

PLUM CREEK TIMBER COMPANY, INC.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

| (In Millions, Except Per Share Amounts) | Nine Months Ended September 30, | |
|--|---------------------------------|---------|
| | 2014 | 2013 |
| REVENUES: | | |
| Timber | \$ 563 | \$ 487 |
| Real Estate | 169 | 227 |
| Manufacturing | 275 | 279 |
| Energy and Natural Resources | 26 | 16 |
| Other | 15 | — |
| Total Revenues | 1,048 | 1,009 |
| COSTS AND EXPENSES: | | |
| Cost of Goods Sold: | | |
| Timber | 407 | 364 |
| Real Estate | 75 | 83 |
| Manufacturing | 241 | 237 |
| Energy and Natural Resources | 8 | 3 |
| Other | 14 | — |
| Total Cost of Goods Sold | 745 | 687 |
| Selling, General and Administrative | 82 | 89 |
| Total Costs and Expenses | 827 | 776 |
| Other Operating Income (Expense), net | 9 | (2) |
| Operating Income | 230 | 231 |
| Earnings from Unconsolidated Entities | 44 | 47 |
| Interest Expense, net: | | |
| Interest Expense (Debt Obligations to Unrelated Parties) | 81 | 61 |
| Interest Expense (Note Payable to Timberland Venture) | 43 | 43 |
| Total Interest Expense, net | 124 | 104 |
| Income before Income Taxes | 150 | 174 |
| Provision (Benefit) for Income Taxes | 4 | — |
| Net Income | \$ 146 | \$ 174 |
| PER SHARE AMOUNTS: | | |
| Net Income per Share – Basic | \$ 0.82 | \$ 1.06 |
| Net Income per Share – Diluted | \$ 0.82 | \$ 1.06 |
| Weighted-Average Number of Shares Outstanding | | |
| – Basic | 177.0 | 162.7 |
| – Diluted | 177.3 | 163.2 |
| SUPPLEMENTAL INCOME STATEMENT INFORMATION: | | |
| Equity Earnings from Timberland Venture | \$ 48 | \$ 47 |
| Equity Loss from Real Estate Development Ventures | (4) | — |
| Earnings from Unconsolidated Entities | \$ 44 | \$ 47 |

PLUM CREEK TIMBER COMPANY, INC.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

| (In Millions, Except Per Share Amounts) | Quarter Ended September 30, | |
|--|-----------------------------|---------|
| | 2014 | 2013 |
| REVENUES: | | |
| Timber | \$ 200 | \$ 171 |
| Real Estate | 69 | 96 |
| Manufacturing | 91 | 94 |
| Energy and Natural Resources | 8 | 5 |
| Other | 7 | — |
| Total Revenues | 375 | 366 |
| COSTS AND EXPENSES: | | |
| Cost of Goods Sold: | | |
| Timber | 144 | 132 |
| Real Estate | 35 | 31 |
| Manufacturing | 78 | 80 |
| Energy and Natural Resources | 3 | 1 |
| Other | 6 | — |
| Total Cost of Goods Sold | 266 | 244 |
| Selling, General and Administrative | 23 | 28 |
| Total Costs and Expenses | 289 | 272 |
| Other Operating Income (Expense), net | 5 | (3) |
| Operating Income | 91 | 91 |
| Earnings from Unconsolidated Entities | 15 | 16 |
| Interest Expense, net: | | |
| Interest Expense (Debt Obligations to Unrelated Parties) | 27 | 20 |
| Interest Expense (Note Payable to Timberland Venture) | 14 | 14 |
| Total Interest Expense, net | 41 | 34 |
| Income before Income Taxes | 65 | 73 |
| Provision (Benefit) for Income Taxes | 4 | 1 |
| Net Income | \$ 61 | \$ 72 |
| PER SHARE AMOUNTS: | | |
| Net Income per Share – Basic | \$ 0.34 | \$ 0.44 |
| Net Income per Share – Diluted | \$ 0.34 | \$ 0.44 |
| Weighted-Average Number of Shares Outstanding | | |
| – Basic | 176.8 | 163.0 |
| – Diluted | 177.1 | 163.4 |
| SUPPLEMENTAL INCOME STATEMENT INFORMATION: | | |
| Equity Earnings from Timberland Venture | \$ 16 | \$ 16 |
| Equity Loss from Real Estate Development Ventures | (1) | — |
| Earnings from Unconsolidated Entities | \$ 15 | \$ 16 |

