Investment in Lake States Timberland

June 24, 2008
It Starts with the Land – 8.0 million acres – and a Comprehensive View of Value

- Timber
- Land & Real Estate
- Natural Resources
- Manufacturing
Plum Creek Nationally

- Founded in 1945
- Based in Seattle, Wash.
- One of the nation’s largest private landowners
- Approximately 8 million acres in 18 states
- Plant approximately 85 million trees yearly
- Employ more than 2,100 people
### Unmatched Scope and Scale in the Region

<table>
<thead>
<tr>
<th></th>
<th>Company</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Plum Creek</td>
<td>1,035,000</td>
</tr>
<tr>
<td>2</td>
<td>Forestland Group</td>
<td>658,000</td>
</tr>
<tr>
<td>3</td>
<td>GMO</td>
<td>440,000</td>
</tr>
<tr>
<td>4</td>
<td>Keweenaw Land Association</td>
<td>155,000</td>
</tr>
<tr>
<td>5</td>
<td>Wausau-Mosinee</td>
<td>120,000</td>
</tr>
<tr>
<td>6</td>
<td>Longyear</td>
<td>110,000</td>
</tr>
<tr>
<td>7</td>
<td>Potlatch</td>
<td>72,000</td>
</tr>
<tr>
<td>8</td>
<td>Forest Investment Associates</td>
<td>60,000</td>
</tr>
<tr>
<td>9</td>
<td>Tigerton/Ort</td>
<td>50,000</td>
</tr>
<tr>
<td>10</td>
<td>Connor Family</td>
<td>31,000</td>
</tr>
</tbody>
</table>

- Excellent market knowledge
- Reliable, consistent supplier
- Flexibility to respond to local market conditions
- Choice for independent contractors
Introduction

► Our Lake States history
  ▶ Entered Wisconsin in 2001 when we merged with The Timber Company
  ▶ Purchased Stora Enso land in 2002
  ▶ Entered Michigan in 2005 when Plum Creek acquired Escanaba Timber

► Lake States Resources team
  ▶ Lynn Wilson, General Manager – Lake States Region
  ▶ Scott Henker, Senior Resource Manager
  ▶ Pete Coutu, Marketing Manager
  ▶ Our foresters

► Build community relationships

► A positive partnership in the Lake States
Plum Creek in Michigan

- **Michigan presence**
  - More than 640,000 acres of forestland
  - Land in 13 counties throughout U.P.
  - More than 97 percent of our land is enrolled in CFA

- **Directly employ 23 people in Michigan**

- **Partner with more than 60 customers and more than 50 contractors – 24 customers shared with WI**
Plum Creek Land in Michigan

- Plum Creek Property
- Plum Creek Offices
- National Forests
Plum Creek in Wisconsin

▶ Wisconsin presence
  ▶ About 360,000 acres of forestland
  ▶ Land in 26 counties throughout the state
  ▶ Approximately 98 percent of our land is open to the public

▶ Directly employ 24 people in Wisconsin

▶ Partner with more than 60 customers and 130 local contractors
Commitment to the Environment

► Planted more than 3.6 million trees in 2007

► Practice sustainable forestry

► Voluntarily have all timberlands independently certified under the Sustainable Forestry Initiative Standard®
  ▶ First company in nation to do so
  ▶ Lake States Region of WI and MI was just recertified in 2007

► Actions underscore our commitment
Commitment to the Environment

> **Conservation Efforts in Wisconsin & Michigan**
  - Wolf River Conservation Easement
  - Chequamegon-Nicolet National Forest
  - DRIP – Deer Range Improvement
  - Bayfield Coastal/Sugarbush
  - Crex Meadows
  - Kirtland’s Warbler discovery,
  - Karner Blue Butterfly HCP

> **Conservation Efforts in the U.S.**
  - Partner with the Nature Conservancy, the Trust for Public Land and other state, federal and nonprofit organizations
    - Conserved more than a half million acres
    - Nearly 150 conservation efforts in 12 states
    - 10 miles of Blackfoot River frontage (both sides) plus 80,000 acres to TNC in Montana
  - Nearly 2.7 million acres of company lands are involved in wildlife protection agreements throughout the country
  - Pending “Crown of the Continent” 320,000 acre project with TNC
Commitment to the Environment

► Provide access - 98 percent of Plum Creek’s land in Wisconsin is enrolled in MFL and 97 percent enrolled in CFA
  ▶ Hunting
  ▶ Fishing
  ▶ Snowmobiling
  ▶ Hiking
  ▶ Bird watching
  ▶ More

