

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

	<u>Quarter Ended</u>	
	June 30, <u>2002</u>	June 30, <u>2001</u>
	(In Millions, Except Per Share)	
Revenues:		
Timber	\$ 154	\$ 68
Real Estate	18	30
Manufacturing	97	-
Other	2	2
Total Revenues	<u>271</u>	<u>100</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	71	33
Real Estate	7	6
Manufacturing	94	-
Other	-	-
Total Cost of Goods Sold	<u>172</u>	<u>39</u>
Selling, General and Administrative	17	9
Total Costs and Expenses	<u>189</u>	<u>48</u>
Operating Income	82	52
Interest Expense, net	<u>26</u>	<u>10</u>
Income before Income Taxes	56	42
Provision for Income Taxes	<u>3</u>	<u>15</u>
Net Income	<u>\$ 53</u>	<u>\$ 27</u>
Net Income per Share - Basic	<u>\$ 0.29</u>	<u>\$ 0.24</u>
Net Income per Share - Diluted	<u>\$ 0.29</u>	<u>\$ 0.24</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 STATEMENT OF INCOME  
(UNAUDITED)

Six Months Ended  
June 30,                      June 30,  
2002                              2001

(In Millions, Except Per Share)

Revenues:		
Timber	\$            311	\$            178
Real Estate	41	34
Manufacturing	190	-
Other	4	5
Total Revenues	<u>                 546</u>	<u>                 217</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	145	70
Real Estate	18	6
Manufacturing	183	-
Other	-	-
Total Cost of Goods Sold	<u>                 346</u>	<u>                 76</u>
Selling, General and Administrative	34	18
Total Costs and Expenses	<u>                 380</u>	<u>                 94</u>
Operating Income	166	123
Interest Expense, net	<u>                 52</u>	<u>                 21</u>
Income before Income Taxes	114	102
Provision for Income Taxes	<u>                 5</u>	<u>                 38</u>
Net Income	<u>\$            109</u>	<u>\$            64</u>
Net Income per Share - Basic	<u>\$            0.59</u>	<u>\$            0.57</u>
Net Income per Share - Diluted	<u>\$            0.59</u>	<u>\$            0.56</u>
Weighted average number of Shares outstanding - Basic	<u>                 184.6</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

	June 30, <u>2002</u> (Unaudited)	December 31, <u>2001</u>
(In Millions, Except Share Data)		
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 240	\$ 193
Restricted Advance from Customer	10	-
Accounts Receivable	55	35
Inventories	42	52
Investment in Grantor Trust	10	12
Other Current Assets	14	14
	371	306
Timber and Timberlands - Net	3,472	3,480
Property, Plant and Equipment - Net	307	316
Other Assets	9	20
Total Assets	\$ 4,159	\$ 4,122
<b>LIABILITIES</b>		
Current Liabilities:		
Current Portion of Long-Term Debt	\$ 34	\$ 34
Accounts Payable	26	27
Interest Payable	21	21
Wages Payable	14	21
Taxes Payable	13	9
Deferred Revenue	28	14
Liabilities Associated with Grantor Trust	10	11
Other Current Liabilities	15	12
	161	149
Long-Term Debt	1,148	1,178
Line of Credit	504	469
Deferred Tax Liability	41	38
Capital Leases	20	20
Other Liabilities	18	21
Total Liabilities	1,892	1,875
Commitments and Contingencies		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred Stock, \$0.01 par value, authorized shares - 75 million, outstanding - none	-	-
Common Stock, \$0.01 par value, authorized shares - 300 million, outstanding - 184,812,099 at June 30, 2002 and 183,825,407 at December 31, 2001	2	2
Additional Paid-In Capital	2,241	2,227
Retained Earnings	24	17
Other Equity	-	1
Total Stockholders' Equity	2,267	2,247
Total Liabilities and Stockholders' Equity	\$ 4,159	\$ 4,122

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

	<u>Quarter Ended</u>	
	June 30, <u>2002</u>	June 30, <u>2001</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 53	\$ 27
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	24	7
Basis of Real Estate Sold	7	6
Deferred Income Taxes	4	(1)
Working Capital Changes	9	3
Other	5	-
Net Cash Provided By Operating Activities	<u>102</u>	<u>42</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Tax-Free Exchanges)	(21)	(14)
Timberlands Acquired with Tax-Free Exchange Proceeds	(6)	(2)
Net Cash Used In Investing Activities	<u>(27)</u>	<u>(16)</u>
Cash Flows From Financing Activities:		
Dividends	(105)	-
Net Cash Returned to Georgia-Pacific Corporation	-	(12)
Retirement of Long-term Debt	(30)	(15)
Borrowings on Line of Credit	377	-
Repayments on Line of Credit	(364)	-
Proceeds from Stock Option Exercises	2	-
Other	-	1
Net Cash Used In Financing Activities	<u>(120)</u>	<u>(26)</u>
Increase (Decrease) In Cash and Cash Equivalents	(45)	-
Cash and Cash Equivalents:		
Beginning of Period	<u>285</u>	<u>-</u>
End of Period	<u>\$ 240</u>	<u>\$ -</u>

