



## News Release

For immediate release  
October 26, 2015

For more information contact:  
*Investors:* John Hobbs 1-800-858-5347  
*Media:* Kathy Budinick 1-888-467-3751

---

### Plum Creek Reports Results for Third Quarter 2015

**SEATTLE** - Plum Creek Timber Company, Inc. (NYSE: PCL) today announced third quarter earnings of \$100 million, or \$0.58 per diluted share, on revenues of \$414 million. Earnings for the third quarter of 2014 were \$61 million, or \$0.34 per diluted share, on revenues of \$375 million. The results for the third quarter of 2014 included a \$3 million, or \$0.02 per diluted share, after-tax gain from insurance recoveries related to a fire at the company's medium density fiberboard (MDF) plant in June 2014.

Earnings for the first nine months of 2015 were \$163 million, or \$0.93 per diluted share, on revenues of \$1.1 billion. For the first nine months of 2014, earnings were \$146 million, or \$0.82 per diluted share, on revenues of \$1.0 billion. Results for the first nine months of 2014 included a \$2 million, or \$0.01 per share, after-tax gain reflecting insurance recoveries net of the fire losses from the MDF fire.

Adjusted EBITDA, a non-GAAP measure of operating performance, for the first nine months of 2015 was \$472 million, higher than the \$389 million in the same period of 2014. The growth in adjusted EBITDA is largely the result of the timing of Real Estate activity during 2015. A reconciliation of adjusted EBITDA to net income and cash flow from operations is provided as an attachment to this release.

“Earnings for the third quarter were better than we initially anticipated with good performance from each of our business segments despite uneven demand and more challenging near-term market conditions,” said Rick Holley, chief executive officer. “As always, our operations are remaining flexible, adjusting to local market conditions with the goal of maximizing the value of our harvests over the long term.”

#### Review of Third Quarter Operations

The Northern Resources segment reported operating income of \$6 million during the third quarter, compared to the \$13 million reported during the third quarter of 2014. Overall harvest volumes were about 167,000 tons, or 16 percent, lower than the same period of 2014. Fire restrictions during the quarter limited harvesting activity somewhat in the western states, impacting the segment's sawlog harvest by approximately 50,000 tons. Fire damaged only 350 acres of Plum Creek lands despite the active Western fire season. Average sawlog prices in the third quarter declined about \$4 per ton, or 5 percent, from near record levels reported in the prior year. Average pulpwood prices increased \$4 per ton, about 9 percent, over the third quarter of 2014. Pulpwood demand remained strong as mills in the Lake States and New England found it challenging to build log inventories due to tight supply conditions in both regions.

Operating income in the Southern Resources segment was \$33 million, down \$2 million from the third quarter of 2014. Although harvest volumes were largely unchanged compared to the third quarter of 2014, the harvest

(more)

mix shifted toward a higher component of pulpwood. Average sawlog prices were comparable to those reported a year ago, while Southern pulpwood prices increased \$1 per ton, approximately 5 percent, over the same period.

The Real Estate segment reported revenue of \$129 million and operating income of \$84 million in the third quarter of 2015. Third quarter 2014 revenue was \$69 million and operating income was \$34 million. Results for the third quarter of 2015 included the previously disclosed sale of approximately 98,000 acres of non-strategic timberlands in Florida for \$1,230 per acre. The company also sold 3,700 acres of recreation lands for \$2,015 per acre and 1,060 acres of small non-strategic timberlands, primarily in New England, for \$650 per acre during the quarter.

The Manufacturing segment reported operating income of \$8 million for the third quarter compared to \$16 million for the third quarter of 2014. The 2014 results included a \$5 million pre-tax insurance recovery gain. Excluding the non-recurring gain, results in the third quarter of 2014 were \$11 million. The \$3 million decline in profitability compared to the prior year is primarily due to weaker results from the lumber product line.

Operating income from the Energy and Natural Resources segment was \$5 million, down \$1 million from the third quarter of 2014. The decrease in earnings was primarily the result of lower royalty income from coal and natural gas assets compared to the third quarter of 2014.

