LOUISIANA-PACIFIC CORP
Form 10-Q
November 06, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934
For Quarterly Period Ended September 30, 2012
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 o
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 x No o
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):

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 138,367,538 shares of Common Stock, $1 par value, outstanding as of November 6, 2012.
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.

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," "po "continue" or "future" or the negative or other variations 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, Australian dollar, Brazilian real and the Chilean peso;
- 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 public authorities, war, civil unrest, natural disasters, fire, floods, earthquakes, inclement weather 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 September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net sales	$467.8	$350.6	$1,257.1	$1,044.7
Operating costs and expenses:				
Cost of sales	369.3	322.0	1,042.5	953.3
Depreciation and amortization	18.9	19.6	55.9	61.2
Selling and administrative	30.6	26.5	92.6	82.9
Loss on sale or impairment of long-lived assets, net	4.3	65.0	4.5	73.0
Other operating credits and charges, net	1.2	(9.8)	1.2	(11.2)
Total operating costs and expenses	424.3	423.3	1,196.7	1,159.2
Income (loss) from operations	43.5	(72.7)	60.4	(114.5)
Non-operating income (expense):				
Interest expense, net of capitalized interest	(10.7)	(14.2)	(36.4)	(42.6)
Investment income	4.1	16.7	11.7	24.2
Early debt extinguishment	—	—	(52.2)	—
Other non-operating items	0.4	(4.0)	(2.3)	(1.6)
Total non-operating expense	(6.2)	(1.5)	(79.2)	(20.0)
Income (loss) from continuing operations before taxes and equity in (income) losses of unconsolidated affiliates	37.3	(74.2)	(18.8)	(134.5)
Provision (benefit) for income taxes	7.9	(20.9)	(4.4)	(36.1)
Equity in (income) loss of unconsolidated affiliates	(2.0)	6.0	2.6	16.7
Income (loss) from continuing operations	31.4	(59.3)	(17.0)	(115.1)
Loss from discontinued operations before taxes	(0.2)	(10.3)	(0.5)	(14.4)
Benefit for income taxes	(0.1)	(4.0)	(0.2)	(5.6)
Loss from discontinued operations	(0.1)	(6.3)	(0.3)	(8.8)
Net income (loss)	31.3	(65.6)	(17.3)	(123.9)
Less: Net income attributed to non-controlling interest	—	—	—	0.2
Income (loss) attributed to Louisiana-Pacific Corporation	$31.3	$(65.6)	$(17.3)	$(124.1)
Income (loss) per share of common stock (basic):				
Income (loss) from continuing operations	$0.23	$(0.44)	$(0.13)	$(0.87)
Loss from discontinued operations	—	(0.05)	—	(0.07)
Net income (loss) per share	$0.23	$(0.49)	$(0.13)	$(0.94)
Net income (loss) per share of common stock (diluted):				
Income (loss) from continuing operations	$0.22	$(0.44)	$(0.13)	$(0.87)
Loss from discontinued operations	—	(0.05)	—	(0.07)
Net income (loss) per share	$0.22	$(0.49)	$(0.13)	$(0.94)
Average shares of stock outstanding - basic	137.1	134.5	136.9	132.4
Average shares of stock outstanding - diluted	142.6	134.5	136.9	132.4
Amounts attributed to LP Corporation common shareholders				
Income (loss) from continuing operations, net of tax	$31.4	$(59.3)	$(17.0)	$(115.3)
Loss from discontinued operations, net of tax	(0.1)	(6.3)	(0.3)	(8.8)

$31.3	$(65.6)	$(17.3)	$(124.1)

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)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net income (loss)	$31.3	$(65.6)	$(17.3)	$(123.9)
Other comprehensive income (loss)				
Foreign currency translation adjustments	2.9	(15.6)	1.7	(11.3)
Unrealized gain (loss) on derivative instruments	(0.5)	(0.1)	(0.7)	0.5
Unrealized gain (loss) on marketable securities, net of reversals	0.5	(9.0)	0.7	(6.4)
Defined benefit pension plans	0.7	2.3	2.7	3.0
Other comprehensive income (loss), net of tax	3.6	(22.4)	4.4	(14.2)
Net income attributable to noncontrolling interest	—	—	—	(0.2)
Foreign currency translation adjustments attributed to non-controlling interest	—	—	—	(1.0)
Comprehensive income (loss)	$34.9	$(88.0)	$(12.9)	$(139.3)

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

CONSOLIDATED BALANCE SHEETS
LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES
(AMOUNTS IN MILLIONS) (UNAUDITED)

	September 30, 2012	December 31, 2011
ASSETS		
Cash and cash equivalents	$490.5	$340.0
Receivables, net of allowance for doubtful accounts of $1.2 million at September 30, 2012 and $1.1 million at December 31, 2011	104.6	65.1
Income tax receivable	3.6	3.5
Inventories	209.3	163.6
Prepaid expenses and other current assets	8.2	5.7
Deferred income taxes	13.3	17.0
Current portion of notes receivable from asset sales	101.4	10.0
Assets held for sale	32.5	51.9
Total current assets	963.4	656.8
Timber and timberlands	40.2	45.5
Property, plant and equipment, at cost	2,066.8	2,028.1
Accumulated depreciation	(1,314.6)	(1,245.9)
Net property, plant and equipment	752.2	782.2
Notes receivable from asset sales	432.2	523.5
Long-term investments	1.8	0.7
Restricted cash	11.9	12.9
Investments in and advances to affiliates	70.4	79.1
Intangible assets, net of amortization	0.8	1.4
Deferred debt costs	9.5	8.9
Other assets	27.0	24.9
Long-term deferred tax asset	4.0	4.0
Total assets	$2,313.4	$2,139.9
LIABILITIES AND EQUITY		
Current portion of long-term debt	$7.8	$5.3
Current portion of limited recourse notes payable	97.9	7.9
Accounts payable and accrued liabilities	165.5	122.3
Current portion of contingency reserves	4.0	4.0
Total current liabilities	275.2	139.5
Long-term debt, excluding current portion	785.4	715.9
Contingency reserves, excluding current portion	16.1	17.2
Other long-term liabilities	140.7	160.4
Deferred income taxes	103.1	106.0
Stockholders’ equity:		
Common stock	150.4	149.8
Additional paid-in capital	536.5	549.9
Retained earnings	664.5	681.8
Treasury stock	(256.7)	(274.4)
Accumulated comprehensive loss	(101.8)	(106.2)
Total stockholders’ equity	992.9	1,000.9
Total liabilities and stockholders’ equity	$2,313.4	$2,139.9

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

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CONSOLIDATED STATEMENTS OF CASH FLOWS
LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES
(AMOUNTS IN MILLIONS) (UNAUDITED)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	$31.3	$(65.6)	$(17.3)	$(123.9)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	18.9	19.6	55.9	61.2
(Income) loss from unconsolidated affiliates	(2.0)	6.0	2.6	16.7
Loss on sale or impairment of long-lived assets	4.3	65.0	4.5	73.0
Other operating credits and charges, net	1.2	(9.8)	1.2	(11.2)
Realized gain on sale of long-term investments	—	(15.2)	—	(15.2)
Stock-based compensation related to stock plans	1.8	1.6	6.4	6.4
Exchange (gain) loss on remeasurement	5.7	(3.8)	4.8	(1.1)
Early debt extinguishment	—	—	52.2	—
Cash settlement of contingencies	(0.4)	(0.4)	(1.6)	(1.3)
Cash settlements of warranties, net of accruals	(3.0)	4.9	(6.9)	5.2
Pension expense, net of cash payments	2.2	(10.4)	6.3	(10.0)
Non-cash interest expense, net	0.5	3.6	1.9	7.3
Other adjustments, net	(1.8)	0.6	(0.7)	4.2
(Increase) decrease in receivables	(3.3)	2.5	(38.2)	(22.2)
(Increase) decrease in income tax receivable	0.5	9.6	(0.1)	14.3
(Increase) decrease in inventories	(5.6)	14.6	(41.6)	(6.0)
(Increase) decrease in prepaid expenses	0.6	(0.3)	(2.4)	(3.2)
Increase in accounts payable and accrued liabilities	7.2	3.6	26.6	1.3
Increase (decrease) in deferred income taxes	7.7	(21.0)	(4.8)	(29.3)
Net cash provided by (used in) operating activities	65.8	5.1	48.8	(33.8)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Property, plant and equipment additions	(9.3)	(5.4)	(16.1)	(13.4)
Receipt of proceeds (investments) in joint ventures	8.8	(1.5)	6.6	(4.6)
Proceeds from sales of assets	—	0.9	9.1	1.2
Proceeds from sale of investments	—	19.1	—	19.1
Decrease in restricted cash under letters of credit/credit facility	—	0.2	1.0	16.6
Net cash provided by (used in) investing activities	(0.5)	13.3	0.6	18.9
CASH FLOWS FROM FINANCING ACTIVITIES:				
Borrowings of long-term debt	—	10.0	350.0	10.0
Repayment of long-term debt	(0.2)	(0.1)	(242.3)	(0.2)
Short term borrowings, net of repayments	—	(4.5)	—	—
Sale of common stock under equity plans	0.8	—	1.2	—
Redemption of non-controlling interest	—	—	—	(24.0)
Payment of debt issuance fees	—	—	(6.3)	(1.0)
Net cash provided by (used in) financing activities	0.6	5.4	102.6	(15.2)
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	(2.5)	2.3	(1.5)	0.9
Net increase (decrease) in cash and cash equivalents	63.4	26.1	150.5	(29.2)

Cash and cash equivalents at beginning of period	427.1	334.0	340.0	389.3
Cash and cash equivalents at end of period	$490.5	$360.1	$490.5	$360.1

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 Paid-in Capital	Retained Earnings	Accumulated Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance, December 31, 2011	149.8	$149.8	(12.7)	$(274.4)	$ 549.9	$681.8	$ (106.2)	$ 1,000.9
Net loss	—	—	—	—	—	(17.3)	—	(17.3)
Issuance of shares for employee stock plans and stock-based compensation	—	—	0.6	17.7	(19.2)	—	—	(1.5)
Exercise of warrants	0.6	0.6	—	—	(0.6)	—	—	—
Compensation expense associated with stock awards	—	—	—	—	6.4	—	—	6.4
Other comprehensive income	—	—	—	—	—	—	4.4	4.4
Balance, September 30, 2012	150.4	$150.4	(12.1)	$(256.7)	$ 536.5	$664.5	$ (101.8)	$ 992.9

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%, the outside shareholders' interests are shown as non-controlling interest. These 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, 2011.

NOTE 2 – STOCK-BASED COMPENSATION

At September 30, 2012, LP had 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 September 30, 2012 as compared to $1.6 million for the quarter ended September 30, 2011 and $6.4 million for the nine months ended September 30, 2012 and September 30, 2011.

Stock Compensation Plans

LP grants options to Purchase LP common stock and stock settled stock appreciation rights (SSARs) to key employees and directors. On exercise, LP generally issues shares from treasury to settle these awards. The options and SSARs are granted at market price at the date of grant. For employees, SSARs become exercisable ratably over a three year period 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. At September 30, 2012, 3.0 million shares were available under the current stock award plans for stock-based awards. 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 nine months of the respective years noted:

	2012	2011
Expected stock price volatility	63.6%	63.9%
Expected dividend yield	—%	—%
Risk-free interest rate	0.7%	2.1%
Expected life of options	5 years	5 years
Weighted average fair value of options and SSARs granted	$4.75	$5.62

The following table summarizes stock options and SSARs outstanding as of September 30, 2012, as well as activity during the nine month period then ended.

Share amounts in thousands	Options and SSARs	Weighted Average Exercise Price	Weighted Average Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Options / SSARs outstanding at January 1, 2012	8,315	$ 12.78		
SSARs granted	971	8.86		
Options / SSARs exercised	(401)	5.85		
Options /SSARs canceled	(51)	16.84		
Options/SSARs outstanding at September 30, 2012	8,834	$ 12.64	6.0	$ 28.8
Vested and expected to vest at September 30, 2012	8,392	—	—	$ 27.3
Options/SSARS exercisable at September 30, 2012	6,954	$ 13.67	—	$ 21.9

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 third quarter of 2012 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 September 30, 2012. This amount changes based on the market value of LP's stock as reported by the New York Stock Exchange.

As of September 30, 2012, there was $4.7 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 1.7 years. LP recorded compensation expense related to these awards in the first nine months of 2012 of $2.8 million.

Incentive Share Awards

LP has granted incentive share stock awards (restricted stock units) to certain key employees as allowed under the current stock award plans. The awards vest three years from date of grant. 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 nine months of 2012 of $2.2 million. As of September 30, 2012, there was $3.4 million of total unrecognized compensation cost related to unvested incentive share awards. This expense will be recognized over a weighted-average period of 1.4 years.

The following table summarizes incentive share awards outstanding as of September 30, 2012 as well as activity during the nine months then ended.

	Shares	Weighted Average Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Incentive share awards outstanding at January 1, 2012	1,112,868		
Incentive share awards granted	329,426		
Incentive share awards vested	(407,909)		
Incentive share awards canceled	(56,755)		
Incentive shares outstanding at September 30, 2012	977,630	1.4	$12.2
Vested and expected to vest at September 30, 2012	928,749	—	$11.6
Incentive share awards exercisable at September 30, 2012	—	—	—

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

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the vesting period which is generally three years. As of September 30, 2012, there was $2.5 million of total unrecognized compensation costs related to restricted stock. This expense will be recognized over the next 1.4 years. The following table summarizes the restricted stock outstanding as of September 30, 2012 as well as activity during the nine months then ended.

	Number of Shares	Weighted Average Grant Date Fair Value
Restricted stock awards outstanding at January 1, 2012	760,728	$ 5.04
Restricted stock awards granted	202,009	8.85
Restrictions lapsed	(405,750)	2.17
Restricted stock awards at September 30, 2012	556,987	$ 8.51

LP recorded compensation expense related to these awards in the first nine months of 2012 of $1.2 million.

