July 29, 2014

Plum Creek Timber Company, Inc.

(PCL-NYSE)

Collin Mings, CFA, (727) 567-2585, Collin.Mings@RaymondJames.com
Paul D. Puryear, (727) 567-2253, Paul.Puryear@RaymondJames.com

Company Comment

REITs: Timber

Lowering Rating to Market Perform; More Cautious Near-Term Outlook

Recommendation: Plum Creek reported generally in-line 2Q results, but offered a cautious outlook about the pace of near-term log price appreciation in the U.S. South and is deferring some previously planned 2014 harvest activity. While we maintain a positive long-term view on Plum Creek, we believe PCL shares are likely to remain range-bound near-term given our view that the current "consensus" housing outlook for 2015 remains overly optimistic. Furthermore, we believe PCL shares lack any of the potential near-term catalysts possessed by our remaining constructively rated timber REITs (such as outsized dividend growth, the prospect of needle-moving external growth, meaningful direct exposure to seasonally higher lumber prices, or cost-reduction initiatives). As such, we are lowering our rating from Outperform to **Market Perform**.

- **2Q EPS:** Plum Creek reported 2Q EPS of $0.31, slightly ahead of our $0.30 estimate (which matched consensus expectations). Relative to our model, stronger-than-expected results in its real estate business offset a lower contribution from its timber segment.
- **Sawlog pricing update:** Plum Creek now expects sawlog prices within the U.S. South to climb ~5% this year (down from +10% in April) and noted that its Gulf South region generally has not seen the pricing tension that has developed in its Atlantic South region. As we noted in our recent Timber Topics reports (June and July), we believe additional improvements in sawlog pricing in the U.S. South will be limited in the near term as the pricing momentum seen earlier this year has stalled in some wood baskets.
- **Other highlights:** In our view, other key highlights from Monday's call include: 1) Plum Creek now expects adjusted EBITDA to grow by over $60 million in 2014 (12%+ y/y); 2) the company has identified 88,000 acres within the MeadWestvaco portfolio it believes has HBU potential (it has already listed ~15,000 acres and sold 8,000 acres at ~$2,750/acre); and 3) log inventories in China remain elevated, but Plum Creek believes pricing will remain flat.
- **Lowering estimates:** We are lowering our 2014-2016 EPS estimates to $1.12 (from $1.45), $1.70 (from $1.85), and $2.00 (from $2.15), respectively. The downward revisions to our estimates reflect lower harvest volumes and a more subdued recovery in sawlog prices within the U.S. South, as well as the expectation that properties sold in the second half of 2014 will have higher book values than originally anticipated. Plum Creek's revised 2014 EPS guidance stands at $1.05-1.25 (down from $1.30-1.50). We are also reducing our 2014-2016 CAD per share estimates to $2.05, $2.35, and $2.65, respectively.

Valuation: PCL shares trade 4% below our $45.85 NAV estimate. The collective timber REIT peer group (excluding Plum Creek) also trades at a slight discount to our NAV estimates, while the REIT universe trades at a 5% premium to consensus NAV estimates. PCL shares trade at 18.7x our 2015 CAD estimate (comparable to AFFO) of $2.35/share (below the REIT universe average 2015 AFFO multiple of 19.5x). PCL shares yield 4.0%, above the timber REIT peers (2.9%, which is dragged down by Weyerhaeuser's 2.7% dividend yield) and the broader REIT universe (3.5%).

GAAP EPS	Q1 Mar	Q2 Jun	Q3 Sep	Q4 Dec	Full Year	Revenues (mil.)
2013A	$0.35	$0.28	$0.44	$0.24	$1.30	$1,340
Old 2014E	0.17A	0.30	0.47	0.52	1.45	1,538
New 2014E	**0.17A**	**0.31A**	**0.31**	**0.33**	**1.12**	**1,490**
Old 2015E	0.36	0.35	0.56	0.58	1.85	1,679
New 2015E	**0.33**	**0.30**	**0.53**	**0.53**	**1.70**	**1,637**
Old 2016E	0.42	0.40	0.67	0.66	2.15	1,823
New 2016E	**0.37**	**0.36**	**0.65**	**0.63**	**2.00**	**1,792**

Rows may not add due to rounding.

Rating Change

Old: Outperform 2 New: **Market Perform 3**

Current and Target Price

Current Price (Jul-28-14)	$43.91
Target Price: Old: $50.00	New: NM
52-Week Range	$50.08 - $40.57
Suitability	Total Return

Market Data

Shares Out. (mil.)	177.1
Market Cap. (mil.)	$7,776
Avg. Daily Vol. (10 day)	594,564
Dividend/Yield	$1.76/4.0%
Net Debt (mil.)/Net Debt to EV %	$2,459/24%
NAV	$45.85

Earnings & Valuation Metrics

	2013A	2014E	2015E	2016E
P/E Ratios (GAAP)				
	33.8x	39.2x	25.8x	22.0x
EBITDA (mil.)				
Old	$411	$505	$574	$629
New	$411	$452	$543	$601
Cash/Share Available for Distribution				
Old	$2.13	$2.20	$2.55	$2.85
New	$2.13	$2.05	$2.35	$2.65

Company Description

Plum Creek Timber Company, Inc., based in Seattle, Washington, is among the largest and most geographically diverse private landowners in the nation with approximately 6.7 million acres of timberlands in major timber producing regions of the United States and wood products manufacturing facilities in the Northwest.

Please read domestic and foreign disclosure/risk information beginning on page 8 and Analyst Certification on page 8.

Second Quarter Overview: 2Q EPS Slightly Above Expectations; Lowering Rating to Market Perform
Monday evening, Plum Creek reported 2Q EPS of $0.31, slightly ahead of our $0.30 estimate (which matched consensus expectations). Relative to our model, stronger-than-expected results in its real estate segment offset a lower contribution from its timber segment. In particular, the company's harvest volumes in the U.S. South fell short of our forecast (and management's guidance) as it dialed back harvest plans amid weaker-than-projected pricing conditions (particular within the Gulf South).

While we maintain a positive long-term view on Plum Creek, we believe PCL shares are likely to remain range-bound near-term given our view that the current "consensus" housing outlook for 2015 remains overly optimistic. Furthermore, we believe PCL shares lack any of the potential near-term catalysts possessed by our remaining constructively rated timber REITs (such as outsized dividend growth, the prospect of needle-moving external growth, meaningful direct exposure to seasonally higher lumber prices, or cost-reduction initiatives). As such, we are lowering our rating from Outperform to **Market Perform**.