PLUM CREEK TIMBER COMPANY, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

| (In Millions, Except Per Share Amounts) | September 30, 2014 | December 31, 2013 |
|---|-----------------------|----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 90 | \$ 433 |
| Accounts Receivable | 44 | 29 |
| Inventories | 59 | 55 |
| Deferred Tax Asset | 4 | 9 |
| Assets Held for Sale | 30 | 92 |
| Other Current Assets | 21 | 15 |
| | <u>248</u> | <u>633</u> |
| Timber and Timberlands, net | 4,156 | 4,180 |
| Minerals and Mineral Rights, net | 292 | 298 |
| Property, Plant and Equipment, net | 119 | 118 |
| Equity Investment in Timberland Venture | 202 | 211 |
| Equity Investment in Real Estate Development Ventures | 139 | 139 |
| Deferred Tax Asset | 20 | 17 |
| Investment in Grantor Trusts (at Fair Value) | 47 | 45 |
| Other Assets | 54 | 54 |
| Total Assets | <u>\$ 5,277</u> | <u>\$ 5,695</u> |
| LIABILITIES | | |
| Current Liabilities: | | |
| Current Portion of Long-Term Debt | \$ — | \$ — |
| Line of Credit | 152 | 467 |
| Accounts Payable | 36 | 24 |
| Interest Payable | 32 | 22 |
| Wages Payable | 20 | 29 |
| Taxes Payable | 17 | 10 |
| Deferred Revenue | 29 | 26 |
| Other Current Liabilities | 8 | 10 |
| | <u>294</u> | <u>588</u> |
| Long-Term Debt | 2,415 | 2,414 |
| Note Payable to Timberland Venture | 783 | 783 |
| Other Liabilities | 81 | 78 |
| Total Liabilities | <u>3,573</u> | <u>3,863</u> |
| Commitments and Contingencies | | |
| STOCKHOLDERS' EQUITY | | |
| Preferred Stock, \$0.01 Par Value, Authorized Shares – 75.0, Outstanding – None | — | — |
| Common Stock, \$0.01 Par Value, Authorized Shares – 300.6, Outstanding (net of Treasury Stock) – 175.9 at September 30, 2014 and 177.0 at December 31, 2013 | 2 | 2 |
| Additional Paid-In Capital | 2,952 | 2,942 |
| Retained Earnings (Accumulated Deficit) | (261) | (173) |
| Treasury Stock, at Cost, Common Shares – 28.3 at September 30, 2014 and 27.0 at December 31, 2013 | (992) | (940) |
| Accumulated Other Comprehensive Income (Loss) | 3 | 1 |
| Total Stockholders' Equity | <u>1,704</u> | <u>1,832</u> |
| Total Liabilities and Stockholders' Equity | <u>\$ 5,277</u> | <u>\$ 5,695</u> |

PLUM CREEK TIMBER COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| (In Millions) | Nine Months Ended September 30, | |
|---|---------------------------------|---------------|
| | 2014 | 2013 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Income | \$ 146 | \$ 174 |
| Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities: | | |
| Depreciation, Depletion and Amortization (Includes \$2 MDF Fire Impairment Loss in 2014 and \$4 Loss Related to Forest Fires in 2013) | 101 | 86 |
| Basis of Real Estate Sold | 60 | 69 |
| Earnings from Unconsolidated Entities | (44) | (47) |
| Distributions from Timberland Venture | 57 | 56 |
| Deferred Income Taxes | 2 | (1) |
| Deferred Revenue from Long-Term Gas Leases (Net of Amortization) | (4) | (6) |
| Timber Deed Acquired | — | (18) |
| Working Capital Changes | 4 | (12) |
| Other | — | 19 |
| Net Cash Provided By (Used In) Operating Activities | 322 | 320 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital Expenditures, Excluding Timberland Acquisitions (Includes \$9 MDF Fire Replacement Capital in 2014) | (65) | (51) |
| Timberlands Acquired | — | (80) |
| Mineral Rights Acquired | — | (156) |
| Contributions to Real Estate Development Ventures | (9) | — |
| Distributions from Real Estate Development Ventures | 5 | — |
| Insurance Recoveries (Property Damage) | 3 | — |
| Net Cash Provided By (Used In) Investing Activities | (66) | (287) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends | (234) | (212) |
| Borrowings on Line of Credit | 985 | 1,251 |
| Repayments on Line of Credit | (1,300) | (848) |
| Principal Payments and Retirement of Long-Term Debt | — | (174) |
| Proceeds from Stock Option Exercises | 2 | 35 |
| Acquisition of Treasury Stock | (52) | (2) |
| Net Cash Provided By (Used In) Financing Activities | (599) | 50 |
| Increase (Decrease) In Cash and Cash Equivalents | (343) | 83 |
| Cash and Cash Equivalents: | | |
| Beginning of Period | 433 | 356 |
| End of Period | \$ 90 | \$ 439 |

