

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

	<u>Quarter Ended</u>	
	December 31, <u>2002</u>	December 31, <u>2001</u>
	(In Millions, Except Per Share)	
Revenues:		
Timber	\$ 168	\$ 126
Real Estate	19	27
Manufacturing	90	86
Other	4	1
Total Revenues	<u>281</u>	<u>240</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	86	77
Real Estate	5	12
Manufacturing	92	83
Other	1	-
Total Cost of Goods Sold	<u>184</u>	<u>172</u>
Selling, General and Administrative	22	28
Total Costs and Expenses	<u>206</u>	<u>200</u>
Operating Income	75	40
Interest Expense, net	<u>26</u>	<u>24</u>
Income before Income Taxes	49	16
Benefit for Income Taxes	<u>5</u>	<u>210</u>
Net Income	<u>\$ 54</u>	<u>\$ 226</u>
Net Income per Share - Basic	<u>\$ 0.29</u>	<u>\$ 1.26</u>
Net Income per Share - Diluted	<u>\$ 0.29</u>	<u>\$ 1.25</u>
Weighted average number of Shares outstanding - Basic	<u>184.8</u>	<u>179.3</u>
Weighted average number of Shares outstanding - Diluted	<u>185.3</u>	<u>180.6</u>

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

	<u>Year Ended</u>	
	December 31, <u>2002</u>	December 31, <u>2001</u>
	(In Millions, Except Per Share)	
Revenues:		
Timber	\$ 649	\$ 423
Real Estate	98	80
Manufacturing	381	86
Other	<u>9</u>	<u>9</u>
Total Revenues	1,137	598
Costs and Expenses:		
Cost of Goods Sold:		
Timber	318	188
Real Estate	34	20
Manufacturing	370	83
Other	<u>2</u>	<u>1</u>
Total Cost of Goods Sold	724	292
Selling, General and Administrative	<u>75</u>	<u>56</u>
Total Costs and Expenses	<u>799</u>	<u>348</u>
Operating Income	338	250
Interest Expense, net	<u>103</u>	<u>54</u>
Income before Income Taxes	235	196
(Provision) Benefit for Income Taxes	<u>(2)</u>	<u>142</u>
Net Income	<u>\$ 233</u>	<u>\$ 338</u>
Net Income per Share - Basic	<u>\$ 1.26</u>	<u>\$ 2.61</u>
Net Income per Share - Diluted	<u>\$ 1.26</u>	<u>\$ 2.58</u>
Weighted average number of Shares outstanding - Basic	<u>184.7</u>	<u>129.5</u>
Weighted average number of Shares outstanding - Diluted	<u>185.4</u>	<u>130.7</u>

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

December 31,
2002 December 31,
2001

(In Millions, Except Share Data)

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	246	\$	193
Restricted Advance from Customer		4		-
Accounts Receivable		33		31
Inventories		58		56
Investment in Grantor Trust		10		12
Deferred Tax Asset		11		2
Other Current Assets		16		12
		378		306

Timber and Timberlands - Net		3,599		3,480
Property, Plant and Equipment - Net		307		316
Other Assets		5		20
Total Assets	\$	4,289	\$	4,122

LIABILITIES

Current Liabilities:

Current Portion of Long-Term Debt	\$	33	\$	34
Accounts Payable		25		27
Interest Payable		21		21
Wages Payable		23		21
Taxes Payable		11		9
Deferred Revenue		18		14
Liabilities Associated with Grantor Trust		10		11
Other Current Liabilities		14		12
		155		149

Long-Term Debt		1,170		1,178
Line of Credit		669		469
Deferred Tax Liability		44		38
Other Liabilities		29		41
Total Liabilities		2,067		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 - 184,861,615 at December 31, 2002 and 183,825,407 at December 31, 2001		2		2
Additional Paid-In Capital		2,197		2,227
Retained Earnings		23		17
Other Equity		-		1
Total Stockholders' Equity		2,222		2,247
Total Liabilities and Stockholders' Equity	\$	4,289	\$	4,122

