

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

**PLUM CREEK TIMBER CO INC**

CIK:[849213](#) | IRS No.: [911912863](#) | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: [001-10239](#) | Film No.: [13551891](#)  
SIC: **6798** Real estate investment trusts

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*999 THIRD AVENUE  
SUITE 4300  
SEATTLE WA 98104-4096*

Business Address  
*999 THIRD AVENUE  
SUITE 4300  
SEATTLE WA 98104-4096  
(206)467-3600*

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): January 28, 2013**

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**PLUM CREEK TIMBER COMPANY, INC.**

(Exact Name of Registrant as Specified in its Charter)

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**DELAWARE**  
(State of Other Jurisdiction  
of Incorporation)

**1-10239**  
(Commission File Number)

**91-1912863**  
(I.R.S. Employer  
Identification No.)

**999 Third Avenue, Suite 4300 Seattle, Washington**  
(Address of Principal Executive Offices)

**98104-4096**  
(Zip Code)

**(206) 467-3600**

Registrant's Telephone Number, including area code

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14.d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Section 2. Financial Information**

### **Item 2.02 Results of Operations and Financial Condition**

On January 28, 2013, Plum Creek Timber Company, Inc. issued a press release reporting its results of operations for the quarter and year ended December 31, 2012, and posted to its website ([www.plumcreek.com](http://www.plumcreek.com)) certain supplemental financial and statistical information for the quarter and year ended December 31, 2012. A copy of the press release and the supplemental financial and statistical information are attached hereto as Exhibits 99.1 and 99.2, respectively.

## **Section 9. Financial Statements and Exhibits**

### **Item 9.01 Financial Statements and Exhibits**

(d) Exhibits. The following exhibits are furnished with this report:

#### **Exhibit No.**

- |      |   |
|------|---|
| 99.1 | Press release of Plum Creek Timber Company, Inc. issued January 28, 2013, reporting results of operations for the quarter and year ended December 31, 2012. |
| 99.2 | Supplemental Financial and Statistical Information for the quarter and year ended December 31, 2012, posted on January 28, 2013.                            |
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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PLUM CREEK TIMBER COMPANY, INC.

By: /s/ David W. Lambert

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David W. Lambert

Senior Vice President and Chief Financial Officer

DATED: January 28, 2013

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**PLUM CREEK TIMBER COMPANY, INC.**

**Exhibit Index**

**Exhibit No.**

- 99.1 Press release of Plum Creek Timber Company, Inc. issued January 28, 2013, reporting results of operations for the quarter and year ended December 31, 2012.
- 99.2 Supplemental Financial and Statistical Information for the quarter and year ended December 31, 2012, posted on January 28, 2013.

Plum Creek Timber Company, Inc.  
999 Third Avenue, Suite 4300  
Seattle, WA 98104  
206 467 3600



## News Release

For immediate release  
January 28, 2013

For more information contact:  
*Investors:* John Hobbs 1-800-858-5347  
*Media:* Kathy Budinick 1-888-467-3751

### **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.

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



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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.

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

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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](http://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](http://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](http://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.

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

(In Millions, Except Per Share Amounts)	Year Ended December 31,	
	2012	2011
<b>REVENUES:</b>		
Timber	\$ 641	\$ 572
Real Estate	352	301
Manufacturing	324	273
Other	22	21
Total Revenues	1,339	1,167
<b>COSTS AND EXPENSES:</b>		
Cost of Goods Sold:		
Timber	498	445
Real Estate	157	92
Manufacturing	286	250
Other	2	2
Total Cost of Goods Sold	943	789
Selling, General and Administrative	116	106
Total Costs and Expenses	1,059	895
Other Operating Income (Expense), net	1	3
Operating Income	281	275
Equity Earnings from Timberland Venture	59	56
Interest Expense, net:		
Interest Expense (Debt Obligations to Unrelated Parties)	82	81
Interest Expense (Note Payable to Timberland Venture)	58	58
Total Interest Expense, net	140	139
Income before Income Taxes	200	192
Provision (Benefit) for Income Taxes	(3)	(1)
Net Income	\$ 203	\$ 193

**PER SHARE AMOUNTS:**

Net Income per Share – Basic	\$	1.25	\$	1.19
Net Income per Share – Diluted	\$	1.25	\$	1.19
Weighted-Average Number of Shares Outstanding				
– Basic		161.5		161.7
– Diluted		161.9		162.0

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

(In Millions, Except Per Share Amounts)	Quarter Ended December 31,	
	2012	2011
<b>REVENUES:</b>		
Timber	\$ 161	\$ 151
Real Estate	109	93
Manufacturing	78	65
Other	6	6
Total Revenues	354	315
<b>COSTS AND EXPENSES:</b>		
Cost of Goods Sold:		
Timber	124	118
Real Estate	33	24
Manufacturing	69	60
Other	1	1
Total Cost of Goods Sold	227	203
Selling, General and Administrative	30	29
Total Costs and Expenses	257	232
Other Operating Income (Expense), net	—	—
Operating Income	97	83
Equity Earnings from Timberland Venture	17	12
Interest Expense, net:		
Interest Expense (Debt Obligations to Unrelated Parties)	21	20
Interest Expense (Note Payable to Timberland Venture)	15	15
Total Interest Expense, net	36	35
Income before Income Taxes	78	60
Provision (Benefit) for Income Taxes	(1)	(1)
Net Income	\$ 79	\$ 61
<b>PER SHARE AMOUNTS:</b>		
Net Income per Share – Basic	\$ 0.49	\$ 0.38

