



News Release

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

Plum Creek Reports Results for First Quarter 2012

SEATTLE – Plum Creek Timber Company, Inc. (NYSE: PCL) today announced first quarter earnings of \$29 million, or \$0.18 per diluted share, on revenues of \$337 million. Earnings for the first quarter of 2011 were \$38 million, or \$0.23 per diluted share, on revenues of \$275 million. Earnings declined due to lower reported income from the real estate segment, although revenues and cash generated by the segment increased.

Adjusted EBITDA, a non-GAAP measure of operating performance, for the first quarter of 2012 was \$139 million, up from \$100 million in the first quarter of 2011. The company ended the quarter with \$273 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.

“Plum Creek performed well in the first quarter. We took advantage of attractive pulpwood markets and seamlessly integrated the harvest from our recently acquired timber deed in the Gulf South region. However, results didn’t meet our initial expectations due to timing differences in our real estate sales,” said Rick Holley, president and chief executive officer. “Our first quarter real estate sales, while higher than the first quarter of last year, were below our initial expectations. Performance in our timber and manufacturing segments was similar to the first quarter of 2011, and we remain on track to meet our financial goals for the year.”

Review of Quarterly Operations

The Northern Resources segment reported operating profit of \$6 million during the first quarter, similar to the \$7 million profit reported during the first quarter of 2011. Timber prices were generally flat to up in most regions when compared to the same period of 2011. Average sawlog prices declined approximately \$2 per ton, or 3 percent, due to the geographic mix of sales. Pulpwood prices were approximately \$2 per ton, or 6 percent, higher than those of the first quarter of 2011 due to strong hardwood pulpwood markets in the Northeast. As planned, harvest volumes were 124,000 tons, or 13 percent, higher than the same period of 2011 while higher logging and hauling costs tempered margins.

Operating profit in the Southern Resources segment was \$21 million, up \$2 million from the first quarter of 2011 due to higher harvest volumes. The total harvest increased

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approximately 400,000 tons, or 14 percent, from 2011's first quarter. Pulpwood accounted for 350,000 tons of the higher harvest volume due to good demand from customers throughout the region. Pulpwood prices were similar to those experienced during the same period of 2011. Sawlog prices were mixed with smaller diameter sawlog prices steady in most regions and larger diameter sawlog prices lower. As a result, average sawlog prices were approximately 2 percent lower than the first quarter of 2011.

The Real Estate segment reported revenue of \$100 million and operating income of \$30 million. First quarter 2011 revenue was \$62 million and operating income was \$38 million. Although revenue increased \$38 million, higher non-cash land basis expense (the book value of the lands sold) resulted in lower reported operating profit. The first quarter included the sale of approximately 70,000 acres of large, non-strategic timberlands primarily in the panhandle of Florida for approximately \$1,200 per acre. During the quarter the company also sold approximately 4,400 acres of small, non-strategic timberlands at an average price of approximately \$1,100 per acre, approximately 1,150 acres of conservation lands at \$1,560 per acre and approximately 4,000 acres of HBU/recreation lands for approximately \$2,150 per acre.

The Manufacturing segment reported operating income of \$4 million, unchanged from the first quarter of 2011. Prices for lumber and medium density fiberboard (MDF) were little changed when compared to the first quarter of 2011. Plywood prices were 4 percent higher with sales volumes up 21 percent from the first quarter of 2011. Sales volumes in lumber and MDF increased as well, up 3 percent and 10 percent respectively.

Timber Acquisition

As previously disclosed in January, the company completed the purchase of approximately 4.7 million tons of mature southern yellow pine timber in a negotiated timber deed transaction valued at \$103 million. The timber is located in the Gulf South region where the company has a market-leading presence and a broad and established customer base. The acquisition is expected to be earnings neutral in the first year and become increasingly earnings and cash accretive over the eight-year life of the investment.

Bank Refinancings

In March, the company completed two bank refinancings, entering into a new \$700 million five-year revolving credit agreement and a new \$450 million seven-year term loan agreement.

The revolving credit agreement replaced an existing \$600 million revolving credit agreement. The new \$700 million facility matures in April 2017 and bears a variable interest rate currently set at LIBOR plus 1.25 percent, approximately 50 basis points lower than the revolving credit agreement it replaced.

The new \$450 million term loan agreement matures in April 2019 and carries an effective net interest cost of LIBOR plus approximately 1.00 percent. The company expects to draw on

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this term loan to pay off its existing \$350 million term loan when it matures in July of this year.

Outlook

The company expects to harvest between 16.5 and 17.5 million tons of timber this year which includes approximately 700,000 tons from the recently acquired timber deed. During the second quarter, Northern harvests are typically at their lowest level of the year as thawing spring weather restricts harvesting activities in the Northern Resources segment. The Southern harvest in the second quarter is expected to increase somewhat from the first quarter's level.

Second quarter Real Estate segment sales are expected to be between \$40 million and \$45 million. The company expects full-year Real Estate segment sales to be between \$275 million and \$325 million.

Manufacturing results are expected to improve slightly from the first quarter's level.

The company continues to expect 2012 income to be between \$1.00 and \$1.25 per share and expects to report second quarter income between \$0.15 and \$0.20 per share.

“Our outlook for the year hasn't changed. We continue to expect a slow recovery in domestic demand over the course of the year,” continued Holley. As a result, we expect the fundamental performance of our business to improve, with growth in our adjusted EBITDA of approximately \$50 million.”

“Effective capital allocation remains our most important tool in creating long-term shareholder value. Our recent timber deed purchase is the most recent example of such capital allocation. We understand that to grow shareholder value we must allocate capital to opportunities that will provide above cost of capital returns for our shareholders,” concluded Holley.

Earnings Conference Call and Supplemental Information

Plum Creek will hold a conference call today, Apr. 30, 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.

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 21136766.

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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 the largest and most geographically diverse private landowner in the nation with approximately 6.6 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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