



News Release

For immediate release
Jan. 28, 2013

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Plum Creek Reports Improved Results for Fourth Quarter and Full Year 2012

SEATTLE – Plum Creek Timber Company, Inc. (NYSE: PCL) today announced fourth quarter earnings of \$79 million, or \$0.49 per diluted share, on revenues of \$354 million. Earnings for the fourth quarter of 2011 were \$61 million, or \$0.38 per diluted share, on revenues of \$315 million.

Earnings for the full year of 2012 were \$203 million, or \$1.25 per diluted share, on revenues of \$1.34 billion. Earnings for the full year of 2011 were \$193 million, or \$1.19 per diluted share, on revenues of \$1.17 billion.

“We were able to post a five percent growth in full-year net income, ending 2012 on a strong note,” said Rick Holley, president and chief executive officer. “We exceeded our initial expectations for the fourth quarter, benefitting from continued strong demand for well-managed timberlands. In 2012 we grew adjusted EBITDA to \$530 million, or an increase of 19 percent, exceeding our goal for the year.

“During the year, we continued to position ourselves to benefit from the emerging recovery in residential construction. We’ve worked closely with logging contractors over the past several years to ensure we are in preferred positions to serve the growing demand from our traditional customers as well as emerging bioenergy customers.

“We maintained our capital discipline. We sold non-strategic timberlands when we could lock-in very attractive returns for those properties today. We also invested more than \$195 million in timber and non-timber resources that will add to our earnings and cash flow for years to come. Financially we’re in great shape to take advantage of opportunities to grow the long-term value of Plum Creek.

“We’re excited about the prospects for continued recovery and growth in 2013 and expect that the opportunities beyond are even more compelling. Over the past year, housing has moved from being a drag on the economy to being a bright spot. We are seeing improving demand for lumber and wood panels that is expected to translate into higher demand and pricing for logs in 2013.”

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Summary of 2012 Results

The company reported \$281 million in operating income for 2012, \$6 million higher than 2011's \$275 million operating income. Profit improvement in the timber and manufacturing businesses were partially offset by lower income from the real estate segment.

The company's timber resource segments reported a combined \$110 million of operating income for 2012, up \$12 million from 2011's level. Sawlog prices were largely unchanged from year to year while pulpwood prices increased approximately \$1 per ton in both the Northern and Southern regions. The company's harvest level of 17.9 million tons was 13 percent higher than the 2011 harvest of 15.8 million tons. In the North, the total harvest grew nearly 190,000 tons, or 5 percent. In the South, the total harvest grew approximately 1.9 million tons, a 17 percent increase in harvest volume compared to 2011. The company's early 2012 timber deed acquisition contributed approximately 650,000 tons of the increase.

In the Real Estate segment, the company reported revenue of \$352 million in 2012 and \$301 million in 2011. Operating income was \$187 million during 2012 compared with \$195 million during 2011. Per acre values of the various land types sold were consistent with those realized for the past four years. The decline in operating margin in the segment was due entirely to higher-than-typical book basis of the land sold during 2012.

Operating income from the company's Manufacturing segment was \$29 million, nearly double the \$15 million reported in 2011. Product prices in each of the segment's product lines increased between three and ten percent when compared to 2011 prices. Sales volumes for plywood and Medium Density Fiberboard (MDF) increased 16 percent and 24 percent respectively while lumber sales volumes were largely unchanged.

Review of Quarterly Operations

The Northern Resources segment reported operating profit of \$5 million for the fourth quarter, compared to a \$7 million profit reported in the fourth quarter of 2011. As planned, the company's fourth quarter harvest volumes were lower than those of the same period of 2011. The eleven percent lower harvest volumes combined with temporarily higher road expenses offset the benefit of slightly higher prices for both sawlogs and pulpwood experienced in the fourth quarter of 2012.

