



News Release

For immediate release
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Plum Creek Reports Results for Second Quarter 2013

SEATTLE - Plum Creek Timber Company, Inc. (NYSE: PCL) today announced second quarter earnings of \$46 million, or \$0.28 per diluted share, on revenues of \$303 million. Earnings for the second quarter of 2012 were \$36 million, or \$0.22 per diluted share, on revenues of \$294 million.

Earnings for the first six months of 2013 improved \$37 million compared to the same period of 2012. Earnings were \$102 million, or \$0.62 per diluted share, on revenues of \$643 million. Earnings for the first six months of 2012 were \$65 million, or \$0.40 per diluted share, on revenues of \$631 million.

Adjusted EBITDA, a non-GAAP measure of operating performance, for the first six months of 2013 was \$232 million, similar to the \$234 million in the same period of 2012. The company ended the quarter with \$355 million in cash and cash equivalents. A reconciliation of adjusted EBITDA to net income and cash flow from operations is provided as an attachment to this release.

“Each of our business segments performed well during the second quarter,” said Rick Holley, chief executive officer. “We are experiencing fundamental demand improvement and better pricing; although, we remain in the very early stages of the housing recovery. As the industry adjusts to this change in the demand environment, regional markets we serve are recovering at different rates. This is when our unmatched, geographic diversity gives us tremendous operating flexibility. It allows us to act and capitalize on strong local markets, growing earnings and cash flow while maximizing the long-term value of our asset base.”

Review of Quarterly Operations

The Northern Resources segment reported operating profit of \$8 million during the second quarter, an increase of \$4 million compared to the second quarter of 2012. Average sawlog prices increased \$8 per ton, or 11 percent, compared to second quarter 2012 levels on improved demand from both domestic and export customers. Pulpwood prices were similar to the prices realized during the second quarter of 2012. As planned, total Northern segment volumes decreased approximately 160,000 tons, or 17 percent, from the second quarter harvest of 2012. Most of the reduction in harvest volume consisted of lower-margin pulpwood.

Operating profit in the Southern Resources segment was \$23 million, up \$1 million from the \$22 million reported for second quarter of 2012. Higher prices for both sawlogs and pulpwood offset lower harvest

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volumes. Sawlog prices increased \$1 per ton, or 5 percent, and pulpwood prices increased \$1 per ton, or 10 percent, compared to the second quarter of 2012. Overall the Southern harvest declined about 500,000 tons, or 14 percent, compared to the second quarter of 2012. While our full-year 2013 Southern harvest is planned to be similar to 2012's harvest level, the 2013 harvest is weighted to the second half of the year to capture the expected improvement in log prices.

The Real Estate segment reported revenue of \$53 million and operating income of \$30 million in the second quarter of 2013. Second quarter 2012 revenue was \$47 million and operating income was \$29 million. During the quarter the company sold 9,800 acres of HBU/recreation lands for \$1,925 per acre and 17,100 acres of small, non-strategic timberlands at an average price of \$1,185 per acre. The company also sold about 17,500 acres of conservation land at an average price of \$835 per acre.

The Manufacturing segment reported operating income of \$14 million, a \$5 million improvement over the second quarter of 2012. Strong demand and pricing continued to benefit each of the company's manufactured product lines. Plywood prices increased 13 percent compared to the second quarter of 2012 on strong industrial demand. Plywood sales volume declined 6 percent compared to the same period of 2012 due to reduced log availability. MDF prices were up 8 percent compared to second quarter 2012 while sales volume grew 15 percent. In April of this year, the company re-opened its Evergreen lumber mill, boosting lumber sales volume by 21 percent compared to the second quarter of 2012. Average lumber prices declined approximately one percent as the product mix shifted to include lower-priced stud lumber from the re-opened mill.

Outlook

Improving production trends for lumber and structural panels are expected to result in greater demand and higher pricing for sawlogs as the housing recovery continues to advance. Sawlog prices during the second half of 2013 are expected to be higher than the prices for the second half of 2012 in all regions.

The company continues to expect to harvest between 17.5 and 18 million tons of timber this year. During the third quarter, harvests in the Northern Resources segment are expected to increase seasonally from their second quarter low. The Southern harvest is expected to increase from the second quarter's level as log demand and prices gradually improve.

The company expects full-year Real Estate segment sales to be between \$260 million and \$290 million. Third quarter Real Estate segment sales are expected to be between \$85 million and \$95 million.

Earnings for the Manufacturing segment are expected to remain very good on sustained demand and continued strong pricing for the company's industrial plywood, MDF and lumber products.

Reflecting all of these factors, the company expects 2013 income to be between \$1.30 and \$1.45 per share. The company expects to report third quarter income between \$0.38 and \$0.43 per share.

“We continue to see positive trends from the recovering housing market and the general economy resulting in stronger demand for wood products,” continued Holley.

“Mill owners are investing significant capital today in their facilities to improve efficiency and increase their future production capacity. Capital investment translates directly into a stronger customer base and increased demand for our logs in the future. This gives us great confidence in our ability to grow our earnings and cash flow from our core timber business as the recovery continues.

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"Disciplined capital allocation remains our top priority as we continue to evaluate opportunities for growth. We firmly believe that superior capital allocation makes the difference between good returns and exceptional returns over the long term," concluded Holley.

Earnings Conference Call and Supplemental Information

Plum Creek will hold a conference call today, July 29, 2013 at 5:00 p.m. ET (2:00 p.m. PT). A live webcast of the conference call may be accessed through Plum Creek's website at www.plumcreek.com by clicking on the "Investors" section.

Investors without Internet access should dial 1-800-572-9852 at least 10 minutes prior to the start of the call, referencing Plum Creek's earnings conference call. Those wishing to access the call from outside the United States and Canada should dial 1-706-645-9676, also referencing Plum Creek's earnings conference call. Replay of the call will be available for 48 hours after completion of the live call and can be accessed at 1-855-859-2056 or 1-404-537-3406 (international calls), using the code 31587215.

Supplemental financial information for Plum Creek operations, including statistical data and reconciliations to non-GAAP measures is available in the Investors section of Plum Creek's website at www.plumcreek.com.

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Plum Creek is among the largest and most geographically diverse private landowners in the nation with approximately 6.3 million acres of timberlands in major timber producing regions of the United States and wood products manufacturing facilities in the Northwest. For more information, visit www.plumcreek.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Litigation Reform Act of 1995 as amended. Some of these forward-looking statements can be identified by the use of forward-looking words such as "believes," "expects," "may," "will," "should," "seek," "approximately," "intends," "plans," "estimates," or "anticipates," or the negative of those words or other comparable terminology. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions including, but not limited to, the cyclical nature of the forest products industry, our ability to harvest our timber, our ability to execute our acquisition strategy, the market for and our ability to sell or exchange non-strategic timberlands and timberland properties that have higher and better uses, and various regulatory constraints. These and other risks, uncertainties and assumptions are detailed from time to time in our filings with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and the Securities Act of 1933, as amended. It is likely that if one or more of the risks materializes, or if one or more assumptions prove to be incorrect, the current expectations of Plum Creek and its management will not be realized. Forward-looking statements are not guarantees of performance, and speak only as of the date made, and neither Plum Creek nor its management undertakes any obligation to update or revise any forward-looking statements.

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