Through 2010, LP annually granted to each director restricted stock or restricted stock units. As of September 30, 2012, LP had 80,356 shares (or restricted stock units) outstanding under this program.

Performance share awards

In connection with Mr. Stevens' appointment to Chief Executive Officer on May 4, 2012, he was awarded 300,000 performance shares. This award was granted pursuant to the terms of LP's 1997 Incentive Stock Award Plan. If pre-determined market-based performance goals are met, shares of LP's stock will be issued to Mr. Stevens based upon a pre-determined vesting schedule based upon the required service periods. The fair market value of this award was determined based on the fair value as of the date of grant times the number of shares adjusted for the weighted probability of the attainment of certain performance goals. As of September 30, 2012, there was $1.2 million of total unrecognized compensation costs related to this award. This expense will be recognized over the next 3.6 years.

Phantom stock

Beginning in 2011, LP annually grants phantom stock units to its directors. The director does not receive rights of a shareholder, nor is any stock transfered. The units will be paid out in cash at the end of the five year vesting period. The value of one unit is based on the market value of one share of common stock on the vesting date. The cost of the grants is recognized over the vesting period and is included in stock-based compensation expense. As of September 30, 2012, LP had 75,816 shares outstanding under this program.

NOTE 3 – FAIR VALUE MEASUREMENTS

LP’s investments that are measured at fair value on a recurring basis are categorized below using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. Level 1 refers to fair values determined based on quoted prices in active markets for identical assets. Level 2 refers to fair values estimated using significant other observable inputs and Level 3 includes fair values estimated using significant non-observable inputs.

The following table summarizes assets measured on a recurring basis for each of the three hierarchy levels presented below.

Dollar amounts in millions	September 30, 2012	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	$1.8	$—	$—	$1.8
Trading securities	3.0	3.0	—	—
Total	$4.8	$3.0	$—	$1.8

Dollar amounts in millions	December 31, 2011	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	$0.7	$—	$—	$0.7
Trading securities	2.7	2.7	—	—
Total	$3.4	$2.7	$—	$0.7

Due to the lack of observable market quotations on a portion of 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 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 financial assets which are recorded in other assets in LP's consolidated balance sheets. The rabbi trust holds the assets on behalf of certain management employees who have elected 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 quotations, which represent Level 1 inputs.

The following table summarizes changes in assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the periods ended September 30, 2011 and September 30, 2012.

Dollar amounts in millions	Available for sale securities
Balance at December 31, 2010	$11.6
Sale of ARS	(15.0)
Total realized/unrealized gains included:	
Investment income	11.1
Other comprehensive income	(7.2)
Balance at September 30, 2011	$0.5
The amount of total losses for the period included in net loss attributable to the fair value of changes in assets still held at September 30, 2011	$—
Balance at December 31, 2011	$0.7
Total realized/unrealized gains included in other comprehensive income	1.1
Balance at September 30, 2012	$1.8
The amount of total losses for the period included in net loss attributable to the fair value of changes in assets still held at September 30, 2012	$—

Carrying amounts reported on the balance sheet for cash, cash equivalents, receivables and accounts payable approximate fair value due to the short-term maturity of these items.

During the third quarter of 2012, LP recognized an impairment charge of $4.4 million on an OSB mill in Quebec, Canada, based upon a change in the plan of sale of various assets held for sale to reduce their carrying value to the estimated selling price less selling costs. The valuation of these assets was determined using level two inputs under the market approach.

During the third quarter of 2011, LP determined that an impairment review was required of its LSL facility located in Houlton, Maine due to continued operating losses which were driven by the significant reductions in current and forecasted housing starts. As a result of this review, LP recognized a pre-tax, non-cash impairment charge of $62.0 million in the third quarter of 2011. The estimated fair value of long-lived assets was calculated based on the income approach using the discounted probability of weighted cash flows taking into account current expectations for asset utilization, housing starts and the remaining useful life of related assets. In addition, liquidation values were considered where appropriate, as well as indicated values from divestiture activities. These assets are included in LP's property plant and equipment (long-lived assets) which are held and used.

Additionally during the third quarter of 2011, LP recorded an impairment charge of $2.4 million on various assets held for sale to reduce their carrying value to the estimated selling price less selling costs. The valuation of these assets was determined using level two inputs under the market approach. Also, LP recorded an impairment charge of $0.5 million on assets no longer used.

For the nine months ended September 30, 2011, in addition to the impairments noted above, LP recorded an impairment charge of $3.6 million to reduce the carrying value of assets held for sale to the estimated selling prices less selling costs. The valuation of these assets was determined using level two inputs under the market approach. Also, LP recorded an impairment charge of $4.4 million on assets no longer used.

NOTE 4 – EARNINGS PER SHARE

Basic earnings per share are based on the weighted-average number of shares of common stock outstanding. Diluted earnings per share are based upon the weighted-average number of shares of common stock outstanding plus all potentially dilutive securities that were assumed to be converted into common shares at the beginning of the period under the treasury stock method. This method requires that the effect of potentially dilutive common stock equivalents (employee and director stock options, stock settled stock appreciation rights, incentive shares and warrants) be excluded from the calculation of diluted earnings per share for the periods in which LP recognizes losses from continuing operations or at such time that the exercise prices of such awards are in excess of the

weighted average market price of LP's common stock during these periods because the effect is anti-dilutive. Performance share awards are included in the calculation of earnings per share using the contingently issuable method. The following table sets forth the computation of basic and diluted earnings per share:

Dollar and share amounts in millions, except per share amounts	Quarter Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Numerator:				
Income (loss) attributed to LP common shares:				
Income (loss) from continuing operations	$31.4	$(59.3)	$(17.0)	$(115.3)
Loss from discontinued operations	(0.1)	(6.3)	(0.3)	(8.8)
Net income (loss)	$31.3	$(65.6)	$(17.3)	$(124.1)
Denominator:				
Basic - weighted average common shares outstanding	137.1	134.5	136.9	132.4
Dilutive effect of stock warrants	3.0	—	—	—
Dilutive effect of stock plans	2.5	—	—	—
Diluted shares outstanding	142.6	134.5	136.9	132.4
Basic earnings per share:				
Income (loss) from continuing operations	$0.23	$(0.44)	$(0.13)	$(0.87)
Loss from discontinued operations	—	(0.05)	—	(0.07)
Net income (loss) per share	$0.23	$(0.49)	$(0.13)	$(0.94)
Diluted earnings per share:				
Income (loss) from continuing operations	$0.22	$(0.44)	$(0.13)	$(0.87)
Loss from discontinued operations	—	(0.05)	—	(0.07)
Net income (loss) per share	$0.22	$(0.49)	$(0.13)	$(0.94)

For the quarter ended September 30, 2012, stock options and SSARs related to approximately 4.4 million shares of LP common stock were considered not in-the-money for purposes of LP's earnings per share calculation. For the nine months ended September 30, 2012, stock options, stock warrants and SSARs relating to approximately 11.1 million shares of LP common stock were considered anti-dilutive for purposes of LP’s earnings per share calculation due to LP’s loss position from continuing operations. For the quarter and nine months ended September 30, 2011, stock options, stock warrants and SSARs relating to approximately 5.9 million and 7.3 million shares of LP common stock were considered anti-dilutive for purposes of LP’s earnings per share calculation due to LP’s loss position from continuing operations.

NOTE 5 – RECEIVABLES

Receivables consist of the following:

Dollar amounts in millions	September 30, 2012	December 31, 2011
Trade receivables	$93.7	$55.9
Interest receivables	3.7	1.2
Other receivables	8.4	9.1
Allowance of doubtful accounts	(1.2)	(1.1)
Total	$104.6	$65.1

Other receivables at September 30, 2012 and December 31, 2011 primarily consist of settlements, Canadian sales tax receivables, receivables from joint ventures and other items.

NOTE 6 – INVENTORIES

Inventories are valued at the lower of cost or market. Inventory cost includes materials, labor and operating overhead. The major types of inventories are as follows (work in process is not material):

Dollar amounts in millions	September 30, 2012	December 31, 2011
Logs	$27.7	$26.5
Other raw materials	21.6	18.6
Finished products	148.0	109.6
Supplies	12.6	9.5
LIFO reserve	(0.6)	(0.6)
Total	$209.3	$163.6

NOTE 7 – ASSETS HELD FOR SALE

Over the last several years, LP has adopted and implemented plans to sell selected assets in order to improve its operating results. LP is required to classify assets held for sale which are not part of a discontinued business separately on the face of the financial statements outside of "Property, plant and equipment." As of September 30, 2012 and December 31, 2011, LP included two OSB mills and various assets at a third OSB mill, as well as various non-operating sites, in its held for sale category. During the third quarter of 2012, LP recognized an impairment charge of $4.4 million on an OSB mill in Quebec, Canada, based upon a change in the plan of sale of various assets held for sale to reduce their carrying value to the estimated selling price less selling costs. See Note 3 for discussion of impairments recorded on these assets to reduce carrying value to sales prices less estimated selling costs. The current book values of assets held for sale by category is as follows:

Dollars in millions	September 30, 2012	December 31, 2011
Property, plant and equipment, at cost:		
Land, land improvements and logging roads, net of road amortization	$10.0	$13.1
Buildings	15.7	22.9
Machinery and equipment	142.2	178.3
	167.9	214.3
Accumulated depreciation	(135.4)	(162.4)
Net property, plant and equipment	$32.5	$51.9

During the first quarter of 2012, LP sold two non-operating properties for cash proceeds of $8.5 million.

NOTE 8 – INCOME TAXES

Accounting standards state that companies account for income taxes using the asset and liability approach, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. This method also requires the recognition of future tax benefits, such as net operating loss carryforwards and other tax credits. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. Valuation allowances are recorded as necessary to reduce deferred tax assets to the amount thereof that is more likely than not to be realized. The likelihood of realizing deferred tax assets is evaluated by, among other things, estimating future taxable income only to the extent of its reversal of existing deferred tax liabilities to which the deferred tax assets may be applied and assessing the impact of tax planning strategies.

For interim periods, accounting standards require that income tax expense be determined by applying the estimated annual effective income tax rate to year-to-date results unless this method does not result in a reliable estimate of year-to-date income tax expense. For the third quarter and first nine months of 2012, LP determined its tax provision using the discrete or cut-off method, which allows for the application to year-to-date results of the effective income tax rate that would actually apply to such results (rather than an estimated effective annual income tax rate which

was used for the third quarter and first nine months of 2011). This approach is appropriate where a small change in a Company's estimated income could produce a large change in the estimated annual effective tax rate. 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.

For the first nine months of 2012, the primary differences between the U.S. statutory rate of 35% and the effective rate applicable to LP’s continuing operations relate to the effect of foreign tax rates, increases in valuation allowances attributed to net operating loss carryforwards in various jurisdictions and increase in LP's reserves for uncertain tax positions. For the first nine months of 2011, the primary differences between the U.S. statutory rate of 35% and the effective rate applicable to LP’s continuing operations relate to state income taxes, the effect of foreign tax rates and increases in valuation allowances attributed to net operating loss carryforwards in various jurisdictions.

The income tax components and associated effective income tax rates for the nine months ended September 30, 2012 and 2011 are as follows:

	Quarter Ended September 30,					
	2012			2011		
Dollars in millions	Tax Benefit	Tax Rate		Tax Benefit	Tax Rate	
Continuing operations	$7.9	20	%	$(20.9)	26	%
Discontinued operations	(0.1)	35	%	(4.0)	39	%
	$7.8	20	%	$(24.9)	28	%

	Nine Months Ended September 30,					
	2012			2011		
	Tax Benefit	Tax Rate		Tax Benefit	Tax Rate	
Continuing operations	$(4.4)	21	%	$(36.1)	24	%
Discontinued operations	(0.2)	35	%	(5.6)	39	%
	$(4.6)	21	%	$(41.7)	25	%

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, Chile, Peru and Brazil. As of September 30, 2012, the U.S. Internal Revenue Service (IRS) was in the process of auditing tax years 2007 through 2009. All U.S. federal audits of prior years have been completed. LP remains subject to state and local tax examinations for the tax years 2005 through 2011. Canadian federal income tax returns have been audited and effectively settled through 2004, and no examinations are currently in progress. Years subsequent to 2004, with the exception of 2006 and 2007, remain subject to examination. Quebec provincial audits have been effectively settled through 2007, and an audit of years 2008 through 2010 is currently in progress. As of September 30, 2012, the Chilean Tax Office was in process of auditing tax years 2008 through 2010.

In connection with the IRS audit of tax years 2007 through 2009 described above, the IRS has proposed an assessment based upon the disallowance of certain accelerated depreciation positions taken by LP. LP disagrees with the assessment and, based on its views of the merits of its positions, believes that no accrual is required at this time. However, if the IRS were to fully prevail on the matter, LP would be required to make a cash payment of $17.5 million plus interest, and would recover a comparable amount of the tax benefit in future years through additional depreciation deductions.

LP periodically reviews the need for valuation allowances against deferred tax assets and recognizes these deferred tax assets to the extent that the realization is more likely than not. Based upon review of earnings history and trends, tax planning strategies already implemented, reversal of deferred tax liabilities and the relevant expiration of carry forwards, LP believes that the valuation allowances provided are appropriate. If LP were to determine that it would not be able to realize a portion of an existing net deferred tax asset in excess of an existing valuation allowance, an adjustment to the net deferred tax asset would be charged to earnings in the period in which such determination was

made. Conversely, if it were to make a determination that it is more likely than not that an existing deferred tax asset for which there is currently a valuation allowance would be realized, the related valuation allowance would be reduced and a benefit to earnings would be recorded in the period in which such determination was made.

