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PLUM CREEK TIMBER COMPANY, INC. REPORTS

RESULTS FOR FOURTH QUARTER AND FULL YEAR 2002

SEATTLE, WASHINGTON – January 23, 2003 -- Plum Creek Timber Company, Inc. (NYSE: PCL) today announced fourth quarter earnings of \$54 million, or \$0.29 per diluted share, on revenues of \$281 million. Earnings for the full year 2002 were \$233 million, or \$1.26 per diluted share, on revenues of \$1.1 billion.

Plum Creek merged 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. Full-year results for 2002 reflect the performance of the combined companies and are not comparable to the full-year results reported for 2001.

Fourth quarter earnings in 2001 were \$226 million, or \$1.25 per diluted share including \$183 million, or \$1.01 per diluted share, of merger related earnings. Excluding the merger related earnings, pro-forma fourth quarter 2001 earnings were \$43 million, or \$0.24 per diluted share. These adjustments to 2001 earnings are detailed in an accompanying reconciliation.

Funds from operations were \$85 million for the fourth quarter of 2002 and \$366 million for the full year. Funds from operations is defined as net income plus depreciation, depletion, amortization and basis in real estate sold. The calculation of funds from operations is detailed in an accompanying reconciliation to reported net income. The Company ended the year with \$246 million in cash and cash equivalents.

“Plum Creek’s ability to perform well even in these difficult markets results from the geographic and business diversity of our assets and the strategies that we’ve implemented over the last several years,” said Rick Holley, President and CEO. “Our ability to adjust harvest levels to respond to local market conditions yields very real benefits for our shareholders. Moreover, all of our businesses – timber, real estate, wood product

manufacturing and natural resources – were positive contributors to earnings and cash flow over the past year and are well positioned for the future.”

Review of Operations

Operating profit in the Northern Resources segment was \$26 million in the fourth quarter compared to \$23 million for the previous quarter. Harvesting activity was modestly higher in the fourth quarter due, in part, to the easing of fire danger harvest restrictions in Oregon. The Company’s Northern timber prices were relatively flat compared to those in the third quarter with a 6% increase in hardwood sawlog prices offsetting a 2% reduction in softwood sawlog prices. Pulpwood prices were flat during the quarter. Seasonal reductions in road maintenance expense improved operating profit approximately \$1 million when compared to the third quarter.

Operating profit in the Southern Resources segment was \$51 million, down \$6 million from the third quarter’s \$57 million. Overall harvesting activity was flat compared to the third quarter with a lower proportion of sawtimber harvested during the fourth quarter as compared to the third quarter. Prices for sawtimber fell approximately 8% in the South as poor lumber markets and extended holiday downtime at lumber mills reduced log demand throughout the region. Pulpwood prices in the South remained flat.

Real Estate segment revenue was \$19 million, as expected, but less than the \$38 million reported in the third quarter.

The Company’s Manufacturing segment reported a \$5 million loss, a decline of \$8 million from the third quarter’s \$3 million profit. Lumber prices fell approximately 10% during the quarter due to ample supplies of lumber in both the pine board and stud lumber markets. Medium density fiberboard (MDF) sales volumes declined and prices fell as demand slowed during the winter months.

Recent Financing Activity

On January 22, 2003 Plum Creek completed a \$300 million private debt placement. The average maturity of the notes is 8.3 years carrying a weighted average interest rate of 5.6%. Proceeds from the private placement will be used to pay down Plum Creek’s existing line of credit.

Outlook

Timber markets in 2003 are expected to be every bit as challenging as they were in the past year. There are no convincing signs of a sustained upturn nor are there indications that market conditions are deteriorating. Despite consistent demand, persistently oversupplied lumber markets have kept log prices from advancing. As a result, the Company expects to reduce its Southern harvest as much as 500,000 tons. The reductions will come in the first quarter of the year.

There is increasing interest on both sides of the border to move toward a negotiated agreement in the ongoing lumber dispute with Canada. Ultimately an agreement should

have a positive effect on U.S. log markets. However, the extent and timing of any influence is impossible to determine at this time.

A weaker U.S. dollar appears to have improved U.S. pulp and paper producers' competitive position in world markets. This is good news for many pulpwood customers. However, worldwide demand growth for pulp and paper products has been lackluster and many pulpwood customers remain cautious. Recent wet weather in some Southern markets has reduced access to pulpwood stands resulting in higher spot prices for pulpwood. Overall, the Company expects supply and demand in pulpwood markets to remain largely in balance with some opportunity for modest price improvement as the year progresses and world economies improve.

The Company continues to receive strong interest in its real estate properties from conservation buyers, individuals, and developers and continues to execute its strategy of evaluating real estate holdings to determine which properties should be positioned for sale or exchange rather than for continued use as timberlands. Anticipated real estate revenue for 2003 is expected to be between \$80 and \$100 million.

The Company expects manufacturing results to improve somewhat as the year progresses. Prices and volumes for each product should improve in the latter part of the first quarter as customers begin to purchase for the spring and summer building season.

The Company expects 2003 earnings to be between \$1.00 and \$1.25 per share with the first quarter contributing between \$0.12 and \$0.17 per share.

“Looking ahead in 2003, we are planning conservatively and do not expect meaningful near-term improvement in the economy or in our timber markets. Our approach in 2003 will be to further capitalize on our ability to exercise business flexibility. We have a sound balance sheet and are responding appropriately to market conditions, ready to move quickly when markets show improvement. Our asset diversification, financial capability and strategic focus have Plum Creek well positioned to benefit from the opportunities that lie ahead,” concluded Rick Holley, President and CEO.

