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**PLUM CREEK TIMBER COMPANY, INC. REPORTS  
RESULTS FOR SECOND QUARTER AND SIX MONTHS 2002**

SEATTLE, WASHINGTON – July 17, 2002 -- Plum Creek Timber Company, Inc. (NYSE: PCL) today announced second quarter earnings of \$53 million, or \$0.29 per diluted share on revenues of \$271 million. Results for the first six months of 2002 were \$109 million, or \$0.59 per diluted share on revenues of \$546 million.

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 2002 reflect the performance of the combined companies and are not comparable to the results reported for 2001.

Funds from operations were \$84 million for the second quarter of 2002 and \$175 million for the first six months of the year. Funds from operations is defined as net income plus depreciation, depletion, amortization and basis in higher and better use lands sold. The Company ended the quarter with \$240 million in cash and cash equivalents.

Plum Creek's second quarter dividend will be announced July 23, 2002, following the Company's Board of Directors' meeting.

"Earnings for the second quarter were better than expected primarily due to higher than anticipated real estate sales. Markets have improved since lows experienced in the fourth quarter of 2001 and demand for most of our products is good. As we look at the timber portion of our business, we have not seen any notable price improvements due to the sluggish economic recovery and large shipments of Canadian lumber in advance of the tariff put in place in May. A weaker U.S. dollar and tariffs on Canadian lumber may improve the competitive position of domestic pulp, paper and lumber producers and could set the stage for pricing improvement for both sawlogs and pulpwood," said Rick Holley, President and CEO.

## **Review of Operations**

Operating profit in the Northern segment was \$11 million compared to \$20 million for the first quarter. Second quarter results in the Northern segment were driven by a 31% reduction in the harvest relative to the first quarter. This is a typical seasonal pattern due to limits placed on harvesting operations during the spring thaw. Northern segment sawlog prices were up 6% from first quarter levels but trended downward during the quarter.

Operating profit in the Southern segment improved \$9 million, to \$64 million, compared to first quarter. This improvement was due, in part, to seasonally higher harvests, which were up 10% compared to the first quarter. Pricing for Southern sawlogs and pulpwood was flat. An improved mix with a higher proportion of larger diameter sawlogs resulted in higher weighted average prices for sawlogs when compared to the first quarter.

Second quarter revenue for the Real Estate segment was \$18 million, which was better than expected but less than the \$23 million reported in the first quarter 2002, reflecting the transaction driven nature of the real estate business.

The Company's Manufacturing segment reported a \$1 million operating profit, down \$1 million from the prior quarter. Good demand and adequately supplied markets resulted in stable prices and volumes for lumber and plywood. Medium density fiberboard (MDF) sales volumes increased 22% from the first quarter due to increased production on the new MDF line. Prices for MDF were up 3% as the sales mix improved. However, these positive developments were more than offset by start-up issues related to the new thin board line, which resulted in the MDF business recording a loss for the quarter.

## **Outlook**

Despite strong housing starts and good repair and remodel demand, log prices have not shown any notable improvement. The positive influence of a weakening U.S. dollar has not yet impacted wood and paper markets. At the same time, the ultimate effects of the tariff on Canadian lumber have not yet been felt due to increased shipments of Canadian lumber in advance of the tariff imposition. For the second half of the year, Plum Creek expects log prices to remain flat with some potential improvement in the fourth quarter of the year.

The Company continues to experience strong interest in its real estate properties from developers and conservation buyers as it positions properties for sale or exchange. Anticipated real estate revenue for the year is expected to be between \$75 and \$100 million.

The Company expects lumber and plywood prices to decline modestly in the third quarter from second quarter levels due to sufficient supply for the products. Sales volume should continue to increase as the new MDF line adds production. The MDF business is expected to be profitable in the third quarter.

"We continue to focus our attention on the long-term value opportunities created by Plum Creek's combination of management and our large and diverse asset base. Our real

estate business continues to identify and position valuable properties for sale or exchange to development or conservation buyers, and we remain encouraged by the potential of the natural resource business. We will manage our lands with a focus on long-term value creation while taking advantage of market opportunities. We continue to evaluate areas of growth that match our disciplined investment criteria and allow us to create value by applying our land management expertise," concluded Holley.

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

Plum Creek's conference call is scheduled today at 2:00 PM PDT. Executive management will discuss these results, current business conditions and the outlook for the third quarter of 2002. To access the call, dial 1.877.679.9051 or 1.952.556.2804 (outside North America) prior to the scheduled start time and reference the Plum Creek earnings call. A recorded replay of the call will be available for 48 hours after the call by dialing 1.800.615.3210 or 1.703.326.3020 (outside North America) and entering the conference code 5761547.

A live webcast of the call is also available. Go to Plum Creek's Internet site, [www.plumcreek.com](http://www.plumcreek.com), and click on the "Investor" link.

Supplemental financial information for Plum Creek operations is available attached to the earnings release 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 region of the United States and ten wood product manufacturing facilities 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. A number of important factors could cause actual results to differ materially from those described in the forward-looking statements. Some of these factors include, but are not limited to, changes in governmental, legislative and environmental restrictions; catastrophic losses from fires, floods, windstorms, earthquakes, volcanic eruptions, insect infestations or diseases; changes in economic conditions and competition in our domestic and export markets; our failure to qualify as a REIT or our failure to achieve the expected competitive advantages of operating as a REIT; an unanticipated reduction in the demand for timber products and/or an unanticipated increase in the supply of timber products; our failure to make strategic acquisitions or to integrate any such acquisitions effectively or, conversely, our failure to make strategic divestitures; the failure to meet our expectations with respect to our likely future performance; and other factors described in our filings with the Securities and Exchange Commission, which are available at the web site maintained by the Securities and Exchange Commission at "<http://www.sec.gov>." 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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