

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

	<u>Quarter Ended</u>	
	September 30, <u>2002</u>	September 29, <u>2001</u>
	(In Millions, Except Per Share)	
Revenues:		
Timber	\$ 170	\$ 119
Real Estate	38	19
Manufacturing	101	-
Other	1	3
Total Revenues	<u>310</u>	<u>141</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	87	41
Real Estate	11	2
Manufacturing	95	-
Other	1	1
Total Cost of Goods Sold	<u>194</u>	<u>44</u>
Selling, General and Administrative	19	10
Total Costs and Expenses	<u>213</u>	<u>54</u>
Operating Income	97	87
Interest Expense, net	<u>25</u>	<u>9</u>
Income before Income Taxes	72	78
Provision for Income Taxes	<u>2</u>	<u>30</u>
Net Income	<u>\$ 70</u>	<u>\$ 48</u>
Net Income per Share - Basic	<u>\$ 0.38</u>	<u>\$ 0.43</u>
Net Income per Share - Diluted	<u>\$ 0.38</u>	<u>\$ 0.42</u>
Weighted average number of Shares outstanding - Basic	<u>184.8</u>	<u>112.7</u>
Weighted average number of Shares outstanding - Diluted	<u>185.5</u>	<u>113.9</u>

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

Nine Months Ended
September 30, September 29,
2002 2001

(In Millions, Except Per Share)

Revenues:		
Timber	\$ 481	\$ 297
Real Estate	79	53
Manufacturing	291	-
Other	5	8
Total Revenues	<u> 856</u>	<u> 358</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	232	111
Real Estate	29	8
Manufacturing	278	-
Other	1	1
Total Cost of Goods Sold	<u> 540</u>	<u> 120</u>
Selling, General and Administrative	53	28
Total Costs and Expenses	<u> 593</u>	<u> 148</u>
Operating Income	263	210
Interest Expense, net	<u> 77</u>	<u> 30</u>
Income before Income Taxes	186	180
Provision for Income Taxes	<u> 7</u>	<u> 68</u>
Net Income	<u>\$ 179</u>	<u>\$ 112</u>
Net Income per Share - Basic	<u>\$ 0.97</u>	<u>\$ 1.00</u>
Net Income per Share - Diluted	<u>\$ 0.97</u>	<u>\$ 0.98</u>
Weighted average number of Shares outstanding - Basic	<u> 184.7</u>	<u> 112.7</u>
Weighted average number of Shares outstanding - Diluted	<u> 185.4</u>	<u> 113.9</u>

PLUM CREEK TIMBER COMPANY, INC.
CONSOLIDATED BALANCE SHEET

	September 30, <u>2002</u> (Unaudited)	December 31, <u>2001</u>
(In Millions, Except Share Data)		
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 270	\$ 193
Restricted Advance from Customer	23	-
Accounts Receivable	50	35
Inventories	52	52
Investment in Grantor Trust	10	12
Other Current Assets	14	14
	419	306
Timber and Timberlands - Net	3,477	3,480
Property, Plant and Equipment - Net	307	316
Other Assets	5	20
Total Assets	\$ 4,208	\$ 4,122
LIABILITIES		
Current Liabilities:		
Current Portion of Long-Term Debt	\$ 34	\$ 34
Accounts Payable	25	27
Interest Payable	35	21
Wages Payable	19	21
Taxes Payable	15	9
Deferred Revenue	41	14
Liabilities Associated with Grantor Trust	10	11
Other Current Liabilities	16	12
	195	149
Long-Term Debt	1,171	1,178
Line of Credit	527	469
Deferred Tax Liability	42	38
Long-Term Timberland Obligations	19	20
Other Liabilities	21	21
Total Liabilities	1,975	1,875
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Preferred Stock, \$0.01 par value, authorized shares - 75 million, outstanding - none	-	-
Common Stock, \$0.01 par value, authorized shares - 300 million, outstanding - 184,859,619 at September 30, 2002 and 183,825,407 at December 31, 2001	2	2
Additional Paid-In Capital	2,197	2,227
Retained Earnings	34	17
Other Equity	-	1
Total Stockholders' Equity	2,233	2,247
Total Liabilities and Stockholders' Equity	\$ 4,208	\$ 4,122