PLUM CREEK TIMBER COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| (In Millions) | Quarter Ended September 30, | |
|---|-----------------------------|--------|
| | 2014 | 2013 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Income | \$ 61 | \$ 72 |
| Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities: | | |
| Depreciation, Depletion and Amortization (Includes \$4 Loss Related to Forest Fires in 2013) | 35 | 35 |
| Basis of Real Estate Sold | 29 | 27 |
| Earnings from Unconsolidated Entities | (15) | (16) |
| Distributions from Timberland Venture | 29 | 29 |
| Deferred Income Taxes | 2 | — |
| Deferred Revenue from Long-Term Gas Leases (Net of Amortization) | (2) | (2) |
| Working Capital Changes | (3) | 28 |
| Other | (3) | 7 |
| Net Cash Provided By (Used In) Operating Activities | 133 | 180 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital Expenditures, Excluding Timberland Acquisitions (Includes \$5 MDF Fire Replacement Capital in 2014) | (25) | (20) |
| Timberlands Acquired | — | (2) |
| Mineral Rights Acquired | — | (156) |
| Contributions to Real Estate Development Ventures | (5) | — |
| Distributions from Real Estate Development Ventures | 4 | — |
| Insurance Recoveries (Property Damage) | 3 | — |
| Net Cash Provided By (Used In) Investing Activities | (23) | (178) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends | (78) | (72) |
| Borrowings on Line of Credit | 237 | 530 |
| Repayments on Line of Credit | (237) | (376) |
| Proceeds from Stock Option Exercises | 1 | — |
| Acquisition of Treasury Stock | (50) | — |
| Net Cash Provided By (Used In) Financing Activities | (127) | 82 |
| Increase (Decrease) In Cash and Cash Equivalents | (17) | 84 |
| Cash and Cash Equivalents: | | |
| Beginning of Period | 107 | 355 |
| End of Period | \$ 90 | \$ 439 |

PLUM CREEK TIMBER COMPANY, INC.
SEGMENT DATA
(UNAUDITED)

| (In Millions) | Nine Months Ended September 30, | |
|---|---------------------------------|----------|
| | 2014 | 2013 |
| Revenues: | | |
| Northern Resources | \$ 198 | \$ 194 |
| Southern Resources | 386 | 313 |
| Real Estate | 169 | 227 |
| Manufacturing | 275 | 279 |
| Energy and Natural Resources | 26 | 16 |
| Other | 15 | — |
| Eliminations | (21) | (20) |
| Total Revenues | \$ 1,048 | \$ 1,009 |
| Operating Income (Loss): | | |
| Northern Resources | \$ 34 | \$ 24 |
| Southern Resources | 99 | 74 |
| Real Estate | 91 | 138 |
| Manufacturing ^(A) | 35 | 35 |
| Energy and Natural Resources | 18 | 14 |
| Other ^(B) | (5) | — |
| Other Costs and Eliminations, net ^(C) | (46) | (54) |
| Total Operating Income | \$ 226 | \$ 231 |
| Adjusted EBITDA by Segment: ^(D) | | |
| Northern Resources | \$ 55 | \$ 47 |
| Southern Resources | 158 | 119 |
| Real Estate | 152 | 208 |
| Manufacturing | 47 | 47 |
| Energy and Natural Resources | 24 | 16 |
| Other | (2) | — |
| Other Costs and Eliminations, net | (45) | (53) |
| Total | \$ 389 | \$ 384 |

(A) During the second quarter of 2014, we experienced a fire at our MDF facility and recorded a \$2 million loss representing the net book value of the building and equipment damaged or destroyed by the fire. During the first nine months of 2014, we also recorded a \$9 million gain related to partial insurance recoveries the company expects to receive. The amount of insurance recoveries was based on the costs incurred during the first nine months of 2014 to rebuild or replace the damaged building and equipment. Substantially all of these costs were capitalized during the first nine months of 2014. Both the building and equipment loss and the insurance recoveries are reported as Other Operating Gain in our Manufacturing Segment and are included in Other Operating Income (Expense), net in the Consolidated Statements of Income.

(B) For Segment reporting, Equity Loss from Real Estate Development Ventures of \$(4) million is included in Operating Income (Loss) for the Other Segment.

(C) During the first nine months of 2013, the company recorded a loss of \$5 million related to the early termination of an equipment lease. The lease was accounted for as an operating lease. This amount is reported as an operating loss in Other Costs and Eliminations, net and is included in Other Operating Income (Expense), net in the Consolidated Statements of Income.

(D) Refer to the separate schedule, "Segment Data - Adjusted EBITDA" for reconciliations of Adjusted EBITDA to operating income and net cash provided by operating activities.

PLUM CREEK TIMBER COMPANY, INC.
SEGMENT DATA
(UNAUDITED)

| (In Millions) | Quarter Ended September 30, | |
|---|-----------------------------|--------|
| | 2014 | 2013 |
| Revenues: | | |
| Northern Resources | \$ 71 | \$ 67 |
| Southern Resources | 136 | 111 |
| Real Estate | 69 | 96 |
| Manufacturing | 91 | 94 |
| Energy and Natural Resources | 8 | 5 |
| Other | 7 | — |
| Eliminations | (7) | (7) |
| Total Revenues | \$ 375 | \$ 366 |
| Operating Income (Loss): | | |
| Northern Resources | \$ 13 | \$ 5 |
| Southern Resources | 35 | 27 |
| Real Estate | 34 | 63 |
| Manufacturing ^(A) | 16 | 11 |
| Energy and Natural Resources | 6 | 5 |
| Other ^(B) | (1) | — |
| Other Costs and Eliminations, net ^(C) | (13) | (20) |
| Total Operating Income | \$ 90 | \$ 91 |
| Adjusted EBITDA by Segment: ^(D) | | |
| Northern Resources | \$ 20 | \$ 16 |
| Southern Resources | 57 | 44 |
| Real Estate | 64 | 91 |
| Manufacturing | 19 | 15 |
| Energy and Natural Resources | 8 | 6 |
| Other | 1 | — |
| Other Costs and Eliminations, net | (13) | (20) |
| Total | \$ 156 | \$ 152 |

