

PLUM CREEK TIMBER COMPANY, INC.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

| (In Millions, Except Per Share Amounts) | Quarter Ended March 31, | |
|--|-------------------------|--------------|
| | 2014 | 2013 |
| REVENUES: | | |
| Timber | \$ 192 | \$ 170 |
| Real Estate | 23 | 78 |
| Manufacturing | 90 | 86 |
| Energy and Natural Resources | 9 | 6 |
| Other | 3 | — |
| Total Revenues | 317 | 340 |
| COSTS AND EXPENSES: | | |
| Cost of Goods Sold: | | |
| Timber | 138 | 124 |
| Real Estate | 10 | 30 |
| Manufacturing | 79 | 75 |
| Energy and Natural Resources | 2 | 1 |
| Other | 3 | — |
| Total Cost of Goods Sold | 232 | 230 |
| Selling, General and Administrative | 29 | 32 |
| Total Costs and Expenses | 261 | 262 |
| Other Operating Income (Expense), net | 1 | — |
| Operating Income | 57 | 78 |
| Equity Earnings from Timberland Venture | 15 | 14 |
| Equity Loss from Real Estate Development Ventures | (1) | — |
| Interest Expense, net: | | |
| Interest Expense (Debt Obligations to Unrelated Parties) | 27 | 21 |
| Interest Expense (Note Payable to Timberland Venture) | 14 | 14 |
| Total Interest Expense, net | 41 | 35 |
| Income before Income Taxes | 30 | 57 |
| Provision (Benefit) for Income Taxes | — | 1 |
| Net Income | \$ 30 | \$ 56 |
| PER SHARE AMOUNTS: | | |
| Net Income per Share – Basic | \$ 0.17 | \$ 0.35 |
| Net Income per Share – Diluted | \$ 0.17 | \$ 0.35 |
| Weighted-Average Number of Shares Outstanding | | |
| – Basic | 177.0 | 162.3 |
| – Diluted | 177.3 | 162.8 |

PLUM CREEK TIMBER COMPANY, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

| (In Millions, Except Per Share Amounts) | March 31, 2014 | December 31, 2013 |
|---|-------------------|----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 104 | \$ 433 |
| Accounts Receivable | 44 | 29 |
| Inventories | 57 | 55 |
| Deferred Tax Asset | 7 | 9 |
| Assets Held for Sale | 77 | 92 |
| Other Current Assets | 13 | 15 |
| | <u>302</u> | <u>633</u> |
| Timber and Timberlands, net | 4,179 | 4,180 |
| Minerals and Mineral Rights, net | 296 | 298 |
| Property, Plant and Equipment, net | 115 | 118 |
| Equity Investment in Timberland Venture | 198 | 211 |
| Equity Investment in Real Estate Development Ventures | 142 | 139 |
| Deferred Tax Asset | 19 | 17 |
| Investment in Grantor Trusts (at Fair Value) | 46 | 45 |
| Other Assets | 57 | 54 |
| Total Assets | <u>\$ 5,354</u> | <u>\$ 5,695</u> |
| LIABILITIES | | |
| Current Liabilities: | | |
| Current Portion of Long-Term Debt | \$ — | \$ — |
| Line of Credit | 180 | 467 |
| Accounts Payable | 32 | 24 |
| Interest Payable | 30 | 22 |
| Wages Payable | 10 | 29 |
| Taxes Payable | 11 | 10 |
| Deferred Revenue | 18 | 26 |
| Other Current Liabilities | 10 | 10 |
| | <u>291</u> | <u>588</u> |
| Long-Term Debt | 2,414 | 2,414 |
| Note Payable to Timberland Venture | 783 | 783 |
| Other Liabilities | 78 | 78 |
| Total Liabilities | <u>3,566</u> | <u>3,863</u> |
| Commitments and Contingencies | | |
| STOCKHOLDERS' EQUITY | | |
| Preferred Stock, \$0.01 Par Value, Authorized Shares – 75.0, Outstanding – None | — | — |
| Common Stock, \$0.01 Par Value, Authorized Shares – 300.6, Outstanding (net of Treasury Stock) – 177.1 at March 31, 2014 and 177.0 at December 31, 2013 | 2 | 2 |
| Additional Paid-In Capital | 2,947 | 2,942 |
| Retained Earnings (Accumulated Deficit) | (221) | (173) |
| Treasury Stock, at Cost, Common Shares – 27.0 at March 31, 2014 and 27.0 at December 31, 2013 | (942) | (940) |
| Accumulated Other Comprehensive Income (Loss) | 2 | 1 |
| Total Stockholders' Equity | <u>1,788</u> | <u>1,832</u> |
| Total Liabilities and Stockholders' Equity | <u>\$ 5,354</u> | <u>\$ 5,695</u> |

