

News Release

For immediate release
October 27, 2014

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Plum Creek Reports Results for Third Quarter 2014

SEATTLE - Plum Creek Timber Company, Inc. (NYSE: PCL) today announced third quarter earnings of \$61 million, or \$0.34 per diluted share, on revenues of \$375 million. Third quarter earnings include a \$3 million, or \$0.02 per diluted share, after-tax gain from insurance recoveries related to the fire at the MDF plant in Montana earlier in the year.

Earnings for the third quarter of 2013 were \$72 million, or \$0.44 per diluted share, on revenues of \$366 million. The results for the third quarter of 2013 include a \$4 million, or \$0.02 per diluted share, non-cash expense related to forest fire losses experienced in Montana and Oregon during the quarter.

Earnings for the first nine months of 2014 were \$146 million, or \$0.82 per diluted share, on revenues of \$1.0 billion. The results for the first nine months include \$2 million, or \$0.01 per share, after-tax gain related to the MDF fire. For the first nine months of 2013, earnings were \$174 million, or \$1.06 per diluted share, on revenues of \$1.0 billion. The 2013 results include the non-cash expense related to the forest fire losses referenced above.

Adjusted EBITDA, a non-GAAP measure of operating performance, for the first nine months of 2014 was \$389 million, slightly higher than the \$384 million in 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.

“During the third quarter, Plum Creek performed well in a continuing slow-growth environment,” said Rick Holley, chief executive officer. “Strong timber markets in our Northern Resources segment, combined with incremental harvest from the timberlands acquired last December, resulted in good operating income growth from our timber resources segments. Our Manufacturing operations are producing another strong year of performance while our Energy and Natural Resources segment is contributing to earnings and cash flow growth as well.

“The assets we acquired from MeadWestvaco continue to perform in-line with our expectations, and have contributed more than \$61 million in operating cash flow for the first nine months of the year. As expected, the acquisition will be cash accretive on a per share basis in 2014.”

Review of Third Quarter Operations

The Northern Resources segment reported operating income of \$13 million during the third quarter, compared to the \$5 million reported during the third quarter of 2013. The 2013 results were adversely impacted by a \$4 million non-cash loss from forest fires in the West. Overall harvest volumes were largely unchanged. Sawlog prices have advanced \$7 per ton, about 9 percent, over the past year on continued strong sawlog demand in the West and increased demand for hardwood sawtimber in the Northeast. Average hardwood pulpwood prices increased \$3 per ton, about 7 percent over the third quarter of 2013. Good demand for pulpwood combined with periods of wet weather kept pulpwood inventories tight at paper mills in the Northern Hardwoods region.

Operating income in the Southern Resources segment was \$35 million, up \$8 million from the \$27 million reported for the third quarter of 2013. Average sawlog prices were unchanged compared to the third quarter of 2013. Pulpwood prices have increased \$1 per ton, approximately 9 percent, from third quarter 2013 levels. Southern timberlands acquired in December 2013 drove all of the 16 percent increase in harvest volume over the prior year's quarter, and contributed approximately \$6 million of the \$8 million increase in operating income.

The Real Estate segment reported revenue of \$69 million and operating income of \$34 million in the third quarter of 2014. Third quarter 2013 revenue was \$96 million and operating income was \$63 million. During the third quarter of 2014, the company sold a total of 25,775 acres of recreation lands for \$2,445 per acre and 3,245 acres of small, non-strategic timberlands at an average price of \$1,030 per acre. The company also sold 2,455 acres of conservation lands at an average price of \$1,230 per acre.

The Manufacturing segment reported operating income of \$16 million for the third quarter. These results include a \$5 million pre-tax insurance recovery gain. Excluding the non-recurring gain, results for the Manufacturing segment were similar to the \$11 million reported for the third quarter of 2013. Improved pricing for lumber and plywood grew profits from those product lines. These improvements were offset by lower MDF demand that impacted sales volume.

Share Repurchase

During the third quarter of 2014, the company repurchased \$50 million, or approximately 1.2 million shares, of its common stock at an average price of \$40.21 per share. As of September 30, 2014, the company had approximately 176 million shares outstanding and \$125 million remaining on its current share repurchase authorization.

Outlook

Residential construction markets have been slower to recover than the company and many experts expected. Housing starts in 2014 are expected to increase about 8 percent, a labored pace compared to prior recoveries. Over the next few years the company expects residential construction activity will grow to demographically supportable levels of about 1.5 million starts. However, the company currently expects residential construction markets will likely maintain their slow growth during the balance of 2014 and 2015. The company now expects housing starts to increase approximately 10 percent in 2015 to about 1.1 million starts.

“With residential construction growth continuing at a slow pace, we are planning to operate conservatively during the balance of 2014 and into 2015,” continued Holley. “Our long standing goal of

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maximizing the net present value of our harvest means we plan to maintain our current harvest level until Southern sawlog prices improve.”

During the fourth quarter, harvest levels in the Northern and Southern Resources segments are expected to be similar to third quarter levels. As a result, overall harvest levels for the year are expected to be in the 19.2 to 19.5 million ton range.

Fourth quarter Real Estate segment revenues are expected to be between \$105 and \$125 million. These expectations include the Washington state portion of the conservation transaction with The Nature Conservancy. The company expects full-year Real Estate segment sales to be between \$275 and \$295 million.

The Manufacturing segment is expected to report fourth quarter results similar to the third quarter excluding any gains recognized as part of the MDF reconstruction.

The company expects to report fourth quarter earnings between \$0.29 and \$0.39 per share, resulting in full-year 2014 net income between \$1.10 and \$1.20 per share excluding any impacts from the second quarter MDF fire.

“Long-term planning and disciplined capital allocation are always at the center of our strategies to protect and create shareholder value. Consistent with this strategy, we repurchased \$50 million of stock during the third quarter at a compelling discount to our net asset value and will continue to look at additional repurchase opportunities,” concluded Holley.

Earnings Conference Call and Supplemental Information

Plum Creek will hold a conference call today, October 27, 2014 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” section.

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 27972701.

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.

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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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