Net Income per Share – Diluted	\$	<b>0.49</b>	\$	0.38
Weighted-Average Number of Shares Outstanding				
– Basic		<b>161.7</b>		161.4
– Diluted		<b>162.2</b>		161.6

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

(In Millions, Except Per Share Amounts)	December 31, 2012	December 31, 2011
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 356	\$ 254
Accounts Receivable	22	28
Inventories	49	48
Deferred Tax Asset	7	5
Assets Held for Sale	61	103
Other Current Assets	13	15
	<u>508</u>	<u>453</u>
Timber and Timberlands, net	3,363	3,365
Mineral Rights, net	87	12
Property, Plant and Equipment, net	127	138
Equity Investment in Timberland Venture	204	201
Deferred Tax Asset	19	18
Investment in Grantor Trusts (at Fair Value)	39	36
Other Assets	37	36
Total Assets	<u>\$ 4,384</u>	<u>\$ 4,259</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Current Portion of Long-Term Debt	\$ 248	\$ 352
Line of Credit	104	348
Accounts Payable	26	25
Interest Payable	26	26
Wages Payable	29	20
Taxes Payable	9	9
Deferred Revenue	23	27
Other Current Liabilities	7	8
	<u>472</u>	<u>815</u>
Long-Term Debt	1,815	1,290
Note Payable to Timberland Venture	783	783
Other Liabilities	91	108
Total Liabilities	<u>3,161</u>	<u>2,996</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) – 162.0 at December 31, 2012 and 161.3 at December 31, 2011	2	2
Additional Paid-In Capital	2,288	2,261
Retained Earnings (Accumulated Deficit)	(97)	(28)
Treasury Stock, at Cost, Common Shares – 26.9 at December 31, 2012 and 26.9 at December 31, 2011	(938)	(937)
Accumulated Other Comprehensive Income (Loss)	(32)	(35)
Total Stockholders' Equity	1,223	1,263
Total Liabilities and Stockholders' Equity	\$ 4,384	\$ 4,259

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

(In Millions)	Year Ended December 31,	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 203	\$ 193
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	114	96
Basis of Real Estate Sold	138	77
Equity Earnings from Timberland Venture	(59)	(56)
Distributions from Timberland Venture	56	56
Deferred Income Taxes	(3)	—
Deferred Revenue from Long-Term Gas Leases (Net of Amortization)	(8)	11
Timber Deed Acquired	(98)	(5)
Pension Plan Contributions	(20)	(3)
Working Capital Changes Impacting Cash Flow:		
Income Tax Receivable	—	(1)
Other Working Capital Changes	15	(7)
Other	15	13
Net Cash Provided By Operating Activities	353	374
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital Expenditures (Excluding Timberland Acquisitions)	(72)	(70)
Timberlands Acquired	(18)	(89)
Mineral Rights Acquired	(76)	(12)
Other	(1)	—
Net Cash Used In Investing Activities	(167)	(171)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends	(272)	(272)
Borrowings on Line of Credit	1,843	1,921
Repayments on Line of Credit	(2,087)	(1,739)
Proceeds from Issuance of Long-Term Debt	773	—
Debt Issuance Costs	(5)	—
Principal Payments and Retirement of Long-Term Debt	(353)	(95)
Proceeds from Stock Option Exercises	18	10
Acquisition of Treasury Stock	(1)	(26)
Net Cash Used In Financing Activities	(84)	(201)
Increase (Decrease) In Cash and Cash Equivalents	102	2

Cash and Cash Equivalents:

Beginning of Period	254	252
End of Period	<u>\$ 356</u>	<u>\$ 254</u>

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

(In Millions)	Quarter Ended December 31,	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 79	\$ 61
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	27	26
Basis of Real Estate Sold	27	20
Equity Earnings from Timberland Venture	(17)	(12)
Deferred Income Taxes	(2)	(2)
Deferred Revenue from Long-Term Gas Leases (Net of Amortization)	(2)	(3)
Timber Deed Acquired	—	(5)
Pension Plan Contributions	(10)	—
Working Capital Changes	10	(8)
Other	4	3
Net Cash Provided By Operating Activities	116	80
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital Expenditures (Excluding Timberland Acquisitions)	(20)	(27)
Timberlands Acquired	—	(13)
Mineral Rights Acquired	(76)	—
Net Cash Used In Investing Activities	(96)	(40)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends	(68)	(68)
Borrowings on Line of Credit	131	824
Repayments on Line of Credit	(378)	(778)
Proceeds from Issuance of Long-Term Debt	323	—
Debt Issuance Costs	(2)	—
Principal Payments and Retirement of Long-Term Debt	(3)	(46)
Proceeds from Stock Option Exercises	13	1
Acquisition of Treasury Stock	—	(10)
Net Cash Provided By (Used In) Financing Activities	16	(77)
Increase (Decrease) In Cash and Cash Equivalents	36	(37)
Cash and Cash Equivalents:		
Beginning of Period	320	291
End of Period	\$ 356	\$ 254



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

(In Millions)	Year Ended December 31,	
	2012	2011
<b>Revenues:</b>		
Northern Resources	\$ 246	\$ 233
Southern Resources	417	359
Real Estate	352	301
Manufacturing	324	273
Other	22	21
Eliminations	(22)	(20)
Total Revenues	\$ 1,339	\$ 1,167
<b>Operating Income (Loss):</b>		
Northern Resources	\$ 20	\$ 24
Southern Resources	90	74
Real Estate	187	195
Manufacturing	29	15
Other <sup>(A)</sup>	19	21
Other Costs and Eliminations, net	(64)	(54)
Total Operating Income	\$ 281	\$ 275
<b>Adjusted EBITDA by Segment: <sup>(B)</sup></b>		
Northern Resources	\$ 46	\$ 50
Southern Resources	157	125
Real Estate	326	274
Manufacturing	44	28
Other	20	21
Other Costs and Eliminations, net	(63)	(52)
Total	\$ 530	\$ 446

**(A)** During 2011, the company received a payment of \$2 million for the settlement of a dispute that related to certain mineral rights. This amount is reported as Other Operating Gain/(Loss) in our Other Segment and is included in Other Operating Income (Expense), net in the Consolidated Statements of Income.

