

News Release

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Plum Creek Reports Results for Second Quarter 2015

SEATTLE - Plum Creek Timber Company, Inc. (NYSE: PCL) today announced second quarter earnings of \$21 million, or \$0.12 per diluted share, on revenues of \$302 million. Earnings for the second quarter of 2014 were \$55 million, or \$0.31 per diluted share, on revenues of \$356 million. Reported earnings in the second quarter of 2014 were higher due to the sale of over 49,000 acres of Wisconsin timberlands.

Earnings for the first six months of 2015 were \$63 million, or \$0.35 per diluted share, on revenues of \$708 million. Earnings for the first six months of 2014 were \$85 million, or \$0.47 per diluted share, on revenues of \$673 million.

Adjusted EBITDA, a non-GAAP measure of operating performance, for the first six months of 2015 was \$269 million, a \$36 million increase from the \$233 million for the same period of 2014. A reconciliation of adjusted EBITDA to net income and cash flow from operations is provided as an attachment to this release.

“Second quarter earnings were slightly better than we initially thought,” said Rick Holley, Plum Creek’s chief executive officer. “All of our business segments performed well in the second quarter with our Manufacturing and Real Estate segments reporting better results than we initially anticipated. Improving consumer confidence, employment, and residential construction activity are encouraging and leading indicators of future demand growth.”

Review of Second Quarter Operations

The Northern Resources segment reported operating income of \$3 million during the second quarter, compared to the \$5 million reported during the second quarter of 2014. Total harvest volumes were similar to the second quarter of 2014. Higher pulpwood volumes in the Northeast and Lake States offset lower sawlog harvest levels in the Northwest. Average sawlog prices declined \$4 per ton, or about 5 percent, compared to the prior year as West Coast sawmills were well-supplied with logs and log export markets remained soft. In the Northeast, average pulpwood prices increased \$6 per ton, or about 15 percent over the past year. Pulpwood demand in the Lake States and New England remained strong as pulp and paper companies struggled to build log inventories.

Operating income in the Southern Resources segment was \$32 million, down slightly from the \$33 million reported for the second quarter of 2014. Total harvest volumes and sawlog prices were largely unchanged from the prior year. Pulpwood prices increased \$1 per ton, approximately 8 percent, compared to the second

quarter of 2014. Pulpwood prices have trended higher over the past year on good demand from pulp, paper and packaging customers as well as the start-up of new pellet mills in the Gulf South region.

The Real Estate segment reported revenue of \$25 million and operating income of \$11 million in the second quarter of 2015. Second quarter 2014 revenue was \$77 million and operating income was \$45 million. The 2014 results included a \$45 million sale in Wisconsin. During the quarter, the company sold a total of 8,005 acres of recreation lands for \$2,255 per acre and 1,515 acres of small, non-strategic timberlands at an average price of \$955 per acre. The company also sold 6,610 acres of conservation lands in the Northeast at an average price of \$860 per acre.

The Manufacturing segment reported operating income of \$14 million, compared to the \$10 million of operating income reported for the second quarter of 2014. The 2015 results include a non-recurring benefit of approximately \$3 million that was primarily related to lower workers' compensation expenses. Results for the second quarter of 2014 included a \$2 million adverse impact related to the June 2014 fire at the company's MDF facility. Production and sales volumes for MDF and plywood increased over the prior year due to continued strength in the specialty panels markets. The strong results from the MDF and plywood businesses during the quarter offset the impact of lower lumber prices.

Operating income from the Energy and Natural Resources segment was \$5 million, down \$1 million from the second quarter of 2014. The decrease in earnings was primarily the result of lower coal and natural gas royalty income compared to the second quarter of 2014.

Share Repurchase

During the quarter the company repurchased approximately \$31 million of common stock at an average price of \$41.16 per share. As of June 30, 2015, the company had 174.9 million shares of common stock outstanding and \$75 million remaining in its current share repurchase authorization.

Outlook

The company expects harvest volumes will be in the lower half of its 19 to 20 million ton target range for 2015. Harvest levels in the third quarter for the Northern Resources segment are expected to seasonally rebound to approximately one million tons. In the Southern Resources segment, harvest volumes are expected to be about 4 million tons with a pulpwood to sawtimber mix similar to the second quarter of 2015.

Real Estate sales are expected to be \$125 to \$135 million in the third quarter. The company expects Real Estate sales will approach \$300 million for 2015. Land basis, as a percentage of real estate revenues, is expected to be 34 percent in the second half of the year.

During the third quarter of 2015, earnings for the Energy and Natural Resources segment should be similar to second quarter levels. Without the \$3 million non-recurring benefit realized in the second quarter, the company expects the Manufacturing segment to report operating profit similar to the first-quarter results.

“Our business segments have performed much as we expected during the first two quarters of 2015, and we continue to expect some demand growth in the second half of the year,” continued Holley. “However, lower lumber prices and healthy log inventories at most mills limits the upside pricing opportunities in sawlogs that would lead us to the upper end of our earnings guidance range. We are narrowing our guidance range for the year accordingly, and now expect to report 2015 earnings between \$1.05 and \$1.20 per share. We expect to report third quarter earnings between \$0.50 and \$0.55 per share.

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“At Plum Creek, we manage the company with the goal of maximizing the long-term value of our shareholders’ investment. Our recent share repurchase activity is just one example of our disciplined approach to capital allocation. We continue to evaluate all our capital allocation alternatives, and we will execute on those that provide the best benefit to our shareholders,” concluded Holley.

Earnings Conference Call and Supplemental Information

Plum Creek will hold a conference call today, July 27, 2015 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 50834509.

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 more than 6 million acres of timberlands in 19 states. We also operate wood products mills in the Northwest. We manage our working forests using sustainable practices to benefit Plum Creek’s many stakeholders. Our 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.

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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