

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 March 31, 1994
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 (IRS Employer Identification No.)
incorporation or organization)

111 S. W. Fifth Avenue, Portland, Oregon 97204-3699
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (503) 221-0800

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 the number of shares outstanding of each of the issuer's classes of common stock: 110,075,073 shares of Common Stock, \$1 par value, outstanding as of March 31, 1994.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

Consolidated Summary Statements of Income
Louisiana-Pacific Corporation and Subsidiaries
(Dollar amounts in millions except per share) (Unaudited)

Three Months Ended March 31,	1994	1993
	-----	-----
Net sales	\$ 698.0	\$ 649.2
	-----	-----
Costs and expenses:		
Cost of sales	486.7	437.2
Depreciation and cost of timber harvested	44.6	39.7
Selling and administrative	27.5	30.1
Interest expense	2.6	3.8
Interest income	(1.9)	(1.9)
	-----	-----
Total costs and expenses	559.5	508.9
	-----	-----
Income before taxes and cumulative effects of accounting changes	138.5	140.3
Provision for income taxes	(53.3)	(52.6)
	-----	-----
Income before cumulative effects of accounting changes	85.2	87.7
Cumulative effects of accounting changes, net of income taxes of \$1.9	---	(10.4)
	-----	-----
Net income	\$ 85.2	\$ 77.3
	=====	=====
Earnings per share:		
Income before cumulative effects of accounting changes	\$.77	\$.80
Cumulative effects of accounting changes	---	(.09)
	-----	-----
Net income	\$.77	\$.71
	=====	=====
Cash dividends per share	\$.11	\$.10
	=====	=====

Consolidated Summary Balance Sheets
Louisiana-Pacific Corporation and Subsidiaries
(Dollar amounts in millions) (Unaudited)

	Mar. 31, 1994	Dec. 31, 1993
	-----	-----
Cash and cash equivalents	\$ 243.1	\$ 261.6
Accounts receivable	171.4	110.9
Inventories	253.4	234.7
Prepaid expenses	12.6	6.9
	-----	-----
Total current assets	680.5	614.1
	-----	-----
Timber and timberlands	677.5	673.5
Property, plant and equipment	2,152.3	2,112.8
Less reserves for depreciation	(997.6)	(966.9)
	-----	-----
Net property, plant and equipment	1,154.7	1,145.9
Investments and other assets	32.1	32.8
	-----	-----
Total assets	\$2,544.8	\$2,466.3
	=====	=====
Current portion of long-term debt	\$ 106.6	\$ 105.5
Short-term notes payable	45.8	41.7
Accounts payable and accrued liabilities	163.2	149.2
Income taxes payable	68.0	20.8
	-----	-----
Total current liabilities	383.6	317.2
	-----	-----
Long-term debt	236.5	288.6
Deferred income taxes	264.8	264.8
Other long-term liabilities	29.1	24.3
Stockholders' equity:		
Common Stock	117.0	117.0
Additional paid-in-capital	434.5	431.5
Retained earnings	1,290.3	1,217.2
Loans to Employee Stock Ownership Trusts	(68.9)	(72.5)
Treasury stock	(91.9)	(85.6)
Other equity transactions	(50.2)	(36.2)
	-----	-----
Total stockholders' equity	1,630.8	1,571.4
	-----	-----
Total liabilities and equity	\$2,544.8	\$2,466.3
	=====	=====

Consolidated Summary Statements of Cash Flows
Louisiana-Pacific Corporation and Subsidiaries
(Dollar amounts in millions) (Unaudited)

Three Months Ended March 31,	1994	1993
	-----	-----
Cash flows from operating activities:		
Net income	\$ 85.2	\$ 77.3
Cumulative effects of accounting changes	---	10.4
Depreciation, amortization and depletion	44.6	39.7
Other non-cash charges	7.3	12.5
Decrease (increase) in working capital	(23.7)	31.5
Increase in deferred income taxes	---	.1
	-----	-----
Net cash provided by operating activities	113.4	171.5
	-----	-----
Cash flows from investing activities:		
Plant, equipment and logging road additions, net	(54.0)	(38.5)
Timber and timberland additions	(16.7)	(17.7)
Decrease in investments and other assets	.6	8.6
	-----	-----
Net cash used in investing activities	(70.1)	(47.6)
	-----	-----
Cash flows from financing activities:		
New borrowing	.6	---
Repayment of long-term debt	(51.4)	(51.1)
Cash dividends	(12.1)	(11.0)
Increase in short-term notes payable	4.1	---
Purchase of treasury stock	(7.5)	(10.8)
Miscellaneous financing activities	4.5	(5.2)
	-----	-----
Net cash used in financing activities	(61.8)	(78.1)
	-----	-----
Net increase (decrease) in cash and cash equivalents	(18.5)	45.8
Cash and cash equivalents at beginning of year	261.6	228.1
	-----	-----
Cash and cash equivalents at end of period	\$ 243.1	\$ 273.9
	=====	=====