**(B)** 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 December 31,	
	2012	2011
<b>Revenues:</b>		
Northern Resources	\$ 61	\$ 66
Southern Resources	105	93
Real Estate	109	93
Manufacturing	78	65
Other	6	6
Eliminations	(5)	(8)
Total Revenues	\$ 354	\$ 315
<b>Operating Income (Loss):</b>		
Northern Resources	\$ 5	\$ 7
Southern Resources	24	19
Real Estate	74	61
Manufacturing	7	3
Other	5	5
Other Costs and Eliminations, net	(18)	(12)
Total Operating Income	\$ 97	\$ 83
<b>Adjusted EBITDA by Segment: <sup>(A)</sup></b>		
Northern Resources	\$ 11	\$ 14
Southern Resources	39	33
Real Estate	101	82
Manufacturing	11	6
Other	6	5
Other Costs and Eliminations, net	(18)	(11)
Total	\$ 150	\$ 129

(A) 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 - 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 method earnings, and before interest, taxes, depreciation, depletion, amortization, and basis in lands sold. 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 lands 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:

	Year Ended December 31, 2012			
	Operating Income	Depreciation, Depletion and Amortization	Basis of Real Estate Sold	Adjusted EBITDA
<b>By Segment</b>				
Northern Resources	\$ 20	\$ 26	\$ —	\$ 46
Southern Resources	90	67	—	157
Real Estate	187	1	138	326
Manufacturing	29	15	—	44
Other	19	1	—	20
Other Costs and Eliminations	(65)	1	—	(64)
Other Unallocated Operating Income (Expense), net	1	—	—	1
Total	<u>\$ 281</u>	<u>\$ 111</u>	<u>\$ 138</u>	<u>\$ 530</u>
<b>Reconciliation to Net Income<sup>(1)</sup></b>				
Equity Earnings from Timberland Venture	59			
Interest Expense	(140)			
(Provision) Benefit for Income Taxes	3			
Net Income	<u>\$ 203</u>			
<b>Reconciliation to Net Cash Provided By Operating Activities</b>				
Net Cash Flows from Operations			\$ 353	
Interest Expense				140
Amortization of Debt Costs				(3)
Provision / (Benefit) for Income Taxes				(3)
Distributions from Timberland Venture				(56)
Deferred Income Taxes				3
Gain on Sale of Properties and Other Assets				—
Deferred Revenue from Long-Term Gas Leases				8

Timber Deed Acquired	98
Pension Plan Contributions	20
Working Capital Changes	(15)
Other	(15)
Adjusted EBITDA	<u>\$ 530</u>

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

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	Year Ended December 31, 2011			
	Operating Income	Depreciation, Depletion and Amortization	Basis of Real Estate Sold	Adjusted EBITDA
<b>By Segment</b>				
Northern Resources	\$ 24	\$ 26	\$ —	\$ 50
Southern Resources	74	51	—	125
Real Estate	195	2	77	274
Manufacturing	15	13	—	28
Other	21	—	—	21
Other Costs and Eliminations	(55)	2	—	(53)
Other Unallocated Operating Income (Expense), net	1	—	—	1
Total	<u>\$ 275</u>	<u>\$ 94</u>	<u>\$ 77</u>	<u>\$ 446</u>
<b>Reconciliation to Net Income<sup>(1)</sup></b>				
Equity Earnings from Timberland Venture	56			
Interest Expense	(139)			
(Provision) Benefit for Income Taxes	1			
Net Income	<u>\$ 193</u>			
<b>Reconciliation to Net Cash Provided By Operating Activities</b>				
Net Cash Flows from Operations			\$	374
Interest Expense				139
Amortization of Debt Costs				(2)
Provision / (Benefit) for Income Taxes				(1)
Distributions from Timberland Venture				(56)
Deferred Income Taxes				—
Gain on Sale of Properties and Other Assets				—
Deferred Revenue from Long-Term Gas Leases				(11)
Timber Deed Acquired				5
Pension Plan Contributions				3
Working Capital Changes				8
Other				(13)
Adjusted EBITDA			<u>\$</u>	<u>446</u>

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

## Quarter Ended December 31, 2012

	Operating Income	Depreciation, Depletion and Amortization	Basis of Real Estate Sold	Adjusted EBITDA
<b>By Segment</b>				
Northern Resources	\$ 5	\$ 6	\$ —	\$ 11
Southern Resources	24	15	—	39
Real Estate	74	—	27	101
Manufacturing	7	4	—	11
Other	5	1	—	6
Other Costs and Eliminations	(18)	—	—	(18)
Other Unallocated Operating Income (Expense), net	—	—	—	—
Total	\$ 97	\$ 26	\$ 27	\$ 150
<b>Reconciliation to Net Income<sup>(1)</sup></b>				
Equity Earnings from Timberland Venture	17			
Interest Expense	(36)			
(Provision) Benefit for Income Taxes	1			
Net Income	\$ 79			
<b>Reconciliation to Net Cash Provided By Operating Activities</b>				
Net Cash Flows from Operations			\$	116
Interest Expense				36
Amortization of Debt Costs				(1)
Provision / (Benefit) for Income Taxes				(1)
Distributions from Timberland Venture				—
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				10
Working Capital Changes				(10)
Other				(4)
Adjusted EBITDA			\$	150