The Southern Resources segment reported fourth quarter operating profit of \$24 million, an increase of \$5 million from the fourth quarter of 2011. Average pulpwood prices have increased approximately \$2 per ton, or 16 percent, compared to the fourth quarter of 2011 as strong demand from pulp and paper customers and recovering demand from Oriented Strandboard (OSB) producers have kept pressure on the resource throughout the region. The company increased its pulpwood harvest approximately 10 percent over fourth quarter 2011 levels to serve customer needs and capture attractive pricing. Southern sawlog prices were unchanged from their fourth quarter 2011 level. The 5 percent increase in the fourth quarter sawlog harvest came exclusively from the timber deed acquired in the first quarter of 2012.

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The Real Estate segment reported revenue of \$109 million and operating profit of \$74 million in the fourth quarter of 2012. The segment reported \$93 million of revenue and \$61 million of operating profit for the fourth quarter of 2011. The company sold approximately 47,000 acres of land in the fourth quarter of 2012. Sales included an approximately 16,600 acre large, non-strategic sale of western Oregon timberlands for \$58 million, or \$3,500 per acre. The balance of the properties sold consisted of 9,700 acres of rural recreation lands that captured approximately \$1,950 per acre, approximately 3,550 acres of conservation lands sold for more than \$2,250 per acre, and 17,100 acres of lower productivity, non-strategic properties captured \$1,365 per acre.

The Manufacturing segment reported operating profit of \$7 million for the fourth quarter of 2012, up \$4 million from the same period of 2011. Prices for lumber, plywood, and MDF were higher than fourth quarter 2011 levels. Plywood prices in particular were up nearly 19 percent from their fourth quarter 2011 level while lumber and MDF prices increased more modestly, one and four percent respectively. Lumber sales volumes were similar to those of the fourth quarter of 2011, while plywood and MDF sales volumes improved nine percent and 25 percent, respectively.

Fourth Quarter Debt Issue

As previously announced, during the fourth quarter the company issued \$325 million of 3.25% senior unsecured notes due 2023.

Outlook

Lumber, plywood, and OSB customers are anticipating continued demand growth in 2013 as residential construction activity continues to recover and housing starts approach 1 million units for the first time since 2007. As sawlog customers increase production to meet this demand growth, the company expects sawlog prices to improve. Pulpwood demand from pulp and paper mills throughout the nation remains very good and recovering demand from OSB producers and emerging demand from wood pellet producers are expected to result in improved pulpwood prices in the South and continued attractive prices in the North.

The company plans to harvest between 17.5 and 18.0 million tons of timber this year, similar to 2012's 17.9 million ton harvest. While the total harvest volume is expected to be largely unchanged, the company expects to shift the mix of its harvest during 2013 as sawlog demand and pricing improves.

Improving consumer confidence and continued interest in hard asset investments is expected to provide a solid foundation for rural real estate activity, particularly in the Gulf South and Lake State regions. Real Estate segment sales for the year are expected to be between \$250 million and \$300 million with land basis expense between 30 and 35 percent of sales. First quarter sales are expected to be between \$80 and \$85 million.

Lumber, specialty plywood and MDF markets are expected to remain strong and grow further in the coming year. As a result, Manufacturing segment results are expected to continue to improve in 2013.

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Third-party interest expense in 2013 is expected to be approximately \$80 million; about \$2 million lower than 2012's expense.

Reflecting all of these factors, the company expects 2013 income to be between \$1.25 and \$1.50 per share. The company expects to report first quarter income between \$0.28 and \$0.33 per share.

"We expect improving results from our timber resource and manufacturing businesses in 2013," continued Holley. "We expect real estate sales to moderate as we do not expect to repeat the relatively high level of large, non-strategic timberland sales concluded in 2012.

"The management team and I are as excited about the future at Plum Creek as we have ever been. Recovering demand and the structural changes to timber supply and demand in North America are setting the table for excellent growth in the coming years. Years of thoughtful, disciplined capital allocation have positioned us to benefit tremendously as these shifts in the marketplace occur. We have an unmatched asset base, strong balance sheet and excellent financial flexibility, all the tools required to continue our disciplined approach to long-term value creation for our shareholders," concluded Holley.

Earnings Conference Call and Supplemental Information

Plum Creek will hold a conference call today, Jan. 28, 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 31584649.

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 one of the largest landowners in the nation and the most geographically diverse, with approximately 6.4 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

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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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