

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

Quarter Ended
December 31, December 30,
2001 2000

(In Millions, Except Per Share)

Revenues:		
Timber.....	\$ 126	\$ 88
Real Estate.....	27	56
Manufacturing.....	86	-
Other.....	1	2
Total Revenues.....	<u> 240</u>	<u> 146</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber.....	77	32
Real Estate.....	12	9
Manufacturing.....	83	-
Other.....	-	-
Total Cost of Goods Sold.....	<u> 172</u>	<u> 41</u>
Selling, General and Administrative	<u> 28</u>	<u> 9</u>
Total Costs and Expenses	<u> 200</u>	<u> 50</u>
Operating Income	40	96
Interest Expense	<u> 24</u>	<u> 11</u>
Income before Income Taxes.....	16	85
(Provision) Benefit for Income Taxes	<u> 210</u>	<u> (29)</u>
Net Income.....	<u>\$ 226</u>	<u>\$ 56</u>
Net Income per Share - Basic.....	<u>\$ 1.26</u>	<u>\$ 0.50</u>
Net Income per Share - Diluted	<u>\$ 1.25</u>	<u>\$ 0.49</u>
Weighted average number of Shares outstanding - Basic	<u> 179.3</u>	<u> 112.7</u>
Weighted average number of Shares outstanding - Diluted	<u> 180.6</u>	<u> 113.9</u>

Our merger with The Timber Company was accounted for as a reverse acquisition, whereby the historical financial statements and accounting policies of The Timber Company became those of Plum Creek's as of the merger date. However, during the fourth quarter of 2001, Plum Creek changed its method of accounting for silviculture costs back to the method used by Plum Creek prior to the merger. The change increased fourth quarter's Net Income by \$5 million and increased 2001's Net Income by \$13 million.

Reconciliation of Fourth Quarter 2001 Earnings

Pro Forma Net Income Fourth Quarter 2001

\$ 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	<u>\$43</u>	
Pro Forma Basic EPS	\$0.24	
Pro Forma Diluted EPS	\$0.24	

PLUM CREEK TIMBER COMPANY, INC.
CONSOLIDATED STATEMENT OF INCOME

Twelve Months Ended
December 31, December 30,
2001 2000

(In Millions, Except Per Share)

Revenues:		
Timber.....	\$ 423	\$ 382
Real Estate.....	80	103
Manufacturing.....	86	-
Other.....	9	8
Total Revenues.....	<u>598</u>	<u>493</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber.....	188	134
Real Estate.....	20	18
Manufacturing.....	83	-
Other.....	1	-
Total Cost of Goods Sold.....	<u>292</u>	<u>152</u>
Selling, General and Administrative	56	38
Total Costs and Expenses	<u>348</u>	<u>190</u>
Operating Income	250	303
Interest Expense	<u>54</u>	<u>44</u>
Income before Income Taxes.....	196	259
(Provision) Benefit for Income Taxes	<u>142</u>	<u>(97)</u>
Net Income	<u>\$ 338</u>	<u>\$ 162</u>
Net Income per Share - Basic	<u>\$ 2.61</u>	<u>\$ 1.44</u>
Net Income per Share - Diluted	<u>\$ 2.58</u>	<u>\$ 1.42</u>
Weighted average number of Shares outstanding - Basic	<u>129.5</u>	<u>112.7</u>
Weighted average number of Shares outstanding - Diluted	<u>130.7</u>	<u>113.9</u>

Our merger with The Timber Company was accounted for as a reverse acquisition, whereby the historical financial statements and accounting policies of The Timber Company became those of Plum Creek's as of the merger date. However, during the fourth quarter of 2001, Plum Creek changed its method of accounting for silviculture costs back to the method used by Plum Creek prior to the merger. The change increased fourth quarter's Net Income by \$5 million and increased 2001's Net Income by \$13 million.

PLUM CREEK TIMBER COMPANY, INC.
CONSOLIDATED BALANCE SHEET

	December 31, <u>2001</u>	December 30, <u>2000</u>
(In Millions, except share data)		
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 193	\$ -
Accounts Receivable	35	1
Inventories	52	2
Other Current Assets	26	23
	306	26
Timber and Timberlands - Net	3,480	1,220
Property, Plant and Equipment - Net	316	18
Other Assets	20	355
Total Assets	\$ 4,122	\$ 1,619
LIABILITIES		
Current Liabilities:		
Current Portion of Long-Term Debt	\$ 34	\$ -
Accounts Payable	27	5
Interest Payable	21	13
Wages Payable	21	6
Other Current Liabilities	46	24
	149	48
Long-Term Debt	1,178	990
Line of Credit	469	-
Deferred Tax Liability	38	406
Other Liabilities	41	30
Total Liabilities	1,875	1,474
Commitments and Contingencies		
STOCKHOLDERS' EQUITY / PARENT'S EQUITY		
Preferred Stock, \$0.01 par value, authorized shares - 75 million, outstanding - none	-	-
Common Stock, \$0.01 par value, authorized shares - 300 million, outstanding - 183,825,407	2	-
Additional Paid-In Capital	2,219	-
Retained Earnings	25	-
Other Equity	1	145
Total Stockholders' Equity / Parent's Equity.....	2,247	145
Total Liabilities and Stockholders' Equity / Parent's Equity.....	\$ 4,122	\$ 1,619