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

## Quarter Ended December 31, 2011

	Operating Income	Depreciation, Depletion and Amortization	Basis of Real Estate Sold	Adjusted EBITDA
<b>By Segment</b>				
Northern Resources	\$ 7	\$ 7	\$ —	\$ 14
Southern Resources	19	14	—	33
Real Estate	61	1	20	82
Manufacturing	3	3	—	6
Other	5	—	—	5
Other Costs and Eliminations	(12)	1	—	(11)
Other Unallocated Operating Income (Expense), net	—	—	—	—
Total	\$ 83	\$ 26	\$ 20	\$ 129
<b>Reconciliation to Net Income<sup>(1)</sup></b>				
Equity Earnings from Timberland Venture	12			
Interest Expense	(35)			
(Provision) Benefit for Income Taxes	1			
Net Income	\$ 61			
<b>Reconciliation to Net Cash Provided By Operating Activities</b>				
Net Cash Flows from Operations			\$ 80	
Interest Expense			35	
Amortization of Debt Costs			—	
Provision / (Benefit) for Income Taxes			(1)	
Distributions from Timberland Venture			—	
Deferred Income Taxes			2	
Gain on Sale of Properties and Other Assets			—	
Deferred Revenue from Long-Term Gas Leases			3	
Timber Deed Acquired			5	
Pension Plan Contributions			—	
Working Capital Changes			8	
Other			(3)	
Adjusted EBITDA			\$ 129	

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

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

(In Millions, Except Per Share Amounts)	Year Ended December 31,	
	2012	2011
<b>REVENUES:</b>		
Timber	\$ 641	\$ 572
Real Estate	352	301
Manufacturing	324	273
Other	22	21
Total Revenues	1,339	1,167
<b>COSTS AND EXPENSES:</b>		
Cost of Goods Sold:		
Timber	498	445
Real Estate	157	92
Manufacturing	286	250
Other	2	2
Total Cost of Goods Sold	943	789
Selling, General and Administrative	116	106
Total Costs and Expenses	1,059	895
Other Operating Income (Expense), net	1	3
Operating Income	281	275
Equity Earnings from Timberland Venture	59	56
Interest Expense, net:		
Interest Expense (Debt Obligations to Unrelated Parties)	82	81
Interest Expense (Note Payable to Timberland Venture)	58	58
Total Interest Expense, net	140	139
Income before Income Taxes	200	192
Provision (Benefit) for Income Taxes	(3)	(1)
Net Income	\$ 203	\$ 193

**PER SHARE AMOUNTS:**

Net Income per Share – Basic	\$	<b>1.25</b>	\$	1.19
Net Income per Share – Diluted	\$	<b>1.25</b>	\$	1.19

Weighted-Average Number of Shares Outstanding

– Basic	<b>161.5</b>	161.7
– Diluted	<b>161.9</b>	162.0

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

(In Millions, Except Per Share Amounts)	Quarter Ended December 31,	
	2012	2011
<b>REVENUES:</b>		
Timber	\$ 161	\$ 151
Real Estate	109	93
Manufacturing	78	65
Other	6	6
Total Revenues	354	315
<b>COSTS AND EXPENSES:</b>		
Cost of Goods Sold:		
Timber	124	118
Real Estate	33	24
Manufacturing	69	60
Other	1	1
Total Cost of Goods Sold	227	203
Selling, General and Administrative	30	29
Total Costs and Expenses	257	232
Other Operating Income (Expense), net	—	—
Operating Income	97	83
Equity Earnings from Timberland Venture	17	12
Interest Expense, net:		
Interest Expense (Debt Obligations to Unrelated Parties)	21	20
Interest Expense (Note Payable to Timberland Venture)	15	15
Total Interest Expense, net	36	35
Income before Income Taxes	78	60
Provision (Benefit) for Income Taxes	(1)	(1)
Net Income	\$ 79	\$ 61

**PER SHARE AMOUNTS:**



Net Income per Share – Basic	\$	0.49	\$	0.38
Net Income per Share – Diluted	\$	0.49	\$	0.38
Weighted-Average Number of Shares Outstanding				
– Basic		161.7		161.4
– Diluted		162.2		161.6

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

(In Millions, Except Per Share Amounts)	December 31, 2012	December 31, 2011
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 356	\$ 254
Accounts Receivable	22	28
Inventories	49	48
Deferred Tax Asset	7	5
Assets Held for Sale	61	103
Other Current Assets	13	15
	<u>508</u>	<u>453</u>
Timber and Timberlands, net	3,363	3,365
Mineral Rights, net	87	12
Property, Plant and Equipment, net	127	138
Equity Investment in Timberland Venture	204	201
Deferred Tax Asset	19	18
Investment in Grantor Trusts (at Fair Value)	39	36
Other Assets	37	36
Total Assets	<u>\$ 4,384</u>	<u>\$ 4,259</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Current Portion of Long-Term Debt	\$ 248	\$ 352
Line of Credit	104	348
Accounts Payable	26	25
Interest Payable	26	26
Wages Payable	29	20
Taxes Payable	9	9
Deferred Revenue	23	27
Other Current Liabilities	7	8
	<u>472</u>	<u>815</u>
Long-Term Debt	1,815	1,290
Note Payable to Timberland Venture	783	783
Other Liabilities	91	108
Total Liabilities	<u>3,161</u>	<u>2,996</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) – 162.0 at December 31, 2012 and 161.3 at December 31, 2011	2	2
Additional Paid-In Capital	2,288	2,261
Retained Earnings (Accumulated Deficit)	(97)	(28)
Treasury Stock, at Cost, Common Shares – 26.9 at December 31, 2012 and 26.9 at December 31, 2011	(938)	(937)
Accumulated Other Comprehensive Income (Loss)	(32)	(35)
Total Stockholders' Equity	1,223	1,263
Total Liabilities and Stockholders' Equity	\$ 4,384	\$ 4,259

