rate**
Continuing operations	$ (19.2)	39%	$ (35.9)	44%
Discontinued operations	(0.3)	39%	(0.3)	39%
	$ (19.5)	39%	$ (36.2)	44%

LP and its domestic subsidiaries are subject to U.S. federal income tax as well as income taxes of multiple state jurisdictions. LP s foreign subsidiaries are subject to income tax in Canada, Brazil and Chile. LP s U.S. Federal income tax examinations for the years through 2006 have been effectively settled. LP remains subject to state and local income tax examinations for the tax years 2003 through 2007. LP s Canadian returns have been audited and effectively settled through 2004. LP has utilized all of its available net operating loss carry back capacity in both the U.S. and Canada, therefore the 2009 tax losses will be utilized as deductible net operating loss carryovers in future tax periods.

NOTE 10 OTHER OPERATING CREDITS AND CHARGES, NET

The major components of Other operating credits and charges, net in the Consolidated Statements of Income for the quarter ended March 31, 2009 and 2008 are reflected in the table below and are described in the paragraphs following the table:

	Quarter Ended March 31,	
Dollar amounts in millions	**2009**	**2008**
Severance	$ (0.5)	$
Gain on insurance recovery	4.3	5.8
Insurance settlement		0.7
Additions to product related contigency reserves		(2.5)
	$ 3.8	$ 4.0

In the first quarter of 2009, LP recorded a net gain of $4.3 million associated with reimbursements of legal expenses associated with an environmental litigation and a loss $0.5 million associated with severance costs due to LP s right sizing initiatives.

In the first quarter of 2008, LP recorded a net gain of $4.0 million associated with product related warranty reserves and insurance settlements associated with LP s hardboard class action suit and other associated hardboard siding liabilities.

NOTE 11 INVESTMENTS IN AND ADVANCES TO AFFILIATES

LP has investments in affiliates that are either accounted for under the equity method or the cost method based upon the specific terms of the agreement as well as advances to affiliates. The significant components of these investments and advances are as follows:

Dollar amounts in millions	**March 31, 2009**	**December 31, 2008**
Investments accounted for under the equity method	$ 143.1	$ 142.4
Investments accounted for under the cost method	44.5	44.5
Total	$ 187.6	$ 186.9

At March 31, 2009, LP s significant equity method investees and its ownership interest and principal business activity in each investee, were as follows:

	Ownership %	
U.S. GreenFiber	50%	Established to manufacture and sell cellulose insulation products
AbitibiBowater LP	50%	Established to construct and operate I-Joist facilities in Eastern Canada
Canfor LP	50%	Established to construct and operate an OSB facility in British Columbia, Canada

These investments do not meet the Regulation S-X significance test requiring the inclusion of the separate investee financial statements or summarized financial information.

LP sells products and raw materials to the AbitibiBowater-LP entity and purchases products for resale from the AbitibiBowater-LP and Canfor-LP entities. LP eliminates profits on these sales and purchases, to the extent the inventory has not been sold through to third parties, on the basis of its 50% interest. For the quarters ended March 31, 2009 and 2008, LP sold $0.9 million and $1.6 million of products to AbitibiBowater-LP and purchased $5.0 million and $8.5 million of I-joist from AbitibiBowater-LP. LP also purchased $7.0 million and $13.4 million of OSB from Canfor-LP during the quarters ended March 31, 2009 and 2008.

NOTE 12 LEGAL AND ENVIRONMENTAL MATTERS

Certain environmental matters and legal proceedings are discussed below.

Environmental Matters

LP is involved in a number of environmental proceedings and activities, and it may be wholly or partially responsible for known or unknown contamination existing at a number of other sites at which LP has conducted operations or disposed of wastes. Based on the information currently available, LP believes that any fines, penalties or other costs or losses resulting from these matters will not have a material adverse effect on our financial position, results of operations, cash flows or liquidity.

Siding Matters

On October 15, 2002, a jury returned a verdict of $29.6 million against LP in a Minnesota State Court action entitled Lester Building Systems, a division of Butler Manufacturing Company, and Lester s of Minnesota, Inc. v. Louisiana-Pacific Corporation and Canton Lumber Company. On December 13, 2002, the United States District Court for the District of Oregon, which maintains jurisdiction over a previously settled nationwide class action suit involving OSB siding manufactured by LP and installed prior to January 1, 1996, permanently enjoined the Minnesota state trial court from entering judgment against LP with respect to $11.2 million of the verdict that related to siding that was subject to the nationwide OSB siding settlement. LP satisfied this verdict, less the enjoined amount, during the second quarter of 2004. Lester s appealed the District Court s injunction to the Ninth Circuit Court of Appeals and, on October 24, 2005, the Court of Appeals vacated the District Court s injunction. As a result of this decision, the injunction was lifted and the state court judgment of $11.2 million was entered on December 22, 2006. On February 5, 2008, the Minnesota State Court of Appeals reversed the $11.2 million judgment entered against LP on December 22, 2006. On March 5, 2009, the Minnesota State Supreme Court affirmed the Minnesota State Court of Appeals decision. LP believes the Minnesota State Supreme Court s decision concludes the matter.

