



News Release

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Plum Creek Timber Company, Inc. Reports Results for First Quarter 2014

SEATTLE - Plum Creek Timber Company, Inc. (NYSE: PCL) today announced first quarter earnings of \$30 million, or \$0.17 per diluted share, on revenues of \$317 million. Earnings for the first quarter of 2013 were \$56 million, or \$0.35 per diluted share, on revenues of \$340 million.

Adjusted EBITDA, a non-GAAP measure of operating performance, for the first quarter of 2014 was \$93 million and was \$128 million for the same period of 2013. A reconciliation of adjusted EBITDA to net income and cash flow from operations is provided as an attachment to this release.

“We’re pleased with the results of the first quarter of 2014,” said Rick Holley, Chief Executive Officer. “Results from our timber resources segment continue to grow with higher log prices and additional harvest volumes from our recently acquired timberlands. Earnings were in line with our initial expectations despite difficult weather conditions that hampered both log deliveries in the South and production and shipments from our Manufacturing facilities. As expected, first quarter’s income was lower than last year. This was solely the result of a large non-strategic timberland sale that contributed 21 cents to earnings per share in the first quarter of 2013.

“The timberlands and other assets we acquired from MeadWestvaco in December 2013 have been integrated into our portfolio and contributed \$4 million in operating income and \$9 million to adjusted EBITDA during the first quarter. As harvests increase and real estate activity grows, we expect greater contributions from these assets during the remainder of the year. We expect the acquisition to be cash accretive on a per share basis in 2014.

“We are on track to achieve our goal of growing Plum Creek’s non-real estate adjusted EBITDA by more than \$80 million this year,” said Rick Holley, chief executive officer.

Review of Quarterly Operations

The Northern Resources segment reported operating profit of \$16 million during the first quarter, a \$5 million improvement over the first quarter of 2013. Sawlog prices increased \$9 per ton, more than 11 percent, compared to the first quarter of 2013 driven by strong demand from both export markets and domestic lumber mills. Pulpwood markets in the Northeast and the Lake States remained attractive with stable pricing over the past year. Total Northern segment harvest volume was similar to the first quarter 2013’s harvest level.

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Operating profit in the Southern Resources segment was \$31 million, up \$7 million from the \$24 million reported for the first quarter of 2013 due to increased harvest volumes and higher log prices. The recently acquired lands in the South drove a 16 percent increase in harvest volumes for both sawlogs and pulpwood. Average sawlog prices have increased more than \$1 per ton, or approximately 6 percent over the past year. Pulpwood prices have also increased and are up approximately 7 percent compared to the first quarter of 2013.

The Real Estate segment reported first quarter revenue of \$23 million and operating income of \$12 million. First quarter 2013 revenue was \$78 million and operating income was \$45 million. The 2013 results included a \$53 million sale of large non-strategic timberlands. During the first quarter of 2014 the company sold approximately 3,000 acres of small, non-strategic timberlands at an average price of approximately \$1,325 per acre, 4,000 acres of HBU/recreation lands for approximately \$2,200 per acre and about 3,400 acres of conservation lands at \$1,685 per acre. The quarter also benefitted from the sale of a \$4 million conservation easement placed on approximately 10,000 acres in New Hampshire.

The Manufacturing segment reported operating income of \$9 million, slightly lower than the \$10 million reported in the first quarter of 2013. Plywood sales volumes were 17 percent lower compared to the first quarter of 2013. Severe weather limited log deliveries, reduced production levels at our mills, and hampered shipments to our customers. Lumber sales volumes increased 24 percent versus the prior year due to the re-start of production at the company's Evergreen sawmill in April 2013. Lumber and plywood prices were similar to the first quarter of 2013, while MDF prices increased 6 percent over the past year.

Operating income from the Energy and Natural Resource segment was \$6 million, up \$1 million over the first quarter of 2013. Earnings growth was the result of incremental construction material and coal royalties from 2013 acquisitions, which are performing as expected.

Outlook

The company expects to harvest between 20 and 21 million tons of timber this year. During the second quarter, harvest levels in the Northern Resources segment are expected to seasonally decline to their lowest level of the year as thawing spring weather restricts harvesting activities. Southern Resources harvest volumes will expand in the second quarter, following a weather constrained first quarter.

Full-year Real Estate segment sales are expected to be between \$240 million and \$280 million, while second quarter Real Estate segment sales are expected to be between \$60 million and \$80 million.

Earnings for the Manufacturing segment are expected to grow during the remainder of the year with seasonal recovery in demand and continued strong prices for our industrial plywood, MDF and lumber products.

Reflecting all of these factors, the company expects 2014 income to be between \$1.30 and \$1.50 and second quarter income between \$0.27 and \$0.32 per share.

“The year is off to a good start despite the severe weather conditions during the first quarter. We expect the strengthening fundamentals in our core timber business will support strong sawlog prices in the West and to drive ongoing sawlog price recovery in the US South,” continued Holley. “Our sawmill customers in the South are making significant capital investments to expand their lumber production. We expect sawlog demand and prices will benefit from these investments as they come online. Additionally, pulpwood prices should grow as several new Southern pellet mills begin operations in the second half of the year.

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“Plum Creek has a tremendous asset base and we are committed to achieving the best value for every tree and every acre we own through our comprehensive approach to timber and land management. We maintain our disciplined approach to capital allocation and continually evaluate the best use of the cash we generate with the goal of growing the per-share value of the company,” concluded Holley.

Earnings Conference Call and Supplemental Information

Plum Creek will hold a conference call today, Apr. 28, 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” link.

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 27971678.

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 6.7 million acres of timberlands in forest ecosystems across the northern and southeastern United States. We also operate wood products mills in the Northwest. As the company celebrates its 25th anniversary as a publicly traded corporation, we continue to manage our working forests and lands using sustainable practices to benefit Plum Creek’s many stakeholders. Our talented 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 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.

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