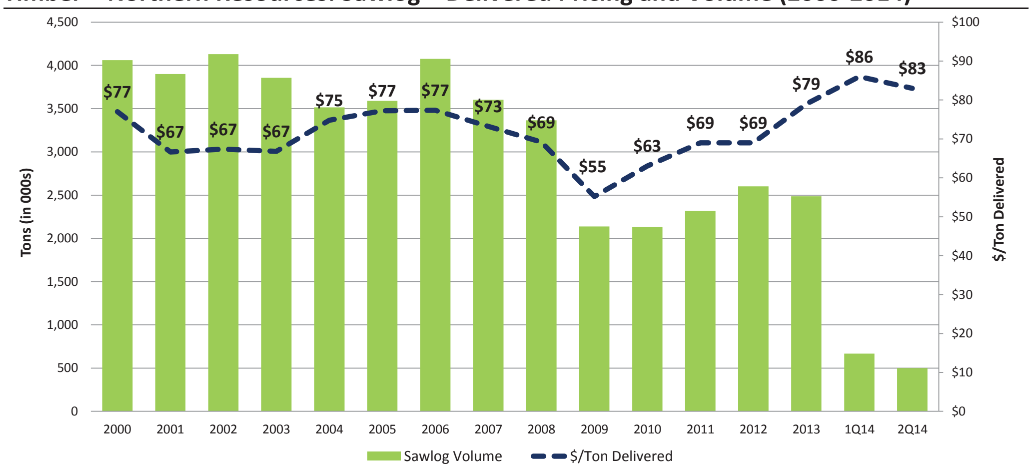
In yesterday's press release, management noted that it has lowered its expectations for residential construction activity this year to 1.03 million starts (comparable to our recently revised 1.05 million housing starts estimate). However, we still believe the consensus outlook for 2015 remains overly optimistic (~1.2-1.3 million housing starts versus our 1.16 million housing starts estimate).

As we discussed in our recent Timber Topics reports (June and July), we believe additional improvements in sawlog pricing in the U.S. South will be limited in the near term as we believe some of the pricing momentum seen earlier this year has stalled in some wood baskets. Management noted that the overall pricing environment in the U.S. South remains firm (albeit at very depressed levels). During yesterday's call, management highlighted that its Gulf South region (Arkansas, Louisiana, Mississippi, Oklahoma, and Texas) has not seen the pricing tension that has developed in its Atlantic South region (Alabama, Georgia, Florida, and the Carolinas).

Although we believe it is prudent to take a more cautious stance toward adding to positions of Plum Creek given our current housing outlook (relative to consensus expectations), we still believe PCL shares will ultimately benefit from: 1) improvements in residential construction activity, 2) higher sawlog prices (particularly in the U.S. South), and 3) more interest in its development properties.

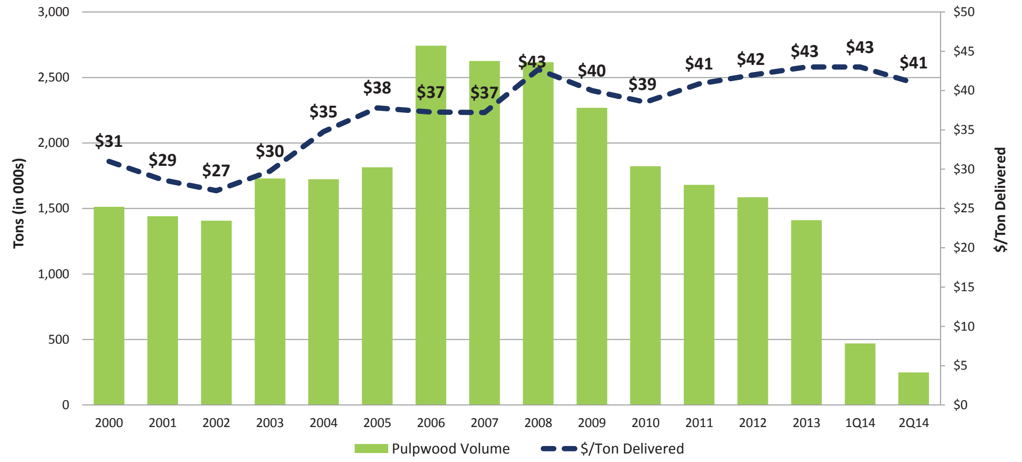
Northern Resources: 2Q Results Fall Short of Expectations; Sawlog Prices Expected to Tick Higher in 3Q
Northern Resources' $5 million operating profit (below our $8 million forecast) was down from $8 million in 2Q13. Drilling down, total harvest volumes only decreased 5% y/y, but the product mix shifted to a higher component of pulpwood. Sawlog prices were up 5% y/y to $83/ton, while pulpwood price slid 2% y/y to $41/ton. Looking ahead, Plum Creek expects Northern sawlog prices to increase $1/ton in 3Q and pulpwood prices are expected to rebound to the 1Q level of $43/ton.

Timber – Northern Resources: Sawlog – Delivered Pricing and Volume (2000-2014)



Source: Plum Creek Timber Company, Inc., Raymond James research.

Timber – Northern Resources: Pulpwood – Delivered Pricing and Volume (2000-2014)



Source: Plum Creek Timber Company, Inc., Raymond James research.

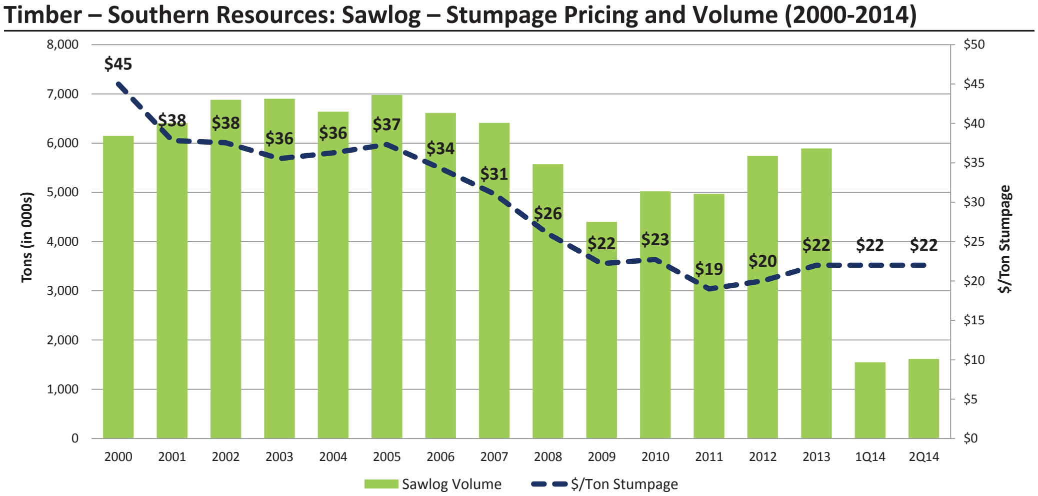
Southern Resources: Recovery Unfolding Slower Than Forecast; Mill Operators Investing in the U.S. South