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

(In Millions)	Year Ended December 31,	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 203	\$ 193
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	114	96
Basis of Real Estate Sold	138	77
Equity Earnings from Timberland Venture	(59)	(56)
Distributions from Timberland Venture	56	56
Deferred Income Taxes	(3)	—
Deferred Revenue from Long-Term Gas Leases (Net of Amortization)	(8)	11
Timber Deed Acquired	(98)	(5)
Pension Plan Contributions	(20)	(3)
Working Capital Changes Impacting Cash Flow:		
Income Tax Receivable	—	(1)
Other Working Capital Changes	15	(7)
Other	15	13
Net Cash Provided By Operating Activities	353	374
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital Expenditures (Excluding Timberland Acquisitions)	(72)	(70)
Timberlands Acquired	(18)	(89)
Mineral Rights Acquired	(76)	(12)
Other	(1)	—
Net Cash Used In Investing Activities	(167)	(171)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends	(272)	(272)
Borrowings on Line of Credit	1,843	1,921
Repayments on Line of Credit	(2,087)	(1,739)
Proceeds from Issuance of Long-Term Debt	773	—
Debt Issuance Costs	(5)	—
Principal Payments and Retirement of Long-Term Debt	(353)	(95)
Proceeds from Stock Option Exercises	18	10
Acquisition of Treasury Stock	(1)	(26)
Net Cash Used In Financing Activities	(84)	(201)
Increase (Decrease) In Cash and Cash Equivalents	102	2
Cash and Cash Equivalents:		

Beginning of Period	254	252
End of Period	<u>\$ 356</u>	<u>\$ 254</u>

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

(In Millions)	Quarter Ended December 31,	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 79	\$ 61
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	27	26
Basis of Real Estate Sold	27	20
Equity Earnings from Timberland Venture	(17)	(12)
Deferred Income Taxes	(2)	(2)
Deferred Revenue from Long-Term Gas Leases (Net of Amortization)	(2)	(3)
Timber Deed Acquired	—	(5)
Pension Plan Contributions	(10)	—
Working Capital Changes	10	(8)
Other	4	3
Net Cash Provided By Operating Activities	116	80
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital Expenditures (Excluding Timberland Acquisitions)	(20)	(27)
Timberlands Acquired	—	(13)
Mineral Rights Acquired	(76)	—
Net Cash Used In Investing Activities	(96)	(40)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends	(68)	(68)
Borrowings on Line of Credit	131	824
Repayments on Line of Credit	(378)	(778)
Proceeds from Issuance of Long-Term Debt	323	—
Debt Issuance Costs	(2)	—
Principal Payments and Retirement of Long-Term Debt	(3)	(46)
Proceeds from Stock Option Exercises	13	1
Acquisition of Treasury Stock	—	(10)
Net Cash Provided By (Used In) Financing Activities	16	(77)
Increase (Decrease) In Cash and Cash Equivalents	36	(37)
Cash and Cash Equivalents:		
Beginning of Period	320	291
End of Period	\$ 356	\$ 254



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

(In Millions)	Year Ended December 31,	
	2012	2011
<b>Revenues:</b>		
Northern Resources	\$ 246	\$ 233
Southern Resources	417	359
Real Estate	352	301
Manufacturing	324	273
Other	22	21
Eliminations	(22)	(20)
Total Revenues	\$ 1,339	\$ 1,167
<b>Operating Income (Loss):</b>		
Northern Resources	\$ 20	\$ 24
Southern Resources	90	74
Real Estate	187	195
Manufacturing	29	15
Other <sup>(A)</sup>	19	21
Other Costs and Eliminations, net	(64)	(54)
Total Operating Income	\$ 281	\$ 275
<b>Adjusted EBITDA by Segment: <sup>(B)</sup></b>		
Northern Resources	\$ 46	\$ 50
Southern Resources	157	125
Real Estate	326	274
Manufacturing	44	28
Other	20	21
Other Costs and Eliminations, net	(63)	(52)
Total	\$ 530	\$ 446

**(A)** During 2011, the company received a payment of \$2 million for the settlement of a dispute that related to certain mineral rights. This amount is reported as Other Operating Gain/(Loss) in our Other Segment and is included in Other Operating Income (Expense), net in the Consolidated Statements of Income.

**(B)** 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 December 31,	
	2012	2011
<b>Revenues:</b>		
Northern Resources	\$ 61	\$ 66
Southern Resources	105	93
Real Estate	109	93
Manufacturing	78	65
Other	6	6
Eliminations	(5)	(8)
Total Revenues	\$ 354	\$ 315
<b>Operating Income (Loss):</b>		
Northern Resources	\$ 5	\$ 7
Southern Resources	24	19
Real Estate	74	61
Manufacturing	7	3
Other	5	5
Other Costs and Eliminations, net	(18)	(12)
Total Operating Income	\$ 97	\$ 83
<b>Adjusted EBITDA by Segment: <sup>(A)</sup></b>		
Northern Resources	\$ 11	\$ 14
Southern Resources	39	33
Real Estate	101	82
Manufacturing	11	6
Other	6	5
Other Costs and Eliminations, net	(18)	(11)
Total	\$ 150	\$ 129

