

LOUISIANA-PACIFIC CORP
Form 10-Q
November 07, 2006

**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, 2006
Commission File Number 1-7107**

LOUISIANA-PACIFIC CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

93-0609074
(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 No

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

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 104,223,074 shares of Common Stock, \$1 par value, outstanding as of November 4, 2006.

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, potential, continue or future or the negative 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, completion of anticipated asset sales 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, including the effects of industry-wide increases in manufacturing capacity;
- changes in the relationship between supply of and demand for raw materials, including wood fiber and resins, used in manufacturing our products;
- changes in the cost of and availability of energy, primarily natural gas, electricity and diesel fuel;
- changes in other significant operating expenses;
- changes in exchange rates between the U.S. dollar and other currencies, particularly the Canadian dollar, EURO and the Chilean peso;
- changes in general and industry-specific environmental laws and regulations;
- changes in circumstances giving rise to environmental liabilities or expenditures;
- the resolution of product-related litigation and other legal proceedings; and
- acts of God or public authorities, war, civil unrest, fire, floods, earthquakes and other matters beyond our control.

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

ABOUT THIRD PARTY INFORMATION

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

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Item 1. Financial Statements.

CONDENSED 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,	
	2006	2005	2006	2005
Net sales	\$ 534.5	\$ 621.3	\$ 1,865.5	\$ 1,974.7
Operating costs and expenses:				
Cost of sales	468.9	445.6	1,460.1	1,334.6
Depreciation, amortization and cost of timber harvested	32.8	33.5	99.7	98.8
Selling and administrative	39.6	36.8	122.4	110.5
(Gain) loss on sale or impairment of long-lived assets	0.9	0.9	0.9	
Other operating credits and charges, net	(2.9)	0.3	(2.8)	1.4
Total operating costs and expenses	539.3	517.1	1,680.3	1,545.3
Income (loss) from operations	(4.8)	104.2	185.2	429.4
Non-operating income (expense):				
Foreign currency exchange (loss) gain	(0.2)	0.4	(8.7)	(1.6)
Interest expense, net of capitalized interest	(11.2)	(13.1)	(38.9)	(44.1)
Investment income	24.9	18.8	72.2	51.2
Total non-operating income	13.5	6.1	24.6	5.5
Income before taxes and equity in loss of unconsolidated affiliates	8.7	110.3	209.8	434.9
Provision (benefit) for income taxes	(5.1)	(66.5)	57.5	49.0
Equity in loss of unconsolidated affiliates	3.9	1.3	2.4	0.5
Income from continuing operations	9.9	175.5	149.9	385.4
Discontinued operations:				
Loss from discontinued operations before taxes	(0.6)	(12.0)	(2.6)	(24.6)
Income tax benefit	(0.2)	(4.7)	(1.0)	(9.5)
Loss from discontinued operations	(0.4)	(7.3)	(1.6)	(15.1)
Net income	\$ 9.5	\$ 168.2	\$ 148.3	\$ 370.3
Net income per share of common stock (basic):				
Income from continuing operations	\$ 0.09	\$ 1.61	\$ 1.42	\$ 3.50
Loss from discontinued operations		(0.07)	(0.01)	(0.14)
Net income per share - basic	\$ 0.09	\$ 1.54	\$ 1.41	\$ 3.36
Net income per share of common stock (diluted):				
Income from continuing operations	\$ 0.09	\$ 1.59	\$ 1.41	\$ 3.48
Loss from discontinued operations		(0.06)	(0.01)	(0.14)
Net income per share - diluted				