- (A) During the second quarter of 2014, we experienced a fire at our MDF facility and recorded a \$2 million loss representing the net book value of the building and equipment damaged or destroyed by the fire. During the third quarter of 2014, we recorded a \$5 million gain related to partial insurance recoveries the company expects to receive. The amount of insurance recoveries was based on the costs incurred during the third quarter of 2014 to rebuild or replace the damaged building and equipment. Substantially all of these costs were capitalized during the third quarter of 2014. Both the building and equipment loss and the insurance recoveries are reported as Other Operating Gain in our Manufacturing Segment and are included in Other Operating Income (Expense), net in the Consolidated Statements of Income.
- (B) For Segment reporting, Equity Loss from Real Estate Development Ventures of \$(1) million is included in Operating Income (Loss) for the Other Segment.
- (C) During the third quarter of 2013, the company recorded a loss of \$5 million related to the early termination of an equipment lease. The lease was accounted for as an operating lease. This amount is reported as an operating loss in Other Costs and Eliminations, net and is included in Other Operating Income (Expense), net in the Consolidated Statements of Income.
- (D) Refer to the separate schedule, "Segment Data - Adjusted EBITDA" for reconciliations of Adjusted EBITDA to operating income and net cash provided by operating activities.

PLUM CREEK TIMBER COMPANY, INC.
SELECTED OPERATING STATISTICS
(UNAUDITED)

| | | 2014 | | | | |
|---------------------------|------------------|---------|---------|---------|---------|---------|
| | | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| Sales Realization | | | | | | |
| Units | | | | | | |
| Southern Resources | | | | | | |
| Sawlog | \$/Ton Stumpage | \$ 22 | \$ 22 | \$ 22 | | \$ 22 |
| Pulpwood | \$/Ton Stumpage | \$ 12 | \$ 12 | \$ 12 | | \$ 12 |
| Northern Resources | | | | | | |
| Sawlog | \$/Ton Delivered | \$ 86 | \$ 83 | \$ 86 | | \$ 85 |
| Pulpwood | \$/Ton Delivered | \$ 43 | \$ 41 | \$ 46 | | \$ 44 |
| Lumber ⁽¹⁾ | \$/MBF | \$ 573 | \$ 594 | \$ 579 | | \$ 582 |
| Plywood ⁽¹⁾ | \$/MSF | \$ 451 | \$ 468 | \$ 498 | | \$ 474 |
| Fiberboard ⁽¹⁾ | \$/MSF | \$ 678 | \$ 675 | \$ 677 | | \$ 677 |
| Sales Volume | | | | | | |
| Southern Resources | | | | | | |
| Sawlog | 1,000 Tons | 1,550 | 1,619 | 1,644 | | 4,813 |
| Pulpwood | 1,000 Tons | 2,054 | 2,159 | 2,395 | | 6,608 |
| Total Harvest | | 3,604 | 3,778 | 4,039 | — | 11,421 |
| Northern Resources | | | | | | |
| Sawlog | 1,000 Tons | 667 | 499 | 595 | | 1,761 |
| Pulpwood | 1,000 Tons | 470 | 248 | 430 | | 1,148 |
| Total Harvest | | 1,137 | 747 | 1,025 | — | 2,909 |
| Lumber | MBF | 37,703 | 39,697 | 40,445 | | 117,845 |
| Plywood | MSF | 39,188 | 37,620 | 46,693 | | 123,501 |
| Fiberboard | MSF | 50,681 | 54,831 | 48,810 | | 154,322 |
| | | 2013 | | | | |
| | | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| Sales Realization | | | | | | |
| Units | | | | | | |
| Southern Resources | | | | | | |
| Sawlog | \$/Ton Stumpage | \$ 21 | \$ 21 | \$ 22 | \$ 22 | \$ 22 |
| Pulpwood | \$/Ton Stumpage | \$ 11 | \$ 11 | \$ 11 | \$ 12 | \$ 11 |
| Northern Resources | | | | | | |
| Sawlog | \$/Ton Delivered | \$ 77 | \$ 79 | \$ 79 | \$ 81 | \$ 79 |
| Pulpwood | \$/Ton Delivered | \$ 43 | \$ 42 | \$ 43 | \$ 43 | \$ 43 |
| Lumber ⁽¹⁾ | \$/MBF | \$ 568 | \$ 544 | \$ 498 | \$ 536 | \$ 534 |
| Plywood ⁽¹⁾ | \$/MSF | \$ 462 | \$ 464 | \$ 457 | \$ 450 | \$ 458 |
| Fiberboard ⁽¹⁾ | \$/MSF | \$ 639 | \$ 668 | \$ 680 | \$ 672 | \$ 665 |
| Sales Volume | | | | | | |
| Southern Resources | | | | | | |
| Sawlog | 1,000 Tons | 1,339 | 1,276 | 1,544 | 1,733 | 5,892 |
| Pulpwood | 1,000 Tons | 1,771 | 1,688 | 1,952 | 2,153 | 7,564 |
| Total Harvest | | 3,110 | 2,964 | 3,496 | 3,886 | 13,456 |
| Northern Resources | | | | | | |
| Sawlog | 1,000 Tons | 704 | 581 | 636 | 566 | 2,487 |
| Pulpwood | 1,000 Tons | 414 | 209 | 387 | 401 | 1,411 |
| Total Harvest | | 1,118 | 790 | 1,023 | 967 | 3,898 |
| Lumber | MBF | 30,535 | 36,770 | 40,622 | 37,990 | 145,917 |
| Plywood | MSF | 46,905 | 48,364 | 46,709 | 45,164 | 187,142 |
| Fiberboard | MSF | 52,329 | 60,273 | 54,795 | 46,250 | 213,647 |