Earnings Conference Call and Supplemental Information

Plum Creek will hold a conference call today, January 23, at 5:00 PM EST (2:00 PM PST). A live webcast of the conference call may be accessed through Plum Creek's Internet site at www.plumcreek.com by clicking on the “Investors” link.

Investors without internet access should dial 1-800-572-9852 at least 10 minutes prior to the start, referencing Plum Creek's earnings. Those wishing to access the call from outside United States/Canada should dial 1-706-645-9676, also referencing Plum Creek's earnings. Replay of the call will be available for 48 hours after completion of the live call and can be accessed at 1-800-642-1687 or 1-706-645-9291 (international calls), using the code 7450384.

Supplemental financial information for Plum Creek operations, including statistical data, is available in the investors information section of Plum Creek's website at www.plumcreek.com.

Plum Creek is one of the largest landowners in the nation, with nearly 8.1 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. 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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PLUM CREEK TIMBER COMPANY, INC.
CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

	<u>Quarter Ended</u>	
	December 31, <u>2002</u>	December 31, <u>2001</u>
	(In Millions, Except Per Share)	
Revenues:		
Timber	\$ 168	\$ 126
Real Estate	19	27
Manufacturing	90	86
Other	4	1
Total Revenues	<u>281</u>	<u>240</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	86	77
Real Estate	5	12
Manufacturing	92	83
Other	1	-
Total Cost of Goods Sold	<u>184</u>	<u>172</u>
Selling, General and Administrative	22	28
Total Costs and Expenses	<u>206</u>	<u>200</u>
Operating Income	75	40
Interest Expense, net	<u>26</u>	<u>24</u>
Income before Income Taxes	49	16
Benefit for Income Taxes	<u>5</u>	<u>210</u>
Net Income	<u>\$ 54</u>	<u>\$ 226</u>
Net Income per Share - Basic	<u>\$ 0.29</u>	<u>\$ 1.26</u>
Net Income per Share - Diluted	<u>\$ 0.29</u>	<u>\$ 1.25</u>
Weighted average number of Shares outstanding - Basic	<u>184.8</u>	<u>179.3</u>
Weighted average number of Shares outstanding - Diluted	<u>185.3</u>	<u>180.6</u>

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

	<u>Year Ended</u>	
	December 31, <u>2002</u>	December 31, <u>2001</u>
	(In Millions, Except Per Share)	
Revenues:		
Timber	\$ 649	\$ 423
Real Estate	98	80
Manufacturing	381	86
Other	<u>9</u>	<u>9</u>
Total Revenues	1,137	598
Costs and Expenses:		
Cost of Goods Sold:		
Timber	318	188
Real Estate	34	20
Manufacturing	370	83
Other	<u>2</u>	<u>1</u>
Total Cost of Goods Sold	724	292
Selling, General and Administrative	<u>75</u>	<u>56</u>
Total Costs and Expenses	799	348
Operating Income	338	250
Interest Expense, net	<u>103</u>	<u>54</u>
Income before Income Taxes	235	196
(Provision) Benefit for Income Taxes	<u>(2)</u>	<u>142</u>
Net Income	<u>\$ 233</u>	<u>\$ 338</u>
Net Income per Share - Basic	<u>\$ 1.26</u>	<u>\$ 2.61</u>
Net Income per Share - Diluted	<u>\$ 1.26</u>	<u>\$ 2.58</u>
Weighted average number of Shares outstanding - Basic	<u>184.7</u>	<u>129.5</u>
Weighted average number of Shares outstanding - Diluted	<u>185.4</u>	<u>130.7</u>

PLUM CREEK TIMBER COMPANY, INC.
CONSOLIDATED BALANCE SHEET
(UNAUDITED)

December 31,
2002 December 31,
2001

(In Millions, Except Share Data)

ASSETS

Current Assets:		
Cash and Cash Equivalents	\$ 246	\$ 193
Restricted Advance from Customer	4	-
Accounts Receivable	33	31
Inventories	58	56
Investment in Grantor Trust	10	12
Deferred Tax Asset	11	2
Other Current Assets	16	12
	378	306
Timber and Timberlands - Net	3,599	3,480
Property, Plant and Equipment - Net	307	316
Other Assets	5	20
Total Assets	\$ 4,289	\$ 4,122

LIABILITIES

Current Liabilities:		
Current Portion of Long-Term Debt	\$ 33	\$ 34
Accounts Payable	25	27
Interest Payable	21	21
Wages Payable	23	21
Taxes Payable	11	9
Deferred Revenue	18	14
Liabilities Associated with Grantor Trust	10	11
Other Current Liabilities	14	12
	155	149
Long-Term Debt	1,170	1,178
Line of Credit	669	469
Deferred Tax Liability	44	38
Other Liabilities	29	41
Total Liabilities	2,067	1,875

Commitments and Contingencies

STOCKHOLDERS' EQUITY

Preferred Stock, \$0.01 par value, authorized shares - 75 million, outstanding - none	-	-
Common Stock, \$0.01 par value, authorized shares - 300 million, outstanding - 184,861,615 at December 31, 2002 and 183,825,407 at December 31, 2001	2	2
Additional Paid-In Capital	2,197	2,227
Retained Earnings	23	17
Other Equity	-	1
Total Stockholders' Equity	2,222	2,247
Total Liabilities and Stockholders' Equity	\$ 4,289	\$ 4,122

Plum Creek Timber Company, Inc.

(unaudited)

Funds From Operations

(In millions)	Fourth Quarter 2002	Year Ended 2002
Net Income	\$54	\$233
Plus:		
Depreciation, Depletion & Amortization	27	105
Basis of Real Estate Sold	4	28
Funds From Operations	<u>\$85</u>	<u>\$366</u>

Plum Creek Timber Company, Inc.
Pro Forma Net Income
Fourth Quarter 2001

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