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CONTACT: Kenneth D. Mann Cleifton D. Vaughan
Investor Relations Public Relations
(870) 881-6432 (870) 881-6407

EL DORADO, AR. President and Chief Executive Officer, Ron L. Pearce, of Deltic Timber Corporation announced today that financial results for the third quarter of 2002 were a loss of \$1 million, \$.13 a share after preferred dividends, compared to a loss of \$.1 million, \$.05 a share, a year ago. Included in 2001's third quarter was income from discontinued agriculture operations, net of income taxes, of \$.1 million, \$.01 a share. Operating income for the current quarter was \$1.7 million, a decrease of \$.9 million when compared to the third quarter of 2001. Net cash provided by operating activities, excluding changes in operating working capital, totaled \$4.3 million for 2002's third quarter, a decrease of \$1.8 million when compared to the corresponding quarter of 2001.

Mr. Pearce commented, "The Mills financial performance continues to be impacted by the weak lumber market. Deltic's third quarter lumber price declined seven percent to \$293 per thousand board feet from the same time last year. However, cost reductions combined with improved production efficiencies have enabled the mills to reduce unit costs by eight percent compared to the third quarter of last year. Our Woodlands segment has successfully increased pine sawtimber harvest levels as planned, while maintaining acceptable sales realizations. Unfavorable weather conditions early in the year delayed the development of planned 2002 residential lot offerings, which negatively impacted the timing of lot closings anticipated to occur in the current quarter. The exploration of strategic alternatives for our investment in Del-Tin Fiber L.L.C. announced on April 25, 2002, is ongoing." Mr. Robert C. Nolan, Chairman, added, "Business conditions in the forest products industry continue to be challenging; the Canadian lumber tariff has not had the positive impact on lumber prices that was expected and the economic recovery continues to be slow. However, we feel that, relative to the industry, Deltic has fared well during these difficult times, and the Company is well positioned to take advantage of any improvement in business conditions."

Operating income for the Woodlands segment was \$5 million in the third quarter of 2002, which compares to \$3.1 million for the same period of 2001. Pine sawtimber harvest levels increased 4,400 tons to 143,600 tons in 2002. Deltic's average pine sawtimber price was \$42 per ton in the current period, an eight percent increase from \$39 per ton a year ago. During the third quarter of 2002, sales of timberland totaled 1,198 acres at a gain of \$1.1 million, which compares to similar sales of 321 acres at a gain of \$.4 million in the prior-year quarter.

The Company's Mills segment loss of \$1.6 million in the current quarter compares to a \$1.7 million loss a year ago. Finished lumber sales price decreased seven percent to \$293 per thousand board feet from \$315. Lumber sales volume increased 11.6 million board feet to 53 million in 2002, primarily as a result of improved mill operations.

Deltic's Real Estate segment's results were essentially break-even for the third quarter of 2002, which compares to earnings of \$2.1 million for the same period of 2001. Results for 2001 included the sale of 12 acres of commercial property at a gain of \$1.4 million. Residential lot sales totaled 30 lots at an average price of \$56,200 per lot for the current quarter versus 43 lots at \$57,000 per lot in the prior year's third quarter.

Corporate operating expense was \$1.6 million in the current quarter, which compares to \$.6 million for the same period of 2001. The prior year's general and administrative expenses benefited from a reduction in costs related to the Company's prior practice of variable accounting for stock option awards, due to a decrease in Deltic's stock option price during the quarter. (Under current accounting methods, all outstanding options are considered fixed awards.) The Company's share of equity in Del-Tin Fiber's operating loss was \$1.8 million for the third quarter of 2002, compared to a loss of \$1.7 million for 2001's third quarter. Interest expense was \$1.2 million for the current quarter, down \$.1 million when compared to the corresponding quarter of 2001. An income tax benefit of \$.1 million was recorded for the third quarter of both 2002 and 2001, and the current quarter included adjustments to prior years' tax estimates that were settled during the current quarter.