(1) Represents prices at mill level.

PLUM CREEK TIMBER COMPANY, INC.
LAND SALE STATISTICS
(UNAUDITED)

| | 2014 | | | | |
|---|----------|------------------------|----------|----------|----------|
| | 1st Qtr | 2nd Qtr ⁽¹⁾ | 3rd Qtr | 4th Qtr | YTD |
| Acres Sold | | | | | |
| Small Non-strategic | 3,035 | 23,640 | 3,245 | | 29,920 |
| Large Non-strategic | — | — | — | | — |
| Conservation | 3,415 | 11,875 | 2,455 | | 17,745 |
| HBU/Recreation | 4,125 | 31,530 | 25,775 | | 61,430 |
| Development Properties | — | — | — | | — |
| Conservation Easements | n/a | n/a | n/a | | n/a |
| | 10,575 | 67,045 | 31,475 | — | 109,095 |
| Price per Acre | | | | | |
| Small Non-strategic | \$ 1,325 | \$ 790 | \$ 1,030 | | \$ 875 |
| Large Non-strategic | \$ — | \$ — | \$ — | | \$ — |
| Conservation | \$ 1,685 | \$ 635 | \$ 1,230 | | \$ 920 |
| HBU/Recreation | \$ 2,200 | \$ 1,485 | \$ 2,445 | | \$ 1,935 |
| Development Properties | \$ — | \$ — | \$ — | | \$ — |
| Conservation Easements | \$ 340 | \$ 300 | \$ — | | \$ 320 |
| Revenue, (\$ millions) | | | | | |
| Small Non-strategic | \$ 4 | \$ 19 | \$ 3 | | \$ 26 |
| Large Non-strategic | \$ — | \$ — | \$ — | | \$ — |
| Conservation | \$ 6 | \$ 8 | \$ 3 | | \$ 17 |
| HBU/Recreation | \$ 9 | \$ 46 | \$ 63 | | \$ 118 |
| Development Properties | \$ — | \$ — | \$ — | | \$ — |
| Conservation Easements | \$ 4 | \$ 4 | \$ — | | \$ 8 |
| | \$ 23 | \$ 77 | \$ 69 | \$ — | \$ 169 |
| Basis of Real Estate Sold ⁽²⁾ | \$ 6 | \$ 25 | \$ 29 | | \$ 60 |
| | 2013 | | | | |
| | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | YTD |
| Acres Sold | | | | | |
| Small Non-strategic | 5,685 | 17,130 | 17,300 | 3,985 | 44,100 |
| Large Non-strategic ⁽³⁾ | 36,000 | — | 15,370 | — | 51,370 |
| Conservation | 970 | 17,525 | 1,385 | 6,125 | 26,005 |
| HBU/Recreation | 7,595 | 9,825 | 9,455 | 20,095 | 46,970 |
| Development Properties | — | — | — | — | — |
| Conservation Easements | n/a | n/a | n/a | n/a | n/a |
| | 50,250 | 44,480 | 43,510 | 30,205 | 168,445 |
| Price per Acre | | | | | |
| Small Non-strategic | \$ 1,230 | \$ 1,185 | \$ 1,280 | \$ 1,290 | \$ 1,235 |
| Large Non-strategic | \$ 1,475 | \$ — | \$ 3,415 | \$ — | \$ 2,050 |
| Conservation | \$ 2,580 | \$ 835 | \$ 1,920 | \$ 1,015 | \$ 1,000 |
| HBU/Recreation | \$ 2,015 | \$ 1,925 | \$ 1,925 | \$ 2,100 | \$ 2,010 |
| Development Properties | \$ — | \$ — | \$ — | \$ — | \$ — |
| Conservation Easements | \$ — | \$ — | \$ — | \$ 600 | \$ 600 |
| Revenue, (\$ millions) | | | | | |
| Small Non-strategic | \$ 7 | \$ 20 | \$ 22 | \$ 5 | \$ 54 |
| Large Non-strategic | \$ 53 | \$ — | \$ 53 | \$ — | \$ 106 |
| Conservation | \$ 3 | \$ 14 | \$ 3 | \$ 6 | \$ 26 |
| HBU/Recreation | \$ 15 | \$ 19 | \$ 18 | \$ 43 | \$ 95 |
| Development Properties | \$ — | \$ — | \$ — | \$ — | \$ — |
| Conservation Easements | \$ — | \$ — | \$ — | \$ 5 | \$ 5 |
| | \$ 78 | \$ 53 | \$ 96 | \$ 59 | \$ 286 |
| Basis of Real Estate Sold ⁽²⁾ | \$ 25 | \$ 17 | \$ 26 | \$ 22 | \$ 90 |