NOTE 9 – LONG-TERM DEBT

LP's long-term debt consists of the following:

Dollars in millions	September 30, 2012	December 31, 2011
Debentures:		
Senior secured notes, maturing 2017	$—	$189.6
Senior notes, maturing 2020	350.0	—
Bank credit facilities:		
Chilean term credit facility, maturing 2019, denominated in UF	42.2	40.5
Brazilian export financing facility, maturing 2017	10.0	10.0
Limited recourse notes payable:		
Senior notes, payable 2012	7.9	7.9
Senior notes, payable 2013 - 2018	112.0	112.0
Other financing		
Non-recourse notes, payable 2018	368.7	368.7
Other	0.3	0.4
Total	891.1	729.1
Less: current portion	(105.7)	(13.2)
Net long-term portion	$785.4	$715.9

LP issued $47.9 million ($7.9 million outstanding as of September 30, 2012) of senior notes in 1997 in a private placement to institutional investors. At September 30, 2012, the remaining notes were secured by $9.9 million in secured notes receivable from Sierra Pacific Industries. Both the notes payable and the notes receivable were paid in full at maturity subsequent to September 30, 2012.

LP issued $348.6 million ($112.0 million remaining outstanding as of September 30, 2012) of senior notes in 1998 in a private placement to institutional investors. The remaining notes mature in principal amounts of $90.0 million in 2013 and $22.0 million in 2018. The remaining notes are secured by $113.7 million of secured notes receivable from Green Diamond Resource Company (Green Diamond). Pursuant to the terms of the notes payable, in the event of a default by Green Diamond, LP would be liable to pay only 10% of the indebtedness represented by the notes payable.

LP issued $368.7 million of senior notes in 2003 in a private placement to unrelated third parties. The senior notes mature in 2018 and are supported by a bank letter of credit. LP's reimbursement obligations under the letter of credit are secured by $410.0 million in notes receivable from asset sales. In general, the creditors under this arrangement have no recourse to LP's assets, other than the notes receivable. However, under certain circumstances, LP may be liable for certain liabilities (including liabilities associated with the marketing or remarketing of the senior debt and reimbursement obligations, which are fully cash collateralized under the letter of credit supporting the notes payable) in an amount not to exceed 10% of the aggregate principal amount of the notes receivable.

In December 2009, LP entered into a term loan agreement with a Chilean bank. This loan is denominated in UF (inflation adjusted Chilean pesos) and is secured by substantially all of the property owned by LP Chile SA. The loan will be repaid in 16 equal semi-annual payments beginning in June 2012 and ending December 2019. As of September 30, 2012, $2.7 million in principal payments have been made on this loan. Any additional increases or decreases in the loan balance shown are related to changes in the underlying foreign currency exchange rates or required inflation adjustments.

In August 2011, LP entered into a export financing loan agreement with a Brazilian bank pursuant to which it borrowed $10.0 million. This loan will be repaid in 10 equal semi-annual payments beginning in January 2013 and ending July 2017.

In May 2012, LP issued $350.0 million of 7.5% Senior Notes due 2020. LP used a portion of the proceeds to fully retire the remaining balance outstanding on the Senior Secured Notes due in 2017. In connection with this repurchase, LP recorded a loss on early debt extinguishment of $52.2 million which included $4.5 million associated with the unamortized financing costs associated with the Senior Secured Notes.

Obligations under the indenture governing LP's Senior Notes due 2020 are unsecured and not presently guaranteed by any of its subsidiaries. The indenture contains customary covenants applicable to LP and its subsidiaries, other than certain unrestricted subsidiaries, including restrictions on actions and activities that are restricted under the credit facility. The indenture also contains customary events of default, the occurrence of which could result in acceleration of LP's obligations to repay the indebtedness outstanding thereunder.

LP estimates the Senior Notes maturing in 2020 to have a fair value of $389.8 million at September 30, 2012 based upon market quotations.

Additional descriptions of LP’s indebtedness are included in consolidated financial statements and the notes thereto included in LP’s Annual Report on Form 10-K for the year ended December 31, 2011.

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 third quarter and nine months ended September 30, 2012 and September 30, 2011 are reflected in the table below and are described in the paragraphs following the table:

	Quarter Ended September 30,		Nine Months Ended September 30,	
Dollar amounts in millions	2012	2011	2012	2011
Severance	$(0.2)	$(0.4)	$(0.7)	$(0.4)
Construction related legal reserve	—	(0.5)	0.5	(0.5)
Addition to environmental reserves	—	—	—	(0.9)
Addition to warranty reserves	(1.0)	—	(1.0)	—
Reduction to product related contingency reserves	—	10.7	—	10.7
Timber related reserves	—	—	—	1.5
Settlement of legal claim	—	—	—	0.8
	$(1.2)	$9.8	$(1.2)	$11.2

During the third quarter of 2012, LP recorded a loss of $1.0 million related to an increase in product related warranty reserves associated with Canexel products sold in Europe in prior years.

LP recorded losses of $0.2 million and $0.7 million during the third quarter and first nine months of 2012 associated with severance related to an indefinitely curtailed OSB mill in British Columbia.

During the third quarter and first nine months of 2011 LP recorded a loss of $0.4 million associated with severance related to an indefinitely curtailed OSB mill in British Columbia, Canada as well as a reversal of a $0.5 million loss associated with an assessment in connection with one of its indefinitely curtailed OSB mills.

During the third quarter of 2011, LP recorded a gain of $10.7 million related to a reduction in product related contingency reserves associated with the National hardboard class action settlement.

During the first nine months of 2011, LP recorded a gain of $1.5 million related to reductions in reforestation liabilities associated with LP's Canadian timber obligations, and an increase of $0.9 million in environmental reserves associated with a facility currently held for sale and a gain of $0.8 million related to an action against a previous claims inspector associated with LP’s hardboard class action for various states.

NOTE 11 – TRANSACTIONS WITH AFFILIATES

LP has equity investments in AbitibiBowater-LP (a manufacturer of I-joist) and Canfor-LP (a manufacturer of OSB). LP sells products and raw materials to AbitibiBowater-LP and purchases products for resale from AbitibiBowater-LP and Canfor-LP. 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 September 30, 2012 and 2011, LP sold $2.6 million and $1.5 million of products to AbitibiBowater-LP and purchased $11.3 million and $9.6 million of I-joist from AbitibiBowater-LP. LP also purchased $42.6 million and $19.3 million of OSB from Canfor-LP during the quarters ended September 30, 2012 and 2011. For the nine month period ended September 30, 2012 and 2011, LP sold $6.3 million and $4.4 million of products to AbitibiBowater-LP and purchased $29.7 million and $26.4 million of I-joist from AbitibiBowater-LP. LP also purchased $101.9 million and $65.8 million of OSB from Canfor-LP during the nine month period ended September 30, 2012 and 2011.

Included in LP’s Consolidated Balance Sheets at September 30, 2012 and December 31, 2011 are $3.3 million and $0.5 million in accounts receivable from these affiliates and $7.7 million and $2.3 million in accounts payable to these affiliates.

NOTE 12 – LEGAL AND ENVIRONMENTAL MATTERS

Certain environmental matters and legal proceedings are discussed below.

Environmental Matters

LP maintains a reserve for undiscounted estimated environmental loss contingencies. This reserve is primarily for estimated future costs of remediation of hazardous or toxic substances at numerous sites currently or previously owned by the Company. LP's estimates of its environmental loss contingencies are based on various assumptions and judgments, the specific nature of which varies in light of the particular facts and circumstances surrounding each environmental loss contingency. These estimates typically reflect assumptions and judgments as to the probable nature, magnitude and timing of required investigation, remediation and/or monitoring activities and the probable cost of these activities, and in some cases reflect assumptions and judgments as to the obligation or willingness and ability of third parties to bear a proportionate or allocated share of the cost of these activities. Due to the numerous uncertainties and variables associated with these assumptions and judgments, and the effects of changes in governmental regulation and environmental technologies, both the precision and reliability of the resulting estimates of the related contingencies are subject to substantial uncertainties. LP regularly monitors its estimated exposure to environmental loss contingencies and, as additional information becomes known, may change its estimates significantly.

Other Proceedings

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

NOTE 13 – SELECTED SEGMENT DATA

LP operates in four segments: Oriented Strand Board (OSB), Siding, Engineered Wood Products (EWP) and South America. LP’s business units have been aggregated into these four 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, 2011.

	Quarter Ended September 30,		Nine Months Ended September 30,	
Dollar amounts in millions	2012	2011	2012	2011
Net sales:				
OSB	$226.6	$138.8	$571.0	$411.4
Siding	134.1	112.0	384.2	336.6
Engineered Wood Products	61.5	54.9	161.8	156.9
South America	42.0	36.3	127.1	111.1
Other	9.1	9.5	29.9	30.4
Intersegment sales	(5.5)	(0.9)	(16.9)	(1.7)
	$467.8	$350.6	$1,257.1	$1,044.7
Operating profit (loss):				
OSB	$49.3	$(16.0)	$66.0	$(48.0)
Siding	20.3	11.8	56.4	35.9
Engineered Wood Products	(3.0)	(3.2)	(9.3)	(11.9)
South America	4.5	2.3	11.2	10.1
Other	(2.0)	(3.2)	(4.5)	(5.9)
Other operating credits and charges, net	(1.2)	9.8	(1.2)	11.2
Loss on sale or impairment of long-lived assets	(4.3)	(65.0)	(4.5)	(73.0)
General corporate and other expenses, net	(18.1)	(15.2)	(56.3)	(49.6)
Foreign currency gains (losses)	0.4	(4.0)	(2.3)	(1.6)
Early extinguishment of debt	—	—	(52.2)	—
Investment income	4.1	16.7	11.7	24.2
Interest expense, net of capitalized interest	(10.7)	(14.2)	(36.4)	(42.6)
Income (loss) from continuing operations before taxes	39.3	(80.2)	(21.4)	(151.2)
Provision (benefit) for income taxes	7.9	(20.9)	(4.4)	(36.1)
Income (loss) from continuing operations	$31.4	$(59.3)	$(17.0)	$(115.1)

NOTE 14 – POTENTIAL IMPAIRMENTS

LP continues to review certain operations and investments for potential impairments. LP's management currently believes it has adequate support for the carrying value of each of these operations and investments based upon the anticipated cash flows that result from estimates of future demand, pricing and production costs assuming certain levels of planned capital expenditures. As of September 30, 2012, the undiscounted cash flows for the facilities indefinitely curtailed support the conclusion that no impairment is necessary for those facilities. As of September 30, 2012, the fair value of facilities that have not been indefinitely curtailed are substantially in excess of its carrying value and supports the conclusion that no impairment is necessary for those facilities. However, if demand and pricing for the relevant products continues at levels significantly below cycle average demand and pricing, or should LP decide to invest capital in alternative projects, it is possible that impairment charges will be required. See discussion in Note 3 Fair Value Measurements for impairment charges recorded in the periods presented.

LP also reviews from time to time possible dispositions of various assets in light of current and anticipated economic and industry conditions, its strategic plan and other relevant circumstances. Because a determination to dispose of particular assets can require management to make assumptions regarding the transaction structure of the disposition and to estimate the net sales proceeds, which may be less than previous estimates of undiscounted future net cash flows, LP may be required to record impairment charges in connection with decisions to dispose of assets.

NOTE 15 – CONTINGENCY RESERVES

LP maintains reserves for various contingent liabilities as follows:

Dollar amounts in millions	September 30, 2012	December 31, 2011
Environmental reserves	$14.3	$15.0
Hardboard siding reserves	5.8	6.2
Total contingency reserves	20.1	21.2
Current portion of contingency reserves	(4.0)	(4.0)
Long-term portion of contingency reserves	$16.1	$17.2

Hardboard Siding Reserves

LP has established reserves relating to certain liabilities associated with a settlement agreement resulting from a nationwide class action lawsuit involving hardboard siding manufactured or sold by corporations acquired by LP in 1999 and installed prior to May 15, 2000 which was approved by the applicable courts in 2000. This settlement is discussed in greater detail in the Notes to the financial statements included in LP's Annual Report on Form 10-K for the year ended December 31, 2011. LP believes that the reserve balance for this settlement at September 30, 2012 will be adequate to cover future payments to claimants and related administrative costs.

The activity in the portion of LP's loss contingency reserves relating to hardboard siding contingencies for the first nine months of 2012 and 2011 are summarized in the following table.

Dollar amounts in millions	September 30, 2012	September 30, 2011
Beginning balance, December 31,	$6.2	$17.8
Reversal of reserves	—	(10.7)
Payments made for claims	(0.3)	(0.4)
Payments made for administrative costs	(0.1)	(0.3)
Ending balance	$5.8	$6.4

LP believes that the reserve balance at September 30, 2012 will be adequate to cover future payments to claimants and related administrative costs.

During the third quarter of 2011, LP decreased its reserves in connection with this settlement due to reductions in claims activity.

NOTE 16 – DEFINED BENEFIT PENSION PLANS

The following table sets forth the net periodic pension cost for LP's defined benefit pension plans during the quarter ended September 30, 2012 and 2011. The net periodic pension cost included the following components:

	Quarter Ended September 30,		Nine Months Ended September 30,	
Dollar amounts in millions	2012	2011	2012	2011
Service cost	$0.9	$0.8	$2.7	$2.4
Interest cost	3.7	4.0	11.0	12.0
Expected return on plan assets	(4.3)	(4.5)	(12.7)	(13.5)
Amortization of prior service cost	0.1	0.1	0.2	0.3
Amortization of net loss	1.7	1.1	5.0	3.3
Net periodic pension cost	$2.1	$1.5	$6.2	$4.5

During the nine months ended September 30, 2012 and 2011, LP recognized $6.2 million and $4.5 million of pension expense for all of LP's defined benefit pension plans.

During the nine months ended September 30, 2012, LP made $1.7 million in pension contributions for LP's Canadian defined benefit plans. LP presently anticipates making approximately $0.5 million in additional pension contributions for the plans during the remainder of 2012. During the nine months ended September 30, 2011, LP made $11.0 million in pension contributions for LP's defined benefit plans.