Southern Resources' $33 million operating profit in 2Q was up relative to the prior year ($23 million), but below our $36 million forecast. That said, operating profit was up $6 million from the year ago period due to the timberlands it acquired in December 2013. Average sawlog prices have increased $1 per ton (~3%) over the past year. Looking ahead, Plum Creek expects sawlog prices to remain flat in 3Q, but is looking for pricing momentum in sawlogs to build in 4Q. Specifically, the company noted that it believes log pricing will be up roughly 5% this year. For the full year, management expects 2014 harvest activity in the region to total 16-16.5 million tons (down 500,000 tons from its prior forecast) – comprising 42% sawlogs and 58% pulpwood.

Positively, mill operators are making significant investments to improve efficiency and expand production in their Southern operations. In particular, Plum Creek recently highlighted: 1) Georgia-Pacific is investing $400 million in mill capacity expansions; 2) West Fraser's $150 million investment in mill capacity expansions; 3) Klausner is investing $240 million to build two new mills; 4) Interfor's $80 million+ investment to buy existing mills, and 5) Canfor's $80 million investment to buy existing mills.

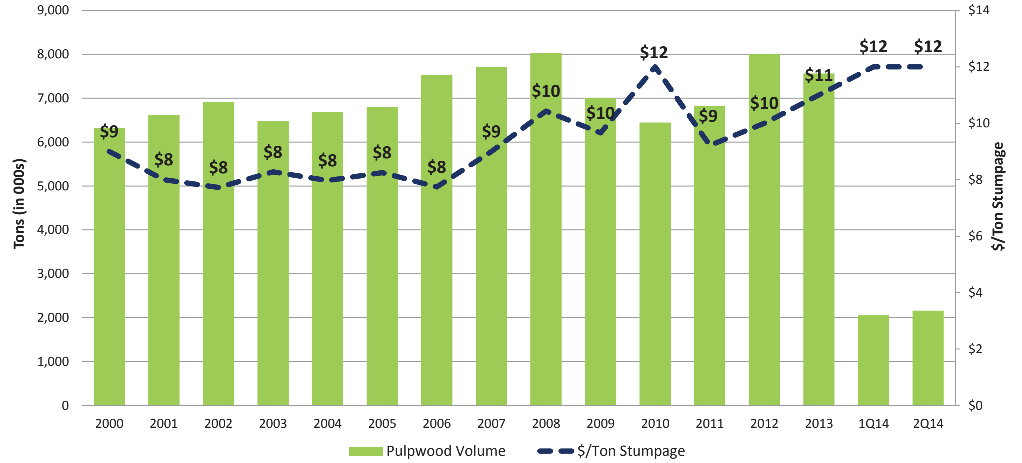
We continue to believe additional improvements in sawlog pricing in the U.S. South will be limited in the near term as we believe some of the pricing momentum seen earlier this year has stalled in some wood baskets. For continued improvement, we believe we need further increases in lumber production in the U.S. South (which will likely be driven by more residential construction activity and Canadian investments in the region). We maintain our view that harvest deferral strategies over the past few years will limit the near-term upside in timber prices to some degree, but expect that sawlog pricing will climb higher as we progress into 2015.

Timber – Southern Resources: Sawlog – Stumpage Pricing and Volume (2000-2014)



Source: Plum Creek Timber Company, Inc., Raymond James research.

Timber – Southern Resources: Pulpwood – Stumpage Pricing and Volume (2000-2014)



Source: Plum Creek Timber Company, Inc., Raymond James research.

Real Estate: 2Q Real Estate Sales Above Expectations; HBU Opportunities Within MeadWestvaco Portfolio Quantified

During 2Q, Plum Creek's Real Estate segment registered $77 million in sales, generating $45 million in operating income (above our $38 million estimate). The breakdown of land sales was as follows: 23,640 acres of small non-strategic lands (at $790 per acre), 11,875 acres of conservation properties (at $635 per acre), and 31,530 acres of HBU (higher and better use)/recreational land (at $1,485 per acre).

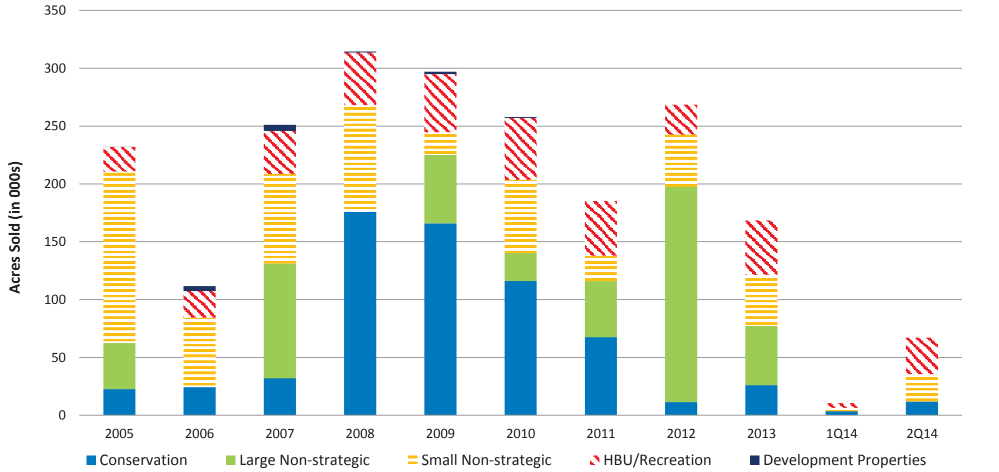
In 2014, Plum Creek continues to expect real estate sales revenue to be in the range of $240 million to $280 million, down from $352 million and $286 million in 2012 and 2013, respectively. We continue to expect near-term real estate results will be driven by non-strategic, rural, and conservation land sales. We anticipate that sales of timberland identified as having development potential will remain relatively inconsequential in 2014, but believe momentum is building for future development land sales. Over the next few years, we expect more development-related land sales and fewer non-strategic timberland sales from Plum Creek. Overall, management expects to gradually reduce annual sales (from legacy Plum Creek lands, before incorporating HBU sales from the MeadWestvaco land it acquired) in this segment closer to $200 million over time.