Capital expenditures were \$6.5 million for the current quarter and \$15.8 million for the nine months ended September 30, 2002. For the corresponding periods of 2001, capital expenditures were \$7.3 million and \$55.5 million, respectively. Included in the 2001 year-to-date amount was \$38.3 million for the purchase of approximately 26,200 acres of replacement timberland properties.

Financial results for the first nine months of 2002 were a loss of \$.2 million, \$.16 a share after preferred dividends. Net income for the nine months ended September 30, 2001, was \$9.1 million, \$.62 a share, which included income from discontinued operations, net of income taxes, of \$8.4 million, \$.70 a share. Net cash provided by operating activities, excluding changes in working capital, was \$24.2 million for the current nine-month period, a decrease of \$1.1 million when compared to a year ago.

Pine sawtimber harvest levels for the nine months ended September 30, 2002, were 600,100 tons, a 16 percent increase when compared to 517,200 tons during the same period of 2001. Average pine sawtimber price of \$42 per ton increased slightly from \$41 a year ago. Timberland sales totaling 1,957 acres at an average sales price of \$1,200 per acre during the first nine months of 2002 compares to sales of 1,853 acres at an average price of \$2,900 per acre in 2001. Lumber sales increased 34.9 million board feet, or 30 percent, to 152.6 million due to improved production rates. Finished lumber sales price decreased \$10, from \$317 per thousand board feet in 2001 to \$307. During 2001, 12 acres of commercial property were sold for \$144,700 per acre. Residential lot sales for 2002 totaled 82 lots at an average price of \$69,900 per lot, which compares to 94 lots for \$63,800 during the first nine months of 2001.

Regarding the outlook for the fourth quarter and for 2002, Mr. Pearce noted, "We currently anticipate the pine sawtimber harvest to be 100,000 to 150,000 tons and 700,000 to 750,000 tons, respectively. The Company's program to consider sales of timberland identified to be non-strategic or to have a higher and better use will continue, with sales for the year anticipated to be 3,000 to 3,500 acres. Finished lumber production and sales volumes will continue to be subject to market conditions, with sales estimated at 50 to 55 million board feet for the fourth quarter and 205 to 215 million for the year. Residential lot sales are projected to be 150 to 175 lots for the year. Deltic's share of equity in Del-Tin Fiber's financial results is estimated to be a pretax loss of \$1.7 to \$1.9 million for the fourth quarter."

Statements included herein that are not historical in nature are intended to be, and are hereby identified as, "forward-looking statements" within the meaning of the Federal Securities Laws. Such statements reflect the Company's current expectations and involve certain risks and uncertainties. Actual results could differ materially from those included in such forward-looking statements. Factors that could cause such differences include, but are not limited to, the cyclical nature of the industry, changes in interest rates and general economic conditions, adverse weather, cost and availability of materials used to

manufacture the Company's products, and the risk factors described from time to time in the reports and disclosure documents filed by the Company with the Securities and Exchange Commission.

Deltic will hold a conference call on Thursday, October 24, 2002, at 2 p.m. (CDT) to discuss third quarter 2002 earnings. Interested parties may participate in the call by dialing 1-800-915-4836. The call will also be broadcast live over the Internet and can be accessed through the Investor Relations section of the Deltic website at **www.deltic.com**. Online replays of the call will be available through the Deltic website, and a recording of the call will be available until 11:59 p.m. (CST) on Thursday, October 31, by dialing 1-800-428-6051 and referencing replay passcode identification number 262612.

Summary financial data and operating statistics for the third quarter of 2002 with comparisons to 2001 are contained in the following tables.

