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PLUM CREEK TIMBER COMPANY, INC. REPORTS EARNINGS FOR FOURTH QUARTER AND 1999

SEATTLE, WASHINGTON -- January 25, 2000 -- Plum Creek Timber Company, Inc. (NYSE: PCL) today announced earnings for the fourth quarter and 1999. Earnings for the quarter were \$25.7 million, or \$0.38 per share, compared to \$22.0 million, or \$0.29 per Unit in the fourth quarter of 1998. Earnings for the full year 1999 were \$125.6 million, or \$1.94 per share, compared to \$75.4 million, or \$0.90 per Unit, for 1998. The quarter and year results include the special items discussed below. The Company also announced its new practice is to issue its dividend announcement separately from its earnings announcement, as is customary with most corporations. The fourth quarter dividend will be declared at the Company's January 27 Board of Directors meeting.

In the fourth quarter, the Company changed its accounting policy to capitalize certain timber reforestation costs that were previously expensed, resulting in a benefit of \$1.2 million, or \$0.02 per share for the quarter. A \$3.6 million, or \$0.05 per share, gain from the I-90 Land Exchange was also recorded in the quarter. Excluding those items, earnings for the period would have been \$20.9 million, or \$0.31 per share.

Earnings for 1999 include the following special items:

- a cumulative one-time benefit of \$12.2 million, or \$0.22 per share, as a result of the change to capitalizing, rather than expensing, certain reforestation costs, for the period since the inception of Plum Creek in 1989 through 1998;
- the accounting change also increased operating income by \$2.9 million, or \$0.05 per share in 1999;
- a one-time tax benefit of \$14 million, or \$0.25 per share, associated with the Company's conversion to a Real Estate Investment Trust (REIT); and
- the \$3.6 million gain from the I-90 Land Exchange.

Excluding those items, earnings for the year were \$93.0 million, or \$1.36 per share.

EBITDA, a measure of cash flow defined as operating income plus depreciation, depletion and amortization, was \$250.7 million for 1999, compared to \$212.5 million in 1998, inclusive of unconsolidated subsidiaries and after adjusting for the accounting policy change. The company ended the year with \$115.4 million in cash and cash equivalents.

On July 1, 1999, the Company converted from a Master Limited Partnership to a REIT, and results are now reported under REIT accounting principles. Reported revenues of \$46.1 million for the quarter, and \$460.6 million for 1999 are not comparable with prior periods because REIT accounting excludes revenues from unconsolidated manufacturing subsidiaries. On a comparable basis, including the Company's unconsolidated manufacturing subsidiaries, 1999 revenues would have been \$180.7 million for the quarter and \$744.1 million for the year, compared to \$188.8 million and \$699.4 million, respectively, in 1998.

Review of Operations

“Log prices in the fourth quarter were higher than the fourth quarter of 1998 in nearly all our regions,” said Rick R. Holley, President and Chief Executive Officer. “Northwest and Southern lumber prices stabilized at levels higher than the fourth quarter of 1998, and prices were steady in our panels business,” Holley continued. He added, “The manufacturing business in particular showed improved performance, building upon a yearlong focus on reducing costs and improving productivity.”

“Plum Creek completed a remarkable year in 1999, converting to a REIT structure to capitalize on acquisition opportunities and executing a number of internal growth initiatives, while achieving excellent financial results,” Holley remarked.

“For the year, we experienced favorable pricing in our lumber and plywood businesses, which were helped by the robust U.S. economy, high consumer confidence and strong building activity,” Holley added. “Log prices in the Northwest benefited from strong product markets and a declining timber supply, while prices in our Southern region were weaker due to an abundant supply of logs. Despite flat pricing, the financial results from the first full year of our Northeast Region were accretive to cash flow and earnings, due to an emphasis on log merchandising and cost reductions,” he continued.

“Our increase in earnings and EBITDA for the year reflect an emphasis on margin improvements in all our businesses, good markets in the U.S., and the successful integration of the Northeast Region,” Holley concluded.

Outlook

Discussing the company's outlook for the coming year, Holley noted, “In 2000, we will continue to aggressively pursue financially and strategically attractive acquisition opportunities, and demonstrate the power of the REIT vehicle as the best way to acquire and own timberlands.” Holley added, “Our geographic and product diversity provides us great opportunities to consider a wide variety of acquisition possibilities.”

“Our focus will continue to be on serving the less cyclical retail home center and industrial markets, reducing costs throughout our operations, and maximizing the biological productivity on our 3.2 million acres of timberland,” Holley concluded.

Conference Call

Plum Creek will hold a conference call today, January 25, at 10:30 a.m. PST to discuss these results. To access the call, dial (800) 230-1059 prior to the scheduled start time. A recorded replay of the call will be available starting at 1:30 p.m. PST and running through February 1. To access the replay, dial (800) 475 6701 and enter the code: 495710. A supplemental financial package is also available on our web site at www.plumcreek.com.

Plum Creek is one of the largest timberland owners in the nation with timberlands and mills located in the Northwestern, Southern and Northeastern regions of the United States.

Forward-looking Statements

This press release contains forward-looking statements within the meaning of the Private Litigation Reform Act of 1995, which are generally identified by words such as “may,” “should,” “seeks,” “believes,” “expects,” “intends,” “estimates,” “projects,” “strategy” and similar expressions or the negative of those words. Forward looking statements are subject to a number of known and unknown risks and uncertainties that could cause actual results to differ materially from those projected, expressed or implied in the statements. These risks and uncertainties, many of which are not within the company’s control, include, but are not limited to, the cyclical nature of the forest products industry, our ability to harvest our timber, our ability to execute our acquisition strategy, and regulatory constraints. These risks are detailed from time to time in our filings with the Securities and Exchange Commission. Forward-looking statements speak only as of the date made, and neither the company nor its management undertakes any obligation to update or revise any forward-looking statements. It is likely that if one or more of the risks and uncertainties materializes, the current expectations of the Company and its management will not be realized.

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