During the call, management highlighted that it has identified 88,000 acres of timberland across South Carolina, Virginia, Georgia, and Alabama within the MeadWestvaco portfolio (which it acquired late last year) that it believes will be able to be monetized at a substantial premium to underlying timberland value. The company listed ~15,000 acres of these lands with real estate brokers during 2Q and closed a $21 million sale of ~8,000 acres in July at an average price of $2,750/acre.

We remain intrigued by Plum Creek's potential to attract development to the land it owns in Alachua County (near the University of Florida) and believe the company continues to make progress working with the local community and the University of Florida on future opportunities. Within the county, Plum Creek has identified five specific areas which it believes are well-positioned for development. Current zoning only allows rural residential development at one unit/five acres, but the company has engaged the community in helping to develop a 50-year long-term master plan (http://www.envisionalachua.com).

Earlier this year, management noted its nearest-term opportunity is in Columbia County, Florida (about 60 miles west of Jacksonville). Plum Creek has secured more than 8 million square feet of industrial zoning for this property, which is known as the North Florida Intermodal Park. The Rockefeller Group is developing marketing plans for this property, and Plum Creek noted it expected the land to be ready for the market by the end of this year. The company is also working on a second industrial site in Lawrence County, Georgia (2,000-acre property about 100 miles west of Savannah). Plum Creek expects this property to be ready to go to market within the next two years. Beyond the opportunities within its legacy holdings, we also believe Plum Creek's new joint ventures with MeadWestvaco will be a source of future cash flow.

Real Estate: Sales Volumes (2005-2014)



Source: Plum Creek Timber Company, Inc., Raymond James research.

Manufactured Products: 2Q Results Negatively Impacted by MDF Plant Fire

Plum Creek's manufacturing segment posted $10 million operating profit in 2Q (slightly below our $11 million projection). On June 30, Plum Creek resumed production at its medium density fiberboard (MDF) facility in Columbia Falls, Montana following a fire that occurred on June 10 (no injuries were reported and the fire was quickly contained). The fire negatively impacted the company's segment income by $2 million in 2Q. Damages to the plant are estimated at ~$8-10 million (covered by insurance).

Lowering EPS and CAD/Share Estimates

Concurrent with its earnings release, Plum Creek lowered its full-year 2014 EPS guidance to $1.05-1.25, with management forecasting 3Q EPS of $0.27-0.32 (far below our prior $0.47 estimate). Incorporating management's guidance, our new 3Q estimate is $0.31/share. Overall, we are lowering our 2014-2016 EPS estimates to $1.12 (from $1.45), $1.70 (from $1.85), and $2.00 (from $2.15), respectively. We are also reducing our 2014-2016 CAD per share estimates to $2.05, $2.35, and $2.65, respectively.

The downward revisions to our estimates reflect lower harvest volumes and a more subdued recovery in sawlog prices within the U.S. South, as well as a higher-than-expected cost basis for real estate sales in 2014 (as it specifically relates to our 2014 EPS estimate). Notably, our 2014 EPS estimate factors in the ~$0.02/share after-tax benefit associated with the accounting gains resulting from the MDF plant fire (and corresponding property replacement), which was not included in management's EPS guidance.

Taking a closer look at our 2015-2016 estimates, we believe results will benefit from higher timber volumes and prices as residential construction activity improves and lumber production increases. That said, we are tempering our expectations relative to our previous forecast as we expect the housing recovery will continue to unfold at a glacial pace. For more details, see our Housing Quarterly published on July 18, 2014.

We also expect 1) the contribution from the MeadWestvaco transaction to increase as the harvest mix improves (more sawlogs), 2) Plum Creek's energy and natural resources segment to contribute more to earnings/cash flow, and 3) the manufactured products segment to increase volume and contribute modestly to the company's results. However, we think real estate sales will moderate as the company makes fewer non-strategic timberland sales (we are modeling real estate sales to trend lower in 2015 and 2016).

Balance Sheet Remains Well-Positioned for Future Acquisition Opportunities; Dividend Yield Above Peers

In our view, Plum Creek maintains a sound and flexible capital structure. Plum Creek's solid balance sheet enabled it to maintain its dividend throughout the financial crisis and housing downturn. We view its dividend as safe (although dependent on real estate sales), and it allows investors to get "paid to wait" for a stronger housing recovery. Earlier this year, management also indicated it would potentially allocate capital to share repurchases and would look to repurchase shares around $40 (down ~10% from the price it issued shares at in October 2013).

Looking beyond its MeadWestvaco transaction, we also expect Plum Creek will continue to evaluate acquisition opportunities. However, we believe the acquisition environment will remain competitive as some timber investment management organizations

(TIMOs) continue to raise money and the other public REITs (as well as Deltic Timber) are all pursuing deals. During yesterday's call, management noted that recent timberland transactions in the $2,000/acre range in the U.S. South reflect 1) the productivity of the specific properties that have been on the market, and 2) optimism among buyers that sawlog prices in the region are poised for a recovery.

With this in mind, management indicated at its October 2013 "Investor Morning" event that it will look for negotiated deals where it could provide "creative solutions" to the seller. Plum Creek highlighted it is spending time not only looking at transactions, but also talking to institutional timberland owners that are "disenchanted" with the way timberlands have been managed under the TIMO model. As such, we would not be surprised to see Plum Creek pursue joint venture opportunities with some institutional owners where it can create value for shareholders and other partners by managing the assets under its platform. On a regional basis, we believe Plum Creek remains primarily interested in acquisition opportunities within the U.S. South given the relative value offered by timberland in the region, noting in January that it would be a holder/seller of timberland in the West.

In May 2013, the company announced a 5% dividend increase (Plum Creek had not increased its quarterly dividend since early 2007) due to its expectations for continued growth of long-term, sustainable cash flow. Based on its current distribution, we currently find shares yielding a relatively attractive 4.0%. Looking ahead, we believe additional dividend increases remain largely dependent on higher sawlog prices in the U.S. South.

Valuation

Our NAV estimate of $45.85/share for Plum Creek primarily comprises: 1) a per-acre valuation of its timberlands (based on recent transactions and supported by our DCF estimates), 2) applying a 5.0x multiple to our estimate of the EBITDA contribution from its manufactured products business over the next 12 months, 3) adding a per-acre premium for its holdings with development potential, 4) assigning value to its non-timber resources, and 5) other balance sheet items as stated.