Plum Creek Timber Company, Inc.
Notes to Land Sale Statistics
(Unaudited)

- (1) During the second quarter of 2014, the company sold approximately 49,400 acres in Wisconsin for \$45.3 million. The transaction consisted of approximately 22,400 acres of HBU/Recreation property with an estimated value of \$28.7 million, approximately 17,000 acres of Small Non-strategic property with an estimated value of \$11.6 million, and approximately 10,000 acres of Conservation property with an estimated value of \$5.0 million.
- (2) Includes \$12 million in the second quarter of 2014 for a 49,400 acre sale located in Wisconsin, \$9 million in the third quarter of 2013 for a 15,370 acre Large Non-Strategic sale located in Oregon and \$18 million in the first quarter of 2013 from a 36,000 acre Large Non-strategic sale located in Texas and Oklahoma.
- (3) During the third quarter of 2013, the company sold 15,370 acres of Large Non-strategic lands located in Oregon for \$52.5 million. During the first quarter of 2013, the company sold 36,000 acres of Large Non-strategic lands located in Texas and Oklahoma for \$52.7 million.

PLUM CREEK TIMBER COMPANY, INC.
DEBT MATURITIES SCHEDULE
September 30, 2014
(UNAUDITED)

| (In Millions) | Borrowings | |
|---|------------|---------------|
| | Principal | Interest Rate |
| <u>Annual Maturities through 2017:</u> | | |
| 2015 | \$ 439 | 5.875% |

PLUM CREEK TIMBER COMPANY, INC.
MEDIUM DENSITY FIBERBOARD ("MDF") FACILITY FIRE - OPERATING RESULTS IMPACT
September 30, 2014
(UNAUDITED)

On June 10, 2014, we experienced a fire at our MDF facility. Production at the facility resumed on July 10, 2014. The schedule below details the components that impacted second quarter and third quarter 2014 operating income and the estimates that are expected to impact our fourth quarter 2014 operating income.

| (In Millions) | 2014 | | | |
|---|------------------|----------------|----------------|----------------|
| | 2nd Qtr | 3rd Qtr | 4th Qtr | Total |
| Impacts on Operating Results: | | | | |
| Foregone MDF Income | \$ (4) | \$ — | \$ — | \$ (4) |
| Business Interruption Recoveries ⁽¹⁾ | \$ — | \$ — | \$ 4 | \$ 4 |
| Loss on Property, Plant and Equipment | \$ (2) | \$ — | \$ — | \$ (2) |
| Property Insurance Recoveries ⁽¹⁾ | \$ 4 | \$ 5 | \$ 1 | \$ 10 |
| Net Impact on Manufacturing Operating Income | \$ (2) | \$ 5 | \$ 5 | \$ 8 |
| Impact on Net Income | \$ (1) | \$ 3 | \$ 3 | \$ 5 |
| Impact on Diluted EPS | \$ (0.01) | \$ 0.02 | \$ 0.02 | \$ 0.03 |

- (1) The expected insurance recoveries reflect the impact of our cumulative \$1 million deductible. Business interruption recoveries will be recorded when the cash payment is received. Property insurance recoveries are recorded when the repair expenditures have been incurred by the company. As of September 30, 2014, \$3 million of cash payments from insurance recoveries have been received.

Plum Creek Timber Company, Inc.
Segment Data - Adjusted EBITDA
Reconciliation of Operating Income and Net Cash
Provided by Operating Activities
(Unaudited)

We define Adjusted EBITDA as earnings from continuing operations, excluding Equity Earnings from the Timberland Venture, and before interest expense (including any gains or losses from extinguishment of debt), taxes, depreciation, depletion, amortization, and basis in real estate sold. In addition to including Equity Earnings from Real Estate Development Ventures in Adjusted EBITDA, we also include, as an add back to Operating Income for the Other Segment, our proportional share of depreciation, depletion, amortization, and basis in real estate sold from this equity method investment. Adjusted EBITDA is not considered a measure of financial performance under U.S. generally accepted accounting principles (U.S. GAAP) and the items excluded from Adjusted EBITDA are significant components of our consolidated financial statements.