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

	<u>Quarter Ended</u>	
	September 30, <u>2002</u>	September 29, <u>2001</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 70	\$ 48
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	28	12
Basis of Real Estate Sold	8	2
Deferred Income Taxes	2	7
Working Capital Changes	19	10
Other	4	17
Net Cash Provided By Operating Activities	<u>131</u>	<u>96</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Tax-Free Exchanges)	(35)	(30)
Timberlands Acquired with Tax-Free Exchange Proceeds, Net	(7)	22
Net Cash Used In Investing Activities	<u>(42)</u>	<u>(8)</u>
Cash Flows From Financing Activities:		
Dividends	(106)	-
Net Cash Returned to Georgia-Pacific Corporation	-	(94)
Borrowings of Long-Term Debt	25	8
Retirement of Long-term Debt	(2)	-
Borrowings on Line of Credit	486	-
Repayments on Line of Credit	(463)	-
Proceeds from Stock Option Exercises	1	-
Other	-	(2)
Net Cash Used In Financing Activities	<u>(59)</u>	<u>(88)</u>
Increase In Cash and Cash Equivalents	30	-
Cash and Cash Equivalents:		
Beginning of Period	<u>240</u>	<u>-</u>
End of Period	<u>\$ 270</u>	<u>\$ -</u>

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

Nine Months Ended
September 30, September 29,
2002 2001

(In Millions)

Cash Flows From Operating Activities:		
Net Income	\$ 179	\$ 112
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	78	29
Basis of Real Estate Sold	24	8
Deferred Income Taxes	6	21
Working Capital Changes	13	-
Other	6	17
Net Cash Provided By Operating Activities	<u>306</u>	<u>187</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Tax-Free Exchanges)	(73)	(61)
Timberlands Acquired with Tax-Free Exchange Proceeds, Net	(13)	17
Net Cash Used In Investing Activities	<u>(86)</u>	<u>(44)</u>
Cash Flows From Financing Activities:		
Dividends	(211)	-
Net Cash Returned to Georgia-Pacific Corporation	-	(115)
Borrowings of Long-Term Debt	25	8
Retirement of Long-term Debt	(32)	(34)
Borrowings on Line of Credit	1,126	-
Repayments on Line of Credit	(1,068)	-
Proceeds from Stock Option Exercises	17	-
Other	-	(2)
Net Cash Used In Financing Activities	<u>(143)</u>	<u>(143)</u>
Increase In Cash and Cash Equivalents	77	-
Cash and Cash Equivalents:		
Beginning of Period	<u>193</u>	<u>-</u>
End of Period	<u>\$ 270</u>	<u>\$ -</u>

Plum Creek Timber Company, Inc.
Segment Data
(Unaudited)

(In Millions)	<u>Third Quarter 2002</u>	<u>Third Quarter 2001</u>
Revenues:		
Northern Resources	\$ 92	\$ 18
Southern Resources	110	101
Real Estate	38	19
Manufacturing	101	-
Other	1	3
Eliminations.....	<u>(32)</u>	<u>-</u>
Total Revenues	<u>\$ 310</u>	<u>\$ 141</u>
Operating Costs and Expenses:		
Northern Resources	\$ 69	\$ 15
Southern Resources	53	32
Real Estate	11	2
Manufacturing	98	-
Other	-	1
Other Costs and Eliminations.....	<u>(18)</u>	<u>4</u>
Total Costs and Expenses.....	<u>\$ 213</u>	<u>\$ 54</u>
Operating Income (Expenses):		
Northern Resources	\$ 23	\$ 3
Southern Resources	57	69
Real Estate	27	17
Manufacturing	3	-
Other	1	2
Other Costs and Eliminations.....	<u>(14)</u>	<u>(4)</u>
Combined Segment Operating Income.....	<u>\$ 97</u>	<u>\$ 87</u>