Currently, PCL shares trade 4% below our $45.75 NAV estimate. The collective timber REIT peer group (excluding Plum Creek) also trades at a slight discount to our NAV estimates, while the REIT universe trades at a 5% premium to consensus NAV estimates. PCL shares trade at 18.7x our 2015 CAD estimate (comparable to AFFO) of $2.35/share (below the REIT universe average 2015 AFFO multiple of 19.5x). PCL shares yield 4.0%, above the timber REIT peers (2.9%, which is dragged down by Weyerhaeuser's 2.7% dividend yield) and the broader REIT universe (3.5%).

Plum Creek
Income Statement Summary

	FY 2011	FY 2012	(Mar.) Q1:13	(June) Q2:13	(Sept.) Q3:13	(Dec.) Q4:13	FY 2013	(Mar.) Q1:14	(June) Q2:14	(Sept.) Q3:14E	(Dec.) Q4:14E	FY 2014	(Mar.) Q1:15E	(June) Q2:15E	(Sept.) Q3:15E	(Dec.) Q4:15E	FY 2015	(Mar.) Q1:16E	(June) Q2:16E	(Sept.) Q3:16E	(Dec.) Q4:16E	FY 2016
Timber	572	641	170	146	171	182	669	192	171	208	215	787	204	194	244	238	881	226	226	269	262	983
Real Estate	301	352	78	53	96	59	286	23	77	63	96	259	45	45	78	85	254	35	35	86	89	246
Manufacturing	273	324	86	99	94	83	362	90	94	105	105	394	113	113	113	113	450	126	126	126	126	504
Energy and Natural Resources	21	22	6	5	5	7	23	9	9	9	9	35	9	9	10	10	37	10	10	10	10	40
Other	0	0	0	0	0	0	0	3	5	4	4	16	4	4	4	4	16	5	5	5	5	20
Total Revenues:	**$1,167**	**$1,339**	**$340**	**$303**	**$366**	**$331**	**$1,340**	**$317**	**$356**	**$388**	**$429**	**$1,490**	**$375**	**$365**	**$448**	**$450**	**$1,637**	**$402**	**$402**	**$496**	**$492**	**$1,792**
Timber	368	405	103	89	104	104	400	112	100	134	136	482	129	123	147	144	544	140	137	157	154	588
Real Estate	90	156	30	22	30	27	109	10	30	33	64	137	18	18	31	34	101	14	14	35	36	98
Manufacturing	237	271	71	78	76	69	294	76	78	87	88	329	94	95	95	95	379	107	107	108	108	429
Energy and Natural Resources	1	0	1	(1)	0	1	1	0	1	1	1	2	1	1	1	1	2	1	1	1	1	2
Other	0	0	0	0	0	0	0	3	3	0	0	6	0	0	0	0	0	0	0	0	0	0
Cost of sales (ex depreciation)	**696**	**832**	**205**	**188**	**210**	**201**	**804**	**201**	**212**	**254**	**288**	**955**	**242**	**236**	**274**	**274**	**1,026**	**261**	**258**	**300**	**297**	**1,117**
Depreciation, depletion, and amortization	**92**	**111**	25	25	34	32	**116**	31	35	35	34	**135**	31	32	35	36	**135**	33	34	36	37	**140**
Cost of sales:	**788**	**943**	**230**	**213**	**244**	**233**	**920**	**232**	**247**	**289**	**322**	**1,090**	**273**	**268**	**309**	**310**	**1,161**	**294**	**293**	**336**	**334**	**1,257**
Selling, General and Administrative	**106**	**116**	32	29	28	34	**123**	29	30	31	34	**124**	30	29	36	36	**131**	32	32	40	39	**143**
Other Operating Income (Expense), net	**3**	**1**	0	1	(3)	0	**(2)**	1	3	0	0	**4**	0	0	0	0	**0**	0	0	0	0	**0**
Total EBITDA	**367**	**392**	**103**	**87**	**125**	**96**	**411**	**88**	**117**	**117**	**122**	**452**	**116**	**112**	**157**	**159**	**543**	**123**	**125**	**177**	**176**	**601**
Timber	98	110	35	31	32	42	140	47	38	50	55	190	53	50	71	69	243	64	65	85	83	297
Real Estate	195	187	45	30	63	31	169	12	45	30	31	118	27	26	47	50	150	21	20	52	52	145
Manufacturing	15	29	10	14	11	8	43	9	10	18	17	54	15	15	14	14	57	15	15	15	15	60
Energy and Natural Resources	21	19	5	4	5	5	19	6	6	6	7	25	8	8	8	8	31	8	8	8	8	33
Other Costs and Eliminations, net	(54)	(64)	(17)	(17)	(20)	(22)	(76)	(17)	(17)	(18)	(18)	(70)	(18)	(18)	(18)	(18)	(72)	(18)	(18)	(19)	(19)	(74)
Operating Income:	**275**	**281**	**78**	**62**	**91**	**64**	**295**	**57**	**82**	**86**	**92**	**317**	**85**	**80**	**121**	**123**	**409**	**91**	**91**	**141**	**139**	**461**
Equity Earnings from Timberland Venture	**56**	**59**	14	17	16	16	**63**	15	17	15	15	**62**	16	16	16	16	**64**	16	16	16	16	**64**
Equity Earnings from Real Estate Development Joint Ventures						0	**0**	(1)	(2)	(2)	(2)	**(7)**	0	0	0	0	**0**	1	1	1	1	**4**
Interest Expense (Debt Obligations to Unrelated Parties)	81	82	21	20	20	22	83	27	27	27	27	108	27	27	27	27	108	27	27	27	27	108
Interest Expense (Note Payable to Timberland Venture)	58	58	14	15	14	15	58	14	15	14	15	58	14	15	14	15	58	14	15	14	15	58
Total Interest Expense, net	**139**	**140**	35	35	34	37	**141**	41	42	41	42	**166**	41	42	41	42	**166**	41	42	41	42	**166**
Gain/Loss on Extinguishment of Debt	**0**	**0**	-	-	-	(4)	**(4)**	-	-	-	-	**0**	-	-	-	-	**0**	-	-	-	-	**0**
Income before taxes:	**192**	**200**	**57**	**44**	**73**	**39**	**213**	**30**	**55**	**58**	**63**	**206**	**60**	**54**	**96**	**97**	**307**	**67**	**66**	**117**	**114**	**363**
Income tax	**(1)**	**(3)**	1	(2)	1	(1)	**(1)**	-	-	4	4	**8**	1	1	2	2	**5**	2	2	2	2	**7**
Income from Continuing Operations	**193**	**203**	56	46	72	40	**214**	30	55	54	59	**198**	59	53	95	95	**302**	65	65	115	112	**356**
Gain on Sale of Properties, net of tax	**0**	**0**	0	0	0	0	**0**	0	0	0	0	**0**	0	0	0	0	**0**	0	0	0	0	**0**
Net Income from continuing operations	**193**	**203**	56	46	72	40	**214**	30	55	54	59	**198**	59	53	95	95	**302**	65	65	115	112	**356**
Net Income:	**193**	**203**	**56**	**46**	**72**	**40**	**214**	**30**	**55**	**54**	**59**	**198**	**59**	**53**	**95**	**95**	**302**	**65**	**65**	**115**	**112**	**356**
Diluted Shares	162.0	161.9	162.8	163.4	163.4	170.4	165.0	177.3	177.4	177.5	177.6	177.4	177.5	177.6	177.7	177.8	177.7	177.8	177.8	177.9	178.0	177.9
EPS (from continuing operations)	**$1.19**	**$1.25**	$0.35	$0.28	$0.44	$0.24	**$1.30**	$0.17	$0.31	$0.31	$0.33	**$1.12**	$0.33	$0.30	$0.53	$0.53	**$1.70**	$0.37	$0.36	$0.65	$0.63	**$2.00**
GAAP EPS	**$1.19**	**$1.25**	$0.35	$0.28	$0.44	$0.24	**$1.30**	$0.17	$0.31	$0.31	$0.33	**$1.12**	$0.33	$0.30	$0.53	$0.53	**$1.70**	$0.37	$0.36	$0.65	$0.63	**$2.00**