We present Adjusted EBITDA as a supplemental performance measure because we believe it facilitates operating performance comparisons from period to period, and each business segment's contribution to that performance, by eliminating non-cash charges to earnings, which can vary significantly by business segment. These non-cash charges include timber depletion, depreciation of fixed assets and the basis in real estate sold. We also use Adjusted EBITDA as a supplemental liquidity measure because we believe it is useful in measuring our ability to generate cash. In addition, we believe Adjusted EBITDA is commonly used by investors, lenders and rating agencies to assess our financial performance.

A reconciliation of Adjusted EBITDA to net income and net cash from operating activities, the most directly comparable U.S. GAAP performance and liquidity measures, is provided in the following schedules:

| | Nine Months Ended September 30, 2014 | | | |
|---|---|--|------------------------------|--------------------|
| | Operating Income | Depreciation, Depletion and Amortization | Basis of Real Estate Sold | Adjusted EBITDA |
| By Segment ⁽¹⁾ | | | | |
| Northern Resources | \$ 34 | \$ 21 | \$ — | \$ 55 |
| Southern Resources | 99 | 59 | — | 158 |
| Real Estate | 91 | 1 | 60 | 152 |
| Manufacturing | 35 | 12 | — | 47 |
| Energy and Natural Resources | 18 | 6 | — | 24 |
| Other | (5) | 1 | 2 | (2) |
| Other Costs and Eliminations | (48) | 1 | — | (47) |
| Other Unallocated Operating Income (Expense), net | 2 | — | — | 2 |
| Total | <u>\$ 226</u> | <u>\$ 101</u> | <u>\$ 62</u> | <u>\$ 389</u> |
| Reconciliation to Net Income ⁽²⁾ | | | | |
| Equity Earnings from Timberland Venture | 48 | | | |
| Interest Expense | (124) | | | |
| (Provision) Benefit for Income Taxes | (4) | | | |
| Net Income | <u>\$ 146</u> | | | |
| Reconciliation to Net Cash Provided By Operating Activities ⁽¹⁾ | | | | |
| Net Cash Flows from Operations | | | \$ 322 | |
| Interest Expense | | | | 124 |
| Amortization of Debt Costs | | | | (1) |
| Provision / (Benefit) for Income Taxes | | | | 4 |
| Distributions from Timberland Venture | | | | (57) |
| Equity Earnings, Depletion, Amortization, and Basis of Real Estate Sold from Real Estate Development Ventures | | | | (1) |
| Deferred Income Taxes | | | | (2) |
| Gain on Sale of Properties and Other Assets | | | | — |
| Deferred Revenue from Long-Term Gas Leases | | | | 4 |
| Timber Deed Acquired | | | | — |
| Pension Plan Contributions | | | | — |
| Working Capital Changes | | | | (4) |
| Other | | | | — |
| Adjusted EBITDA | | | | <u>\$ 389</u> |

(1) Includes Equity Loss from Real Estate Development Ventures (\$4 million) in Operating Income for the Other Segment, along with our proportional share of depreciation, depletion, amortization (\$1 million), and basis in real estate sold (\$2 million) from this equity method investment.

(2) Includes reconciling items not allocated to segments for financial reporting purposes.

Nine Months Ended September 30, 2013

| | Operating Income | Depreciation, Depletion and Amortization ⁽¹⁾ | Basis of Real Estate Sold | Adjusted EBITDA |
|---|---------------------|---|------------------------------|--------------------|
| By Segment | | | | |
| Northern Resources | \$ 24 | \$ 23 | \$ — | \$ 47 |
| Southern Resources | 74 | 45 | — | 119 |
| Real Estate | 138 | 1 | 69 | 208 |
| Manufacturing | 35 | 12 | — | 47 |
| Energy and Natural Resources | 14 | 2 | — | 16 |
| Other | — | — | — | — |
| Other Costs and Eliminations | (51) | 1 | — | (50) |
| Other Unallocated Operating Income (Expense), net | (3) | — | — | (3) |
| Total | <u>\$ 231</u> | <u>\$ 84</u> | <u>\$ 69</u> | <u>\$ 384</u> |
| Reconciliation to Net Income ⁽²⁾ | | | | |
| Equity Earnings from Timberland Venture | 47 | | | |
| Interest Expense | (104) | | | |
| (Provision) Benefit for Income Taxes | — | | | |
| Net Income | <u>\$ 174</u> | | | |
| Reconciliation to Net Cash Provided By Operating Activities | | | | |
| Net Cash Flows from Operations | | | \$ 320 | |
| Interest Expense | | | | 104 |
| Amortization of Debt Costs | | | | (2) |
| Provision / (Benefit) for Income Taxes | | | | — |
| Distributions from Timberland Venture | | | | (56) |
| Equity Earnings, Depletion, Amortization and Basis of Real Estate Sold from Real Estate Development Ventures | | | | — |
| Deferred Income Taxes | | | | 1 |
| Gain on Sale of Properties and Other Assets | | | | — |
| Deferred Revenue from Long-Term Gas Leases | | | | 6 |
| Timber Deed Acquired | | | | 18 |
| Pension Plan Contributions | | | | — |
| Working Capital Changes | | | | 12 |
| Other | | | | (19) |
| Adjusted EBITDA | | | <u>\$ 384</u> | |

(1) Includes a \$4 million loss due to forest fire damages in the Northern Resources Segment.