Plum Creek Timber Company, Inc.
Segment Data
(Unaudited)

(In Millions)	Nine Months <u>2002</u>	Nine Months <u>2001</u>
Revenues:		
Northern Resources	\$ 227	\$ 53
Southern Resources	321	244
Real Estate	79	53
Manufacturing	291	-
Other	5	8
Eliminations.....	<u>(67)</u>	<u>-</u>
Total Revenues	<u>\$ 856</u>	<u>\$ 358</u>
Operating Costs and Expenses:		
Northern Resources	\$ 173	\$ 42
Southern Resources	145	86
Real Estate	29	9
Manufacturing	285	-
Other	1	1
Other Costs and Eliminations.....	<u>(40)</u>	<u>10</u>
Total Costs and Expenses.....	<u>\$ 593</u>	<u>\$ 148</u>
Operating Income (Expenses):		
Northern Resources	\$ 54	\$ 11
Southern Resources	176	158
Real Estate	50	44
Manufacturing	6	-
Other	4	7
Other Costs and Eliminations.....	<u>(27)</u>	<u>(10)</u>
Combined Segment Operating Income.....	<u>\$ 263</u>	<u>\$ 210</u>

Plum Creek Timber Company, Inc.
Selected Operating Statistics
(Unaudited)

		1st Qtr 2002	2nd Qtr 2002	3rd Qtr 2002	YTD 2002	1st Qtr 2001	2nd Qtr 2001	Proforma 3rd Qtr 2001	4th Qtr 2001	YTD (2) 2001
Sales Realization										
	Units									
Southern Resources										
Sawlog	\$/Ton Stumpage	\$37	\$39	\$39	\$38	\$41	\$38	\$38	\$35	\$38
Pulpwood	\$/Ton Stumpage	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8
Northern Resources										
Sawlog	\$/Ton Delivered	\$63	\$67	\$70	\$67	\$69	\$69	\$67	\$63	\$67
Pulpwood	\$/Ton Delivered	\$26	\$27	\$28	\$27	\$31	\$31	\$27	\$26	\$29
Lumber (1)	\$/MBF	\$430	\$422	\$416	\$423	\$385	\$410	\$412	\$416	\$406
Plywood (1)	\$/MSF	\$311	\$316	\$313	\$313	\$302	\$306	\$316	\$317	\$310
Fiberboard (1)	\$/MSF	\$308	\$318	\$338	\$322	\$326	\$346	\$337	\$317	\$331
Sales Volume										
Southern Resources										
Sawlog	1,000 Tons	1,715	1,819	1,705	5,239	1,354	1,452	1,871	1,729	6,406
Pulpwood	1,000 Tons	1,498	1,714	1,830	5,042	1,398	1,528	1,961	1,730	6,617
Total Harvest		3,213	3,533	3,535	10,281	2,752	2,980	3,832	3,459	13,023
Northern Resources										
Sawlog	1,000 Tons	1,072	738	1,140	2,950	893	726	1,132	1,150	3,901
Pulpwood	1,000 Tons	377	268	373	1,018	420	261	403	357	1,441
Total Harvest		1,449	1,006	1,513	3,968	1,313	987	1,535	1,507	5,342
Lumber	MBF	101,162	101,482	103,600	306,244	90,708	103,893	97,932	96,804	389,337
Plywood	MSF	74,292	73,841	75,657	223,790	70,435	71,167	72,183	64,231	278,016
Fiberboard	MSF	38,119	46,445	50,332	134,896	33,234	32,908	30,980	33,770	130,892
Real Estate Revenue	\$ Millions	\$23	\$18	\$38	\$79	\$34	\$54	\$32	\$27	\$147

(1) Represents prices at mill level.

(2) Pro Forma statistics for 2001 have been adjusted to reflect actual harvests under the G-P fiber supply agreement which is consistent with our income recognition for these contracts. As a timber REIT, Plum Creek recognizes income when the timber is harvested rather than when the timber is placed under contract.