PLUM CREEK TIMBER COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| (In Millions) | Quarter Ended March 31, | |
|---|-------------------------|--------|
| | 2014 | 2013 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Income | \$ 30 | \$ 56 |
| Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities: | | |
| Depreciation, Depletion and Amortization | 32 | 26 |
| Basis of Real Estate Sold | 6 | 25 |
| Equity Earnings from Timberland Venture | (15) | (14) |
| Distributions from Timberland Venture | 28 | 27 |
| Equity Loss from Real Estate Development Ventures | 1 | — |
| Deferred Income Taxes | — | 1 |
| Deferred Revenue from Long-Term Gas Leases (Net of Amortization) | (2) | (3) |
| Timber Deed Acquired | — | (18) |
| Working Capital Changes Impacting Cash Flow: | | |
| Like-Kind Exchange Funds | — | (53) |
| Other Working Capital Changes | (24) | (52) |
| Other | 1 | 6 |
| Net Cash Provided By (Used In) Operating Activities | 57 | 1 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital Expenditures (Excluding Timberland Acquisitions) | (16) | (14) |
| Timberlands Acquired | — | (2) |
| Contribution to Real Estate Development Ventures | (4) | — |
| Net Cash Provided By (Used In) Investing Activities | (20) | (16) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends | (78) | (68) |
| Borrowings on Line of Credit | 283 | 291 |
| Repayments on Line of Credit | (570) | (117) |
| Principal Payments and Retirement of Long-Term Debt | — | (174) |
| Proceeds from Stock Option Exercises | 1 | 25 |
| Acquisition of Treasury Stock | (2) | (2) |
| Net Cash Provided By (Used In) Financing Activities | (366) | (45) |
| Increase (Decrease) In Cash and Cash Equivalents | (329) | (60) |
| Cash and Cash Equivalents: | | |
| Beginning of Period | 433 | 356 |
| End of Period | \$ 104 | \$ 296 |

PLUM CREEK TIMBER COMPANY, INC.
SEGMENT DATA
(UNAUDITED)

| (In Millions) | Quarter Ended March 31, | |
|---|-------------------------|--------|
| | 2014 | 2013 |
| Revenues: | | |
| Northern Resources | \$ 77 | \$ 74 |
| Southern Resources | 123 | 104 |
| Real Estate | 23 | 78 |
| Manufacturing | 90 | 86 |
| Energy and Natural Resources | 9 | 6 |
| Other | 3 | — |
| Eliminations | (8) | (8) |
| Total Revenues | \$ 317 | \$ 340 |
| Operating Income (Loss): ^(A) | | |
| Northern Resources | \$ 16 | \$ 11 |
| Southern Resources | 31 | 24 |
| Real Estate | 12 | 45 |
| Manufacturing | 9 | 10 |
| Energy and Natural Resources | 6 | 5 |
| Other | (1) | — |
| Other Costs and Eliminations, net | (17) | (17) |
| Total Operating Income | \$ 56 | \$ 78 |
| Adjusted EBITDA by Segment: ^(B) | | |
| Northern Resources | \$ 24 | \$ 18 |
| Southern Resources | 49 | 38 |
| Real Estate | 18 | 70 |
| Manufacturing | 12 | 14 |
| Energy and Natural Resources | 8 | 5 |
| Other | (1) | — |
| Other Costs and Eliminations, net | (17) | (17) |
| Total | \$ 93 | \$ 128 |

(A) For Segment reporting, Equity Loss from Real Estate Development Ventures of \$1 million is included in Operating Income (Loss) for the Other Segment.