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

	<u>Year Ended</u>	
	December 31, <u>2001</u>	December 30, <u>2000</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 338	\$ 162
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	55	27
Basis of Real Estate Sold	18	17
Deferred Income Taxes	(198)	29
Working Capital Changes, net of effect of business acquisition	(4)	16
Other	14	-
Net Cash Provided By Operating Activities	<u>223</u>	<u>251</u>
Cash Flows From Investing Activities:		
Additions to Properties Including Tax-Free Exchanges	(59)	(135)
Cash Received in Conjunction with Acquisition	159	-
Acquisition Costs	(29)	(4)
Monetization of Notes Receivable	-	342
Net Cash Provided By Investing Activities	<u>71</u>	<u>203</u>
Cash Flows From Financing Activities:		
Cash Distributions	(209)	-
Cash to Georgia-Pacific Corporation ("G-P") to Repurchase Shares	-	(78)
Cash Dividend to G-P	(175)	(80)
Borrowings of Long-term Debt and Line of Credit	1,035	-
Repayments of Long-term Debt and Line of Credit	(829)	(310)
Proceeds from Stock Option Exercises	32	-
Capital Contribution from G-P	60	14
Other	(15)	-
Net Cash Used In Financing Activities	<u>(101)</u>	<u>(454)</u>
Increase In Cash and Cash Equivalents	193	-
Cash and Cash Equivalents:		
Beginning of Period	-	-
End of Period	<u>\$ 193</u>	<u>\$ -</u>

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

Quarter Ended
December 31,
2001

(In Millions)

Cash Flows From Operating Activities:	
Net Income	\$ 226
Adjustments to Reconcile Net Income to	
Net Cash Provided By Operating Activities:	
Depreciation, Depletion and Amortization	26
Basis of Real Estate Sold	10
Deferred Income Taxes	(219)
Working Capital Changes, net of effect of business acquisition	(4)
Other	(3)
Net Cash Provided By Operating Activities	<u>36</u>
Cash Flows From Investing Activities:	
Additions to Properties	(29)
Cash Received in Conjunction with Acquisition	159
Acquisition Costs	(15)
Net Cash Provided By Investing Activities	<u>115</u>
Cash Flows From Financing Activities:	
Cash Distributions	(209)
Borrowings of Long-term Debt and Line of Credit	1,035
Repayments of Long-term Debt and Line of Credit	(803)
Proceeds from Stock Option Exercises	32
Other	(13)
Net Cash Provided By Financing Activities	<u>42</u>
Increase In Cash and Cash Equivalents	193
Cash and Cash Equivalents:	
Beginning of Period	<u>-</u>
End of Period	<u>\$ 193</u>

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

(In Millions)	Fourth Quarter 2001	Fourth Quarter 2000
	<u> </u>	<u> </u>
Revenues:		
Northern Resources	\$ 83	\$ 17
Southern Resources	75	71
Real Estate	27	56
Manufacturing	86	-
Other	1	2
Eliminations.....	(32)	-
Total Revenues	<u>\$ 240</u>	<u>\$ 146</u>
Operating Costs and Expenses:		
Northern Resources	\$ 64	\$ 12
Southern Resources	46	26
Real Estate	12	9
Manufacturing	85	-
Other	-	-
Other Costs and Eliminations.....	(7)	3
Total Costs and Expenses.....	<u>\$ 200</u>	<u>\$ 50</u>
Operating Income (Expenses):		
Northern Resources	\$ 19	\$ 5
Southern Resources	29	45
Real Estate	15	47
Manufacturing	1	-
Other	1	2
Other Costs and Eliminations.....	(25)	(3)
Combined Segment Operating Income.....	<u>\$ 40</u>	<u>\$ 96</u>

Our merger with The Timber Company was accounted for as a reverse acquisition, whereby the historical financial statements and accounting policies of The Timber Company became those of Plum Creek's as of the merger date. However, during the fourth of 2001, Plum Creek changed its method of accounting for silviculture costs back to the method used by Plum Creek prior to the merger. The change increased fourth quarter's operating income by \$5 million and increased 2001's operating income by \$18 million.