(A) 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)**

		2012				
		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Sales Realization</b>						
<b>Units</b>						
<b>Southern Resources</b>						
Sawlog	\$/Ton Stumpage	\$ 19	\$ 20	\$ 20	\$ 20	\$ 20
Pulpwood	\$/Ton Stumpage	\$ 10	\$ 10	\$ 10	\$ 11	\$ 10
<b>Northern Resources</b>						
Sawlog	\$/Ton Delivered	\$ 67	\$ 71	\$ 69	\$ 68	\$ 69
Pulpwood	\$/Ton Delivered	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42
Lumber <sup>(1)</sup>	\$/MBF	\$ 529	\$ 551	\$ 525	\$ 521	\$ 532
Plywood <sup>(1)</sup>	\$/MSF	\$ 387	\$ 409	\$ 432	\$ 450	\$ 419
Fiberboard <sup>(1)</sup>	\$/MSF	\$ 607	\$ 620	\$ 636	\$ 634	\$ 625
<b>Sales Volume</b>						
<b>Southern Resources</b>						
Sawlog	1,000 Tons	1,340	1,533	1,533	1,333	5,739
Pulpwood	1,000 Tons	1,842	1,933	2,151	2,084	8,010
Total Harvest		3,182	3,466	3,684	3,417	13,749
<b>Northern Resources</b>						
Sawlog	1,000 Tons	656	632	679	634	2,601
Pulpwood	1,000 Tons	452	316	441	377	1,586
Total Harvest		1,108	948	1,120	1,011	4,187
Lumber	MBF	30,199	30,340	27,645	27,158	115,342
Plywood	MSF	53,301	51,397	48,984	45,674	199,356
Fiberboard	MSF	44,701	52,475	54,992	47,314	199,482
		2011				
		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Sales Realization</b>						
<b>Units</b>						
<b>Southern Resources</b>						
Sawlog	\$/Ton Stumpage	\$ 20	\$ 19	\$ 20	\$ 20	\$ 19
Pulpwood	\$/Ton Stumpage	\$ 10	\$ 9	\$ 9	\$ 9	\$ 9
<b>Northern Resources</b>						
Sawlog	\$/Ton Delivered	\$ 69	\$ 72	\$ 71	\$ 67	\$ 69
Pulpwood	\$/Ton Delivered	\$ 40	\$ 40	\$ 42	\$ 41	\$ 41
Lumber <sup>(1)</sup>	\$/MBF	\$ 533	\$ 529	\$ 493	\$ 515	\$ 518
Plywood <sup>(1)</sup>	\$/MSF	\$ 371	\$ 382	\$ 382	\$ 379	\$ 379
Fiberboard <sup>(1)</sup>	\$/MSF	\$ 608	\$ 608	\$ 607	\$ 611	\$ 608
<b>Sales Volume</b>						
<b>Southern Resources</b>						

Sawlog	1,000 Tons	1,286	1,126	1,289	1,268	4,969
Pulpwood	1,000 Tons	1,494	1,592	1,833	1,903	6,822
<b>Total Harvest</b>		<b>2,780</b>	<b>2,718</b>	<b>3,122</b>	<b>3,171</b>	<b>11,791</b>
<b>Northern Resources</b>						
Sawlog	1,000 Tons	506	471	661	681	2,319
Pulpwood	1,000 Tons	478	244	500	458	1,680
<b>Total Harvest</b>		<b>984</b>	<b>715</b>	<b>1,161</b>	<b>1,139</b>	<b>3,999</b>
Lumber	MBF	29,250	29,654	29,979	27,042	115,925
Plywood	MSF	44,156	44,842	41,632	41,803	172,433
Fiberboard	MSF	40,690	43,070	38,485	37,899	160,144

(1) Represents prices at mill level.

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

	2012				
	1st Qtr	2nd Qtr <sup>(2)</sup>	3rd Qtr	4th Qtr	YTD
<b>Acres Sold</b>					
Small Non-strategic	4,385	17,870	5,750	17,115	45,120
Large Non-strategic <sup>(1)</sup>	69,770	—	99,800	16,600	186,170
Conservation	1,145	1,320	5,400	3,565	11,430
HBU/Recreation	4,030	6,720	5,410	9,735	25,895
Development Properties	—	—	—	—	—
Conservation Easements	n/a	n/a	n/a	n/a	n/a
	79,330	25,910	116,360	47,015	268,615
<b>Price per Acre</b>					
Small Non-strategic	\$ 1,115	\$ 1,165	\$ 1,455	\$ 1,365	\$ 1,270
Large Non-strategic	\$ 1,210	\$ —	\$ 675	\$ 3,510	\$ 1,130
Conservation	\$ 1,560	\$ 2,315	\$ 905	\$ 2,260	\$ 1,555
HBU/Recreation	\$ 2,140	\$ 1,955	\$ 2,100	\$ 1,940	\$ 2,000
Development Properties	\$ —	\$ —	\$ —	\$ —	\$ —
Conservation Easements	\$ —	\$ 28	\$ —	\$ —	\$ 28
<b>Revenue, (\$ millions)</b>					
Small Non-strategic	\$ 5	\$ 21	\$ 8	\$ 24	\$ 58
Large Non-strategic	\$ 84	\$ —	\$ 67	\$ 58	\$ 209
Conservation	\$ 2	\$ 3	\$ 5	\$ 8	\$ 18
HBU/Recreation	\$ 9	\$ 13	\$ 11	\$ 19	\$ 52
Development Properties	\$ —	\$ —	\$ —	\$ —	\$ —
Conservation Easements	\$ —	\$ 10	\$ —	\$ —	\$ 10
	\$ 100	\$ 47	\$ 91	\$ 109	\$ 347
<b>Proceeds from Real Estate Joint Venture <sup>(4)</sup></b>	\$ —	\$ —	\$ 5	\$ —	\$ 5
<b>Basis of Real Estate Sold <sup>(5)</sup></b>	\$ 63	\$ 12	\$ 36	\$ 27	\$ 138
	2011				
	1st Qtr	2nd Qtr <sup>(3)</sup>	3rd Qtr	4th Qtr	YTD
<b>Acres Sold</b>					
Small Non-strategic	2,560	2,695	11,525	5,385	22,165
Large Non-strategic <sup>(1)</sup>	30,295	—	—	18,155	48,450
Conservation	335	59,425	370	7,295	67,425
HBU/Recreation	7,795	6,320	24,500	8,680	47,295
Development Properties	—	—	20	—	20
Conservation Easements	n/a	n/a	n/a	n/a	n/a
	40,985	68,440	36,415	39,515	185,355
<b>Price per Acre</b>					
Small Non-strategic	\$ 1,015	\$ 1,125	\$ 1,230	\$ 1,345	\$ 1,220
Large Non-strategic	\$ 1,405	\$ —	\$ —	\$ 3,300	\$ 2,115