(2) Includes reconciling items not allocated to segments for financial reporting purposes.

Quarter Ended September 30, 2014

| | Operating Income | Depreciation, Depletion and Amortization | Basis of Real Estate Sold | Adjusted EBITDA |
|---|---------------------|--|------------------------------|--------------------|
| By Segment ⁽¹⁾ | | | | |
| Northern Resources | \$ 13 | \$ 7 | \$ — | \$ 20 |
| Southern Resources | 35 | 22 | — | 57 |
| Real Estate | 34 | 1 | 29 | 64 |
| Manufacturing | 16 | 3 | — | 19 |
| Energy and Natural Resources | 6 | 2 | — | 8 |
| Other | (1) | — | 2 | 1 |
| Other Costs and Eliminations | (13) | — | — | (13) |
| Other Unallocated Operating Income (Expense), net | — | — | — | — |
| Total | <u>\$ 90</u> | <u>\$ 35</u> | <u>\$ 31</u> | <u>\$ 156</u> |
| Reconciliation to Net Income ⁽²⁾ | | | | |
| Equity Earnings from Timberland Venture | 16 | | | |
| Interest Expense | (41) | | | |
| (Provision) Benefit for Income Taxes | (4) | | | |
| Net Income | <u>\$ 61</u> | | | |
| Reconciliation to Net Cash Provided By Operating Activities ⁽¹⁾ | | | | |
| Net Cash Flows from Operations | | | \$ 133 | |
| Interest Expense | | | | 41 |
| Amortization of Debt Costs | | | | — |
| Provision / (Benefit) for Income Taxes | | | | 4 |
| Distributions from Timberland Venture | | | | (29) |
| Equity Earnings, Depletion, Amortization, and Basis of Real Estate Sold from Real Estate Development Ventures | | | | 1 |
| Deferred Income Taxes | | | | (2) |
| Gain on Sale of Properties and Other Assets | | | | — |
| Deferred Revenue from Long-Term Gas Leases | | | | 2 |
| Timber Deed Acquired | | | | — |
| Pension Plan Contributions | | | | — |
| Working Capital Changes | | | | 3 |
| Other | | | | 3 |
| Adjusted EBITDA | | | <u>\$ 156</u> | |

(1) Includes Equity Loss from Real Estate Development Ventures (\$1 million) in Operating Income for the Other Segment, along with our proportional share of depreciation, depletion, amortization (\$0 million), and basis in real estate sold (\$2 million) from this equity method investment.

(2) Includes reconciling items not allocated to segments for financial reporting purposes.

Quarter Ended September 30, 2013

| | Operating Income | Depreciation, Depletion and Amortization ⁽¹⁾ | Basis of Real Estate Sold | Adjusted EBITDA |
|---|---------------------|---|------------------------------|--------------------|
| By Segment | | | | |
| Northern Resources | \$ 5 | \$ 11 | \$ — | \$ 16 |
| Southern Resources | 27 | 17 | — | 44 |
| Real Estate | 63 | 1 | 27 | 91 |
| Manufacturing | 11 | 4 | — | 15 |
| Energy and Natural Resources | 5 | 1 | — | 6 |
| Other | — | — | — | — |
| Other Costs and Eliminations | (16) | — | — | (16) |
| Other Unallocated Operating Income (Expense), net | (4) | — | — | (4) |
| Total | <u>\$ 91</u> | <u>\$ 34</u> | <u>\$ 27</u> | <u>\$ 152</u> |
| Reconciliation to Net Income ⁽²⁾ | | | | |
| Equity Earnings from Timberland Venture | 16 | | | |
| Interest Expense | (34) | | | |
| (Provision) Benefit for Income Taxes | (1) | | | |
| Net Income | <u>\$ 72</u> | | | |
| Reconciliation to Net Cash Provided By Operating Activities | | | | |
| Net Cash Flows from Operations | | | \$ 180 | |
| Interest Expense | | | | 34 |
| Amortization of Debt Costs | | | | (1) |
| Provision / (Benefit) for Income Taxes | | | | 1 |
| Distributions from Timberland Venture | | | | (29) |
| Equity Earnings, Depletion, Amortization, and Basis of Real Estate Sold from Real Estate Development Ventures | | | | — |
| Deferred Income Taxes | | | | — |
| Gain on Sale of Properties and Other Assets | | | | — |
| Deferred Revenue from Long-Term Gas Leases | | | | 2 |
| Timber Deed Acquired | | | | — |
| Pension Plan Contributions | | | | — |
| Working Capital Changes | | | | (28) |
| Other | | | | (7) |
| Adjusted EBITDA | | | <u>\$ 152</u> | |

(1) Includes a \$4 million loss due to forest fire damages in the Northern Resources Segment.

(2) Includes reconciling items not allocated to segments for financial reporting purposes.