Consolidated Statements of Stockholders' Equity
Louisiana-Pacific Corporation and Subsidiaries
(Dollar amounts in millions except per share) (Unaudited)

	Three Months Ended March 31, 1994		Year Ended December 31, 1993	
	Shares	Amount	Shares	Amount
Common Stock:				
Beginning Balance	116,937,022	\$ 117.0	58,457,749	\$ 58.5
Shares issued for employee stock plans	---	---	10,762	---
Shares issued under 2-for-1 stock split	---	---	58,468,511	58.5
Ending Balance	<u>116,937,022</u>	<u>\$ 117.0</u>	<u>116,937,022</u>	<u>\$ 117.0</u>
Additional Paid-in-Capital:				
Beginning Balance		\$ 431.5		\$ 422.5
Shares issued for employee stock plans		3.0		9.0
Ending Balance		<u>\$ 434.5</u>		<u>\$ 431.5</u>
Retained Earnings:				
Beginning Balance		\$1,217.2		\$1,079.3
Net income		85.2		244.0
Par value of shares issued in 2-for-1 stock split		---		(58.8)
Cash dividends, \$.11 and \$.43 per share		(12.1)		(47.3)
Ending Balance		<u>\$1,290.3</u>		<u>\$1,217.2</u>
Loans to ESOTs:				
Beginning Balance		\$ (72.5)		\$ (87.0)
Less accrued contribution		3.6		14.5
Ending Balance		<u>\$ (68.9)</u>		<u>\$ (72.5)</u>
Treasury stock:				
Beginning Balance	6,755,938	\$ (85.6)	3,848,800	\$ (88.5)
Reacquisition program	204,500	(7.5)	200,000	(13.8)
Shares issued under 2-for-1 stock split	---	---	3,624,075	---
Shares reissued under employee stock plans	(98,489)	1.2	(916,937)	16.7
Ending Balance	<u>6,861,949</u>	<u>\$ (91.9)</u>	<u>6,755,938</u>	<u>\$ (85.6)</u>
Other Equity Adjustments:				
Beginning Balance		\$ (36.2)		\$ (23.8)
Marketable equity securities adjustment		---		(.6)
Currency translation adjustment		(14.0)		(11.8)
Ending Balance		<u>\$ (50.2)</u>		<u>\$ (36.2)</u>

Notes To Financial Statements
Louisiana-Pacific Corporation and Subsidiaries

1. The interim period information included herein reflects all adjustments which are, in the opinion of the management of L-P, necessary for a fair statement of the results of the respective interim periods. Results of operations for interim periods are not necessarily indicative of results to be expected for an entire year. It is suggested that these summary financial statements be read in conjunction with the financial statements and the notes thereto included in L-P's 1993 Annual Financial Report to Stockholders. Interim financial statements are by necessity somewhat tentative; judgments are used to estimate quarterly amounts for items that are normally determinable only on an annual basis.

2. Earnings per share is based on the weighted average number of shares of common stock outstanding during the periods (110,200,000 in 1994 and 109,670,000 in 1993). The effect of common stock equivalents is not material. The number of shares and per share data have been retroactively adjusted for stock splits.

3. The effective income tax rate is based on estimates of annual amounts of taxable income, foreign sales corporation income and other factors. These estimates are updated quarterly.

4. Determination of interim LIFO inventories requires estimates of year-end inventory quantities and costs. These estimates are revised quarterly and the estimated annual change in the LIFO inventory reserve is expensed over the remainder of the year.

5. The cumulative effects of accounting changes relate to the adoption of two Financial Accounting Standards Board Statements during the first quarter of 1993. Adoption of Statement No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" resulted in a charge of \$3.2 million or three cents per share, net of \$1.9 million in income taxes. Adoption of Statement No. 109 "Accounting for Income Taxes" resulted in a charge of \$7.2 million or six cents per share.

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operation.

Management's Discussion and Analysis

Sales for the first quarter of 1994 were \$698.0 million compared with \$649.2 million in the first quarter of 1993. The registrant operates in two segments: building products and pulp, with building products being the most dominant segment by far. Building products sales in the first quarter of 1994 were \$664.9 million versus \$621.1 million in the first quarter of 1993.

The increase in building products sales during the first quarter of 1994 is a result of improved lumber sales due to higher sales realizations, but lower volumes. Structural panel sales also improved with higher volumes, but lower sales realizations. Industrial panel and engineered wood products showed strong volume and sales realization improvements.

