



## News Release

For immediate release  
January 30, 2006

For more information contact:  
*Investors:* John Hobbs 1-800-858-5347  
*Media:* Kathy Budinick 1-206-467-3620

---

### Plum Creek Reports Results for Fourth Quarter and Full Year 2005

**SEATTLE, Wash.** – Plum Creek Timber Company, Inc. (NYSE: PCL) today announced fourth quarter earnings of \$67 million, or \$0.36 per diluted share, on revenues of \$391 million. Earnings for the fourth quarter of 2004 were \$73 million, or \$0.40 per diluted share, on revenues of \$327 million.

Earnings for the fourth quarter of 2005 included a \$3 million after-tax gain on the sale of industrial mineral assets. The fourth quarter 2004 results included a \$23 million after-tax gain on the sale of coal assets. As a result, income from continuing operations for the fourth quarter of 2005 was \$64 million, or \$0.34 per diluted share. Income from continuing operations for the same period of 2004 was \$50 million, or \$0.28 per diluted share.

Earnings for 2005 were \$354 million, or \$1.92 per diluted share, on revenues of \$1.576 billion. Earnings for 2004 were \$362 million, or \$1.97 per diluted share, on revenues of \$1.528 billion.

Results for 2005 included the \$3 million after-tax gain mentioned above as well as a \$20 million after-tax gain on the sale of the company's remaining coal assets during the first quarter of 2005. Full year 2004 results included the \$23 million after-tax coal sale gain mentioned above. As a result, income from continuing operations for 2005 was \$331 million, or \$1.79 per diluted share compared to \$339 million, or \$1.84 per diluted share for 2004.

“We are pleased with our results for 2005, concluding another year of excellent strategic progress and profitability,” said Rick Holley, president and chief executive officer. “Our 2005 income from continuing operations approached our 2004 level, one of the best years in Plum Creek’s history.”

Cash provided by operating activities for 2005 totaled \$516 million and included approximately \$31 million from the sale of large, non-strategic timberlands. Cash provided by operating activities during 2004 totaled \$582 million and included approximately \$129 million from the sale of large, non-strategic timberlands. The company ended 2005 with \$369 million in cash and cash equivalents.

(more)

“The contributions of our core businesses grew as profits from our sustainable timber harvest increased and we continued to capture excellent value from the sale of higher and better use lands,” continued Holley. “The timber resource segments collectively grew operating profit approximately 5 percent despite increased cost pressures associated with higher fuel prices. We continued to expand our sales of conservation, recreation and small, non-strategic timberland parcels, capturing \$90 million of value beyond the underlying timberland value of these assets. These sales rose 53 percent from 2004 to approximately \$260 million. In addition, we sold our Idaho timberlands at an attractive price - a large, non-strategic timberland sale. As expected, our manufacturing profits were down \$28 million following 2004’s record profits in that segment.”

### **2005 Strategic Progress**

“During 2005, we continued to execute on our strategies designed to grow the long-term cash flows from sustainable timber management and to capture the value of select properties for conservation, recreation or development purposes,” continued Holley.

During November 2005, the company completed the acquisition of 650,000 acres of timberlands in the Upper Peninsula of Michigan for approximately \$345 million, financed in part by the issuance of \$300 million of 5.875 percent 10-year notes. This accretive acquisition adds to 2006 and future harvests and provides opportunities for additional value recognition from higher and better use lands.

During 2005, the company made significant progress toward realizing the value of 129 exceptional properties; totaling 225,000 acres, with high development potential. The company expects the entitlement and sale of these properties will significantly grow future revenues, earnings and cash flow.

During 2005, the company obtained entitlements and permits for 926 rural residential lots on 9 properties and expects to complete the sale of the first lots during the first quarter of 2006. Plum Creek is currently seeking permits for an additional 19 projects.

Additionally, during 2005, the company entered into three joint venture agreements with leading land developers to entitle, permit, build and sell two residential communities in northeast Florida and one in southeast Georgia. Plum Creek’s participation in these joint ventures allows the company to capture significant value for the land without requiring the investment of financial capital. The company is continuing to evaluate potential joint venture partners for additional properties in the path of urban expansion or in exceptional recreation locations.

### **Review of Quarterly Operations**

The Northern Resources segment reported fourth quarter operating profit of \$27 million, compared to \$25 million in the fourth quarter of the prior year. Harvest volumes rose approximately 233,000 tons, or 18 percent, compared to the same period of 2004. In the Northwest, the company harvested timber during the fourth quarter that had been deferred earlier in the year due to high fire danger, while the Michigan timberland acquisition added

(more)

85,000 tons to the fourth quarter's harvest. For the full year, Northern harvests were approximately 3 percent higher than in 2004. Sawlog prices were essentially unchanged from year ago levels. Tight log markets, primarily the result of limited contractor capacity, increased Northeast pulpwood prices approximately 7 percent over those in the fourth quarter of 2004.