NOTE 17 – GUARANTEES AND INDEMNIFICATIONS

LP is a party to contracts in which LP agrees to indemnify third parties for certain liabilities that arise out of or relate to the subject matter of the contract. In some cases, this indemnity extends to liabilities arising out of the negligence of the indemnified parties, but usually excludes any liabilities caused by gross negligence or willful misconduct of the indemnified parties. LP cannot estimate the potential amount of future payments under these agreements until events arise that would trigger the liability. See Note 21 of the Notes to the financial statements included in LP's Annual Report on Form 10-K for the year ended December 31, 2011 for further discussion of LP's guarantees and indemnifications.

During the first nine months of 2011, LP provided a guarantee on behalf of one of its joint ventures to the joint venture bank lender of $3.4 million. Subsequent to the end of the third quarter, LP agreed to contribute $3.0 million to this joint venture and the guarantee amount was reduced to $2.2 million.

Additionally, LP provides warranties on the sale of most of its products and records an accrual for estimated future claims. Such accruals are based upon historical experience and management's estimate of the level of future claims. The activity in warranty reserves for the first nine months of 2012 and 2011 are summarized in the following table:

	Quarter Ended September 30,		Nine Months Ended September 30,	
Dollar amounts in millions	2012	2011	2012	2011
Beginning balance	$26.5	$30.6	$30.3	$29.5
Accrued to expense	1.4	9.8	1.9	14.7
Payments made	(4.5)	(5.2)	(8.8)	(9.0)
Total warranty reserves	23.4	35.2	23.4	35.2
Current portion of warranty reserves	(12.0)	(12.0)	(12.0)	(12.0)
Long-term portion of warranty reserves	$11.4	$23.2	$11.4	$23.2

The current portion of the warranty reserve is included in the caption "Accounts payable and accrued liabilities" and the long-term portion is included in the caption "Other long-term liabilities" on LP's Condensed Consolidated Balance Sheets.

During the third quarter of 2012, LP recorded a loss of $1.0 million related to an increase in product related warranty reserves associated with Canexel products sold in Europe in prior years.

During the third quarter of 2011, LP increased the warranty reserves related to discontinued composite decking products by $8.2 million which was a further increase from the $3.8 million recorded in the second quarter of 2011. The additional reserves reflect revised estimates of future claim payments based upon an increase in decking warranty claims and associated costs related to a specific operation and specific time period.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

GENERAL

Our products are used primarily in new home construction, repair and remodeling, and manufactured housing. We also market and sell our products in light industrial and commercial construction and we have a modest export business. Our manufacturing facilities are primarily located in the U.S. and Canada, but we also operate two facilities in Chile and one facility in Brazil.

To serve our markets, we operate in four segments: Oriented Strand Board (OSB), Siding, Engineered Wood Products (EWP) and South America.

Demand for our products correlates to a significant degree to the level of residential construction activity in North America, which historically has been characterized by significant cyclicality for the third quarter of 2012. The U.S. Department of Census reported that actual single and multi-family housing starts were 28% higher than for the third quarter of 2011 and 27% higher for the first nine months of 2012 than for the first nine months of 2011. While building activity has improved, it is unlikely to return to "normal" levels until pending foreclosure activity subsides, employment grows, access to credit for home buyers improves and housing prices stabilize further.

OSB is sold as a commodity for which sales prices fluctuate daily based on market factors over which we have little or no control. We cannot predict whether the prices of our OSB products will remain at current levels or increase or decrease in the future. OSB prices (NC 7/16"), as reported by Random Lengths, were 70% higher for the third quarter of 2012 than for the same period in 2011 and 35% higher for the first nine months than for the same period in 2011. For additional factors affecting our results, refer to the Management Discussion and Analysis overview contained in our Annual Report on Form 10-K for the year ended December 31, 2011 and to “About Forward-Looking Statements” and “Risk Factors” in this report.

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT ESTIMATES

Presented 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, 2011 is a discussion of our significant accounting policies and significant accounting estimates and judgments. Throughout the preparation of the financial statements, we employ significant judgments in the application of accounting principles and methods. These judgments are primarily related to the assumptions used to arrive at various estimates. For the third quarter of 2012, these significant accounting estimates and judgments include:

Legal Contingencies. Our estimates of loss contingencies for legal proceedings are based on various judgments and assumptions regarding the potential resolution or disposition of the underlying claims and associated costs. In making judgments and assumptions regarding legal contingencies for ongoing class action settlements, we consider, among other things, discernible trends in the rate of claims asserted and related damage estimates and information obtained through consultation with statisticians and economists, including statistical analysis of potential outcomes based on experience to date and the experience of third parties who have been subject to product-related claims judged to be comparable. Due to the numerous variables associated with these judgments and assumptions, both the precision and reliability of the resulting estimates of the related loss contingencies are subject to substantial uncertainties. We regularly monitor our estimated exposure to these contingencies and, as additional information becomes known, may change our estimates significantly.

Environmental Contingencies. Our estimates of loss contingencies for environmental matters are based on various judgments and assumptions. These estimates typically reflect judgments and assumptions relating to the probable nature, magnitude and timing of required investigation, remediation and/or monitoring activities and the probable cost of these activities, and in some cases reflect judgments and assumptions relating to the obligation or willingness and ability of third parties to bear a proportionate or allocated share of the cost of these activities, including third parties who purchased assets from us subject to environmental liabilities. We consider the ability of third parties to pay their apportioned cost when developing our estimates. In making these judgments and assumptions related to the development of our loss contingencies, we consider, among other things, the activity to date at particular sites, information obtained through consultation with applicable regulatory authorities and third-party consultants and contractors and our historical experience at other sites that are judged to be comparable. Due to the numerous variables associated with these judgments and assumptions, and the effects of changes in governmental regulation and environmental technologies, both the precision and reliability of the resulting estimates of the related contingencies are subject to substantial uncertainties. We regularly monitor our estimated exposure to environmental loss contingencies and, as additional information becomes known, may change our estimates significantly. At September 30, 2012, we excluded from our estimates approximately $1.8 million of potential environmental liabilities that we estimate will be allocated to third parties pursuant to existing and anticipated future cost sharing arrangements.

Impairment of Long-Lived Assets. We review the long-lived assets held and used by us (primarily property, plant and equipment and timber and timberlands) for impairment when events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. We consider the necessity of undertaking such a review at least quarterly, and also when certain events or changes in circumstances occur. Events and changes in circumstances that may necessitate such a review include, but are not limited to: a significant decrease in the market price of a long-lived asset or group of long-lived assets; a significant adverse change in the extent or manner in which a long-lived asset or group of long-lived assets is being used or in its physical condition; a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset or group of long-lived assets, including an adverse action or assessment by a regulator; an accumulation of costs significantly in excess of the

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amount originally expected for the acquisition or construction of a long-lived asset or group of long-lived assets; current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset or group of long-lived assets; and current expectation that, more likely than not, a long-lived asset or group of long-lived assets will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. Identifying these events and changes in circumstances, and assessing their impact on the appropriate valuation of the affected assets under accounting principles generally accepted in the U.S., requires us to make judgments, assumptions and estimates.

In general, for assets held and used in our operations, impairments are recognized when the carrying amount of the long-lived asset or groups of long-lived assets is not recoverable and exceeds the fair value of the asset or group of assets. The carrying amount of a long-lived asset or groups of long-lived assets is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the assets or group of assets. The key assumptions in estimating these cash flows relate to future production volumes, pricing of commodity or specialty products and future estimates of expenses to be incurred as reflected in our long-range internal planning models. Our assumptions regarding pricing are based upon the average pricing over the commodity cycle (generally five years) due to the inherent volatility of commodity product pricing, and reflect our assessment of information gathered from industry research firms, research reports published by investment analysts and other published forecasts. Our assumptions regarding expenses reflect our expectation that we will continue to reduce production costs to offset inflationary impacts.

When impairment is indicated for assets held and used in our operations, the book values of the affected assets are written down to their estimated fair value, which is generally based upon discounted future cash flows associated with the affected assets. When impairment is indicated for assets to be disposed of, the book values of the affected assets are written down to their estimated fair value, less estimated selling costs. Consequently, a determination to dispose of particular assets can require us to estimate the net sales proceeds expected to be realized upon such disposition, which may be less than the estimated undiscounted future net cash flows associated with such assets prior to such determination, and thus require an impairment charge. In situations where we have experience in selling assets of a similar nature, we may estimate net sales proceeds on the basis of that experience. In other situations, we hire independent appraisers to estimate net sales proceeds.

Due to the numerous variables associated with our judgments and assumptions relating to the valuation of assets in these circumstances, and the effects of changes in circumstances affecting these valuations, both the precision and reliability of the resulting estimates of the related impairment charges are subject to substantial uncertainties and, as additional information becomes known, we may change our estimates significantly.

Income Taxes. The determination of the provision for income taxes, and the resulting current and deferred tax assets and liabilities, involves significant management judgment, and is based upon information and estimates available to management at the time of such determination. The final income tax liability to any taxing jurisdiction with respect to any calendar year will ultimately be determined long after our financial statements have been published for that year. We maintain reserves for known estimated tax exposures in federal, state and international jurisdictions; however, actual results may differ materially from our estimates.

Judgment is also applied in determining whether deferred tax assets will be realized in full or in part. When we consider it to be more likely than not that all or some portion of a deferred tax asset will not be realized, a valuation allowance is established for the amount of the deferred tax asset that is estimated not to be realizable. As of September 30, 2012, we had established valuation allowances against certain deferred tax assets, primarily related to state and foreign carryovers of net operating losses, credits and capital losses. We have not established valuation allowances against other deferred tax assets based upon tax strategies implemented or deferred tax liabilities which we anticipate to reverse within the carry forward period. Accordingly, changes in facts or circumstances affecting the likelihood of realizing a deferred tax asset could result in the need to record additional valuation allowances.

Pension Plans. Most of our U.S. employees and many of our Canadian employees participate in defined benefit pension plans sponsored by LP. We account for the consequences of our sponsorship of these plans in accordance with accounting principles generally accepted in the U.S., which require us to make actuarial assumptions that are used to calculate the related assets, liabilities and expenses recorded in our financial statements. While we believe we

have a reasonable basis for these assumptions, which include assumptions regarding long-term rates of return on plan assets, life expectancies, rates of increase in salary levels, rates at which future values should be discounted to

determine present values and other matters, the amounts of our pension related assets, liabilities and expenses recorded in our financial statements would differ if we used other assumptions.

Workers' Compensation. We are self insured for most of our U.S. employees' workers compensation claims. We account for these plans in accordance with accounting principles generally accepted in the U.S., which require us to make actuarial assumptions that are used to calculate the related assets, liabilities and expenses recorded in our financial statements. While we believe we have a reasonable basis for these assumptions, which include assumptions regarding rates at which future values should be discounted to determine present values, expected future health care costs and other matters, the amounts of our liabilities and related expenses recorded in our financial statements would differ if we used other assumptions.

Warranty Obligations. Customers are provided with a limited warranty against certain defects associated with our products for periods of up to fifty years. We estimate the costs to be incurred under these warranties and record a liability in the amount of such costs at the time product revenue is recognized. Factors that affect our warranty liability include the historical and anticipated rates of warranty claims and the cost of resolving such. We periodically assess the adequacy of our recorded warranty liability for each product and adjust the amounts as necessary. While we believe we have a reasonable basis for these assumptions, actual warranty costs in the future could differ from our estimates.

NON-GAAP FINANCIAL MEASURES

In evaluating our business, we utilize several non-GAAP financial measures. A non-GAAP financial measure is generally defined by the SEC as one that purports to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so excluded or included under applicable GAAP guidance. In this report on Form 10-Q, we disclose earnings (loss) from continuing operations before interest expense, taxes, depreciation and amortization ("EBITDA from continuing operations") which is a non-GAAP financial measure. Additionally, we disclose "Adjusted EBITDA from continuing operations" which further adjusts EBITDA from continuing operations to exclude stock based compensation expense, (gain) loss on sales or impairment of long lived assets, other operating charges and credits, net, depreciation included in equity in loss of unconsolidated affiliates and investment income. Neither EBITDA from continuing operations nor Adjusted EBITDA from continuing operations is a substitute for the GAAP measures of net income or operating cash flows or for any other GAAP measures of operating performance or liquidity.

We have included EBITDA from continuing operations and Adjusted EBITDA from continuing operations in this report on Form 10-Q because we use them as important supplemental measures of our performance and believe that they are frequently used by securities analysts, investors and other interested persons in the evaluation of companies in our industry, some of which present EBITDA when reporting their results. We use EBITDA from continuing operations and Adjusted EBITDA from continuing operations to evaluate our performance as compared to other companies in our industry that have different financing and capital structures and/or tax rates. It should be noted that companies calculate EBITDA and Adjusted EBITDA differently and, therefore, our EBITDA and Adjusted EBITDA measures may not be comparable to EBITDA and Adjusted EBITDA reported by other companies. Our EBITDA and Adjusted EBITDA measures have material limitations as performance measures because they exclude interest expense, income tax (benefit) expense and depreciation and amortization which are necessary to operate our business or which we otherwise incurred or experienced in connection with the operation of our business.