Conservation	\$	1,685	\$	1,050	\$	1,270	\$	980	\$	1,050
HBU/Recreation	\$	2,100	\$	2,060	\$	1,950	\$	2,100	\$	2,015
Development Properties	\$	—	\$	—	\$	6,405	\$	—	\$	6,405
Conservation Easements	\$	—	\$	—	\$	460	\$	—	\$	460

**Revenue, (\$ millions)**

Small Non-strategic	\$	2	\$	4	\$	14	\$	7	\$	27
Large Non-strategic	\$	43	\$	—	\$	—	\$	60	\$	103
Conservation	\$	1	\$	62	\$	—	\$	7	\$	70
HBU/Recreation	\$	16	\$	13	\$	48	\$	19	\$	96
Development Properties	\$	—	\$	—	\$	—	\$	—	\$	—
Conservation Easements	\$	—	\$	—	\$	5	\$	—	\$	5
	\$	62	\$	79	\$	67	\$	93	\$	301

<b>Basis of Real Estate Sold <sup>(5)</sup></b>	\$	19	\$	24	\$	14	\$	19	\$	76
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**Plum Creek Timber Company, Inc.**  
**Notes to Land Sale Statistics**  
**(Unaudited)**

- (1) During the first quarter of 2012, the company sold 69,800 acres of Large Non-strategic lands located in the Florida panhandle area for \$84.5 million. During the third quarter of 2012, the company sold 99,800 acres of Large Non-strategic lands located in Wisconsin for \$67.1 million. During the fourth quarter of 2012, the company sold 16,600 acres of Large Non-strategic lands located in Oregon for \$58.2 million. During the first quarter of 2011, the company sold 30,300 acres of Large Non-strategic lands located in Mississippi for \$42.6 million. During the fourth quarter of 2011, the company sold 18,200 acres of Large Non-strategic lands located in Oregon for \$60 million.
  - (2) During the second quarter of 2012, the company received \$10 million in exchange for placing a conservation easement on approximately 360,000 acres in Maine.
  - (3) During the second quarter of 2011, the company's Conservation sales consisted primarily of 26,800 acres in Arkansas and Louisiana and 31,500 acres in Florida.
  - (4) Not reflected in the land sale statistics (acres sold, price per acre and revenue).
  - (5) Includes \$58 million in the first quarter of 2012 from a 69,800 acre Large Non-strategic sale located primarily in the Florida panhandle area, \$26 million in the third quarter of 2012 from a 99,800 acre Large Non-strategic sale in Wisconsin, \$12 million in the fourth quarter of 2012 from a 16,600 acre Large Non-strategic sale in Oregon, \$13 million in the first quarter of 2011 from a 30,300 acre Large Non-strategic sale in Mississippi and \$8 million in the fourth quarter of 2011 from an 18,200 acre Large Non-strategic sale in Oregon.
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**Plum Creek Timber Company, Inc.**  
**Debt Maturities Schedule**  
**December 31, 2012**  
**(Unaudited)**

	Borrowings	
	Principal	Weighted Avg. Interest Rate
<b><u>Quarterly Maturities through 2013:</u></b>		
1st Qtr 2013	\$ 174	6.180%
4th Qtr 2013	\$ 76	7.773% <sup>(1)</sup>
<b><u>Annual Maturities through 2014:</u></b>		
2014	\$ 3	8.050%

(1) Principal amount composed of senior notes with principal amounts of \$3 million and \$73 million and interest rates of 8.050% and 7.760%, respectively.