Antitrust Litigation

LP was named as one of a number of defendants in multiple class action complaints filed on or after February 26, 2006 in the United States District Court for the Eastern District of Pennsylvania. These complaints were dismissed or consolidated into two complaints under one caption: *In Re OSB Anti-Trust Litigation,* Master File No. 06-CV-00826 (PD). The first complaint is a consolidated amended class action complaint filed on March 31, 2006 on behalf of plaintiffs who directly purchased OSB from the defendants from May 1, 2002 through the date the complaint was filed (the direct purchaser complaint). The second complaint is a consolidated amended class action complaint, filed on June 15, 2006, on behalf of plaintiffs who indirectly purchased OSB from the defendants from May 1, 2002 through the date the complaint was filed (the indirect purchaser complaint). The plaintiffs in both of the amended and consolidated complaints described above moved for and received class certification and sought damages alleged to have resulted from a conspiracy among the defendants to fix, raise, maintain and stabilize the prices at which OSB is sold in the United States, in violation of Section 1 of the Sherman Act, 15 U.S.C. §1 and similar remedies under individual state anti-trust, competition and consumer protection laws. LP believed that the claims asserted were without merit, but after being ordered to settlement conference by the judge, LP decided that in order to limit the risks and costs associated with a prolonged trial schedule, it would settle the direct and indirect lawsuits. These settlements were accrued and paid in 2008.

As part of the class action process, individual purchasers are able to opt-out of the class action claims and pursue their own suit. On December 1, 2008, LP was named, in an opt-out suit, as one of a number of defendants in *Bailey Lumber & Supply and 84 Lumber Company v. Georgia-Pacific Corporation et. al.* (Civil Action No. 1:08cv1394) filed in the United States District Court for the Southern District of Mississippi Southern Division. The plaintiffs in this opt-out case seek treble damages and attorneys fees in an unspecified amount alleged to have resulted from a conspiracy among the defendants to fix, raise, maintain and stabilize the prices at which OSB and Plywood are sold in the United States during the period of 2002 into 2006, in violation of Section 1 of the Sherman Act, 15 U.S.C. §1. LP believes these allegations are without merit.

Other Proceedings

LP is party to other legal proceedings. Based on the information currently available, LP believes that the resolution of such proceedings will not have a material adverse effect on its financial position, results of operations, cash flows or liquidity.

NOTE 13 LONG TERM DEBT

On March 10, 2009, LP issued and sold 375,000 Units consisting of (1) $375,000,000 principal amount at maturity of 13% Senior Secured Notes due 2017 and (2) warrants to purchase 18,395,963 shares of its common stock at an exercise price of $1.39 per share, subject to adjustment in certain circumstances and to mandatory cashless exercise provisions. The issuance and sale of the Units generated gross proceeds of $281.3 million, reflecting original issue discount of $93.7 million, of which $126.0 million was used to retire $126.6 million aggregate principal amount of LP s 8.875% Senior Notes due 2010 and $14.5 million which was used to pay related transaction costs (including costs associated with LP s new credit facility described below).

On March 10, 2009, LP entered into a new credit facility, which provides for a committed asset-based borrowing capacity of $100 million, with a sublimit for letters of credit. The term of the credit facility will end in September of 2012 unless our 8.875% Senior Notes due 2010 are not repaid, defeased or adequately reserved for by February 15, 2010, in which case the credit facility s term will end on February 15, 2010. The availability of credit under the credit facility is subject to a borrowing base, which is calculated based on certain percentages of accounts receivable and inventory and at any given time may limit the amount of borrowings and letters of credit otherwise available under the facility. In addition, the credit facility contains a covenant requiring LP to maintain a fixed charge coverage ratio of at least 1.1 to 1.0 at any time that the excess of (1) the lesser of the commitments plus $20 million or the borrowing base minus (2) obligations outstanding under the credit facility plus certain of LP s past due trade payables falls below $50 million. At March 31, 2009, LP had $87.6 million of unused commitments under the credit facility, resulting from the committed amount of $100 million less $12.4 million of outstanding letters of credit. Because LP s fixed charge coverage ratio on March 31, 2009 was less than 1.1 to 1.0, LP was effectively precluded from utilizing $50 million of the credit available after giving effect to the borrowing base limitation. As of May 5, 2009, LP s ability to borrow under the credit facility is conditioned upon there being a minimum of $70 million of borrowing availability. This condition will remain in place only until certain bank account control documents are completed. The deadline for such documents is June 8, 2009.

NOTE 14 SELECTED SEGMENT DATA

LP operates in three segments: Oriented Strand Board (OSB); Siding; and Engineered Wood Products (EWP). LP s business units have been aggregated into these three segments based upon the similarity of economic characteristics, customers and distribution methods. LP s results of operations are summarized below for each of these segments separately as well as for the other category which comprises other products that are not individually significant. Segment information was prepared in accordance with the same accounting principles as those described in Note 1 of the Notes to the financial statements included in LP s Annual Report on Form 10-K for the year ended December 31, 2008.

	Quarter Ended March 31,		
Dollar amounts in millions	**2009**	**2008**	**% change**
Net sales:			
OSB	$ 72.3	$ 159.0	(55)
Siding	73.8	107.1	(31)
Engineered Wood Products	30.0	60.5	(50)
Other	28.5	22.8	25
	$ 204.6	$ 349.4	(41)
Operating profit (loss):			
OSB	$ (24.2)	$ (62.1)	61
Siding	2.1	0.3	600
Engineered Wood Products	(9.2)	(8.1)	(14)
Other	1.6	(2.3)	170
Other operating credits and charges, net	3.8	4.0	(5)
Gain (loss) on sale or impairment of long-lived assets	(0.1)	0.4	(125)
General corporate and other expenses, net	(19.1)	(24.2)	21
Foreign currency gains (losses)	2.6	9.4	(72)
Gain on early debt extinguishment	0.6		
Other than temporary impairment of investments	(0.9)	(0.8)	(13)
Investment income	5.2		