



News Release

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Plum Creek Timber Company, Inc. Reports Results for Third Quarter 2012

SEATTLE - Plum Creek Timber Company, Inc. (NYSE: PCL) today announced third quarter earnings of \$59 million, or \$0.36 per diluted share, on revenues of \$354 million. Earnings for the third quarter of 2011 were \$50 million, or \$0.31 per diluted share, on revenues of \$293 million.

Earnings for the first nine months of 2012 were \$124 million, or \$0.76 per diluted share, on revenues of \$985 million. Earnings for the first nine months of 2011 were \$132 million, or \$0.81 per diluted share, on revenues of \$852 million.

Adjusted EBITDA, a non-GAAP measure of operating performance, for the first nine months of 2012 was \$380 million, up from \$317 million in the same period of 2011. The company ended the quarter with \$320 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.

“We had a good third quarter with earnings near the top of our guidance range,” said Rick Holley, Plum Creek's president and chief executive officer. “Demand for wood products continues to improve and that has translated into improved financial performance for our timber and manufacturing businesses. Combined, these business segments have grown operating income by \$19 million and adjusted EBITDA by \$36 million during the first nine months of the year. We continue to be on track to grow our adjusted EBITDA by approximately \$50 million this year.”

Review of Operations

The Northern Resources segment reported operating income of \$5 million for the quarter, down \$2 million from the third quarter of 2011. The lower operating income was primarily the result of a \$2 decline in average sawlog prices due to the decline in export log prices experienced over the past year. Average pulpwood prices of \$42 per ton were unchanged when compared to the third quarter of 2011. Overall the third quarter's harvest was approximately 40,000 tons, or 4 percent, lower than the same period of 2011.

Operating income in the Southern Resources segment was \$23 million, an increase of \$2 million from the \$21 million reported during the third quarter of 2011. Sawlog prices were stable at \$20 per ton and pulpwood prices of \$10 per ton were \$1 per ton higher than the prices reported for the third quarter of 2011. As planned, harvest volumes in 2012 were higher than those in 2011. The company continued to

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emphasize the harvest of pulpwood to capture relatively attractive values in these markets and preserve the value of larger diameter sawlogs. Pulpwood volumes were up 318,000 tons, or 17 percent, higher compared to the third quarter of 2011. The sawlog harvest was up 244,000 tons, or 19 percent, higher from 2011 levels.

The Real Estate segment reported third quarter total revenue of \$96 million and operating income of \$54 million. Third quarter 2011 Real Estate segment revenue was \$67 million and operating income was \$46 million. The 2012 sales were anchored by the sale of approximately 100,000 acres of Wisconsin timberland for approximately \$67 million. Smaller rural land sales across the company's holdings accounted for the \$29 million balance of the quarter's revenue. Rural land prices remained stable with HBU/recreation parcels averaging \$2,100 per acre.

The Manufacturing segment reported \$9 million of operating income for the third quarter, compared to the \$3 million of operating income reported for the third quarter of 2011. Profit growth was driven by improving demand and prices for the company's plywood and medium density fiberboard (MDF) products. Sales volumes for plywood and MDF increased 18 percent and 43 percent respectively. Plywood prices increased 13 percent and MDF prices improved 5 percent during the same period. Average lumber prices increased 7 percent while lumber sales volume declined 8 percent compared to the third quarter of 2011.

Outlook

The company expects its full-year harvest to approximate 17.5 million tons, including approximately 700,000 tons from this year's timber deed acquisition.

During the fourth quarter, the company expects to harvest approximately 1 million tons in its Northern Resources segment and approximately 3 million tons in its Southern Resources segment.

Fourth quarter Real Estate segment sales are expected to be between \$60 million and \$80 million.

In the fourth quarter, seasonally lower sales volumes are expected to reduce the Manufacturing segment's profitability compared to the third quarter.

The company expects to report fourth quarter earnings between \$0.25 and \$0.30 per share.

“Our operations continue to perform well and our operating flexibility allows us to respond quickly to our customers' needs as markets improve. We expect the results from our timber business to improve further in 2013 as the housing market and economy continue to strengthen,” continued Holley.

“We are excited about the future, and look forward to 2013 with optimism. Disciplined capital allocation is just as important in a recovery as it is during a downturn. It remains our top priority at Plum Creek. We continually evaluate the best use of the cash we generate with the goals of delivering value to shareholders while growing the per-share value of the company over time,” concluded Holley.

Earnings Conference Call and Supplemental Information

Plum Creek will hold a conference call today, Oct. 29, 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 Internet site at www.plumcreek.com by clicking on the “Investors” link.

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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 21136768.

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 one of the largest landowners in the nation and the most geographically diverse, with approximately 6.4 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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