Plum Creek Timber Company, Inc.
Pro Forma Segment Reconciliation
(Unaudited)

(In Millions)	GAAP Fourth Quarter 2001	Pro Forma Adjustments	Pro Forma Fourth Quarter 2001	Nine Months Ended Sept. 30, 2002	Pro Forma Twelve Months Ended Sept. 30, 2002
Operating Income (Expenses):					
Northern Resources	\$ 19		\$ 19	\$ 54	\$ 73
Southern Resources	29	17 (A)	46	176	222
Real Estate	15		15	50	65
Manufacturing	1		1	6	7
Other	1		1	4	5
Other Costs and Eliminations.....	(25)	16 (B)	(9)	(27)	(36)
Combined Segment Operating Income.....	<u>\$ 40</u>		<u>\$ 73</u>	<u>\$ 263</u>	<u>\$ 336</u>
Interest Expense, Net	<u>24</u>		<u>24</u>	<u>77</u>	<u>101</u>
Income before Income Taxes	16		49	186	235
(Provision) Benefit for Income Taxes	<u>210</u>	(216) (C)	<u>(6)</u>	<u>(7)</u>	<u>(13)</u>
Net Income.....	<u>\$ 226</u>		<u>\$ 43</u>	<u>\$ 179</u>	<u>\$ 222</u>
Net Income per Share - Basic.....	\$ 1.26		\$ 0.24	\$ 0.97	\$ 1.20
Net Income per Share - Diluted	\$ 1.25		\$ 0.24	\$ 0.97	\$ 1.20
Weighted average number of Shares outstanding - Basic	179.3	3.7 (D)	183.0	184.7	184.3
Weighted average number of Shares outstanding - Diluted	180.6	3.7 (D)	184.3	185.4	185.1
Shares outstanding as of 12/31/2001	183.8		183.8		

(A) \$16 million (\$17 million revenue) from 4th Qtr. 2001 harvest on former Timber Company (TTC) lands that was reported under GAAP in previous periods of 2001; and \$1 million of TTC employee costs

(B) \$8 million of TTC employee costs, primarily severance and \$8 million of excess profit in inventory elimination, a non-cash charge created by the merger transaction

(C) \$216 million tax adjustment, one time elimination of TTC deferred taxes as a result of converting from a C-corp to a REIT

(D) Represents the weighted average shares outstanding assuming combined operations for the full quarter.

Plum Creek Timber Company, Inc.
Segment Data
(Unaudited)

(In Millions)	Pro-forma Fourth Quarter 2001	Nine Months Ended Sept. 30, 2002	Pro-Forma Twelve Months Ended Sept. 30, 2002
Operating Income (Expenses):			
Northern Resources	\$ 19	\$ 54	\$ 73
Southern Resources	46	176	222
Real Estate	15	50	65
Manufacturing	1	6	7
Other	1	4	5
Other Costs and Eliminations.....	(9)	(27)	(36)
Combined Segment Operating Income.....	<u>\$ 73</u>	<u>\$ 263</u>	<u>\$ 336</u>
DD&A and Basis of Real Estate Sold			
Northern Resources	\$ 10	\$ 25	\$ 35
Southern Resources	12	36	48
Real Estate	10	24	34
Manufacturing	4	17	21
Other	0	0	0
Other Costs and Eliminations.....	0	0	0
Combined DD&A.....	<u>\$ 36</u>	<u>\$ 102</u>	<u>\$ 138</u>
EBITDA			
Northern Resources	\$ 29	\$ 79	\$ 108
Southern Resources	58	212	270
Real Estate	25	74	99
Manufacturing	5	23	28
Other	1	4	5
Other Costs and Eliminations.....	(9)	(27)	(36)
Combined EBITDA.....	<u>\$ 109</u>	<u>\$ 365</u>	<u>\$ 474</u>

Proforma EBITDA for the twelve months ended September 30, 2002 is calculated as the sum of Proforma Operating Income and Depreciation, Depletion, Amortization and Basis of Real Estate Sold.