The following table represents significant items by operating segment and reconciles income (loss) from continuing operations to Adjusted EBITDA from continuing operations:

Three Months Ended September 30, 2012 (Dollar amounts in millions)	OSB	Siding	EWP	South America	Other	Corporate	Total
Sales	$226.6	$134.1	$61.5	$42.0	$9.1	$(5.5)	$467.8
Depreciation and amortization	8.2	3.9	3.1	3.3	0.1	0.3	18.9
Cost of sales and selling and administrative	172.4	109.9	61.2	34.2	9.9	12.3	399.9
Loss on sale or impairment of long lived assets	—	—	—	—	—	4.3	4.3
Other operating credits and charges, net	—	—	—	—	—	1.2	1.2
Total operating costs	180.6	113.8	64.3	37.5	10.0	18.1	424.3
Income (loss) from operations	46.0	20.3	(2.8)	4.5	(0.9)	(23.6)	43.5
Total non-operating expense	—	—	—	—	—	(6.2)	(6.2)
Income (loss) before income taxes and equity in (income) loss of unconsolidated affiliates	46.0	20.3	(2.8)	4.5	(0.9)	(29.8)	37.3
Provision for income taxes	—	—	—	—	—	7.9	7.9
Equity in (income) loss of unconsolidated affiliates	(3.3)	—	0.2	—	1.1	—	(2.0)
Income (loss) from continuing operations	$49.3	$20.3	$(3.0)	$4.5	$(2.0)	$(37.7)	$31.4
Reconciliation of income (loss) from continuing operations to adjusted EBITDA from continuing operations							
Income (loss) from continuing operations	$49.3	$20.3	$(3.0)	$4.5	$(2.0)	$(37.7)	$31.4
Provision for income taxes	—	—	—	—	—	7.9	7.9
Interest expense, net of capitalized interest	—	—	—	—	—	10.7	10.7
Depreciation and amortization	8.2	3.9	3.1	3.3	0.1	0.3	18.9
EBITDA from continuing operations	57.5	24.2	0.1	7.8	(1.9)	(18.8)	68.9
Stock based compensation expense	0.2	0.1	0.1	—	—	1.4	1.8
Loss on sale or impairment of long lived assets	—	—	—	—	—	4.3	4.3
Investment income	—	—	—	—	—	(4.1)	(4.1)
Other operating credits and charges, net	—	—	—	—	—	1.2	1.2
Depreciation included in equity in (income) loss of unconsolidated affiliates	2.1	—	0.1	—	0.9	—	3.1
Adjusted EBITDA from continuing operations	$59.8	$24.3	$0.3	$7.8	$(1.0)	$(16.0)	$75.2

Three Months Ended September 30, 2011 (Dollar amounts in millions)	OSB	Siding	EWP	South America	Other	Corporate	Total
Sales	$138.8	$112.0	$54.9	$36.3	$9.5	$(0.9)	$350.6
Depreciation and amortization	9.1	3.9	2.9	3.0	0.1	0.6	19.6
Cost of sales and selling and administrative	141.7	96.3	55.5	31.0	10.3	13.7	348.5
Loss on sale or impairment of long lived assets	—	—	—	—	—	65.0	65.0
Other operating credits and charges, net	—	—	—	—	—	(9.8)	(9.8)
Total operating costs	150.8	100.2	58.4	34.0	10.4	69.5	423.3
Income (loss) from operations	(12.0)	11.8	(3.5)	2.3	(0.9)	(70.4)	(72.7)
Total non-operating expense	—	—	—	—	—	(1.5)	(1.5)
Income (loss) before income taxes and equity in (income) loss of unconsolidated affiliates	(12.0)	11.8	(3.5)	2.3	(0.9)	(71.9)	(74.2)
Benefit for income taxes	—	—	—	—	—	(20.9)	(20.9)
Equity in (income) loss of unconsolidated affiliates	4.0	—	(0.3)	—	2.3	—	6.0
Income (loss) from continuing operations	$(16.0)	$11.8	$(3.2)	$2.3	$(3.2)	$(51.0)	$(59.3)
Reconciliation of income (loss) from continuing operations to adjusted EBITDA from continuing operations							
Income (loss) from continuing operations	$(16.0)	$11.8	$(3.2)	$2.3	$(3.2)	$(51.0)	$(59.3)
Benefit for income taxes	—	—	—	—	—	(20.9)	(20.9)
Interest expense, net of capitalized interest	—	—	—	—	—	14.2	14.2
Depreciation and amortization	9.1	3.9	2.9	3.0	0.1	0.6	19.6
EBITDA from continuing operations	(6.9)	15.7	(0.3)	5.3	(3.1)	(57.1)	(46.4)
Stock based compensation expense	0.2	0.1	0.1	—	—	1.1	1.5
Loss on sale or impairment of long lived assets	—	—	—	—	—	65.0	65.0
Investment income	—	—	—	—	—	(16.7)	(16.7)
Other operating credits and charges, net	—	—	—	—	—	(9.8)	(9.8)
Depreciation included in equity in (income) loss of unconsolidated affiliates	2.1	—	0.1	—	1.1	$—	3.3
Adjusted EBITDA from continuing operations	$(4.6)	$15.8	$(0.1)	$5.3	$(2.0)	$(17.5)	$(3.1)

Nine Months Ended September 30, 2012 (Dollar amounts in millions)	OSB	Siding	EWP	South America	Other	Corporate	Total
Sales	$571.0	$384.2	$161.8	$127.1	$29.9	$(16.9)	$1,257.1
Depreciation and amortization	25.2	12.0	8.3	8.9	0.5	1.0	55.9
Cost of sales and selling and administrative	481.0	315.8	162.6	107.0	30.3	38.4	1,135.1
Loss on sale or impairment of long lived assets	—	—	—	—	—	4.5	4.5
Other operating credits and charges, net	—	—	—	—	—	1.2	1.2
Total operating costs	506.2	327.8	170.9	115.9	30.8	45.1	1,196.7
Income (loss) from operations	64.8	56.4	(9.1)	11.2	(0.9)	(62.0)	60.4
Total non-operating income (expense)	—	—	—	—	—	(79.2)	(79.2)
Income (loss) before income taxes and equity in (income) loss of unconsolidated affiliates	64.8	56.4	(9.1)	11.2	(0.9)	(141.2)	(18.8)
Benefit for income taxes	—	—	—	—	—	(4.4)	(4.4)
Equity in (income) loss of unconsolidated affiliates	(1.2)	—	0.2	—	3.6	—	2.6
Income (loss) from continuing operations	$66.0	$56.4	$(9.3)	$11.2	$(4.5)	$(136.8)	$(17.0)
Reconciliation of income (loss) from continuing operations to adjusted EBITDA from continuing operations							
Income (loss) from continuing operations	$66.0	$56.4	$(9.3)	$11.2	$(4.5)	$(136.8)	$(17.0)
Benefit for income taxes	—	—	—	—	—	(4.4)	(4.4)
Interest expense, net of capitalized interest	—	—	—	—	—	36.4	36.4
Depreciation and amortization	25.2	12.0	8.3	8.9	0.5	1.0	55.9
EBITDA from continuing operations	91.2	68.4	(1.0)	20.1	(4.0)	(103.8)	70.9
Stock based compensation expense	0.7	0.4	0.4	—	—	4.9	6.4
Loss on sale or impairment of long lived assets	—	—	—	—	—	4.5	4.5
Investment income	—	—	—	—	—	(11.7)	(11.7)
Other operating credits and charges, net	—	—	—	—	—	1.2	1.2
Early debt extinguishment	—	—	—	—	—	52.2	52.2
Depreciation included in equity in (income) loss of unconsolidated affiliates	6.1	—	0.4	—	2.8	—	9.3
Adjusted EBITDA from continuing operations	$98.0	$68.8	$(0.2)	$20.1	$(1.2)	$(52.7)	$132.8

Nine Months Ended September 30, 2011 (Dollar amounts in millions)	OSB	Siding	EWP	South America	Other	Corporate	Total
Sales	$411.4	$336.6	$156.9	$111.1	$30.4	$(1.7)	$1,044.7
Depreciation and amortization	27.8	12.2	10.2	8.9	0.6	1.5	61.2
Cost of sales and selling and administrative	420.3	288.5	158.6	92.1	30.3	46.4	1,036.2
Loss on sale or impairment of long lived assets	—	—	—	—	—	73.0	73.0
Other operating credits and charges, net	—	—	—	—	—	(11.2)	(11.2)
Total operating costs	448.1	300.7	168.8	101.0	30.9	109.7	1,159.2
Income (loss) from operations	(36.7)	35.9	(11.9)	10.1	(0.5)	(111.4)	(114.5)
Total non-operating expense	—	—	—	—	—	(20.0)	(20.0)
Income (loss) before income taxes and equity in loss of unconsolidated affiliates	(36.7)	35.9	(11.9)	10.1	(0.5)	(131.4)	(134.5)
Benefit for income taxes	—	—	—	—	—	(36.1)	(36.1)
Equity in loss of unconsolidated affiliates	11.3	—	—	—	5.4	—	16.7
Income (loss) from continuing operations	$(48.0)	$35.9	$(11.9)	$10.1	$(5.9)	$(95.3)	$(115.1)
Reconciliation of income (loss) from continuing operations to adjusted EBITDA from continuing operations							
Income (loss) from continuing operations	$(48.0)	$35.9	$(11.9)	$10.1	$(5.9)	$(95.3)	$(115.1)
Benefit for income taxes	—	—	—	—	—	(36.1)	(36.1)
Interest expense, net of capitalized interest	—	—	—	—	—	42.6	42.6
Depreciation and amortization	27.8	12.2	10.2	8.9	0.6	1.5	61.2
EBITDA from continuing operations	(20.2)	48.1	(1.7)	19.0	(5.3)	(87.3)	(47.4)
Stock based compensation expense	0.6	0.4	0.3	—	—	5.1	6.4
Loss on sale or impairment of long lived assets	—	—	—	—	—	73.0	73.0
Investment income	—	—	—	—	—	(24.2)	(24.2)
Other operating credits and charges, net	—	—	—	—	—	(11.2)	(11.2)
Depreciation included in equity in loss of unconsolidated affiliates	6.2	—	0.4	—	3.5	—	10.1
Adjusted EBITDA from continuing operations	$(13.4)	$48.5	$(1.0)	$19.0	$(1.8)	$(44.6)	$6.7

RESULTS OF OPERATIONS

(Dollar amounts in millions, except per share amounts)

Our net income attributable to LP for the third quarter of 2012 was $31.3 million, or $0.22 per diluted share, on sales of $467.8 million, compared to a net loss attributable to LP for the third quarter of 2011 of $65.6 million, or $0.49 per diluted share, on sales of $350.6 million. For the third quarter of 2012, income from continuing operations attributed to LP was $31.4 million, or $0.22 per diluted share, compared to a loss of $59.3 million, or $0.44 per diluted share, for the third quarter of 2011.

Our net loss attributable to LP for the first nine months of 2012 was $17.3 million, or $0.13 per diluted share, on sales of $1.3 billion, compared to a net loss attributable to LP for the first nine months quarter of 2011 of $124.1 million, or $0.94 per diluted share, on sales of $1.0 billion. For the first nine months of 2012, loss from continuing operations was $17.0 million, or $0.13 per diluted share, compared to loss from continuing operations of $115.3 million, or $0.87 per diluted share, for the first nine months of 2011.

Our results of operations for each of our segments are discussed below as well as for the “other” category, which comprises products that are not individually significant.

OSB

Our OSB segment manufactures and distributes commodity and value-added OSB structural panels.

Segment sales, operating losses, and adjusted EBITDA from continuing operations for this segment are as follows:

	Quarter Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
Net sales	$226.6	$138.8	63 %	$571.0	$411.4	39 %
Operating income (loss)	49.3	(16.0)	408 %	66.0	(48.0)	238 %
Adjusted EBITDA from continuing operations	59.8	(4.6)	1,400 %	98.0	(13.4)	831 %

Percent changes in average sales prices and unit shipments for the quarter and nine months ended September 30, 2012 compared to the quarter and nine months ended September 30, 2011 are as follows:

	Quarter Ended September 30, 2012 versus 2011		Nine Months Ended September 30, 2012 versus 2011	
	Average Net Selling Price	Unit Shipments	Average Net Selling Price	Unit Shipments
OSB	50 %	11 %	27 %	10 %

For both the quarter and nine months ended September 30, 2012, OSB prices increased as compared to the corresponding periods in 2011. The increase in OSB prices was likely due to strengthening of the relationship between regional supply and demand based upon currently operating facilities across the industry. The increase in selling price favorably impacted operating results and adjusted EBITDA from continuing operations by approximately $71 million for the quarter and $112 million for the nine month period ended September 30, 2012 as compared to the corresponding period in 2011. Sales volumes increased due to higher housing starts as well as our continued move into industrial applications and increased our exports.

Compared to the third quarter and first nine months of 2011, the primary factor for increased operating income was higher commodity OSB sales prices.

SIDING

Our siding segment produces and markets wood-based siding and related accessories, together with commodity OSB products from one mill.

Segment sales, operating profits and adjusted EBITDA from continuing operations for this segment are as follows:

	Quarter Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
Net sales	$134.1	$112.0	20 %	$384.2	$336.6	14 %
Operating profits	20.3	11.8	72 %	56.4	35.9	57 %
Adjusted EBITDA from continuing operations	24.3	15.8	54 %	68.8	48.5	42 %

Sales in this segment by product line are as follows:

	Quarter Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
SmartSide Siding	$105.0	$90.8	16 %	$307.3	$264.9	16 %
Commodity OSB	12.7	9.2	38 %	31.6	23.2	36 %
Canexel siding	16.4	12.0	37 %	45.3	48.5	(7)%
Total	$134.1	$112.0	20 %	$384.2	$336.6	14 %

Percent changes in average sales prices and unit shipments for the quarter and nine months ended September 30, 2012 compared to the quarter and nine months ended September 30, 2011 are as follows:

	Quarter Ended September 30, 2012 versus 2011		Nine Months Ended September 30, 2012 versus 2011	
	Average Net Selling Price	Unit Shipments	Average Net Selling Price	Unit Shipments
SmartSide Siding	2 %	15 %	2 %	14 %
Commodity OSB	56 %	(12)%	27 %	(1)%
Canexel siding	2 %	26 %	(1)%	(7)%

For both the third quarter and first nine months ended September 30, 2012, compared to the corresponding period in 2011, sales volumes increased in our SmartSide siding line due to continued penetration in several key focus markets including retail, repair and remodel markets and sheds. Sales prices in our SmartSide siding product line for the third quarter and first nine months ended September 30, 2012 as compared to the corresponding periods in 2011 increased due primarily to changes in product mix as well as a price increase implemented at the beginning of the second quarter of 2012.