Source: Plum Creek Timber Company, Inc., Raymond James research.

Plum Creek

NAV Summary

NAV Summary	
Core Timberlands	**$7,816**
Real Estate/HBU Adjustments	**$2,005**
Non-Timber Resources	
MeadWestvaco - Non-Timber Resources	$65
Vulcan - Construction Materials Investments	$229
Twelve Month Trailing Revenue	*$30*
Multiple	***5.0x***
Non-Timber Resources	***$444***
Manufactured Products	
Twelve Month Forward EBITDA	$71
Multiple	***5.0x***
Manufactured Products	***$357***
Balance Sheet	
Assets	
Cash & Securities	$107.0
Accounts receivable	$44.0
Taxes Receivable	$0.0
Like-Kind Exchange Funds Held in Escrow	$0.0
Assets Held for Sale	$0.0
Other assets	$147.0
Liabilities	
Total Debt	($2,566.0)
Accounts payable	($36.0)
Interest Payable	($26.0)
Wages Payable	($17.0)
Taxes Payable	($14.0)
Deferred Revenue	($36.0)
Other current liabilities	($11.0)
Other non-current liabilities	($81.0)
Net Balance Sheet Assets (ex RE and PP&E)	**($2,489.0)**
Current NAV	$8,133.5
Shares Outstanding (mil.)	177.4
NAV Per Share	**$45.85**

Source: Plum Creek Timber Company, Inc., Raymond James research.

Important Investor Disclosures

Raymond James & Associates (RJA) is a FINRA member firm and is responsible for the preparation and distribution of research created in the United States. Raymond James & Associates is located at The Raymond James Financial Center, 880 Carillon Parkway, St. Petersburg, FL 33716, (727) 567-1000. Non-U.S. affiliates, which are not FINRA member firms, include the following entities which are responsible for the creation and distribution of research in their respective areas; In Canada, Raymond James Ltd. (RJL), Suite 2100, 925 West Georgia Street, Vancouver, BC V6C 3L2, (604) 659-8200; In Latin America, Raymond James Latin America (RJLatAm), Ruta 8, km 17, 500, 91600 Montevideo, Uruguay, 00598 2 518 2033; In Europe, Raymond James Euro Equities, SAS (RJEE), 40, rue La Boetie, 75008, Paris, France, +33 1 45 61 64 90.

This document is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of or located in any locality, state, country, or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. The securities discussed in this document may not be eligible for sale in some jurisdictions. This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. **Investors should consider this report as only a single factor in making their investment decision.**

For clients in the United States: Any foreign securities discussed in this report are generally not eligible for sale in the U.S. unless they are listed on a U.S. exchange. This report is being provided to you for informational purposes only and does not represent a solicitation for the purchase or sale of a security in any state where such a solicitation would be illegal. Investing in securities of issuers organized outside of the U.S., including ADRs, may entail certain risks. The securities of non-U.S. issuers may not be registered with, nor be subject to the reporting requirements of, the U.S. Securities and Exchange Commission. There may be limited information available on such securities. Investors who have received this report may be prohibited in certain states or other jurisdictions from purchasing the securities mentioned in this report. Please ask your Financial Advisor for additional details and to determine if a particular security is eligible for purchase in your state.

The information provided is as of the date above and subject to change, and it should not be deemed a recommendation to buy or sell any security. Certain information has been obtained from third-party sources we consider reliable, but we do not guarantee that such information is accurate or complete. Persons within the Raymond James family of companies may have information that is not available to the contributors of the information contained in this publication. Raymond James, including affiliates and employees, may execute transactions in the securities listed in this publication that may not be consistent with the ratings appearing in this publication.

Additional information is available on request.

Analyst Information

Registration of Non-U.S. Analysts: The analysts listed on the front of this report who are not employees of Raymond James & Associates, Inc., are not registered/qualified as research analysts under FINRA rules, are not associated persons of Raymond James & Associates, Inc., and are not subject to NASD Rule 2711 and NYSE Rule 472 restrictions on communications with covered companies, public companies, and trading securities held by a research analyst account.

Analyst Holdings and Compensation: Equity analysts and their staffs at Raymond James are compensated based on a salary and bonus system. Several factors enter into the bonus determination including quality and performance of research product, the analyst's success in rating stocks versus an industry index, and support effectiveness to trading and the retail and institutional sales forces. Other factors may include but are not limited to: overall ratings from internal (other than investment banking) or external parties and the general productivity and revenue generated in covered stocks.

The views expressed in this report accurately reflect the personal views of the analyst(s) covering the subject securities. No part of said person's compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report. In addition, said analyst has not received compensation from any subject company in the last 12 months.

