



## News Release

For immediate release  
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### **Plum Creek Timber Company, Inc. Reports Results for Third Quarter 2011**

**SEATTLE** – Plum Creek Timber Company, Inc. (NYSE: PCL) today announced third quarter earnings of \$50 million, or \$0.31 per diluted share, on revenues of \$293 million. Earnings for the third quarter of 2010 were \$32 million, or \$0.20 per diluted share, on revenues of \$259 million.

Earnings for the first nine months of 2011 were \$132 million, or \$0.81 per diluted share, on revenues of \$852 million. Earnings for the first nine months of 2010 were \$154 million, or \$0.94 per diluted share, on revenues of \$834 million. Results for the first nine months of 2010 include an \$11 million (\$0.07 per diluted share) after-tax gain on the first-quarter sale of certain natural gas assets. As a result, income from continuing operations for the first nine months was \$143 million, or \$0.88 per diluted share.

Cash provided by operating activities during the first nine months of 2011 totaled \$294 million. The company ended the third quarter with \$291 million in cash and cash equivalents.

“Business conditions were largely unchanged during the past quarter, with relatively attractive pulpwood markets in most regions, healthy sawlog markets in the Northwest and Northeast and continued weak sawlog markets in the South. Our results for the quarter came in much as we anticipated,” said Rick Holley, president and chief executive officer.

“The company’s balance sheet remains healthy and we continue to have excellent financial flexibility. We continue to manage our portfolio of timber and land assets to maximize the long-term value of the company on a per-share basis. Consistent with this strategy, we completed the acquisition of 50,000 acres of timberlands in Georgia and Alabama during the quarter in addition to repurchasing nearly \$25 million of stock,” continued Holley.

#### **Review of Operations**

The Northern Resources segment reported a \$7 million operating profit during the quarter compared to the \$5 million profit for the same period of 2010. Northern Resources sawlog prices were more than \$4 per ton (7 percent) higher than those experienced during the third quarter of 2010. Pulpwood prices also increased, up \$3 per ton (8 percent) due to continued

good demand from pulpwood customers in the Lake States and Northeast regions. As planned, the Northern Resources' total harvest volume was 1,161,000 tons, approximately 100,000 tons higher than 2010's third quarter harvest. Sawlog prices and volumes were higher than last year, due primarily to increased log demand from China.

Operating profit in the Southern Resources segment was \$21 million for the third quarter of 2011 compared to \$25 million for the same period of 2010. Average prices for pulpwood held steady while average sawlog prices increased approximately \$1 per ton compared to the second quarter. However, prices for both products were lower than last year due to favorable supply conditions caused by abnormally dry weather conditions. Sawlog prices were \$3 per ton (15 percent) lower, while pulpwood prices were \$2 per ton (17 percent) lower than the average prices for the third quarter of 2010. Pulpwood prices remain attractive by historic standards in the South, and the company continued to focus its harvest activity on thinning stands that maximize pulpwood production. As a result, the mix of sawlogs (41 percent) and pulpwood (59 percent) harvested was similar to the third quarter of 2010, but significantly weaker than the long-term expected mix of 50/50 for the segment. Total third quarter harvest volumes in the segment were approximately 3.1 million tons, approximately 240,000 tons higher than those of the third quarter of 2010.

The Real Estate segment reported total revenue of \$67 million and operating income of \$46 million. Third quarter 2010 Real Estate segment revenue was \$39 million resulting in operating income of \$19 million.

The company sold approximately 36,000 acres of lands during the quarter. Land values were similar to those of the past several quarters. Sales consisted of approximately 24,500 acres of recreation lands with average values of \$1,950 per acre, and 11,525 acres of small, non-strategic lands valued at approximately \$1,230 per acre. Conservation sales consisted of 370 acres at an average value of \$1,270 per acre.

The Manufacturing segment reported a \$3 million operating profit, down \$4 million from the \$7 million profit reported during the third quarter of 2010. Lumber prices and sales volumes were similar to those of the third quarter of 2010. Profitability in the segment's panel businesses declined due to lower prices and sales volumes when compared to the third quarter of 2010. MDF prices were approximately 4 percent lower, and MDF sales volumes were approximately 2 percent lower than the same period of 2010. Plywood volumes were approximately 6 percent lower, while plywood prices were approximately 2 percent lower.

### **Capital Allocation**

During the third quarter, the company completed the acquisition of 50,000 acres of timberlands located in Georgia and Alabama for approximately \$75 million.

In addition, the company repurchased approximately 670,000 shares of common stock at an average price of \$34.87 per share. At the end of the quarter, settlement had occurred on \$15 million of the shares repurchased. The company has approximately \$175 million remaining in its current share repurchase authorization, and 161.6 million shares outstanding.

## **Outlook**

Overall, timber and rural land markets appear to be stable and the company does not expect to experience meaningful improvement in its markets during the coming quarter.

The company expects to harvest approximately 4 million tons of timber during the fourth quarter. As a result, the full-year 2011 harvest is expected to be similar to 2010's 15.4 million tons.

Fourth quarter revenues in the Real Estate segment are expected to be between \$85 and \$95 million. The Manufacturing segment results are expected to soften, but remain profitable during the fourth quarter.

The company expects to report fourth-quarter income between \$0.37 and \$0.42 per share, resulting in full-year 2011 income from continuing operations between \$1.18 and \$1.23 per share.

“During these challenging economic times, Plum Creek is fortunate to own a diversified portfolio of hard assets that provides operational and financial flexibility and is an excellent store of value for its owners,” Holley continued. “Actively managing the portfolio to protect and grow the long-term value of an investment in Plum Creek is our primary job. We remain disciplined in allocating capital, investing in silviculture practices that enhance the productivity of our forests, acquiring lands that will earn above cost-of-capital returns, repurchasing shares, and reducing debt – whichever provides the highest return opportunity.”

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

Plum Creek will hold a conference call today, Oct. 24, at 5 p.m. EDT (2 p.m. PDT). A live webcast of the conference call may be accessed through Plum Creek's Web site at [www.plumcreek.com](http://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 time, 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 69757981.

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

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Plum Creek is the largest and most geographically diverse private landowner in the nation with approximately 6.7 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](http://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.