(B) Refer to the separate schedule, "Segment Data - Adjusted EBITDA" for reconciliations of Adjusted EBITDA to operating income and net cash provided by operating activities.

PLUM CREEK TIMBER COMPANY, INC.
SELECTED OPERATING STATISTICS
(UNAUDITED)

| | | 2014 | | | | |
|---------------------------|------------------|---------|---------|---------|---------|---------|
| | | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| Sales Realization | | | | | | |
| Units | | | | | | |
| Southern Resources | | | | | | |
| Sawlog | \$/Ton Stumpage | \$ 22 | | | | \$ 22 |
| Pulpwood | \$/Ton Stumpage | \$ 12 | | | | \$ 12 |
| Northern Resources | | | | | | |
| Sawlog | \$/Ton Delivered | \$ 86 | | | | \$ 86 |
| Pulpwood | \$/Ton Delivered | \$ 43 | | | | \$ 43 |
| Lumber ⁽¹⁾ | \$/MBF | \$ 573 | | | | \$ 573 |
| Plywood ⁽¹⁾ | \$/MSF | \$ 451 | | | | \$ 451 |
| Fiberboard ⁽¹⁾ | \$/MSF | \$ 678 | | | | \$ 678 |
| Sales Volume | | | | | | |
| Southern Resources | | | | | | |
| Sawlog | 1,000 Tons | 1,550 | | | | 1,550 |
| Pulpwood | 1,000 Tons | 2,054 | | | | 2,054 |
| Total Harvest | | 3,604 | — | — | — | 3,604 |
| Northern Resources | | | | | | |
| Sawlog | 1,000 Tons | 667 | | | | 667 |
| Pulpwood | 1,000 Tons | 470 | | | | 470 |
| Total Harvest | | 1,137 | — | — | — | 1,137 |
| Lumber | MBF | 37,703 | | | | 37,703 |
| Plywood | MSF | 39,188 | | | | 39,188 |
| Fiberboard | MSF | 50,681 | | | | 50,681 |
| | | 2013 | | | | |
| | | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| Sales Realization | | | | | | |
| Units | | | | | | |
| Southern Resources | | | | | | |
| Sawlog | \$/Ton Stumpage | \$ 21 | \$ 21 | \$ 22 | \$ 22 | \$ 22 |
| Pulpwood | \$/Ton Stumpage | \$ 11 | \$ 11 | \$ 11 | \$ 12 | \$ 11 |
| Northern Resources | | | | | | |
| Sawlog | \$/Ton Delivered | \$ 77 | \$ 79 | \$ 79 | \$ 81 | \$ 79 |
| Pulpwood | \$/Ton Delivered | \$ 43 | \$ 42 | \$ 43 | \$ 43 | \$ 43 |
| Lumber ⁽¹⁾ | \$/MBF | \$ 568 | \$ 544 | \$ 498 | \$ 536 | \$ 534 |
| Plywood ⁽¹⁾ | \$/MSF | \$ 462 | \$ 464 | \$ 457 | \$ 450 | \$ 458 |
| Fiberboard ⁽¹⁾ | \$/MSF | \$ 639 | \$ 668 | \$ 680 | \$ 672 | \$ 665 |
| Sales Volume | | | | | | |
| Southern Resources | | | | | | |
| Sawlog | 1,000 Tons | 1,339 | 1,276 | 1,544 | 1,733 | 5,892 |
| Pulpwood | 1,000 Tons | 1,771 | 1,688 | 1,952 | 2,153 | 7,564 |
| Total Harvest | | 3,110 | 2,964 | 3,496 | 3,886 | 13,456 |
| Northern Resources | | | | | | |
| Sawlog | 1,000 Tons | 704 | 581 | 636 | 566 | 2,487 |
| Pulpwood | 1,000 Tons | 414 | 209 | 387 | 401 | 1,411 |
| Total Harvest | | 1,118 | 790 | 1,023 | 967 | 3,898 |
| Lumber | MBF | 30,535 | 36,770 | 40,622 | 37,990 | 145,917 |
| Plywood | MSF | 46,905 | 48,364 | 46,709 | 45,164 | 187,142 |
| Fiberboard | MSF | 52,329 | 60,273 | 54,795 | 46,250 | 213,647 |