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

	<u>Quarter Ended</u>	
	December 31, <u>2002</u>	December 31, <u>2001</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 54	\$ 226
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	27	26
Basis of Real Estate Sold	4	10
Deferred Income Taxes	(5)	(219)
Working Capital Changes, net of effect of business acquisition	(16)	(4)
Other	(2)	(3)
Net Cash Provided By Operating Activities	<u>62</u>	<u>36</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Tax-Free Exchanges)	(158)	(29)
Timberlands Acquired with Tax-Free Exchange Proceeds, Net	(5)	-
Merger Costs	-	(15)
Cash Received in Conjunction with Acquisition	-	159
Net Cash Provided By (Used In) Investing Activities	<u>(163)</u>	<u>115</u>
Cash Flows From Financing Activities:		
Dividends	(64)	(209)
Borrowings of Long-term Debt	-	528
Retirement of Long-term Debt	(2)	(642)
Borrowings on Line of Credit	582	499
Repayments on Line of Credit	(440)	(153)
Proceeds from Stock Option Exercises	1	32
Other	-	(13)
Net Cash Provided In Financing Activities	<u>77</u>	<u>42</u>
Increase (Decrease) In Cash and Cash Equivalents	(24)	193
Cash and Cash Equivalents:		
Beginning of Period	<u>270</u>	<u>-</u>
End of Period	<u>\$ 246</u>	<u>\$ 193</u>

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

	<u>Year Ended</u>	
	December 31, <u>2002</u>	December 31, <u>2001</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 233	\$ 338
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	105	55
Basis of Real Estate Sold	28	18
Deferred Income Taxes	1	(198)
Working Capital Changes, net of effect of business acquisition	(3)	(4)
Monetization of Note Receivable	-	-
Other	4	14
Net Cash Provided By Operating Activities	368	223
Cash Flows From Investing Activities:		
Property Additions (Excluding Tax-Free Exchanges)	(231)	(76)
Timberlands Acquired with Tax-Free Exchange Proceeds, Net	(18)	17
Merger Costs	-	(29)
Cash Received in Conjunction with Acquisition	-	159
Net Cash Provided By (Used In) Investing Activities	(249)	71
Cash Flows From Financing Activities:		
Dividends	(275)	(209)
Net Cash Returned to Georgia-Pacific Corporation	-	(115)
Borrowings of Long-term Debt	25	536
Retirement of Long-term Debt	(34)	(676)
Borrowings on Line of Credit	1,708	499
Repayments on Line of Credit	(1,508)	(153)
Proceeds from Stock Option Exercises	18	32
Other	-	(15)
Net Cash Used In Financing Activities	(66)	(101)
Increase In Cash and Cash Equivalents	53	193
Cash and Cash Equivalents:		
Beginning of Period	193	-
End of Period	\$ 246	\$ 193

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

(In Millions)	Fourth Quarter <u>2002</u>	Fourth Quarter <u>2001</u>
Revenues:		
Northern Resources	\$ 93	\$ 83
Southern Resources	102	75
Real Estate	19	27
Manufacturing	90	86
Other	4	1
Eliminations.....	<u>(27)</u>	<u>(32)</u>
Total Revenues	<u>\$ 281</u>	<u>\$ 240</u>
Operating Costs and Expenses:		
Northern Resources	\$ 67	\$ 64
Southern Resources	51	46
Real Estate	5	12
Manufacturing	95	85
Other	1	-
Other Costs and Eliminations.....	<u>(13)</u>	<u>(7)</u>
Total Costs and Expenses.....	<u>\$ 206</u>	<u>\$ 200</u>
Operating Income (Expenses):		
Northern Resources	\$ 26	\$ 19
Southern Resources	51	29
Real Estate	14	15
Manufacturing	(5)	1
Other	3	1
Other Costs and Eliminations.....	<u>(14)</u>	<u>(25)</u>
Segment Operating Income.....	<u>\$ 75</u>	<u>\$ 40</u>