Ratings and Definitions

Raymond James & Associates (U.S.) definitions

Strong Buy (SB1) Expected to appreciate, produce a total return of at least 15%, and outperform the S&P 500 over the next six to 12 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, a total return of at least 15% is expected to be realized over the next 12 months.
Outperform (MO2) Expected to appreciate and outperform the S&P 500 over the next 12-18 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, an Outperform rating is used for securities where we are comfortable with the relative safety of the dividend and expect a total return modestly exceeding the dividend yield over the next 12-18 months.
Market Perform (MP3) Expected to perform generally in line with the S&P 500 over the next 12 months.
Underperform (MU4) Expected to underperform the S&P 500 or its sector over the next six to 12 months and should be sold.

Suspended (S) The rating and price target have been suspended temporarily. This action may be due to market events that made coverage impracticable, or to comply with applicable regulations or firm policies in certain circumstances, including when Raymond James may be providing investment banking services to the company. The previous rating and price target are no longer in effect for this security and should not be relied upon.

Raymond James Ltd. (Canada) definitions

Strong Buy (SB1) The stock is expected to appreciate and produce a total return of at least 15% and outperform the S&P/TSX Composite Index over the next six months.
Outperform (MO2) The stock is expected to appreciate and outperform the S&P/TSX Composite Index over the next twelve months.
Market Perform (MP3) The stock is expected to perform generally in line with the S&P/TSX Composite Index over the next twelve months and is potentially a source of funds for more highly rated securities.
Underperform (MU4) The stock is expected to underperform the S&P/TSX Composite Index or its sector over the next six to twelve months and should be sold.

Raymond James Latin American rating definitions

Strong Buy (SB1) Expected to appreciate and produce a total return of at least 25.0% over the next twelve months.
Outperform (MO2) Expected to appreciate and produce a total return of between 15.0% and 25.0% over the next twelve months.
Market Perform (MP3) Expected to perform in line with the underlying country index.
Underperform (MU4) Expected to underperform the underlying country index.
Suspended (S) The rating and price target have been suspended temporarily. This action may be due to market events that made coverage impracticable, or to comply with applicable regulations or firm policies in certain circumstances, including when Raymond James may be providing investment banking services to the company. The previous rating and price target are no longer in effect for this security and should not be relied upon.

Raymond James Euro Equities, SAS rating definitions

Strong Buy (1) Expected to appreciate, produce a total return of at least 15%, and outperform the Stoxx 600 over the next 6 to 12 months.
Outperform (2) Expected to appreciate and outperform the Stoxx 600 over the next 12 months.
Market Perform (3) Expected to perform generally in line with the Stoxx 600 over the next 12 months.
Underperform (4) Expected to underperform the Stoxx 600 or its sector over the next 6 to 12 months.
Suspended (S) The rating and target price have been suspended temporarily. This action may be due to market events that made coverage impracticable, or to comply with applicable regulations or firm policies in certain circumstances, including when Raymond James may be providing investment banking services to the company. The previous rating and target price are no longer in effect for this security and should not be relied upon.

In transacting in any security, investors should be aware that other securities in the Raymond James research coverage universe might carry a higher or lower rating. Investors should feel free to contact their Financial Advisor to discuss the merits of other available investments.

Rating Distributions

	Coverage Universe Rating Distribution				Investment Banking Distribution			
	RJA	RJL	RJ LatAm	RJEE	RJA	RJL	RJ LatAm	RJEE
Strong Buy and Outperform (Buy)	54%	68%	50%	47%	22%	36%	0%	0%
Market Perform (Hold)	41%	29%	50%	37%	10%	24%	0%	0%
Underperform (Sell)	5%	3%	0%	16%	0%	33%	0%	0%

Suitability Categories (SR)

Total Return (TR) Lower risk equities possessing dividend yields above that of the S&P 500 and greater stability of principal.

Growth (G) Low to average risk equities with sound financials, more consistent earnings growth, at least a small dividend, and the potential for long-term price appreciation.

Aggressive Growth (AG) Medium or higher risk equities of companies in fast growing and competitive industries, with less predictable earnings and acceptable, but possibly more leveraged balance sheets.

High Risk (HR) Companies with less predictable earnings (or losses), rapidly changing market dynamics, financial and competitive issues, higher price volatility (beta), and risk of principal.

Venture Risk (VR) Companies with a short or unprofitable operating history, limited or less predictable revenues, very high risk associated with success, and a substantial risk of principal.

Raymond James Relationship Disclosures

Raymond James expects to receive or intends to seek compensation for investment banking services from the subject companies in the next three months.

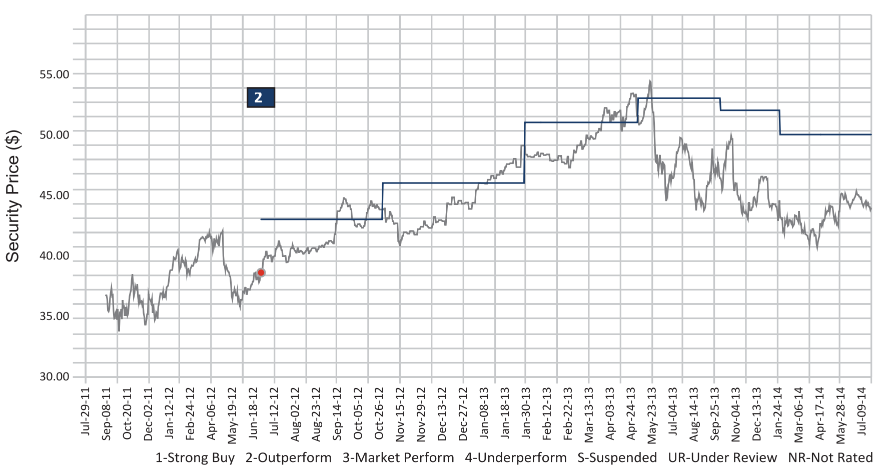
Stock Charts, Target Prices, and Valuation Methodologies

Valuation Methodology: The Raymond James methodology for assigning ratings and target prices includes a number of qualitative and quantitative factors including an assessment of industry size, structure, business trends and overall attractiveness; management effectiveness; competition; visibility; financial condition, and expected total return, among other factors. These factors are subject to change depending on overall economic conditions or industry- or company-specific occurrences. Only stocks rated Strong Buy (SB1) or Outperform (MO2) have target prices and thus valuation methodologies.

Target Prices: The information below indicates our target price and rating changes for PCL stock over the past three years.