(1) Represents prices at mill level.

PLUM CREEK TIMBER COMPANY, INC.
LAND SALE STATISTICS
(UNAUDITED)

| | 2014 | | | | |
|---|----------|----------|----------|----------|----------|
| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| Acres Sold | | | | | |
| Small Non-strategic | 3,035 | | | | 3,035 |
| Large Non-strategic | — | | | | — |
| Conservation | 3,415 | | | | 3,415 |
| HBU/Recreation | 4,125 | | | | 4,125 |
| Development Properties | — | | | | — |
| Conservation Easements | n/a | | | | n/a |
| | 10,575 | — | — | — | 10,575 |
| Price per Acre | | | | | |
| Small Non-strategic | \$ 1,325 | | | | \$ 1,325 |
| Large Non-strategic | \$ — | | | | \$ — |
| Conservation | \$ 1,685 | | | | \$ 1,685 |
| HBU/Recreation | \$ 2,200 | | | | \$ 2,200 |
| Development Properties | \$ — | | | | \$ — |
| Conservation Easements | \$ 340 | | | | \$ 340 |
| Revenue, (\$ millions) | | | | | |
| Small Non-strategic | \$ 4 | | | | \$ 4 |
| Large Non-strategic | \$ — | | | | \$ — |
| Conservation | \$ 6 | | | | \$ 6 |
| HBU/Recreation | \$ 9 | | | | \$ 9 |
| Development Properties | \$ — | | | | \$ — |
| Conservation Easements | \$ 4 | | | | \$ 4 |
| | \$ 23 | \$ — | \$ — | \$ — | \$ 23 |
| Basis of Real Estate Sold | \$ 6 | | | | \$ 6 |
| | 2013 | | | | |
| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| Acres Sold | | | | | |
| Small Non-strategic | 5,685 | 17,130 | 17,300 | 3,985 | 44,100 |
| Large Non-strategic ⁽¹⁾ | 36,000 | — | 15,370 | — | 51,370 |
| Conservation | 970 | 17,525 | 1,385 | 6,125 | 26,005 |
| HBU/Recreation | 7,595 | 9,825 | 9,455 | 20,095 | 46,970 |
| Development Properties | — | — | — | — | — |
| Conservation Easements | n/a | n/a | n/a | n/a | n/a |
| | 50,250 | 44,480 | 43,510 | 30,205 | 168,445 |
| Price per Acre | | | | | |
| Small Non-strategic | \$ 1,230 | \$ 1,185 | \$ 1,280 | \$ 1,290 | \$ 1,235 |
| Large Non-strategic | \$ 1,475 | \$ — | \$ 3,415 | \$ — | \$ 2,050 |
| Conservation | \$ 2,580 | \$ 835 | \$ 1,920 | \$ 1,015 | \$ 1,000 |
| HBU/Recreation | \$ 2,015 | \$ 1,925 | \$ 1,925 | \$ 2,100 | \$ 2,010 |
| Development Properties | \$ — | \$ — | \$ — | \$ — | \$ — |
| Conservation Easements | \$ — | \$ — | \$ — | \$ 600 | \$ 600 |
| Revenue, (\$ millions) | | | | | |
| Small Non-strategic | \$ 7 | \$ 20 | \$ 22 | \$ 5 | \$ 54 |
| Large Non-strategic | \$ 53 | \$ — | \$ 53 | \$ — | \$ 106 |
| Conservation | \$ 3 | \$ 14 | \$ 3 | \$ 6 | \$ 26 |
| HBU/Recreation | \$ 15 | \$ 19 | \$ 18 | \$ 43 | \$ 95 |
| Development Properties | \$ — | \$ — | \$ — | \$ — | \$ — |
| Conservation Easements | \$ — | \$ — | \$ — | \$ 5 | \$ 5 |
| | \$ 78 | \$ 53 | \$ 96 | \$ 59 | \$ 286 |
| Basis of Real Estate Sold ⁽²⁾ | \$ 25 | \$ 17 | \$ 26 | \$ 22 | \$ 90 |