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

(In Millions)	Twelve Months <u>2002</u>	Twelve Months <u>2001</u>
Revenues:		
Northern Resources	\$ 320	\$ 136
Southern Resources	423	319
Real Estate	98	80
Manufacturing	381	86
Other	9	9
Eliminations.....	<u>(94)</u>	<u>(32)</u>
Total Revenues	<u>\$ 1,137</u>	<u>\$ 598</u>
Operating Costs and Expenses:		
Northern Resources	\$ 240	\$ 106
Southern Resources	196	132
Real Estate	34	21
Manufacturing	380	85
Other	2	1
Other Costs and Eliminations.....	<u>(53)</u>	<u>3</u>
Total Costs and Expenses.....	<u>\$ 799</u>	<u>\$ 348</u>
Operating Income (Expenses):		
Northern Resources	\$ 80	\$ 30
Southern Resources	227	187
Real Estate	64	59
Manufacturing	1	1
Other	7	8
Other Costs and Eliminations.....	<u>(41)</u>	<u>(35)</u>
Segment Operating Income.....	<u>\$ 338</u>	<u>\$ 250</u>

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

		1st Qtr 2002	2nd Qtr 2002	3rd Qtr 2002	4th Qtr 2002	YTD 2002	Proforma				
							1st Qtr 2001	2nd Qtr 2001	3rd Qtr 2001	4th Qtr 2001	YTD (2) 2001
Sales Realization											
	Units										
Southern Resources											
Sawlog	\$/Ton Stumpage	\$37	\$39	\$39	\$35	\$38	\$41	\$38	\$38	\$35	\$38
Pulpwood	\$/Ton Stumpage	\$8	\$8	\$8	\$7	\$8	\$8	\$8	\$8	\$8	\$8
Northern Resources											
Sawlog	\$/Ton Delivered	\$63	\$67	\$70	\$69	\$67	\$69	\$69	\$67	\$63	\$67
Pulpwood	\$/Ton Delivered	\$26	\$27	\$28	\$28	\$27	\$31	\$31	\$27	\$26	\$29
Lumber (1)	\$/MBF	\$430	\$422	\$416	\$373	\$410	\$385	\$410	\$412	\$416	\$406
Plywood (1)	\$/MSF	\$311	\$316	\$313	\$311	\$313	\$302	\$306	\$316	\$317	\$310
Fiberboard (1)	\$/MSF	\$308	\$318	\$338	\$334	\$325	\$326	\$346	\$337	\$317	\$331
Sales Volume											
Southern Resources											
Sawlog	1,000 Tons	1,715	1,819	1,705	1,641	6,880	1,354	1,452	1,871	1,729	6,406
Pulpwood	1,000 Tons	1,498	1,714	1,830	1,872	6,914	1,398	1,528	1,961	1,730	6,617
Total Harvest		3,213	3,533	3,535	3,513	13,794	2,752	2,980	3,832	3,459	13,023
Northern Resources											
Sawlog	1,000 Tons	1,072	738	1,140	1,180	4,130	893	726	1,132	1,150	3,901
Pulpwood	1,000 Tons	377	268	373	389	1,407	420	261	403	357	1,441
Total Harvest		1,449	1,006	1,513	1,569	5,537	1,313	987	1,535	1,507	5,342
Lumber	MBF	101,162	101,482	103,600	103,110	409,354	90,708	103,893	97,932	96,804	389,337
Plywood	MSF	74,292	73,841	75,657	69,703	293,493	70,435	71,167	72,183	64,231	278,016
Fiberboard	MSF	38,119	46,445	50,332	43,156	178,052	33,234	32,908	30,980	33,770	130,892
Real Estate Revenue	\$ Millions	\$23	\$18	\$38	\$19	\$98	\$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 GP 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.

(unaudited)

Funds From Operations

(In millions)	Fourth Quarter 2002	Year Ended 2002
Net Income	\$54	\$233
Plus:		
Depreciation, Depletion & Amortization	27	105
Basis of Real Estate Sold	4	28
Funds From Operations	<u>\$85</u>	<u>\$366</u>

Pro Forma Net Income Fourth Quarter 2001

(unaudited)	\$ Millions	
Reported Fourth Quarter Income	\$226	GAAP basis earnings
Tax Adjustment	(216)	One time elimination of The Timber Company ("TTC") deferred taxes as a result of converting from a C-corp to a REIT
TTC Employee Costs	9	Primarily severance costs
Excess Profit in Inventory Elimination	8	Non-cash charge created by the merger transaction
G-P Timber Deed Income	16	Income from 4th Qtr. 2001 harvest on former TTC lands that was accelerated to prior periods in 2001 due to the merger transaction
Pro Forma Net Income	\$43	
Pro Forma Basic EPS	\$0.24	
Pro Forma Diluted EPS	\$0.24	