### **Joint Venture**

During the third quarter of 2015, the company announced it had formed a joint venture with several institutional investors to own and sustainably manage a portfolio of U.S. timberlands. The joint venture, Twin Creeks Timber, LLC, will provide the institutional investors an opportunity to co-invest in timberlands currently owned by Plum Creek and to purchase other high quality timberlands on the open market. The initial portfolio, valued at approximately \$560 million (\$2,150 per acre), will consist of 260,000 acres of Southern U.S. timberland located in five states and will be sourced from Plum Creek timberlands in the region. In January 2016, Plum Creek will sell timberlands valued at approximately \$420 million to Twin Creeks for cash, and contribute timberlands valued at approximately \$140 million for a 25 percent equity interest in the joint venture. The venture is expected to begin operations in January 2016.

“The formation of Twin Creeks is an exciting opportunity for Plum Creek. We’ve structured the venture to align the interests of both our institutional investor partners and Plum Creek,” continued Holley. “The transaction confirms the value of our Southern timberland portfolio, preserves our market presence and economies of scale, creates a platform for future growth, and sources capital that can be used to benefit our long-term shareholders.”

### **Share Repurchase**

During the third quarter of 2015, the company repurchased \$50 million of common stock, approximately 1.3 million shares at an average price of \$39.20 per share. During the first nine months of the year, the company repurchased \$100 million of common stock, nearly 2.5 million shares at an average price of \$40.30 per share. As of September 30, 2015, the company had \$200 million remaining on its share repurchase authorization.

(more)

## **Outlook**

Residential construction markets continue to slowly recover and the company expects housing activity will reach 1.1 million starts during 2015. During the first nine months of the year, the North American lumber supply exceeded demand and led to declining lumber prices. Late in the third quarter, sawmills throughout North America began adjusting their production schedules and lumber markets are firming in response. The company expects housing starts to increase approximately 14 percent in 2016 to about 1.25 million starts, with continued growth beyond 2016 to demographically supportable levels of about 1.5 million starts.

“With residential construction growth continuing at a slow pace and sawmill customers adjusting production levels in response to weaker prices, we are planning to operate conservatively during the balance of 2015,” continued Holley. “We are adjusting our near-term harvest plans to match customer demand in our local timber markets and expect prices in most markets to remain at third quarter levels. This is consistent with our longstanding goal of maximizing the net present value of our timber assets.”

During the fourth quarter, harvest levels in the Northern and Southern Resources segments are expected to be similar to third quarter levels, but less than original plans. As a result, overall harvest levels for the year are expected to be between 18.5 and 19.0 million tons, which is lower than the initial harvest plans for the year.

Fourth quarter Real Estate segment revenues are expected to be between \$35 and \$45 million and the Manufacturing and Energy and Natural Resources segments are expected to report fourth quarter results similar to the third quarter of 2015.

The company expects to report fourth quarter earnings between \$0.13 and \$0.18 per share resulting in full-year earnings between \$1.06 and \$1.11 per share.

“We have long pursued a strategy designed to grow the value of our timberland portfolio over time. Our steady investment in forest productivity and our active portfolio management has built one of the most productive and diversified timberland portfolios in the nation. The recent announcement of the Twin Creeks Joint Venture highlights the value of our long-term approach to timberland management and our ongoing commitment to disciplined capital allocation. We will continue to allocate the capital we generate to the opportunities that benefit our long-term shareholders including debt retirement and share repurchases,” concluded Holley.

## **Earnings Conference Call and Supplemental Information**

Plum Creek will hold a conference call today, October 26, 2015, 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](http://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 50838166.

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](http://www.plumcreek.com).

(more)

###

Plum Creek is among the largest and most geographically diverse private landowners in the nation with more than 6 million acres of timberlands in 19 states. We also operate wood products mills in the Northwest. We manage our working forests using sustainable practices to benefit Plum Creek's many stakeholders. Our employees work together to create shareholder value, serve as stewards of the environment, make wood products for everyday use, and build strong communities. Please visit [www.plumcreek.com](http://www.plumcreek.com) for the latest information about Plum Creek.

#### 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.

(more)