Plum Creek Timber Company, Inc.
Notes to Land Sale Statistics
(Unaudited)

- (1) During the third quarter of 2013, the company sold 15,370 acres of Large Non-strategic lands located in Oregon for \$52.5 million. During the first quarter of 2013, the company sold 36,000 acres of Large Non-strategic lands located in Texas and Oklahoma for \$52.7 million.

- (2) Includes \$9 million in the third quarter of 2013 for a 15,370 acre Large Non-Strategic sale located in Oregon and \$18 million in the first quarter of 2013 from a 36,000 acre Large Non-strategic sale located in Texas and Oklahoma.

PLUM CREEK TIMBER COMPANY, INC.
DEBT MATURITIES SCHEDULE
March 31, 2014
(UNAUDITED)

| (In Millions) | Borrowings | |
|---|------------|---------------|
| | Principal | Interest Rate |
| <u>Annual Maturities through 2017:</u> | | |
| 2015 | \$ 440 | 5.875% |

Plum Creek Timber Company, Inc.
Segment Data - Adjusted EBITDA
Reconciliation of Operating Income and Net Cash
Provided by Operating Activities
(Unaudited)

We define Adjusted EBITDA as earnings from continuing operations, excluding Equity Earnings from the Timberland Venture, and before interest expense (including any gains or losses from extinguishment of debt), taxes, depreciation, depletion, amortization, and basis in real estate sold. In addition to including Equity Earnings from Real Estate Development Ventures in Adjusted EBITDA, we also include, as an add back to Operating Income for the Other Segment, our proportional share of depreciation, depletion, amortization, and basis in real estate sold from this equity method investment. Adjusted EBITDA is not considered a measure of financial performance under U.S. generally accepted accounting principles (U.S. GAAP) and the items excluded from Adjusted EBITDA are significant components of our consolidated financial statements.

We present Adjusted EBITDA as a supplemental performance measure because we believe it facilitates operating performance comparisons from period to period, and each business segment's contribution to that performance, by eliminating non-cash charges to earnings, which can vary significantly by business segment. These non-cash charges include timber depletion, depreciation of fixed assets and the basis in real estate sold. We also use Adjusted EBITDA as a supplemental liquidity measure because we believe it is useful in measuring our ability to generate cash. In addition, we believe Adjusted EBITDA is commonly used by investors, lenders and rating agencies to assess our financial performance.

A reconciliation of Adjusted EBITDA to net income and net cash from operating activities, the most directly comparable U.S. GAAP performance and liquidity measures, is provided in the following schedules:

| | Quarter Ended March 31, 2014 | | | |
|--|-------------------------------------|--|------------------------------|--------------------|
| | Operating Income | Depreciation, Depletion and Amortization | Basis of Real Estate Sold | Adjusted EBITDA |
| By Segment ⁽¹⁾ | | | | |
| Northern Resources | \$ 16 | \$ 8 | \$ — | \$ 24 |
| Southern Resources | 31 | 18 | — | 49 |
| Real Estate | 12 | — | 6 | 18 |
| Manufacturing | 9 | 3 | — | 12 |
| Energy and Natural Resources | 6 | 2 | — | 8 |
| Other | (1) | — | — | (1) |
| Other Costs and Eliminations | 1 | — | — | 1 |
| Other Unallocated Operating Income (Expense), net | (18) | — | — | (18) |
| Total | <u>\$ 56</u> | <u>\$ 31</u> | <u>\$ 6</u> | <u>\$ 93</u> |
| Reconciliation to Net Income ⁽²⁾ | | | | |
| Equity Earnings from Timberland Venture | 15 | | | |
| Interest Expense | (41) | | | |
| (Provision) Benefit for Income Taxes | — | | | |
| Net Income | <u>\$ 30</u> | | | |
| Reconciliation to Net Cash Provided By Operating Activities ⁽¹⁾ | | | | |
| Net Cash Flows from Operations | | | \$ 57 | |
| Interest Expense | | | | 41 |
| Amortization of Debt Costs | | | | (1) |
| Provision / (Benefit) for Income Taxes | | | | — |
| Distributions from Timberland Venture | | | | (28) |
| Equity Earnings, Depletion and Basis of Real Estate Sold from Real Estate Development Ventures | | | | (1) |
| Deferred Income Taxes | | | | — |
| Gain on Sale of Properties and Other Assets | | | | — |
| Deferred Revenue from Long-Term Gas Leases | | | | 2 |
| Timber Deed Acquired | | | | — |
| Pension Plan Contributions | | | | — |
| Working Capital Changes | | | | 24 |
| Other | | | | (1) |
| Adjusted EBITDA | | | | <u>\$ 93</u> |

(1) Includes Equity Loss from Real Estate Development Ventures (\$1 million) in Operating Income for the Other Segment, along with our proportional share of depreciation, depletion, amortization (\$0), and basis in real estate sold (\$0) from this equity method investment.

(2) Includes reconciling items not allocated to segments for financial reporting purposes.

Quarter Ended March 31, 2013

| | Operating Income | Depreciation, Depletion and Amortization | Basis of Real Estate Sold | Adjusted EBITDA |
|--|---------------------|--|------------------------------|--------------------|
| By Segment | | | | |
| Northern Resources | \$ 11 | \$ 7 | \$ — | \$ 18 |
| Southern Resources | 24 | 14 | — | 38 |
| Real Estate | 45 | — | 25 | 70 |
| Manufacturing | 10 | 4 | — | 14 |
| Energy and Natural Resources | 5 | — | — | 5 |
| Other | — | — | — | — |
| Other Costs and Eliminations | (17) | — | — | (17) |
| Other Unallocated Operating Income (Expense), net | — | — | — | — |
| Total | <u>\$ 78</u> | <u>\$ 25</u> | <u>\$ 25</u> | <u>\$ 128</u> |
| Reconciliation to Net Income ⁽¹⁾ | | | | |
| Equity Earnings from Timberland Venture | 14 | | | |
| Interest Expense | (35) | | | |
| (Provision) Benefit for Income Taxes | (1) | | | |
| Net Income | <u>\$ 56</u> | | | |
| Reconciliation to Net Cash Provided By Operating Activities | | | | |
| Net Cash Flows from Operations | | | \$ 1 | |
| Interest Expense | | | | 35 |
| Amortization of Debt Costs | | | | (1) |
| Provision / (Benefit) for Income Taxes | | | | 1 |
| Distributions from Timberland Venture | | | | (27) |
| Equity Earnings, Depletion and Basis of Real Estate Sold from Real Estate Development Ventures | | | | — |
| Deferred Income Taxes | | | | (1) |
| Gain on Sale of Properties and Other Assets | | | | — |
| Deferred Revenue from Long-Term Gas Leases | | | | 3 |
| Timber Deed Acquired | | | | 18 |
| Pension Plan Contributions | | | | — |
| Working Capital Changes | | | | 105 |
| Other | | | | (6) |
| Adjusted EBITDA | | | | <u>\$ 128</u> |

(1) Includes reconciling items not allocated to segments for financial reporting purposes.