As a result of these changes in sales volumes and realizations and increased costs, primarily log costs, building products operating profits were \$166.5 million in the first quarter of 1994 compared to \$176.3 million in the first quarter of 1993. In April 1994, sales of building products began to slow as a result of uncertainty about the effects of rising interest rates on demand for housing and construction.

Sales for the pulp segment in the first quarter of 1994 were \$33.1 million compared with \$28.1 million in the first quarter of 1993. The increase was due primarily to better volumes and prices at the registrant's Chetwynd, B.C., Canada pulp mill. Pulp sales prices have fallen substantially due to weak demand and oversupply world-wide. As a result, the registrant has elected to take downtime at its pulp mills and will likely do so from time to time in the future until the market improves. During the first quarter of 1994, paper pulp prices improved slightly. As a result, operating losses from the pulp segment have improved to \$10.0 million in the first quarter of 1994 compared to \$17.1 million in the first quarter of 1993.

Key segment information, production volumes, and industry product price trends are presented in the following tables labeled "Sales and Operating Profit by Major Group," "Operating Volume," and "Industry Product Price Trends."

Income before cumulative effects of accounting changes for the first

quarter of 1994 was \$85.2 million, or \$.77 per share, compared with \$87.7 million, or \$.80 per share, in the first quarter of 1993. During the first quarter of 1993, the registrant adopted two new accounting standards, which resulted in a net charge of \$10.4 million or \$.09 per share.

Interest expense was \$2.6 million in the first quarter of 1994 compared with \$3.8 million in the first quarter of 1993 reflecting lower debt and lower interest rates.

The strong earnings produced \$113.4 million in cash from operating activities in the first quarter of 1994. However, increases in receivables and inventories caused a decrease compared with \$171.5 million in the first quarter of 1993. In the first quarter of 1994, cash uses included plant and timber additions of \$70.7 million, \$51.4 million in loan repayments, \$12.1 million in cash dividends, and \$7.5 million in treasury stock purchases, which resulted in an \$18.5 million decrease in cash and cash equivalents. Cash and cash equivalents were \$243.1 million at March 31, 1994 compared with \$273.9 million at March 31, 1993.

On May 3, 1994, the board of directors authorized an increase in the cash dividend paid on the registrant's common stock to an annualized rate of 50 cents per share from the previous rate of 44 cents per share. The timing and amount of future dividends will be determined at the discretion of the board of directors in light of prevailing conditions.

The registrant continues to show very strong financial condition. Long-term debt as a percentage of total capitalization was 12.7 percent at March 31, 1994 compared with 15.5 percent at December 31, 1993.

Sales and Operating Profit by Major Product Group
Louisiana-Pacific Corporation and Subsidiaries
(Dollar amounts in millions) (Unaudited)

Three Months Ended March 31,	1994	1993
	-----	-----
Sales:		
Lumber	\$ 222.1	\$ 222.4
Structural panel products	282.6	277.0
Other panel products	55.2	39.3
Other building products	105.0	82.4
	-----	-----
Building products	664.9	621.1
Pulp	33.1	28.1
	-----	-----
Total sales	\$ 698.0	\$ 649.2
	=====	=====
Export sales	\$ 73.4	\$ 68.0
	=====	=====
Operating profit:		
Building products	\$ 166.5	\$ 176.3
Pulp	(10.0)	(17.1)
	-----	-----
Total operating profit	156.5	159.2
Unallocated expense, net	(17.3)	(17.0)
Interest expense, net	(.7)	(1.9)
	-----	-----
Income before taxes and cumulative effects of accounting changes	\$ 138.5	\$ 140.3
	=====	=====

Operating Volume
Louisiana-Pacific Corporation and Subsidiaries

	1993 1st Quarter Production -----	1993 4th Quarter Production -----	1994 1st Quarter Production -----	1994 Normal Annual Capacity -----	1st Quarter 1994 Production as a % of Normal Capacity -----
Lumber	446,000M'	461,000M'	540,000M'	2,315,000M'	93%
Inner-Seal/OSB	745,000M'	770,000M'	808,000M'	3,205,000M'	101%
Softwood ply- wood	373,000M'	364,000M'	402,000M'	1,515,000M'	106%
Medium Density Fiberboard	42,000M'	52,000M'	56,000M'	220,000M'	101%
Particleboard	86,000M'	87,000M'	93,000M'	350,000M'	106%
Hardboard	41,000M'	51,000M'	54,000M'	210,000M'	103%
Hardwood veneer	69,000M'	66,000M'	69,000M'	255,000M'	107%
Pulp	79,000T	37,000T	94,000T	612,000T	62%
Chips	541,000U	486,000U	582,000U		

Industry Product Price Trends
Louisiana-Pacific Corporation and Subsidiaries

Pulp	Lumber	OSB	Plywood	Particleboard
-----	-----	-----	-----	-----
Bleached softwood sulfate short ton*	Framing lumber, composite prices	N. Central 7/16" basis 24/16 span rating	Southern Pine 1/2" basis CDX (3 ply)	Inland Industrial 3/4" basis
-----	-----	-----	-----	-----

