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## **PLUM CREEK TIMBER COMPANY, INC. REPORTS**

### **RESULTS FOR FOURTH QUARTER AND FULL YEAR 2001**

SEATTLE, WASHINGTON – January 29, 2002 -- Plum Creek Timber Company, Inc. (NYSE: PCL) today announced fourth quarter earnings of \$226 million, or \$1.25 per diluted share. Excluding non-recurring items, pro forma fourth quarter earnings were \$43 million, or \$0.24 per diluted share. The reported earnings for fourth quarter 2001 include \$183 million, or \$1.01 per diluted share, of non-recurring merger related adjustments. These adjustments are detailed in an accompanying reconciliation.

Plum Creek completed its merger with The Timber Company on October 6, 2001. For accounting purposes, The Timber Company is considered the surviving entity because of the structure of the merger. Therefore, reported financial results for periods prior to the merger reflect the financial results of The Timber Company. Results for the fourth quarter 2001 reflect the performance of the combined companies and are not comparable to the results reported for prior periods.

For the full year 2001 Plum Creek reported earnings of \$338 million, or \$2.58 per diluted share, compared to \$162 million, or \$1.42 per diluted share, for the full year 2000. Plum Creek reported earnings of \$56 million, or \$0.49 per diluted share, for the fourth quarter 2000.

Pro forma funds from operations (FFO), a simplified measure of cash flow from operations defined as pro forma net income plus depreciation, depletion, and basis in higher and better use lands sold, was \$81 million for the fourth quarter of 2001. The Company ended the quarter and the year with \$193 million in cash and cash equivalents.

“Despite the challenges presented by difficult market conditions, Plum Creek posted good operating performance for both the quarter and the year. Our resource operations aggressively marketed logs and stumpage to capture the best value and the real estate business was well positioned to meet the high demand for our unique properties. The manufacturing business remained profitable due to intense focus on cost control and our value added product mix,” said Rick Holley, President and CEO. “The results of the

quarter illustrate the seamless integration and benefits of our merger with The Timber Company.”

### **Review of Operations**

Compared to fourth quarter 2000, sawlog prices declined 12% and 18% in the Northern and Southern Resource segments, respectively, as the result of regional mill closures and weak lumber markets. Pulpwood prices in the Northern Resource segment declined 16% due to weak demand and excess capacity in the pulp and paper industry. Pulpwood prices in the Southern Resources segment were essentially unchanged from low levels experienced in the fourth quarter of 2000. Plum Creek’s fourth quarter higher and better use land sales revenue was \$27 million compared to the unusually high pro forma revenue of \$78 million for the same period of 2000, reflecting the uneven nature of the real estate business.

Fourth quarter prices for the company’s lumber and plywood products increased 5% and 4%, respectively, when compared to the same period in 2000 as Plum Creek’s specialty product mix performed better than commodity products. Lumber sales volumes were 5% higher than the same period last year due largely to a strong repair and remodel market. Sales volumes for plywood declined year-over-year as industrial markets remained weak.

During the quarter Plum Creek began production on the company’s new thin MDF line. Higher sales volumes reflect the sales of initial production from this new line.

### **Outlook**

We continue to see strong housing starts, good repair and remodel demand, and prospects for a recovery in pulp and paper markets. However, the persistent strength of the U.S. dollar and overcapacity affecting most wood and paper markets continue to put downward pressure on log and converted product prices. We anticipate a modest rebound in pricing in the second half of the year as the economy gradually strengthens.

In the first quarter, Plum Creek expects log prices in the South to increase slightly as customers begin to rebuild depleted log inventories. Log prices in the North should remain flat, reflecting continued customer uncertainty about finished product prices. Real estate markets remain strong, although real estate income in the first quarter is likely to be lower than the fourth quarter, reflecting the uneven nature of real estate transaction activity. The Company expects its lumber and plywood prices to moderate from fourth quarter levels. MDF sales volume should increase as the new thin board line continues to increase production, while MDF prices should improve as premium-grade production volumes increase from the new line.

“As we head into 2002, Plum Creek is established as a large, diversified land and natural resources company managing forests, real estate and other natural resources. Building on a strong track record of value delivery for shareholders, our proven team is committed to continuing to grow cash flow by actively and expertly managing our resource base and realizing the full scope of opportunities we now possess,” concluded Holley.

## **Earnings Conference Call and Supplemental Information**

Plum Creek will hold a conference call today, January 29, at 2:00 p.m. PST to discuss these results, emerging business opportunities and the outlook for the first quarter of 2002. To access the call, dial 1.877.679.9045 or 1.952.556.2802 (outside North America) prior to the scheduled start time and reference access code 5761547. A recorded replay of the call will be available afterwards for 48 hours by dialing 1.800.615.3210 and entering the same code.

Supplemental financial information for Plum Creek operations, including statistical data, is available in the investor information section of Plum Creek's website at [www.plumcreek.com](http://www.plumcreek.com).

Plum Creek, a real estate investment trust, is one of the largest land owners in the nation, with over 7.8 million acres of timberlands in every significant timber-growing region of the United States and nine wood product mills in the Northwest.

## **Forward-looking Statements**

This press release contains forward-looking statements within the meaning of the Private Litigation Reform Act of 1995 as amended. Some of these forward-looking statements can be identified by the use of forward-looking words such as "believes," "expects," "may," "will," "should," "seek," "approximately," "intends," "plans," "estimates," or "anticipates," or the negative of those words or other comparable terminology. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions including, but 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 various regulatory constraints. These risks, uncertainties and assumptions are detailed from time to time in our filings with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and the Securities Act of 1933, as amended. It is likely that if one or more of the risks materializes, or if one or more assumptions proves to be incorrect, the current expectations of Plum Creek and its management will not be realized. Forward-looking statements speak only as of the date made, and neither Plum Creek nor its management undertakes any obligation to update or revise any forward-looking statements.

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