For the third quarter ended September 30, 2012 compared to the same period in 2011, sales volumes in our Canexel siding lines increased due to our distributors refilling their inventories. For the nine months ended September 30, 2012, compared to the same period in 2011, sales volumes in our Canexel siding line decreased due to our distributors balancing supply and demand and lower shipments to Europe. Sales prices increased slightly in the third quarter and decreased slightly in the first nine months of 2012 as compared to the corresponding period in 2011 due to the impact of the Canadian dollar as a majority of these sales are made in Canada.

For both the third quarter and first nine months of 2012 as compared to the same periods in the prior year, sales prices increased for our commodity OSB products as discussed in the OSB segment above. The increase in selling price favorably impacted operating results and adjusted EBITDA from continuing operations by approximately $4 million for the quarter and $6 million for the nine month period ended September 30, 2012 as compared to the corresponding periods of 2011.

Overall, the change in operating results for our siding segment for the quarter and nine month period ended September 30, 2012, compared to the same period in 2011, was primarily due to higher sales prices and volumes in our SmartSide product line as well as increased OSB pricing.

ENGINEERED WOOD PRODUCTS

Our engineered wood products (EWP) segment manufactures and distributes laminated veneer lumber (LVL), I-Joists, laminated strand lumber (LSL) and other related products. This segment also includes the sale of I-Joist and LVL products produced by AbitibiBowater-LP or under a sales arrangement with a third party producer.

Segment sales, operating losses and adjusted EBITDA from continuing operations for this segment are as follows:

	Quarter Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
Net sales	$61.5	$54.9	12 %	$161.8	$156.9	3 %
Operating losses	(3.0)	(3.2)	6 %	(9.3)	(11.9)	22 %
Adjusted EBITDA from continuing operations	0.3	(0.1)	400 %	(0.2)	(1.0)	80 %

Sales in this segment by product line are as follows:

	Quarter Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
LVL/LSL	$29.0	$28.5	2 %	$79.5	80.7	(1)%
I-Joist	21.0	17.3	21 %	53.5	47.0	14 %
Related products	11.5	9.1	26 %	28.8	29.2	(1)%
Total	$61.5	$54.9	12 %	$161.8	$156.9	3 %

Percent changes in average sales prices and unit shipments for the quarter and nine month period ended

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September 30, 2012 compared to the quarter and nine month period ended September 30, 2011 are as follows:

	Quarter Ended September 30, 2012 versus 2011		Nine Months Ended September 30, 2012 versus 2011	
	Average Net Selling Price	Unit Shipments	Average Net Selling Price	Unit Shipments
LVL/LSL	— %	1 %	(1)%	1 %
I-Joist	(1)%	20 %	(1)%	14 %

For both the quarter and nine month period ended September 30, 2012, sales volumes of LVL/LSL were about flat with the prior year with increases in I-joist. Sales prices for LVL/LSL and I-Joists for the quarter and nine month period ended September 30, 2012 changed due to mix in both product lines with individual product pricing remaining relatively flat. Our focus in the EWP segment continues to be on reductions in conversion costs, better geographic manufacturing and distribution, and maintaining key customer relationships. Included in this segment is a plywood operation, which primarily produces plywood as a by-product from the LVL production process.

For the third quarter ended September 30, 2012, compared to the same period in 2011, the results of operations for EWP were about flat. For the nine month period ended September 30, 2012 as compared to the same period in the prior year, the results of operations for EWP improved due to reduced depreciation at our LSL facility because of a facility impairment recorded in the third quarter of 2011, as well as higher sales volumes of I-joist and several discrete adjustments made in the first quarter.

SOUTH AMERICA

Our South America segment manufactures and distributes OSB panels and siding products in South America. We operate in two countries, Chile and Brazil.

Segment sales, operating profits and adjusted EBITDA from continuing operations for this segment are as follows:

	Quarter Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
Net sales	$42.0	$36.3	16 %	$127.1	$111.1	14 %
Operating profits	4.5	2.3	96 %	11.2	10.1	11 %
Adjusted EBITDA from continuing operations	7.8	5.3	47 %	20.1	19.0	6 %

Sales in this segment by production location were as follows:

	Quarter Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
Chile	$26.4	$21.6	22 %	$86.0	$68.0	26 %
Brazil	15.6	14.7	6 %	41.1	43.1	(5)%
Total	$42.0	$36.3	16 %	$127.1	$111.1	14 %

Percent changes in average sales prices and unit shipments for the quarter and nine months ended September 30, 2012 compared to the quarter and nine month period ended September 30, 2011 are as follows:

	Quarter Ended September 30, 2012 versus 2011		Nine Months Ended September 30, 2012 versus 2011	
	Average Net Selling Price	Unit Shipments	Average Net Selling Price	Unit Shipments
Chile	1 %	18 %	5 %	21 %
Brazil	(10)%	15 %	(7)%	(2)%

For the third quarter and first nine months ended September 30, 2012, compared to the same period in 2011, sales in Chile were higher due to continued demand associated with Chilean housing rebuilding efforts as well as continued penetration in local markets. For the quarter and nine month period of 2012 as compared to the same period in 2011,

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sales in Brazil were higher due to improvements in the export markets and continued penetration in the local Brazil market. During the third quarter and nine months ended September 30, 2012, the increase in sales in Chile was supported by increased imports from LP's North American and Brazilian operations (primarily in the second quarter of 2012). These imports generally produce a lower margin due to freight costs and therefore have little impact on operating results. Sales price changes in the third quarter and the first nine months of 2012 as compared to the corresponding periods in 2011 are due to the impact of the fluctuations in the Chilean peso and Brazil real to the U.S. dollar as a majority of these sales are in local markets.

OTHER PRODUCTS

Our other products segment includes our moulding business and our joint venture that produces and sells cellulose insulation. This category also includes remaining timber and timberlands and other minor products, services and closed operations which are not classified as discontinued operations.

Segment sales, operating profits and adjusted EBITDA from continuing operations for this category are as follows:

	Quarter Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
Net sales	$9.1	$9.5	(4)%	$29.9	$30.4	(2)%
Operating losses	(2.0)	(3.2)	38 %	(4.5)	(5.9)	24 %
Adjusted EBITDA from continuing operations	(1.0)	(2.0)	50 %	(1.2)	(1.8)	(33)%

Sales in this segment by operation are as follows:

	Quarter Ended September 30,			Nine Months Ended September 30,		
	2012	2011	Change	2012	2011	Change
Moulding	$5.6	$6.4	(13)%	$19.8	$21.3	(7)%
Other	3.5	3.1	13 %	10.1	9.1	11 %
Total	$9.1	$9.5	(4)%	$29.9	$30.4	(2)%

For the third quarter and first nine months ended September 30, 2012, compared to the same period in 2011, sales in our moulding business were lower due to declines in demand in retail markets.

Overall, operating results associated with these activities were improved for the third quarter and nine month period ended September 30, 2012 as compared to the same periods in 2011.

GENERAL CORPORATE AND OTHER EXPENSE, NET

For the third quarter and nine months ended September 30, 2012, compared to the same period in 2011, general corporate expenses increased 19 percent and 14 percent and overall selling and administrative expenses increased by 15 percent and 12 percent. General corporate and other expenses primarily consist of corporate overhead such as wages and benefits for corporate and sales personnel, professional fees, insurance and other expenses. The increase in general corporate expenses as well as overall selling and administrative costs is primarily related to higher accruals in the management incentive program between periods.

INTEREST EXPENSE AND INVESTMENT INCOME

Components of interest expense, net of investment income, are as follows:

	Quarter Ended September 30,		Nine Months Ended September 30,	
Dollar amounts in millions	2012	2011	2012	2011
Investment income	$3.3	$3.1	$9.8	$10.0
Realized gains from the sale of investments	—	15.2	—	15.2
SERP market adjustments	0.8	(1.6)	1.9	(1.0)
Investment income	4.1	16.7	11.7	24.2
Interest expense	(10.4)	(13.5)	(35.2)	(40.4)
Amortization of debt charges	(0.3)	(0.7)	(1.2)	(2.2)
Interest expense, net of capitalized interest	(10.7)	(14.2)	(36.4)	(42.6)
Early debt extinguishment	—	—	(52.2)	—
Foreign currency gains (losses)	0.4	(4.0)	(2.3)	(1.6)
Total non-operating income (expense)	$(6.2)	$(1.5)	$(79.2)	$(20.0)

INCOME TAXES

For the third quarter and first nine months of 2012, we recorded an income tax provision on continuing operations of 20% and 21% as compared to an income tax benefit of 26% and 24% in the comparable periods of 2011. The primary difference between the U.S. statutory rate of 35% and the effective rate applied to continuing operations for the first nine months of 2012 relates to the effect of foreign tax rates, increases in valuation allowances associated with net operating loss carryforwards in various jurisdictions and increases in our reserves for uncertain tax positions. For the third quarter and first nine months of 2011, the primary differences between the U.S. statutory rate of 35% and the effective rate applicable to our continuing operations relate relates to state income taxes, the effect of foreign tax rates and increases in valuation allowances associated with net operating loss carryforwards in various jurisdictions.

As discussed in Note 8 to the Notes to the financial statements contained herein, in connection with the US Internal Revenue Service (IRS) audit of tax years 2007 through 2009, the IRS has proposed an assessment based upon the disallowance of certain accelerated depreciation positions taken by LP. LP disagrees with the potential assessment and, based on its views of the merits of its positions, believes that no accrual is required at this time. However, if the IRS were to fully prevail on the matter, LP would be required to make a cash payment of $17.5 million plus interest, and would recover a comparable amount of the tax benefit in future years through additional depreciation deductions.

DEFINED BENEFIT PENSION PLANS

We maintain several qualified and non-qualified defined benefit pension plans in the U.S. and Canada that cover a substantial portion of our employees. See Note 13 of the Notes to financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2011 for further information on our plans. We estimate that our net periodic pension cost for 2012 will be approximately $8.3 million. If a curtailment or settlement occurs in 2012, this estimate may change significantly. We estimate that we will contribute approximately $1 to $2 million to our defined benefit pension plans in 2012. Additionally, we estimate that we will incur a charge of approximately $2 to $3 million in the fourth quarter of 2012 related to a curtailment of a retirement plan associated with LP's former CEO's retirement in the second quarter of 2012.

LEGAL AND ENVIRONMENTAL MATTERS

For a discussion of legal and environmental matters involving us and the potential impact thereof on our financial position, results of operations and cash flows, see Items 3, 7 and 8 in our Annual Report on Form 10-K for the year ended December 31, 2011 and Note 12 to the Notes to the financial statements contained therein.

HARDBOARD TRIM LITIGATION

We were named in four putative class action lawsuits filed against us in United States District Courts during the first quarter of 2012 related to nontreated hardboard trim product formerly manufactured at our Roaring River, North Carolina hardboard plant: Brown v. Louisiana-Pacific Corporation., Case No. 4:12-CV-00102-RP-TJS (S.D. Iowa) (filed March 8, 2012, as a state-wide putative class); Holbrook v. Louisiana-Pacific Corporation, et al., Case No. 3:12-CV-00484-JGC (N.D. Ohio) (filed February 28, 2012, as a state-wide putative class); Bristol Village Inc. v. Louisiana-Pacific Corporation, et al., Case No. 1:12-CV-00263 (W.D.N.Y.) (filed March 30, 2012, as a state-wide putative class or, alternatively, as a nation-wide putative class) and Prevett v. Louisiana-Pacific, Case No. 6:12-CV-348-ORL-18-KRS (M.D. Fla) (filed March 5, 2012, as a state-wide putative class). The Prevett v. Louisiana Pacific lawsuit was voluntarily dismissed by the plaintiffs on May 31, 2012. This lawsuit was replaced by Riley v. Louisiana-Pacific, Case No. 6:12-CV-00837-18 (M.D. Fla) (filed June 4, 2012 as a state-wide putiative class). A fifth lawsuit, Eugene Lipov v. Louisiana-Pacific, Case 1:12-CV-00439- JTN (W.D. Mich) (filed May 3, 2012) was filed as a statewide putative class action in the second quarter of 2012. These lawsuits follow two state-wide putative class action lawsuits previously filed against us in United States District Courts: Ellis, et al. v. Louisiana-Pacific Corp., Case No. 3:11-CV-191 (W.D.N.C.); and Hart, et al. v. Louisiana-Pacific Corp., Case No. 2:08-CV-00047 (E.D.N.C.). The Ellis case was dismissed by the District Court, which dismissal has been appealed by the plaintiffs to the United States Court of Appeals for the Fourth Circuit, and the Hart case has been certified by the District Court as a class action.

Plaintiffs moved to combine pretrial matters through a MultiDistict Litigation (MDL) motion, filed as In Re: Louisiana-Pacific Corporation Trimboard Siding Marketing, Sales Practice and Products Liability Litigation MDL No. 2366 (U.S. Judicial Panel on Multidistrict Litigation) seeking to transfer all cases to the Eastern District of North Carolina. Louisiana-Pacific objected to the MDL motion and on June 11, 2012, the MDL Panel denied plaintiffs Motion to Transfer. Subsequently, the Holbrook case was dismissed by the District Court on August 29, 2012 and has been appealed by the plaintiffs to the United States Court of Appeals for the Sixth Circuit.

The plaintiffs in these lawsuits seek to certify classes consisting of all persons that own structures within the respective states in which the lawsuit were filed (or, in some cases, within the United States) on which the hardboard trim in question is installed. The plaintiffs seek unspecified damages and injunctive and other relief under various state law theories, including negligence, violations of consumer protection laws, breaches of implied and express warranties, fraud, and unjust enrichment. While some individual owners of structures within the putative classes may have valid warranty claims, we believe that the claims asserted on a class basis are without merit and we intend to defend these matters vigorously. We have established warranty reserves for the hardboard trim in question pursuant to our normal business practices, and we do not believe that the resolution of these lawsuits will have a material effect on our financial condition, results of operations, cash flows or liquidity.