**Plum Creek Timber Company, Inc.**  
**Acreage Ownership by State**  
**December 31, 2012**  
**(Unaudited)**

Alabama	109,000
Arkansas	720,000
Florida	448,000
Georgia	750,000
Louisiana	413,000
Maine	878,000
Michigan	580,000
Mississippi	594,000
Montana	897,000
New Hampshire	25,000
North Carolina	4,000
Oklahoma	6,000
Oregon	383,000
South Carolina	177,000
Texas	34,000
Vermont	86,000
Washington	88,000
West Virginia	111,000
Wisconsin	76,000
Total	<u>6,379,000</u>



**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 method earnings, and before interest, taxes, depreciation, depletion, amortization, and basis in lands sold. 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 lands 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:

	Year Ended December 31, 2012			
	Operating Income	Depreciation, Depletion and Amortization	Basis of Real Estate Sold	Adjusted EBITDA
<b>By Segment</b>				
Northern Resources	\$ 20	\$ 26	\$ —	\$ 46
Southern Resources	90	67	—	157
Real Estate	187	1	138	326
Manufacturing	29	15	—	44
Other	19	1	—	20
Other Costs and Eliminations	(65)	1	—	(64)
Other Unallocated Operating Income (Expense), net	1	—	—	1
Total	<u>\$ 281</u>	<u>\$ 111</u>	<u>\$ 138</u>	<u>\$ 530</u>
<b>Reconciliation to Net Income<sup>(1)</sup></b>				
Equity Earnings from Timberland Venture	59			
Interest Expense	(140)			
(Provision) Benefit for Income Taxes	3			
Net Income	<u>\$ 203</u>			
<b>Reconciliation to Net Cash Provided By Operating Activities</b>				
Net Cash Flows from Operations			\$ 353	
Interest Expense				140
Amortization of Debt Costs				(3)
Provision / (Benefit) for Income Taxes				(3)
Distributions from Timberland Venture				(56)
Deferred Income Taxes				3
Gain on Sale of Properties and Other Assets				—
Deferred Revenue from Long-Term Gas Leases				8

Timber Deed Acquired	98
Pension Plan Contributions	20
Working Capital Changes	(15)
Other	(15)
Adjusted EBITDA	<u>\$ 530</u>

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

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	Year Ended December 31, 2011			
	Operating Income	Depreciation, Depletion and Amortization	Basis of Real Estate Sold	Adjusted EBITDA
<b>By Segment</b>				
Northern Resources	\$ 24	\$ 26	\$ —	\$ 50
Southern Resources	74	51	—	125
Real Estate	195	2	77	274
Manufacturing	15	13	—	28
Other	21	—	—	21
Other Costs and Eliminations	(55)	2	—	(53)
Other Unallocated Operating Income (Expense), net	1	—	—	1
Total	<u>\$ 275</u>	<u>\$ 94</u>	<u>\$ 77</u>	<u>\$ 446</u>
<b>Reconciliation to Net Income<sup>(1)</sup></b>				
Equity Earnings from Timberland Venture	56			
Interest Expense	(139)			
(Provision) Benefit for Income Taxes	1			
Net Income	<u>\$ 193</u>			
<b>Reconciliation to Net Cash Provided By Operating Activities</b>				
Net Cash Flows from Operations			\$	374
Interest Expense				139
Amortization of Debt Costs				(2)
Provision / (Benefit) for Income Taxes				(1)
Distributions from Timberland Venture				(56)
Deferred Income Taxes				—
Gain on Sale of Properties and Other Assets				—
Deferred Revenue from Long-Term Gas Leases				(11)
Timber Deed Acquired				5
Pension Plan Contributions				3
Working Capital Changes				8
Other				(13)
Adjusted EBITDA			<u>\$</u>	<u>446</u>

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

## Quarter Ended December 31, 2012

	Operating Income	Depreciation, Depletion and Amortization	Basis of Real Estate Sold	Adjusted EBITDA
<b>By Segment</b>				
Northern Resources	\$ 5	\$ 6	\$ —	\$ 11
Southern Resources	24	15	—	39
Real Estate	74	—	27	101
Manufacturing	7	4	—	11
Other	5	1	—	6
Other Costs and Eliminations	(18)	—	—	(18)
Other Unallocated Operating Income (Expense), net	—	—	—	—
Total	\$ 97	\$ 26	\$ 27	\$ 150
<b>Reconciliation to Net Income<sup>(1)</sup></b>				
Equity Earnings from Timberland Venture	17			
Interest Expense	(36)			
(Provision) Benefit for Income Taxes	1			
Net Income	\$ 79			
<b>Reconciliation to Net Cash Provided By Operating Activities</b>				
Net Cash Flows from Operations			\$	116
Interest Expense				36
Amortization of Debt Costs				(1)
Provision / (Benefit) for Income Taxes				(1)
Distributions from Timberland Venture				—
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				10
Working Capital Changes				(10)
Other				(4)
Adjusted EBITDA			\$	150

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

## Quarter Ended December 31, 2011

	Operating Income	Depreciation, Depletion and Amortization	Basis of Real Estate Sold	Adjusted EBITDA
<b>By Segment</b>				
Northern Resources	\$ 7	\$ 7	\$ —	\$ 14
Southern Resources	19	14	—	33
Real Estate	61	1	20	82
Manufacturing	3	3	—	6
Other	5	—	—	5
Other Costs and Eliminations	(12)	1	—	(11)
Other Unallocated Operating Income (Expense), net	—	—	—	—
Total	\$ 83	\$ 26	\$ 20	\$ 129
<b>Reconciliation to Net Income<sup>(1)</sup></b>				
Equity Earnings from Timberland Venture	12			
Interest Expense	(35)			
(Provision) Benefit for Income Taxes	1			
Net Income	\$ 61			
<b>Reconciliation to Net Cash Provided By Operating Activities</b>				
Net Cash Flows from Operations			\$ 80	
Interest Expense			35	
Amortization of Debt Costs			—	
Provision / (Benefit) for Income Taxes			(1)	
Distributions from Timberland Venture			—	
Deferred Income Taxes			2	
Gain on Sale of Properties and Other Assets			—	
Deferred Revenue from Long-Term Gas Leases			3	
Timber Deed Acquired			5	
Pension Plan Contributions			—	
Working Capital Changes			8	
Other			(3)	
Adjusted EBITDA			\$ 129	

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