

## PLUM CREEK TIMBER COMPANY, INC.

### AUDIT COMMITTEE CHARTER

#### PURPOSE

The Audit Committee (the "Committee") is appointed by the Board of Directors of Plum Creek Timber Company, Inc. (the "Company") to assist the Board in oversight of (1) the integrity of the Company's financial statements, (2) the independent auditor's qualifications and independence, (3) the performance of the Company's internal audit function and independent auditors and (4) the compliance by the Company with legal and regulatory requirements. In addition, the Committee is appointed to annually prepare the report required by the rules of the Securities and Exchange Commission ("SEC") to be included in the Company's Annual Meeting Proxy Statement.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the authority to engage independent counsel and other advisors as the Committee determines necessary or appropriate to carry out its duties.

#### COMMITTEE MEMBERSHIP

The Committee will be composed of at least three (3) directors appointed by the Company's Board of Directors. Each member of the Committee shall be qualified to serve on the Committee pursuant to the requirements of the New York Stock Exchange (the "NYSE") and the Sarbanes-Oxley Act of 2002 (the "Act") and the rules and regulations promulgated by the SEC pursuant to the Act.

Each member of the Committee may serve on up to two (2) other public company audit committees, unless the Board determines that service on a greater number of audit committees would not impair the ability of such member to effectively serve on the Committee. Any such determination must be disclosed in the Company's Annual Meeting Proxy Statement.

Any vacancy on the Committee shall be filled by majority vote of the Board. No member of the Committee shall be removed except by majority vote of the Board. The Chairperson of the Committee shall be designated by the Board, provided that if the Board does not so designate a Chairperson, the members of the Committee, by a majority vote, may designate a Chairperson.

#### DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

##### *Oversight of the Independent Auditor and the Internal Audit Function*

The Committee shall be directly responsible for, and have sole authority over, the appointment, termination, replacement, compensation and oversight of the work of the independent auditor, including resolution of disagreements between management and the

independent auditor regarding financial reporting, for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The Committee shall pre-approve all audit and non-audit services provided by the independent auditor, and shall not engage the independent auditor to perform any non-audit service prohibited by law or regulation. The Committee may delegate to a single member of the Committee its responsibility to pre-approve such audit and non-audit services, provided that decision of any member to whom this responsibility is delegated shall be presented to the Committee at its next scheduled meeting.

At least annually, the Committee shall obtain and review a report by the independent auditor describing: (1) the independent auditor's internal quality-control procedures; (2) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five (5) years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (3) to better assess the independent auditor's independence, all relationships between the independent auditor and the Company.

The Committee's decision whether to select or replace the independent auditor shall be based upon an evaluation of the independent auditor's qualifications, performance and independence. In performing this evaluation, the Committee shall review the information in the foregoing annual reports from the independent auditor and the independent auditor's work throughout the year. This evaluation should also include a review and evaluation of the lead partner of the independent auditor, and take into account the opinions of management and personnel responsible for the Company's internal audit function.

The Committee shall also set clear hiring policies for employees or former employees of the independent auditor that satisfy the rules of the SEC and the NYSE, as applicable.

In addition, the Committee shall:

- Review with the Company's internal audit staff and with the independent auditor the scope of their respective proposed financial audits.
- Review with the Company's internal audit staff and with the independent auditor their respective annual financial audit plans, including the degree of coordination of the two plans.
- Review the results of the financial audit with the independent auditor, as well as discuss the financial statements.
- Review significant reports to management prepared by the Company's staff performing internal auditing, and management's response.

- Review with the Company’s internal audit staff and the independent auditor the adequacy and effectiveness of the internal controls of the Company and any special audit steps adopted in light of material control deficiencies.
- Review management’s assertion on its assessment of the effectiveness of internal controls as of the end of the most recent fiscal year and the independent auditor’s report on management’s assertion.
- Review with the independent auditor any audit problems or difficulties and management’s response to any such problems.
- Review (1) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company’s selection or application of accounting principles, (2) analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative generally accepted accounting principles methods on the financial statements and (3) the effect of regulatory and accounting initiatives on the financial statements of the Company.

#### *Financial Statement and Disclosure Matters*

The Committee shall review and discuss with management and the independent auditor the annual audited financial statements, including the Company’s disclosures under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” to be included in the Company’s Annual Report on Form 10-K (or the annual report to stockholders if distributed prior to the filing of the Form 10-K). The Committee shall also review and discuss with management and the independent auditor the interim financial statements, including the Company’s disclosures under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” to be included in each of the Company’s Quarterly Reports on Form 10-Q. The Committee shall also review and discuss the type and presentation of information to be included in earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

#### *General Matters*

Meetings and Procedures. The Committee should meet on a regular basis, but shall meet not less frequently than quarterly. Special meetings should be called as circumstances require. In addition, the Committee shall meet separately, periodically, with management, personnel responsible for the internal audit function and the independent auditor, to discuss any issues and concerns warranting the Committee’s attention. A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum. The Committee shall maintain appropriate

procedures to insure accurate meeting agendas and minutes are prepared and filed in draft form as soon as practicable, with such meeting minutes presented to the Committee for approval at the next regularly scheduled Committee meeting. Such meeting agendas and minutes shall be filed in the Committee Minute Book upon approval. The Committee shall establish such rules, regulations and procedures as it determines appropriate and reasonably necessary for it to undertake its duties and responsibilities as set forth in this Charter. The Committee may form and delegate authority to subcommittees when appropriate.

Reporting to the Board. The Committee shall regularly report its activities to the full Board so that the Board is kept informed of its activities on a current basis.

Risk Assessment and Risk Management. The Committee shall discuss significant risks or exposures to the Company and the steps that the Company's management has taken to monitor and control such risks or exposures. The Committee shall discuss policies and guidelines to govern the process by which risk assessment and risk management is undertaken.

Compliance. The Committee shall provide oversight of the Company's compliance with legal and regulatory requirements.

Committee Responsibilities and Performance Evaluation. To ensure that the Committee's duties are being properly discharged, the Committee shall periodically review with the Company's legal counsel the legal responsibilities of the Committee members, as well as appropriate actions to be taken, and policies to be adopted, by the Committee. In addition, the Committee shall, in coordination with the Company's Corporate Governance and Nominating Committee, annually conduct an evaluation of its own performance to determine whether it is functioning effectively.

Audit Committee Charter. The Committee shall review and reassess the adequacy of this Charter annually.

Complaints. The Committee shall establish procedures for: (1) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (2) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Funding. The Committee shall determine, and the Company shall provide the Committee with, the necessary funding for: (1) compensation of the independent auditor, independent counsel or other advisors employed by the Committee; and (2) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

#### LIMITATION OF AUDIT COMMITTEE'S ROLE

In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not full-time employees of the Company, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting

reviews or procedures or to set auditor independence standards, and each member of the Committee shall be entitled to rely on (1) the integrity of those persons and organizations within and outside the Company from which it receives information, (2) the accuracy of the financial and other information provided to the Committee absent actual knowledge to the contrary (which shall be promptly reported to the Board) and (3) statements made by management or third parties as to any information technology, internal audit and other non-audit services provided by the auditors to the Company. To the extent that one or more members of the Committee are designated in the Company's periodic filings with the Securities and Exchange Commission as an "audit committee financial expert", such persons will not be deemed to be an "expert" for any purpose, including for purposes of Section 11 of the Securities Act of 1933, as amended, and such designation does not impose any duties, obligations or liability on such persons that are greater than those imposed on such persons as members of the Committee in the absence of such designation, nor does it affect the duties, obligations or liability of any other member of the Committee or the Board.