LIQUIDITY AND CAPITAL RESOURCES

OVERVIEW

Our principal sources of liquidity are existing cash and investment balances, cash generated by our operations and our ability to borrow under credit facilities. We may also from time to time issue and sell equity, debt or hybrid securities or engage in other capital market transactions.

Our principal uses of liquidity are paying the costs and expenses associated with our operations, servicing outstanding indebtedness and making capital expenditures. We may also from time to time prepay or repurchase outstanding indebtedness, repurchase shares of our common stock and acquire assets or businesses that are complementary to our operations. Any such repurchases may be commenced, suspended, discontinued or resumed, and the method or methods of effecting any such repurchases may be changed, at any time or from time to time without prior notice.

We expect to be able to meet the future cash requirements of our existing businesses through cash expected to be generated from operations, existing cash and investment balances, existing credit facilities and other capital resources. The following discussion provides further details of our liquidity and capital resources.

OPERATING ACTIVITIES

During the first nine months of 2012, we provided $48.8 million of cash in operating activities compared to cash

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used of $33.8 million during the first nine months of 2011. The increase in cash provided by operating activities in the first nine months of 2012 was primarily related to improved operating results offset by higher working capital requirements.

During the first nine months of 2012, our accounts receivable balance increased due to higher sales volume across all product lines as well as higher OSB pricing. No substantial change occurred in credit terms or number of days outstanding. Inventory increased based on expected future sales levels. Income tax receivable and deferred taxes decreased due to improved operating results.

INVESTING ACTIVITIES

During the first nine months of 2012, cash provided from investing activities was approximately $0.6 million. Capital expenditures in the first nine months of 2012 were $16.1 million. Additionally, we received $6.6 million from our joint ventures and received $9.1 million in the sale of assets. Included in “Accounts payable” is $2.7 million related to capital expenditures that had not yet been paid as of September 30, 2012.

During the first nine months of 2011, cash provided from investing activities was approximately $18.9 million. Capital expenditures in the first nine months of 2011 were $13.4 million. Additionally, we contributed $4.6 million to our joint ventures for working capital requirements. We received $19.1 million of proceeds from the sale of investments. We also reduced our restricted cash under letters of credit or credit facility requirements by $16.6 million. Included in “Accounts payable” was $0.4 million related to capital expenditures that had not yet been paid as of September 30, 2011.

Capital expenditures in 2012 are expected not to exceed $35 million related to projects critical for continuing operations.

FINANCING ACTIVITIES

During the first nine months of 2012 we provided $102.6 million from financing activities. During the second quarter of 2012, we issued $350.0 million of 7.5% Senior Notes due 2020, and used approximately $248.6 million of the proceeds of this issuance to fully retire our Senior Secured Notes due in 2017 and pay related transaction costs and expenses. We also received $1.2 million from the sale of common stock under equity plans.

During the first nine months of 2011, we redeemed the non-controlling interest associated with the 25% ownership of our Brazilian OSB operation held by a third party for $24.0 million. In connection with this redemption, we borrowed $4.5 million under a short term Chilean working capital loan in the second quarter of 2011 which was repaid in the third quarter of 2011 from a portion of the proceeds of a $10.0 million loan under a Brazilian export financing facility established as part of the redemption. As part of our on-going cost reduction activities we renegotiated our Chilean loan which required us to pay a financing fee of $1.0 million allowing us to release our restricted cash associated with letters of credit supporting Chilean borrowings and lower the interest rate on this loan.

CREDIT AGREEMENTS

We have a credit facility which provides for a committed asset-based borrowing capacity of up to $100 million, with a $60 million sublimit for U.S. letters of credit and a $10 million sublimit for Canadian letters of credit. The credit facility is scheduled to end in October 2016.

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 us to maintain a fixed charge coverage ratio of at least 1.1 to 1.0 at any time that our unused borrowing base capacity after adjustment to exclude certain past due trade payables falls below $15 million. This covenant effectively precludes us from using all or a portion of the last $15 million of our unused borrowing base capacity, if, before or immediately after such use, we would not satisfy the minimum fixed charge coverage ratio. The credit facility allows us to pledge, as security for our reimbursement obligations in respect of letters of credit issued under the facility, cash collateral in an amount not less than 105% of the stated amount of such letters of credit. The above-described preclusion to our utilization of $15 million of the capacity otherwise available under the facility does not apply to such cash collateralized letters of credit. At September 30, 2012, we had $100 million of borrowing base

capacity under the facility and no borrowings outstanding under the facility. Under this facility at September 30, 2012, were $9.1 million in letters of credit which were collateralized by $10.0 million of cash. Based upon our available cash balances, we do not currently anticipate using this facility except to obtain and maintain letters of credit.
Subject to certain exceptions, obligations under the credit facility are secured by, among other things, a first-priority lien on our present and future receivables, inventory and certain general intangibles and are guaranteed by certain of our subsidiaries.
The credit facility contains customary covenants applicable to us and our subsidiaries, other than certain unrestricted subsidiaries, including certain financial covenants as well as restrictions on, among other things, our ability to: incur debt; incur liens; declare or make distributions to our stockholders; make loans and investments; repay debt; enter into mergers, acquisitions and other business combinations; form or acquire subsidiaries; amend or modify our governing documents; enter into hedging arrangements; engage in other businesses other than our business as currently conducted; and enter into transactions with affiliates. The credit facility also contains customary events of default, the occurrence of which could result in the acceleration of our obligation to repay the indebtedness outstanding thereunder.
Obligations under the indenture governing our Senior Notes due 2020 are unsecured and not presently guaranteed by any of our subsidiaries. The indenture contains customary covenants applicable to us and our subsidiaries, other than certain unrestricted subsidiaries, including restrictions on actions and activities that are restricted under the credit facility. The indenture also contains customary events of default, the occurrence of which could result in acceleration of our obligations to repay the indebtedness outstanding thereunder.
OTHER LIQUIDITY MATTERS
As of September 30, 2012, we had $1.8 million ($23.4 million, par value) of principal invested in auction rate securities (ARS). The ARS held by us are securities with long-term nominal maturities for which the interest rates were historically reset through a Dutch auction each month.
We review our marketable securities routinely for other-than-temporary impairment. The primary factors we use 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) our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value.
If uncertainties in the credit and capital markets continue, these markets deteriorate further or we experience any ratings downgrades on any investments in our portfolio (including on ARS), we may incur additional impairments to our investment portfolio, which could negatively affect our financial condition, results of operations and cash flow.
POTENTIAL IMPAIRMENTS
We continue to review several mills and investments for potential impairments. Management currently believes we have adequate support for the carrying value of each of these assets based upon the anticipated cash flows that result from our estimates of future demand, pricing and production costs assuming certain levels of planned capital expenditures. As of September 30, 2012, the undiscounted cash flows for the facilities indefinitely curtailed support the conclusion that no impairment is necessary for those facilities. As of September 30, 2012, the fair value of facilities that have not been indefinitely curtailed substantially was substantially in excess of its carrying value and supports the conclusion that no impairment is necessary for those facilities. However, should the markets for our products continue to remain at levels significantly below cycle average pricing or should we decide to invest capital in alternative projects, it is possible that we will be required to record further impairment charges.
We also review from time to time possible dispositions of various assets in light of current and anticipated economic and industry conditions, our strategic plan and other relevant factors. Because a determination to dispose of particular assets can require management to make assumptions regarding the transaction structure of the disposition and to estimate the net sales proceeds, which may be less than previous estimates of undiscounted future net cash flows, we may be required to record impairment charges in connection with decisions to dispose of assets.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

A portion of our outstanding debt bears interest at variable rates and accordingly is sensitive to changes in interest rates. Interest rate changes would result in gains or losses in the market value of our debt portfolio due to differences in market interest rates and the rates at the inception of the debt agreements. Offsetting the variable rate debt are variable rate notes receivable from asset sales. Based upon the balances of the variable rate notes receivable from asset sales and the variable rate debt at September 30, 2012, a 100 basis point interest rate change would impact pre-tax net income and cash flows by $0.4 million annually.

Our international operations have exposure to foreign currency rate risks, primarily due to fluctuations in the Canadian dollar, Brazilian real and the Chilean peso. Although we have in the past entered into foreign exchange contracts associated with certain of our indebtedness and may continue to enter into foreign exchange contracts associated with major equipment purchases to manage a portion of the foreign currency rate risk, we historically have not entered into material currency rate hedges with respect to our exposure from operations, although we may do so in the future.

Some of our products are sold as commodities and therefore sales prices fluctuate daily based on market factors over which we have little or no control. The most significant commodity product we sell is OSB. Based upon an assumed annual production capacity (including our joint venture operation) of 5.0 billion square feet (3/8" basis) or 4.3 billion square feet (7/16" basis), a $1 change in the annual average price per square foot on 7/16" basis would change annual pre-tax profits by approximately $4.3 million. Because of the decline in the housing market and related indefinitely curtailed facilities in our OSB business, we expect that our near-term volumes will be significantly below our capacity.

We historically have not entered into material commodity futures and swaps, although we may do so in the future.

Item 4.Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have carried out, as of September 30, 2012, with the participation of LP's management, an evaluation of the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act (the "Act"). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that LP's disclosure controls and procedures are effective to provide reasonable assurance that material information required to be disclosed by us in reports we file under the Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that information required to be disclosed by us in the reports we file or submit under the Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting that occurred during our most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES
SUMMARY OF PRODUCTION VOLUMES [1]
The following table sets forth production volumes for the quarter and nine months ended September 30, 2012 and 2011.

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Oriented strand board, million square feet 3/8" basis[1]	903	804	2,625	2,375
Oriented strand board, million square feet 3/8" basis (produced by wood-based siding mills)	51	53	146	140
Wood-based siding, million square feet 3/8" basis	229	192	704	613
Engineered I-Joist, million lineal feet[1]	18	15	50	43
Laminated veneer lumber (LVL), thousand cubic feet[1] and laminated strand lumber (LSL), thousand cubic feet	1,752	1,640	5,163	4,995

(1) Includes volumes produced by joint venture operations and sold to LP or through sales arrangements.

INDUSTRY PRODUCT TRENDS
The following table sets forth the average wholesale price of OSB in the United States for the periods specified in dollars per 1,000 square feet.

	OSB Western Canada 7/16" Basis	OSB Southwest 7/16" Basis	OSB N. Central 7/16" Basis
Annual Average			
2008	$155	$161	$172
2009	$145	$161	$163
2010	$214	$210	$220
2011 1st Qtr. Avg .	$182	$195	$198
2011 2nd Qtr. Avg .	$149	$162	$173
2011 3rd Qtr. Avg.	$137	$164	$184
2012 1st Qtr. Avg .	$201	$205	$203
2012 2nd Qtr. Avg .	$232	$224	$235
2012 3rd Qtr. Avg.	$310	$294	$313

Source: Random Lengths

PART II -OTHER INFORMATION

Item 1. Legal Proceedings.

The description of certain legal and environmental matters involving LP set forth in Part I of this report under “Note 15 – Contingency Reserves” is incorporated herein by reference.

Item 1A. Risk Factors.

You should be aware that the occurrence of any of the events described in this Risk Factors section and elsewhere in this report or in any other of our filings with the SEC could have a material adverse effect on our business, financial position, results of operations and cash flows. In evaluating us, you should consider carefully, among other things, the risks described below and the matters described in “About Forward-Looking Statements.”

Cyclical industry conditions and commodity pricing have and may continue to adversely affect our financial condition and results of operations. Our operating results reflect the general cyclical pattern of the building products industry. Demand for our products correlates to a significant degree to the level of residential construction activity in North America, which historically has been characterized by significant cyclicality. This cyclicality is influenced by a number of factors, including the supply of new and existing homes on the market, with existing home supply currently being greater than normal, the level of unemployment, which is currently higher than normal, longer-term interest rates, which are currently lower than normal, and mortgage foreclosure rates which are currently higher than normal. The cyclicality is also influenced by the availability of mortgage financing, which is currently more restrictive than normal and which could be adversely affected by the implementation of one or more proposals to eliminate or reduce the mortgage market roles of or levels of support for government-sponsored enterprises such as Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. A significant increase in longer-term interest rates, a prolonged decline in the availability of mortgage financing, or the occurrence of other events that reduce levels of residential construction activity could have a material adverse effect on our financial condition, results of operations and cash flows. Our primary product, OSB, and a significant portion of our raw materials are globally traded commodity products. In addition, our products are subject to competition from manufacturers worldwide. Historical prices for our products have been volatile, and we, like other participants in the building products industry, have limited influence over the timing and extent of price changes for our products. Product pricing is significantly affected by the relationship between supply and demand in the building products industry. Product supply is influenced primarily by fluctuations in available manufacturing capacity. Demand is affected by the state of the economy in general and a variety of other factors. The level of new residential construction activity and home repair and remodeling activity primarily affects the demand for our building products. Demand is also subject to fluctuations due to changes in economic conditions, interest rates, population growth, weather conditions and other factors. We are not able to predict with certainty market conditions and selling prices for our products. In this competitive environment with so many variables for which we do not control, we cannot assure you that prices for our products will not decline from current levels. A prolonged and severe weakness in the markets for one or more of our principal products, particularly OSB, could seriously harm our financial condition and results of operations and our ability to satisfy our cash requirements, including the payment of interest and principal on our debt.

We have a high degree of product concentration. OSB accounted for about 47%, 51% and 45% of our North American sales in 2011, 2010 and 2009 and we expect OSB sales to continue to account for a substantial portion of our revenues and profits in the future. Concentration of our business in the OSB market further increases our sensitivity to commodity pricing and price volatility. In this competitive environment with so many variables for which we do not control, we cannot assure you that pricing for OSB or our other products will not decline from current levels.

Intense competition in the building products industry could prevent us from increasing or sustaining our net sales and profitability. The markets for our products are highly competitive. Our competitors range from very large, fully integrated forest and building products firms to smaller firms that may manufacture only one or a few types of products. We also compete less directly with firms that manufacture substitutes for wood building products. Many of

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our competitors have greater financial and other resources than we do, and certain of the mills operated by our competitors may be lower-cost producers than the mills operated by us.