► Protect the environment
  ▶ Limited ATV access to protect water quality
  ▶ Manage motor vehicle access to land to ensure safety and protect roadways from damage
Commitment to the Community

► Plum Creek Foundation
  ▶ More than $160,000 in 2007 to 47 WI and MI community groups
  ▶ Grants awarded quarterly
  ▶ Plum Creek grant applications at www.plumcreek.com

► Scholarships
  ▶ Nearly $40,000 in student scholarships awarded in 2008 in WI

► Internship program
Land Asset Management

- A disciplined process to continuously evaluate the best use of every acre

- Take a comprehensive look at maximizing the value of our land and timber assets

- Sell land for conservation, recreational use, home sites or other projects when appropriate
Evaluation of Entire Land Portfolio Drives Strategic Execution

<table>
<thead>
<tr>
<th>Category</th>
<th>Acres</th>
<th>Action</th>
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<tbody>
<tr>
<td>DEVELOPMENT</td>
<td>200,000</td>
<td>Entitle and Sell</td>
</tr>
<tr>
<td>RURAL LAND</td>
<td>1.8 mil</td>
<td>Sell</td>
</tr>
<tr>
<td>HBU</td>
<td>1 mil</td>
<td>Sell</td>
</tr>
<tr>
<td>NON-STRATEGIC</td>
<td>300,000</td>
<td>Sell or Easement</td>
</tr>
<tr>
<td>CONSERVATION</td>
<td>500,000</td>
<td>Manage</td>
</tr>
<tr>
<td>CORE*</td>
<td>6 mil</td>
<td></td>
</tr>
</tbody>
</table>

* Identified approximately 950,000 acres of core timberlands that have values greater than timberland
What We Are Doing

- Remaining flexible in our harvest plans
- Pursuing operational improvements to expand timber cash flow
- Developing wood-based renewable energy markets
- Adjusting rural land offerings to match market evolution
- Maintaining financial flexibility
- Seeking to capture attractive value for 450,000 acres of Southern timberlands
Strategic Initiatives

- Logistics and transportation
  - Woodflow Optimization Model
  - Backhaul Expansion
  - Concentration and reload yards

- Marketing
  - Merchandising yards
  - Product expansion

- Biomass
  - Co-generation
  - Cellulosic ethanol
  - Fiber farming

- Strategic Communications & Governmental Affairs
Strong Cash Flow and Appreciating Assets Lead to Attractive Total Shareholder Returns

Current Cash Returns

Growing Timber Inventory

Growing Land Value

Annualized Total Shareholder Returns

<table>
<thead>
<tr>
<th></th>
<th>Plum Creek</th>
<th>S&amp;P 500</th>
<th>MSCI REIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Yr</td>
<td>7.3%</td>
<td>-5.0%</td>
<td>-17.8%</td>
</tr>
<tr>
<td>3 Yr</td>
<td>8.9%</td>
<td>5.8%</td>
<td>11.8%</td>
</tr>
<tr>
<td>5 Yr</td>
<td>18.5%</td>
<td>11.3%</td>
<td>18.1%</td>
</tr>
<tr>
<td>10 Yr</td>
<td>8.7%</td>
<td>3.5%</td>
<td>10.7%</td>
</tr>
<tr>
<td>15 Yr</td>
<td>13.8%</td>
<td>9.4%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Source: Bloomberg as of 3/31/2008
Conclusion

► Important part of the Lake State’s economy

► Committed to sustainable forestry and operating responsibly

► Connected to the community

► Respect special way of life in northern Wisconsin and the U.P. Michigan

► Thank you
Appendix
Why Wood Based Bio-energy?

- Energy independence

- Non-food, renewable raw material

- Wood fiber available and affordable

- For ethanol production: environmentally superior compared to corn or sugarcane
  - Superior energy balance
  - Superior carbon balance
  - No land-use conversion required
Bioenergy Market Development

➤ State or National Renewable Power mandates will create power generation opportunities in many Plum Creek states

➤ US law mandates expanding ethanol production to 36 billion gallons/year from current 7 billion
  ➤ Cellulosic ethanol to fill 16 of the 36 billion gallon ethanol target
  ➤ Will need to sustainably source 1 billion tons of biomass feedstock annually

➤ Plum Creek well positioned
  ➤ Team in place
  ➤ Rapid growth, currently at $3 million/year pace
  ➤ Opportunity to increase the value on 10+ million tons of wood fiber