



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 Timber Company, Inc. Reports Results for First Quarter 2011

SEATTLE – Plum Creek Timber Company, Inc. (NYSE: PCL) today announced first quarter earnings of \$38 million, or \$0.23 per diluted share, on revenues of \$275 million. Earnings for the first quarter of 2010 were \$87 million, or \$0.54 per diluted share, on revenues of \$317 million. Results for the first quarter of 2010 include an \$11 million (\$0.07 per diluted share) after-tax gain on the sale of certain natural gas assets. As a result, income from continuing operations for the first quarter of 2010 was \$76 million, or \$0.47 per diluted share.

Cash provided by operating activities for the first quarter of 2011 totaled \$76 million. The company ended the quarter with \$254 million in cash and cash equivalents.

“This quarter’s performance highlights the importance of geographic diversity,” said Rick Holley, president and chief executive officer. “Pacific Northwest log markets have improved significantly over the past twelve months on increased demand from both domestic and export customers. At the same time, Southern timber markets have declined from the price spikes of the first quarter of last year. With significant regional differences in market conditions, we are able to adjust our harvest plans to capture value in strong markets and protect value in weaker markets.

“Within our Real Estate segment, earnings were as planned, but were down from the same period of 2010. This drove most of the decline in the company’s profit relative to the first quarter of last year. Our 2011 performance expectations in this segment are unchanged, and we are seeing improved interest levels in certain regional markets that were most impacted by the economic downturn. The pace of inquiries and level of interest shown in rural lands by both individuals and investors remains good.

“Our expectations for 2011 remain on track and we continue to be encouraged by the positive structural changes we are starting to see in our timber markets. Increases in offshore demand are combining with anticipated reductions in North American timber supply to tighten some regional timber markets today. We expect these factors to positively impact broader log markets as the domestic economy and residential construction activity recover.”

Review of Operations

The Northern Resources segment reported operating profit of \$7 million during the first quarter, a \$3 million improvement compared to the first quarter of 2010. Improved sawlog prices in the Pacific Northwest increased the segment's profitability. This was despite a planned 170,000 ton decline in total harvest volume when compared to the first quarter of 2010. Northern sawlog prices continue to recover from the trough levels set during the first half of 2009. Lumber production in the West was higher, and an increase in export log demand, particularly from China, has improved sawlog prices over the past year. Average sawlog prices were \$10 per ton, or about 17 percent, higher than the prices of the first quarter of 2010. Northern pulpwood prices improved \$2 per ton, or about 4 percent, from the first quarter of 2010.

Operating profit in the Southern Resources segment was \$19 million; \$11 million lower than the \$30 million reported for the same period of 2010. A dry weather pattern and good harvesting conditions during the first quarter of 2011 allowed customers to easily maintain log inventories. This is in stark contrast to the wet weather and poor logging conditions that resulted in temporary log shortages during the same period of last year. As a result, both sawlog and pulpwood prices declined approximately \$3 per ton from the prices experienced during the first quarter of 2010. Harvest volumes for both sawlogs and pulpwood were similar to those of the first quarter of 2010.

The Real Estate segment reported revenue of \$62 million and operating income of \$38 million. First quarter 2010 operating income was \$62 million and was bolstered by the sale of some lower value, non-strategic and conservation acres. As a result, the company sold approximately 58,000 fewer acres during the first quarter of 2011. During the quarter the company sold approximately 2,500 acres of small, non-strategic timberlands at an average price of approximately \$1,000 per acre. The company also sold approximately 8,000 acres of HBU/recreation lands for approximately \$2,100 per acre. The balance consisted of a 30,300 acre large, non-strategic timberland sale that captured an average value of approximately \$1,400 per acre.

The Manufacturing segment reported operating income of \$4 million, similar to the first quarter 2010. Improved profitability in the company's Medium Density Fiberboard (MDF) business came from 15 percent growth in sales volume and a higher-valued product mix when compared to the first quarter of 2010. This improvement was offset by slight declines in profits from both the lumber and plywood product lines due to higher raw material costs.

Outlook

The company expects to harvest between 15 and 16 million tons of timber this year. 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 be similar to the first quarter's level.

Second quarter Real Estate segment sales are expected to be between \$65 million and \$70 million. The company expects full-year Real Estate segment sales to be between \$250 million and \$300 million.

Manufacturing results are expected to be comparable to those of the first quarter.

The company continues to expect 2011 income to be between \$1.25 and \$1.45 per share, and anticipates second quarter income from continuing operations to be between \$0.25 and \$0.30 per share.

“We manage our timber inventory for the long term and the investments we’ve made in productivity improvements are paying off. Over the next ten years, as the timber inventory grows, we’re projecting harvest volumes to increase more than 30 percent. The increasing harvest, coupled with improving markets as the broader economy recovers, provides the foundation for sustainable, long-term cash flow growth of the company. As we move forward, we will maintain our capital discipline and evaluate the best use of our increasing cash flow,” concluded Holley.

Earnings Conference Call and Supplemental Information

Plum Creek will hold a conference call today, April 25, at 5 p.m. EDT (2 p.m. PDT). 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, referencing Plum Creek’s earnings. Those wishing to access the call from outside the United States/Canada should dial 1-706-645-9676, also referencing Plum Creek’s earnings. Replay of the call will be available for 48 hours after completion of the live call and can be accessed at 1-800-642-1687 or 1-706-645-9291 (international calls), using the code 57084991.

Supplemental financial information for Plum Creek operations, including statistical data, is available in the “Investors” information section of Plum Creek’s Web site at www.plumcreek.com.

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Plum Creek is the largest and most geographically diverse private landowner in the nation with approximately 6.8 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.