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

(In Millions)	Twelve Months <u>2001</u>	Twelve Months <u>2000</u>
Revenues:		
Northern Resources	\$ 136	\$ 79
Southern Resources	319	303
Real Estate	80	103
Manufacturing	86	-
Other	9	8
Eliminations.....	(32)	-
Total Revenues	<u>\$ 598</u>	<u>\$ 493</u>
Operating Costs and Expenses:		
Northern Resources	\$ 106	\$ 52
Southern Resources	132	105
Real Estate	21	18
Manufacturing	85	-
Other	1	-
Other Costs and Eliminations.....	3	15
Total Costs and Expenses.....	<u>\$ 348</u>	<u>\$ 190</u>
Operating Income (Expenses):		
Northern Resources	\$ 30	\$ 27
Southern Resources	187	198
Real Estate	59	85
Manufacturing	1	-
Other	8	8
Other Costs and Eliminations.....	(35)	(15)
Combined Segment Operating Income.....	<u>\$ 250</u>	<u>\$ 303</u>

Our merger with The Timber Company was accounted for as a reverse acquisition, whereby the historical financial statements and accounting policies of The Timber Company became those of Plum Creek's as of the merger date. However, during the fourth of 2001, Plum Creek changed its method of accounting for silviculture costs back to the method used by Plum Creek prior to the merger. The change increased fourth quarter's operating income by \$5 million and increased 2001's operating income by \$18 million.

Plum Creek Timber Company, Inc.
Selected Pro Forma Statistical Data (unaudited)

		Year 2000					Year 2001				
		Q1 PF	Q2 PF	Q3 PF	Q4 PF	2000 PF	Q1 PF	Q2 PF	Q3 PF	Q4 PF	2001 PF*
SALES VOLUME											
	Units										
SOUTHERN SAWLOG	1,000 tons	1,563	1,567	1,595	1,420	6,145	1,354	1,452	1,871	1,729	6,406
SOUTHERN PULPWOOD	1,000 tons	1,434	1,516	1,741	1,629	6,320	1,398	1,528	1,961	1,730	6,617
TOTAL SOUTHERN HARVEST		2,997	3,083	3,336	3,049	12,465	2,752	2,980	3,832	3,459	13,023
NORTHERN SAWLOG	1,000 tons	1,083	838	961	1,179	4,062	893	726	1,132	1,150	3,901
NORTHERN PULPWOOD	1,000 tons	408	288	409	406	1,512	420	261	403	357	1,441
TOTAL NORTHERN HARVEST		1,492	1,127	1,371	1,585	5,574	1,313	988	1,535	1,507	5,343
TOTAL HARVEST		4,489	4,210	4,707	4,634	18,039	4,065	3,968	5,367	4,966	18,366
LUMBER	mmbf	108,070	106,936	100,050	91,971	407,027	90,708	103,893	97,932	96,804	389,337
PLYWOOD	mmsf	81,450	80,507	72,200	68,642	302,799	70,435	71,167	72,183	64,231	278,015
MDF	mmsf	37,241	33,369	34,126	32,958	137,694	33,234	32,908	30,980	33,770	130,892
Higher and Better Use Land Sale	\$ in millions	23	26	23	78	150	34	54	32	27	147
SALES REALIZATION											
SOUTHERN SAWLOG	\$/ton stumpage	47	46	43	43	45	41	38	38	35	38
SOUTHERN PULPWOOD	\$/ton stumpage	10	9	8	8	9	8	8	8	8	8
NORTHERN SAWLOG	\$/ton delivered	80	82	75	72	77	69	69	67	63	67
NORTHERN PULPWOOD	\$/ton delivered	31	35	30	31	31	31	31	27	26	29
LUMBER	\$/mbf	467	430	381	397	420	385	410	412	416	406
PLYWOOD	\$/msf	307	310	296	305	305	302	306	316	317	310
MDF	\$/msf	346	349	346	331	343	326	346	337	317	331

*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
Operating Income (Expenses):			
Northern Resources	\$ 19		\$ 19
Southern Resources	29	17 (A)	46
Real Estate	15		15
Manufacturing	1		1
Other	1		1
Other Costs and Eliminations.....	(25)	16 (B)	(9)
Combined Segment Operating Income.....	<u>\$ 40</u>		<u>\$ 74</u>
Interest Expense	<u>24</u>		<u>24</u>
Income before Income Taxes.....	16		49
(Provision) Benefit for Income Taxes	<u>210</u>	<u>(216) (C)</u>	<u>(6)</u>
Net Income.....	<u><u>\$ 226</u></u>		<u><u>\$ 43</u></u>
Net Income per Share - Basic.....	\$ 1.26		\$ 0.24
Net Income per Share - Diluted	\$ 1.25		\$ 0.24
Weighted average number of Shares outstanding - Basic	179.3	3.7 (D)	183.0
Weighted average number of Shares outstanding - Diluted	180.6	3.7 (D)	184.3
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. Columns do not add due to rounding.