Annual Average

1989	753	240	171	201	219
1990	723	229	131	182	199
1991	519	235	148	191	198
1992	509	283	217	248	200
1993	418	396	236	282	258

1993 First Quarter Average

500	435	299	333	214
-----	-----	-----	-----	-----

1993 Fourth Quarter Average

380	443	237	293	277
-----	-----	-----	-----	-----

1994 First Quarter Average

411	468	259	277	281
-----	-----	-----	-----	-----

Weekly Average

April 1	411	419	245	260	300
April 8	411	393	235	245	300
April 15	411	374	220	235	300

*Discounting sometimes occurs from the published price.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

The following sets forth the current status of certain legal proceedings, all of which have been previously reported.

The registrant has received a Notice of Violation issued by the U.S. Environmental Protection Agency alleging air emissions violations at the registrant's Dungannon, Virginia, OSB plant. The registrant has also received a Notice of Violation issued by the state of Michigan alleging air emissions violations at the registrant's Newberry, Michigan, OSB plant. The potential costs to the registrant cannot be determined at this time, but are not expected to have a material adverse effect on the registrant.

The registrant has been informed that it and one or more employees at its Olathe, Colorado, oriented strand board plant are the targets of a federal grand jury investigation concerning alleged tampering with emissions monitoring equipment and alteration of plant records. The registrant does not know when the investigation will be completed. The registrant began an internal investigation in the summer of 1992 and reported its initial findings of irregularities to governmental authorities in September, 1992.

On September 9, 1992, the U.S. Department of Justice filed suit in the U.S. District Court in Anchorage, Alaska, against the registrant's wholly-owned subsidiary Ketchikan Pulp Company ("KPC") alleging that the pulp mill in Ketchikan, Alaska, operated by KPC violated the Clean Air Act and the terms of KPC's wastewater discharge permit. The plaintiff seeks to require KPC to correct the alleged violations and also seeks penalties in an unspecified amount. Settlement discussions are currently underway.

The registrant has been informed that KPC and one or more employees at KPC's pulp mill are the targets of a federal grand jury investigation concerning wastewater discharges. No charges have been made and the registrant does not know when the investigation will be completed.

The registrant understands that a federal grand jury is investigating possible violations in connection with the disposal by a contractor of a transformer containing polychlorinated biphenyls (PCBs) previously located at the registrant's former sawmill at Pendleton, Oregon. The registrant does not know whether it or any of its employees are targets of the investigation.

On October 19, 1992, the State of Wisconsin filed a suit against the registrant in state court in Dane County Circuit Court alleging that the registrant's oriented strand board plant at Hayward, Wisconsin, is in violation of state and federal clean air laws. The plaintiff seeks to require the registrant to correct the alleged violations and also seeks penalties in an unspecified amount. A tentative settlement of \$550,000 was reached in 1993 but has not been consummated due to continuing differences between the parties.

Management of the registrant believes that the outcome of the above matters will not have a materially adverse effect on the consolidated business or financial condition or results of operations of the registrant.

Item 6. Exhibits and Reports on Form 8-K.

- (a) The exhibits filed as part of this report or incorporated by reference herein are listed in the accompanying exhibit index.
- (b) Reports on Form 8-K. No reports on Form 8-K have been filed during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities 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

By /s/ William L. Hebert
William L. Hebert
Treasurer
(Principal Financial Officer)

DATED: May 12, 1994

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
11	Calculation of Net Income Per Share for the Three Months Ended March 31, 1994.

EXHIBIT 11

Louisiana-Pacific Corporation and Subsidiaries
 Calculation of Net Income Per Share
 For the Three Months Ended March 31, 1994

	Number of shares	
	Including Common Stock Equivalents -----	Excluding Common Stock Equivalents (1) -----
Weighted average number of shares of common stock outstanding	116,937,022	116,937,022
Annualized weighted average number of shares of treasury stock held during the period	(6,737,781)	(6,737,781)
Common stock equivalents: Application of the "treasury stock" method to stock option and purchase plans	1,540,356 -----	--- -----
Weighted average number of shares of common stock and common stock equivalents	111,739,597 =====	110,199,241 =====
Rounded to	111,740,000 =====	110,200,000 =====
Net income	\$ 85,200,000 =====	\$ 85,200,000 =====
Net income per share	\$.76 =====	\$.77 =====

(1) Accounting Principles Board Opinion No. 15, "Earnings Per Share", allows companies to disregard dilution of less than three percent in the computation of earnings per share. Therefore, shares used in computing earnings per share for financial reporting purposes is 110,200,000 shares.