Operating profit in the fourth quarter of 2005 in the Southern Resources segment was \$49 million compared to \$54 million in the fourth quarter of 2004. Harvest volumes were approximately 5 percent lower compared to the same period of 2004. The company took advantage of particularly attractive markets early in 2005. As a result, timber was harvested earlier in the year than was the case during 2004. For the full year, 2005 harvests in the South were approximately 4 percent higher than 2004 levels. Southern sawlog prices were up, on average, 2 percent compared to the fourth quarter of 2004. Increased lumber production over the past year increased the demand for sawlogs, leading to price increases in most regions. Average Southern pulpwood prices were flat to down modestly when compared to prices in the fourth quarter of 2004.

The Real Estate segment reported revenue of \$72 million in the fourth quarter of 2005 compared to \$23 million in the fourth quarter of 2004. Operating income was approximately \$25 million and \$12 million, respectively. During the fourth quarter of 2005, the company completed a large, non-strategic timberland sale of 39,000 acres of Idaho timberlands for \$30 million. This sale contributed \$1 million to operating income. The remaining sales were comprised of almost exclusively small, non-strategic timberlands and a \$5 million conservation easement.

The Manufacturing segment reported a \$4 million profit for the fourth quarter of 2005, compared with a \$1 million profit in the year-ago quarter, which included a \$9 million pre-tax lumber mill impairment charge. Prices for industrial plywood and medium density fiberboard (MDF) were similar to the year-ago levels. Lumber prices during the fourth quarter of 2005 were approximately 8 percent lower than last year as North American lumber producers increased supply in response to continuing strong demand. Increased raw material costs reduced profitability for these products when compared to 2004.

### **Outlook**

Lumber, plywood, and oriented strand board (OSB) customers are anticipating continued good demand for their products during the first half of 2006 and the company is experiencing good pulpwood demand from pulp and paper mills in all regions. New OSB and lumber production capacity has increased log demand, most notably in the Pacific Northwest and Carolinas. Overall, timber markets in the Northern and Southern segments are expected to hold at current levels during the first half of 2006.

During 2006, the company expects to harvest between 19.2 and 20.2 million tons of timber. The majority of the 2006 harvest growth is expected to come in the Northern Resources segment, reflecting the Michigan acquisition, and is expected to be approximately 62 percent sawlogs and 38 percent pulpwood. Southern Resources segment harvest volumes are expected to be similar to 2005's level with a 50/50 mix between sawlogs and pulpwood.

(more)

The company expects Real Estate segment sales for the year to increase to between \$280 and \$300 million. Of this, as much as \$60 million is projected to come from the sale of entitled properties on a small portion of the company's high-value real estate properties. First quarter Real Estate segment sales are expected to approach \$60 million. Entitled property sales are expected to contribute approximately \$7 million to the segment's first quarter results.

While overall demand for manufactured products is expected to remain good, higher raw material costs and increased supply of lumber and panel products on the market are expected to reduce Manufacturing segment profits during 2006.

Reflecting all of these factors, the company expects first quarter 2006 earnings to be between \$0.40 and \$0.45 per share with full-year earnings expected to be between \$1.55 and \$1.75 per share.

"We continue to execute our strategies for long-term value growth in our timber business and further expand our industry-leading capabilities in timberland valuation and land-use planning," said Holley. "We will continue our efforts to create and capture additional value for select properties with high development potential with an eye toward growing the revenues, earnings and cash flow from these valuable assets."

"Disciplined capital allocation remains our highest priority. We will continue to explore the opportunistic acquisition of financially attractive timberlands that add to our standing inventory of merchantable timber and grow our current and future harvests. We will pursue our strategies with discipline and patience with the ultimate goal of growing our sustainable cash flow and the per share value of the company," concluded Holley.

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

Plum Creek will hold a conference call today, January 30, at 5:00 p.m. EST (2:00 p.m. PST). A live webcast of the conference call may be accessed through Plum Creek's Internet 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 of the call, referencing Plum Creek's fourth quarter 2005 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 conference call. 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 3473351.

Supplemental financial information for Plum Creek operations, including statistical data, is available in the Investors section of Plum Creek's website at [www.plumcreek.com](http://www.plumcreek.com).

###

(more)

Plum Creek is one of the largest private timberland owners in the nation, with more than 8 million acres of timber and land in major timber producing regions of the United States and 10 wood products manufacturing facilities in the Northwest.

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.