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

	<u>Six Months Ended</u>	
	June 30, <u>2002</u>	June 30, <u>2001</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 109	\$ 64
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	50	17
Basis of Real Estate Sold	16	6
Deferred Income Taxes	4	14
Working Capital Changes	(6)	(10)
Other	2	-
Net Cash Provided By Operating Activities	<u>175</u>	<u>91</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Tax-Free Exchanges)	(38)	(31)
Timberlands Acquired with Tax-Free Exchange Proceeds	(6)	(5)
Net Cash Used In Investing Activities	<u>(44)</u>	<u>(36)</u>
Cash Flows From Financing Activities:		
Dividends	(105)	-
Net Cash Returned to Georgia-Pacific Corporation	-	(21)
Retirement of Long-term Debt	(30)	(34)
Borrowings on Line of Credit	640	-
Repayments on Line of Credit	(605)	-
Proceeds from Stock Option Exercises	16	-
Net Cash Used In Financing Activities	<u>(84)</u>	<u>(55)</u>
Increase In Cash and Cash Equivalents	47	-
Cash and Cash Equivalents:		
Beginning of Period	<u>193</u>	<u>-</u>
End of Period	<u>\$ 240</u>	<u>\$ -</u>

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

(In Millions)	Second Quarter <u>2002</u>	Second Quarter <u>2001</u>
Revenues:		
Northern Resources	\$ 57	\$ 16
Southern Resources	111	52
Real Estate	18	30
Manufacturing	97	-
Other	2	2
Eliminations	<u>(14)</u>	<u>-</u>
Total Revenues	<u>\$ 271</u>	<u>\$ 100</u>
Operating Costs and Expenses:		
Northern Resources	\$ 46	\$ 13
Southern Resources	47	26
Real Estate	7	7
Manufacturing	96	-
Other	1	-
Other Costs and Eliminations	<u>(8)</u>	<u>2</u>
Total Costs and Expenses	<u>\$ 189</u>	<u>\$ 48</u>
Operating Income (Expenses):		
Northern Resources	\$ 11	\$ 3
Southern Resources	64	26
Real Estate	11	23
Manufacturing	1	-
Other	1	2
Other Costs and Eliminations	<u>(6)</u>	<u>(2)</u>
Combined Segment Operating Income	<u>\$ 82</u>	<u>\$ 52</u>

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

(In Millions)	Six Months <u>2002</u>	Six Months <u>2001</u>
Revenues:		
Northern Resources	\$ 135	\$ 35
Southern Resources	211	143
Real Estate	41	34
Manufacturing	190	-
Other	4	5
Eliminations	<u>(35)</u>	<u>-</u>
Total Revenues	<u>\$ 546</u>	<u>\$ 217</u>
Operating Costs and Expenses:		
Northern Resources	\$ 104	\$ 27
Southern Resources	92	54
Real Estate	18	7
Manufacturing	187	-
Other	1	-
Other Costs and Eliminations	<u>(22)</u>	<u>6</u>
Total Costs and Expenses	<u>\$ 380</u>	<u>\$ 94</u>
Operating Income (Expenses):		
Northern Resources	\$ 31	\$ 8
Southern Resources	119	89
Real Estate	23	27
Manufacturing	3	-
Other	3	5
Other Costs and Eliminations	<u>(13)</u>	<u>(6)</u>
Combined Segment Operating Income	<u>\$ 166</u>	<u>\$ 123</u>

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

		<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>YTD</u>	<u>1st Qtr</u>	<u>2nd Qtr</u>	<b>Proforma</b> <u>3rd Qtr</u>	<u>4th Qtr</u>	<u>YTD (3)</u>
	<b>Units</b>	<b>2002</b>	<b>2002</b>	<b>2002</b>	<b>2001</b>	<b>2001</b>	<b>2001</b>	<b>2001</b>	<b>2001</b>
<b>Sales Realization (1)</b>									
<b>Southern Resources</b>									
Sawlog	\$/Ton Stumpage	\$37	\$39	\$38	\$41	\$38	\$38	\$35	\$38
Pulpwood	\$/Ton Stumpage	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8
<b>Northern Resources</b>									
Sawlog	\$/Ton Delivered	\$63	\$67	\$65	\$69	\$69	\$67	\$63	\$67
Pulpwood	\$/Ton Delivered	\$26	\$27	\$27	\$31	\$31	\$27	\$26	\$29
Lumber (2)	\$/MBF	\$430	\$422	\$426	\$385	\$410	\$412	\$416	\$406
Plywood (2)	\$/MSF	\$311	\$316	\$314	\$302	\$306	\$316	\$317	\$310
Fiberboard (2)	\$/MSF	\$308	\$318	\$313	\$326	\$346	\$337	\$317	\$331
<b>Sales Volume</b>									
<b>Southern Resources</b>									
Sawlog	1,000 Tons	1,715	1,819	3,534	1,354	1,452	1,871	1,729	6,406
Pulpwood	1,000 Tons	1,498	1,714	3,212	1,398	1,528	1,961	1,730	6,617
Total Harvest		3,213	3,533	6,746	2,752	2,980	3,832	3,459	13,023
<b>Northern Resources</b>									
Sawlog	1,000 Tons	1,072	738	1,810	893	726	1,132	1,150	3,901
Pulpwood	1,000 Tons	377	268	645	420	261	403	357	1,441
Total Harvest		1,449	1,006	2,455	1,313	987	1,535	1,507	5,342
Lumber	MBF	101,162	101,482	202,644	90,708	103,893	97,932	96,804	389,337
Plywood	MSF	74,292	73,841	148,133	70,435	71,167	72,183	64,231	278,016
Fiberboard	MSF	38,119	46,445	84,564	33,234	32,908	30,980	33,770	130,892
<b>Real Estate Revenue</b>	\$ Millions	\$23	\$18	\$41	\$34	\$54	\$32	\$27	\$147

(1) Prices are a weighted average price for all sales within each product category.

(2) 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.