



News Release

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Plum Creek Timber Company, Inc. Reports Results for Second Quarter 2012

SEATTLE – Plum Creek Timber Company, Inc. (NYSE: PCL) today announced second quarter earnings of \$36 million, or \$0.22 per diluted share, on revenues of \$294 million. Earnings for the second quarter of 2011 were \$44 million, or \$0.27 per diluted share, on revenues of \$284 million.

Earnings for the first six months of 2012 were \$65 million, or \$0.40 per diluted share, on revenues of \$631 million. Earnings for the first six months of 2011 were \$82 million, or \$0.50 per diluted share, on revenues of \$559 million.

Adjusted EBITDA, a non-GAAP measure of operating performance, for the first six months of 2012 was \$234 million, up from \$209 million in the same period of 2011. The company ended the quarter with \$260 million in cash and cash equivalents. A reconciliation of adjusted EBITDA to net income and cash flow from operations is provided as an attachment to this release.

“Earnings in our timber and manufacturing businesses improved over the past year,” said Rick Holley, Plum Creek’s president and chief executive officer. “Improving demand for our lumber and panels drove a \$4 million improvement in our Manufacturing segment’s second quarter profit compared to 2011. In our resources segments, higher harvest volumes, supplemented by volume from our recent timber deed acquisition, helped drive \$8 million of profit growth and a \$15 million increase in adjusted EBITDA. In our Real Estate segment, last year’s second quarter sales were anchored by a couple of large conservation transactions making for a challenging comparison. However, our Real Estate segment revenues for this second quarter of \$47 million were a bit higher than we initially anticipated. We continue to be on track to grow our adjusted EBITDA by approximately \$50 million this year.”

Review of Operations

The Northern Resources segment reported operating income of \$4 million for the quarter, up \$1 million from the second quarter of 2011. As expected, good harvesting conditions throughout much of the quarter allowed the company to bring more timber to market than the previous year. The sawlog harvest increased approximately 160,000 tons, or 34 percent, and the pulpwood harvest increased approximately 70,000 tons, or 29 percent. Sawlog

prices of \$71 per ton approximated second quarter of 2011 levels. Average pulpwood prices of \$42 per ton were about \$2 per ton higher than the same period of 2011.

Operating income in the Southern Resources segment was \$22 million, an increase of \$7 million from the \$15 million reported during the second quarter of 2011. Both sawlog and pulpwood prices were slightly higher (approximately \$1 per ton) than the levels reported for the second quarter of 2011. As planned, harvest volumes in 2012 were higher than those in the same period of 2011. The company's harvest continues to emphasize pulpwood and smaller diameter sawlogs to maximize long-term value of the forest. Pulpwood volumes were up 341,000 tons, or 21%, higher compared to the second quarter of 2011. The sawlog harvest was 406,000 tons, or 36%, higher, than the same period of 2011.

The Real Estate segment reported total revenue of \$47 million and operating income of \$29 million. Second quarter 2011 Real Estate segment revenue was \$79 million, primarily consisting of \$62 million of conservation transactions in the South. The second quarter 2011 operating income was \$50 million. The 2012 sales consisted of \$37 million of smaller rural land sales across the company's holdings and the completion of a \$10 million conservation easement in the state of Maine as part of its Moosehead Lake Concept Plan.

The Manufacturing segment reported \$9 million of operating income for the second quarter, compared to the \$5 million operating income reported for the second quarter of 2011. Profitability in each of the product lines improved on higher prices and sales volumes. Sales volumes for plywood and medium density fiberboard (MDF) increased 15 percent and 22 percent respectively. Lumber sales volume increased 2 percent and lumber prices increased approximately 4 percent. Plywood prices increased 7 percent and MDF prices improved 2 percent.

Outlook

Business conditions in most of the company's business segments have improved slowly over the past year. The company expects a slow pace of recovery to continue through the remainder of the year.

The company expects its full-year harvest to approximate 17.5 million tons, including approximately 700,000 tons from our recent timber deed acquisition. This is at the high end of the company's original harvest projection of 16.5 to 17.5 million tons for 2012. The increase is comprised of pulpwood, primarily the result of increased yields from the thinning of young timber stands.

During the third quarter, harvests in the Northern Resources segment are expected to increase seasonally from their second quarter low while the Southern harvest is expected to be similar to the second quarter's level.

Third quarter Real Estate segment sales are expected to be between \$90 million and \$100 million. The company expects full-year Real Estate segment sales to be between \$275 million and \$325 million.

Manufacturing results are expected to decline slightly from the second quarter's level.

“Our operations are performing well and we look forward to continued growth in the second half of the year, but believe a stronger recovery in the nation’s economy is more likely in 2013,” continued Holley. “We’re maintaining our earnings guidance for the year at \$1.00 to \$1.25 per share. We expect to report third quarter earnings between \$0.32 and \$0.37 per share.

“We continue to manage the company to maximize the long-term value of our shareholders’ investment. To accomplish this, nothing is more important than continued disciplined capital allocation. We will continue to evaluate all our opportunities to maximize shareholder value through share repurchase, debt reduction, or timberland acquisition; whatever creates the most value for our shareholders,” concluded Holley.

Earnings Conference Call and Supplemental Information

Plum Creek will hold a conference call today, Jul. 30, 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 Internet site at 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 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 21136767.

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 the largest and most geographically diverse private landowner in the nation with approximately 6.5 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.

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.