Our results of operations may be harmed by potential shortages of raw materials and increases in raw material costs. The most significant raw material used in our operations is wood fiber. We currently obtain about 76% of our wood fiber requirements in the open market. Wood fiber is subject to commodity pricing, which fluctuates on the basis of market factors over which we have no control. In addition, the cost of various types of wood fiber that we purchase in the market has at times fluctuated greatly because of governmental, economic or industry conditions, and may be affected by increased demand resulting from initiatives to increase the use of biomass materials in the production of heat, power, biobased products and biofuels. In addition to wood fiber, we also use a significant quantity of various resins in our manufacturing processes. Resin product costs are influenced by changes in the prices or availability of raw materials used to produce resins, primarily petroleum products, as well as demand for and availability of resin products. Selling prices of our products have not always increased in response to raw material cost increases. We are unable to determine to what extent, if any, we will be able to pass any future raw material cost increases through to our customers through product price increases. Our inability to pass increased costs through to our customers could have a material adverse effect on our financial condition, results of operations and cash flows.

Many of the Canadian forestlands from which we obtain wood fiber also are subject to the constitutionally protected treaty or common-law rights of the aboriginal peoples of Canada. Most of British Columbia is not covered by treaties and, as a result, the claims of British Columbia's aboriginal peoples relating to forest resources are largely unresolved, although many aboriginal groups are actively engaged in treaty discussions with the governments of British Columbia and Canada. Final or interim resolution of claims brought by aboriginal groups are expected to result in additional restrictions on the sale or harvest of timber and may increase operating costs and affect timber supply and prices in Canada.

We depend on our senior management team and other key employees, and significant attrition within our management team could adversely affect our business. Our success depends in part on our ability to attract, retain and motivate senior management and other key employees. Achieving this objective may be difficult due to many factors, including fluctuations in global economic and industry conditions, competitors' hiring practices, cost reduction activities, and the effectiveness of our compensation programs. Competition for qualified personnel can be very intense. We must continue to recruit, retain and motivate senior management and other key employees sufficient to maintain our current business and support our future projects. Cost-cutting measures that have reduced compensation make us vulnerable to attrition among our current senior management team and other key employees, and may make it difficult for us to hire additional senior managers and other key employees. A loss of any such personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business, financial condition and results of operations.

Our operations require substantial capital. Capital expenditures for expansion or replacement of existing facilities or equipment or to comply with future changes in environmental laws and regulations may be substantial. Although we maintain our production equipment with regular periodic and scheduled maintenance, we cannot assure you that key pieces of equipment in our various production processes will not need to be repaired or replaced or that we will not incur significant additional costs associated with environmental compliance. The costs of repairing or replacing such equipment and the associated downtime of the affected production line could have a material adverse effect on our financial condition, results of operations and cash flow. If for any reason we are unable to provide for our operating needs, capital expenditures and other cash requirements on economic terms, we could experience a material adverse effect on our business, financial condition, results of operations and cash flows.

Our pension and health care costs are subject to numerous factors which could cause these costs to change. We have defined benefit pension plans covering substantially all U.S. and Canadian employees. We provide retiree health care

benefits to certain of our U.S. salaried and certain hourly employees. Our pension costs are dependent upon numerous pension plan provisions that are subject to interpretations and factors resulting from actual plan experience and assumptions of future experience. Pension plan assets are primarily made up of equity and fixed income investments. Fluctuations in actual equity market returns; changes in general interest rates and changes in

the number of retirees may result in increased pension costs in future periods. Likewise, changes in assumptions regarding current discount rates and expected rates of return on plan assets could also increase pension and health care costs. Although we froze our U.S. defined benefit plan in January 2010 in terms of future service credits, we continue to be subject to market risk on pension plan assets as well as discount rates on long-term obligations. Significant adverse changes in the factors affecting our pension and health care costs could adversely affect our cash flows, financial condition and results of operations.

Our pension plans are currently underfunded, and over time we will be required to make cash payments to the plans, reducing the cash available for our business. We record a liability associated with our pension plans equal to the excess of the benefit obligation over the fair value of plan assets. The benefit liability recorded under the provisions of Accounting Standards Codification (ASC) 715, “Compensation—Retirement Benefits,” at December 31, 2011 was $92.2 million. Although we expect to have no obligation to fund our plans in 2012, we continually reassess the amount and timing of any discretionary contributions. Regardless of whether we make a discretionary contribution in 2012, over the next several years we may make contributions to the plans that are likely to be material. The amount of such contributions will depend upon a number of factors, principally the actual earnings and changes in values of plan assets and changes in interest rates.

A portion of our operations are conducted by joint ventures that we cannot operate solely for our benefit. We conduct a portion of our operations through joint ventures. In joint ventures we share ownership and management of a company with one or more parties who may or may not have the same goals, strategies, priorities or resources as we do. In general, joint ventures are intended to be operated for the benefit of all co-owners, rather than for our exclusive benefit. Operating a business as a joint venture often requires additional organizational formalities as well as time-consuming procedures for sharing information and making decisions. In joint ventures, we are required to pay more attention to our relationship with our co-owners as well as with the joint venture, and if a co-owner changes, our relationship may be adversely affected. In addition, the benefits from a successful joint venture are shared among the co-owners, so that we do not receive all the benefits from our joint ventures.

We depend on third parties for transportation services and increases in costs and the availability of transportation could materially and adversely affect our business and operations. Our business depends on the transportation of a large number of products, both domestically and internationally. We rely primarily on third parties for transportation of the products we manufacture and/or distribute as well as for delivery of our raw materials. In particular, a significant portion of the goods we manufacture and raw materials we use are transported by railroad or trucks, which are highly regulated. If any of our third-party transportation providers were to fail to deliver the goods we manufacture or distribute in a timely manner, we may be unable to sell those products at full value or at all. Similarly, if any of these providers were to fail to deliver raw materials to us in a timely manner, we may be unable to manufacture our products in response to customer demand. In addition, if any of these third parties were to cease operations or cease doing business with us, we may be unable to replace them at reasonable cost. Any failure of a third-party transportation provider to deliver raw materials or finished products in a timely manner could harm our reputation, negatively affect our customer relationships and have a material adverse effect on our financial condition and results of operation. In addition, an increase in transportation rates or fuel surcharges could materially and adversely affect our sales and profitability.

We are subject to significant environmental regulation and environmental compliance expenditures and liabilities. Our businesses are subject to many environmental laws and regulations, particularly with respect to discharges of pollutants and other emissions on or into land, water and air, and the disposal and remediation of hazardous substances or other contaminants and the restoration and reforestation of timberlands. Compliance with these laws and regulations is a significant factor in our business. We have incurred and expect to continue to incur significant expenditures to comply with applicable environmental laws and regulations. Moreover, some or all of the environmental laws and regulations to which we are subject could become more stringent in the future. Our failure to

comply with applicable environmental laws and regulations and permit requirements could result in civil or criminal fines or penalties or enforcement actions, including regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, installation of pollution control equipment or remedial actions.

Some environmental laws and regulations impose liability and responsibility on present and former owners,

operators or users of facilities and sites for contamination at such facilities and sites without regard to causation or knowledge of contamination. In addition, we occasionally evaluate various alternatives with respect to our facilities, including possible dispositions or closures. Investigations undertaken in connection with these activities may lead to discoveries of contamination that must be remediated, and closures of facilities may trigger compliance requirements that are not applicable to operating facilities. Consequently, we cannot assure you that existing or future circumstances or developments with respect to contamination will not require significant expenditures by us.

We are involved in various environmental matters, product liability and other legal proceedings. The outcome of these matters and proceedings and the magnitude of related costs and liabilities are subject to uncertainties. The conduct of our business involves the use of hazardous substances and the generation of contaminants and pollutants. In addition, the end-users of many of our products are members of the general public. We currently are and from time to time in the future will be involved in a number of environmental matters and legal proceedings, including legal proceedings involving anti-trust, warranty or non-warranty product liability claims, negligence and other claims, including claims for wrongful death, personal injury and property damage alleged to have arisen out of the use by others of our or our predecessors' products or the release by us or our predecessors of hazardous substances. Environmental matters and legal matters and proceedings, including class action settlements relating to certain of our products, have in the past caused and in the future may cause us to incur substantial costs. We have established contingency reserves in our consolidated financial statements with respect to the estimated costs of existing environmental matters and legal proceedings to the extent that our management has determined that such costs are both probable and reasonably estimable as to amount. However, such reserves are based upon various estimates and assumptions relating to future events and circumstances, all of which are subject to inherent uncertainties. We regularly monitor our estimated exposure to environmental and litigation loss contingencies and, as additional information becomes known, may change our estimates significantly. However, no estimate of the range of any such change can be made at this time. We may incur costs in respect of existing and future environmental matters and legal proceedings as to which no contingency reserves have been established. We cannot assure you that we will have sufficient resources available to satisfy the related costs and expenses associated with these matters and proceedings.

Settlements of tax exposures may exceed the amounts we have established for known estimated tax exposures. We maintain reserves for known estimated tax exposures in federal, state and international jurisdictions and uncertain tax positions. Significant income tax exposures may include potential challenges to intercompany pricing and loans, the treatment of financing, acquisition and disposition transactions, the use of hybrid entities and other matters. These exposures are settled primarily through the closure of audits with the taxing jurisdictions and, on occasion, through the judicial process, either of which may produce a result inconsistent with past estimates. We believe that we have established appropriate reserves for estimated exposures; however, if actual results differ materially from our estimates we could experience a material adverse effect on our financial condition, results of operations and cash flows. In addition, our deferred tax liabilities include substantial amounts related to installment sales of timber lands in 1997, 1998 and 2003 for which we have previously monetized most of the installment receivable. As a result of these monetizations, we will be required to fund these liabilities from sources other than such installments, potentially including such tax loss and credit carryovers as may then be available.

Fluctuations in foreign currency exchange rates could result in currency exchange losses and reductions in stockholder's equity. A significant portion of our operations are conducted through foreign subsidiaries. The functional currency for our Canadian subsidiary is the U.S. dollar. The financial statements of this foreign subsidiary are remeasured into U.S. dollars using the historical exchange rate for property, plant and equipment, timber and timberlands, equity and certain other non-monetary assets and liabilities and related depreciation and amortization on these assets and liabilities. These transaction gains or losses are recorded in foreign exchange gains (losses) in the income statement. The functional currency of our Chilean subsidiary is the Chilean peso and the functional currency in our Brazil subsidiary is the Brazilian real. Translation adjustments, which are based upon the exchange rate at the balance sheet date for assets and liabilities and the weighted average rate for the income statement, are recorded in the

Accumulated Comprehensive Income (Loss) section of Stockholders' Equity. Therefore, changes in the Canadian dollar, the Chilean peso or the Brazilian real relative to the U.S. dollar may have a material adverse effect on our financial condition and results of operations.

Our ability to service our indebtedness, to refinance our indebtedness or to fund our other liquidity needs is subject to various risks. Our ability to make scheduled payments on and to refinance our indebtedness depends on and is subject to our financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors, including the availability of financing in the banking and capital markets as well as the other risks described herein. In particular, demand for our products correlates to a significant degree to the level of residential construction activity in North America, which historically has been characterized by significant cyclicality. Over the last several years, housing starts remained below “normal” levels. This reduced level of building was caused, in part, by an increase in the inventory of homes for sale, a more restrictive mortgage market and a slowed economy. There can be no assurance as to when, or if the housing market, will rebound to “normal levels”. We have experienced significant losses from operations and significant net cash used in operating activities in recent periods. Accordingly, we cannot assure you that our business will generate sufficient cash flows from operations or that future borrowings will be available to us in an amount sufficient to enable us to service our debt, to refinance our debt or to fund our other liquidity needs. If we are unable to service our debt obligations or to fund our other liquidity needs, we could be forced to curtail our operations, reorganize our capital structure or liquidate some or all of our assets in a manner that could cause the holders of our securities to experience a partial or total loss of their investment in us.

We have not independently verified the results of third-party research or confirmed assumptions or judgments upon which it may be based, and the forecasted and other forward-looking information contained therein is subject to inherent uncertainties. We refer in this report and other documents that we file with the SEC to historical, forecasted and other forward-looking information published by sources such as RISI, FEA, Random Lengths and the U.S. Census Bureau that we believe to be reliable. However, we have not independently verified this information and, with respect to the forecasted and forward-looking information, have not independently confirmed the assumptions and judgments upon which it is based. Forecasted and other forward looking information is necessarily based on assumptions regarding future occurrences, events, conditions and circumstances and subjective judgments relating to various matters, and is subject to inherent uncertainties. Actual results may differ materially from the results expressed or implied by, or based upon, such forecasted and forward-looking information.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.
None.
Item 3. Defaults Upon Senior Securities
None.
Item 4. Mine Safety Disclosures
N/A
Item 5. Other Information

None.

Item 6. Exhibits

31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a).
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a).
32.1	Certifications pursuant to § 906 of the Sarbanes-Oxley Act of 2002.
100.INS	XBRL Instance Document
100.SCH	XBRL Taxonomy Extension Schema Document
100.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
100.DEF	XBRL Taxonomy Extension Definition Linkbase Document
100.LAB	XBRL Taxonomy Extension Label Linkbase Document
100.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

LP hereby agrees to furnish supplementally to the SEC upon its request any schedules and similar documents omitted pursuant to Item 601(b)(2) of Regulation S-K and any instruments omitted pursuant to Item 601 (b)(4)(iii) of Regulation S-K.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LOUISIANA-PACIFIC CORPORATION

Date: November 6, 2012

BY: /S/ CURTIS M. STEVENS
Curtis M. Stevens
Chief Executive Officer

Date: November 6, 2012

BY: /S/ SALLIE B. BAILEY
Sallie B. Bailey
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)