Plum Creek Timber Company, Inc. (PCL:NYSE)

Date: July 28 2014



1-Strong Buy 2-Outperform 3-Market Perform 4-Underperform S-Suspended UR-Under Review NR-Not Rated

Price Target Price Rating Change Coverage Suspended Split Adjustment

Rating & Target changes

Date	Curr.	Price	Target	Rating
Jan-29-14	$	43.17	50.00	2
Oct-07-13	$	46.38	52.00	2
May-01-13	$	51.54	53.00	2
Jan-30-13	$	49.09	51.00	2
Oct-30-12	$	43.81	46.00	2
Jun-28-12	$	38.60	43.00	2

Risk Factors

General Risk Factors: Following are some general risk factors that pertain to the projected target prices included on Raymond James research: (1) Industry fundamentals with respect to customer demand or product / service pricing could change and adversely impact expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes toward the sector or this stock; (3) Unforeseen developments with respect to the management, financial condition or accounting policies or practices could alter the prospective valuation; or (4) External factors that affect the U.S. economy, interest rates, the U.S. dollar or major segments of the economy could alter investor confidence and investment prospects. International investments involve additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability.

Specific Investment Risks Related to the Industry or Issuer

REITs Industry Risk Factors

Investment Risks

An investment in any REIT involves certain risks particular to the company and to the real estate industry in general. Prospective investors should carefully consider the appropriateness of the stock and carefully consider the following risk factors and critical variables before making an investment.

Economic Risk

An extended downturn in the national economy could negatively affect consumers' disposable income and spending patterns, job growth, travel expenditures, interest rates, and subsequently, the stock price of REITs in any sector. In addition, fluctuations in certain local or regional markets throughout the country could impact key properties in a REIT's portfolio, which could be located anywhere in the nation geographically. In a depressed economic environment, access to equity capital may also be restricted or costly, to the point of becoming impractical. It is important to note that the performance of the real estate industry in general typically trails that of the national economy.

Interest Rate Risk
The REIT industry has historically been negatively correlated with changes in interest rates. In addition, many REITs are exposed to variable interest rates, which could lead to increased interest expense during times of rising interest rates and could ultimately impair net income. Certain parts of a REIT's business may be dependent upon achieving a spread between its cost of financing and the yield achieved on acquisitions. In an environment with high or rising interest rates, a REIT's ability to attain this spread may be diminished.

Capital Markets Risk
Access to the capital markets is crucial to the growth prospects of any company and REITs are no exception. If the ability to execute deals involving the issuance of debt or equity securities becomes impaired, the end result could be minimal or no growth for the companies. The loss of capital market access could be caused by a level of financial leverage through mortgage financing of properties that is too high, an increased tenant credit risk, or any other factor that might be seen to significantly impede REIT operations.

Regulatory Risk
The real estate industry is subject to extensive and complex regulations. Although most REITs have fairly limited exposure to Medicaid and Medicare reimbursement, a material change in reimbursement rates from Medicaid or Medicare could adversely affect the operators/lessees of healthcare-related REITs and perhaps their ability to pay lease obligations to the REIT. In addition, the industry is subject to the extensive and changing federal, state, and local regulations governing the protection of the environment. There is a risk that unforeseen future regulations may adversely affect a company's development schedule, net income, or competitive position. REITs also enjoy the benefit of tax exemption at the corporate level on certain parts of income; any regulatory change to this status may make REIT shares relatively less attractive and impact demand for shares.

Tenant Concentration
Any REIT may have significant tenant concentration risk, sometimes deriving material amounts of revenue from a particular tenant. Any negative change to a high contributor tenant may negatively affect a REIT's revenue, profits, and subsequently, the stock price.

Additional Risk and Disclosure information, as well as more information on the Raymond James rating system and suitability categories, is available at rjcapitalmarkets.com/Disclosures/index. Copies of research or Raymond James' summary policies relating to research analyst independence can be obtained by contacting any Raymond James & Associates or Raymond James Financial Services office (please see raymondjames.com for office locations) or by calling 727-567-1000, toll free 800-237-5643 or sending a written request to the Equity Research Library, Raymond James & Associates, Inc., Tower 3, 6th Floor, 880 Carillon Parkway, St. Petersburg, FL 33716.

For clients in the United Kingdom:

For clients of Raymond James & Associates (London Branch) and Raymond James Financial International Limited (RJFI): This document and any investment to which this document relates is intended for the sole use of the persons to whom it is addressed, being persons who are Eligible Counterparties or Professional Clients as described in the FCA rules or persons described in Articles 19(5) (Investment professionals) or 49(2) (High net worth companies, unincorporated associations etc) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) or any other person to whom this promotion may lawfully be directed. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons and may not be relied upon by such persons and is therefore not intended for private individuals or those who would be classified as Retail Clients.

For clients of Raymond James Investment Services, Ltd.: This report is for the use of professional investment advisers and managers and is not intended for use by clients.

For purposes of the Financial Conduct Authority requirements, this research report is classified as independent with respect to conflict of interest management. RJA, RJFI, and Raymond James Investment Services, Ltd. are authorised and regulated by the Financial Conduct Authority in the United Kingdom.

For clients in France:

This document and any investment to which this document relates is intended for the sole use of the persons to whom it is addressed, being persons who are Eligible Counterparties or Professional Clients as described in "Code Monétaire et Financier" and Règlement Général de l'Autorité des Marchés Financiers. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons and may not be relied upon by such persons and is therefore not intended for private individuals or those who would be classified as Retail Clients.

For institutional clients in the European Economic Area (EEA) outside of the United Kingdom:

This document (and any attachments or exhibits hereto) is intended only for EEA institutional clients or others to whom it may lawfully be submitted.

Raymond James International and Raymond James Euro Equities are authorized by the Autorité de contrôle prudentiel et de résolution in France and regulated by the Autorité de contrôle prudentiel et de résolution and the Autorité des Marchés Financiers.

For Canadian clients:

This report is not prepared subject to Canadian disclosure requirements, unless a Canadian analyst has contributed to the content of the report. In the case where there is Canadian analyst contribution, the report meets all applicable IIROC disclosure requirements.

Proprietary Rights Notice: By accepting a copy of this report, you acknowledge and agree as follows:

This report is provided to clients of Raymond James only for your personal, noncommercial use. Except as expressly authorized by Raymond James, you may not copy, reproduce, transmit, sell, display, distribute, publish, broadcast, circulate, modify, disseminate or commercially exploit the information contained in this report, in printed, electronic or any other form, in any manner, without the prior express written consent of Raymond James. You also agree not to use the information provided in this report for any unlawful purpose.

This report and its contents are the property of Raymond James and are protected by applicable copyright, trade secret or other intellectual property laws (of the United States and other countries). United States law, 17 U.S.C. Sec.501 et seq, provides for civil and criminal penalties for copyright infringement.