Deltic Timber Corporation
SEGMENTAL RESULTS OF OPERATIONS (Unaudited)
(Millions of dollars)

	<u>Three Months Ended</u> <u>September 30, 2002</u>		<u>Three Months Ended</u> <u>September 30, 2001</u>	
	<u>Net</u> <u>Sales</u>	<u>Operating</u> <u>Income</u>	<u>Net</u> <u>Sales</u>	<u>Operating</u> <u>Income</u>
Woodlands	\$ 8.6	5.0	7.3	3.1
Mills	18.4	(1.6)	15.3	(1.7)
Real Estate	3.0	-	5.7	2.1
Corporate	-	(1.6)	-	(.6)
Eliminations	<u>(4.4)</u>	<u>(.1)</u>	<u>(2.9)</u>	<u>(.3)</u>
Total net sales/operating income	<u>\$ 25.6</u>	<u>1.7</u>	<u>25.4</u>	<u>2.6</u>

	<u>Nine Months Ended</u> <u>September 30, 2002</u>		<u>Nine Months Ended</u> <u>September 30, 2001</u>	
	<u>Net</u> <u>Sales</u>	<u>Operating</u> <u>Income</u>	<u>Net</u> <u>Sales</u>	<u>Operating</u> <u>Income</u>
Woodlands	\$ 30.2	18.1	29.8	16.7
Mills	55.1	(3.1)	44.0	(4.0)
Real Estate	9.8	1.1	12.1	3.0
Corporate	-	(5.4)	-	(4.8)
Eliminations	<u>(14.3)</u>	<u>(.3)</u>	<u>(10.2)</u>	<u>(.3)</u>
Total net sales/operating income	<u>\$ 80.8</u>	<u>10.4</u>	<u>75.7</u>	<u>10.6</u>

Deltic Timber Corporation
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(Thousands of dollars, except per share amounts)

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Net sales	\$ <u>25,565</u>	<u>25,440</u>	<u>80,766</u>	<u>75,734</u>
Costs and expenses				
Cost of sales	19,154	18,742	51,927	47,607
Depreciation, amortization, and cost of fee timber harvested	2,910	3,308	12,412	12,187
General and administrative expenses	<u>1,832</u>	<u>802</u>	<u>5,997</u>	<u>5,367</u>
	<u>23,896</u>	<u>22,852</u>	<u>70,336</u>	<u>65,161</u>
Operating income	1,669	2,588	10,430	10,573
Equity in loss of Del-Tin Fiber	(1,827)	(1,647)	(7,153)	(6,654)
Interest income	117	11	180	918
Interest and other debt expense	(1,110)	(1,372)	(3,356)	(4,439)
Other income/(expense)	<u>101</u>	<u>104</u>	<u>342</u>	<u>328</u>
Income/(loss) from continuing operations before income taxes	(1,050)	(316)	443	726
Income taxes	<u>58</u>	<u>202</u>	<u>(624)</u>	<u>17</u>
Income/(loss) from continuing operations	(992)	(114)	(181)	743
Discontinued operations, net	<u>-</u>	<u>51</u>	<u>-</u>	<u>8,382</u>
Net income/(loss)	\$ <u>(992)</u>	<u>(63)</u>	<u>(181)</u>	<u>9,125</u>
Earnings per common share				
Basic				
Continuing operations	\$ (.13)	(.06)	(.16)	(.08)
Discontinued operations	<u>-</u>	<u>.01</u>	<u>-</u>	<u>.70</u>
Net income/(loss)	\$ <u>(.13)</u>	<u>(.05)</u>	<u>(.16)</u>	<u>.62</u>
Assuming dilution				
Continuing operations	\$ (.13)	(.06)	(.16)	(.08)
Discontinued operations	<u>-</u>	<u>.01</u>	<u>-</u>	<u>.70</u>
Net income/(loss)	\$ <u>(.13)</u>	<u>(.05)</u>	<u>(.16)</u>	<u>.62</u>
Dividends per common share	\$.0625	.0625	.1875	.1875
Average common shares outstanding (thousands)	11,941	11,887	11,921	11,899

Deltic Timber Corporation

BALANCE SHEET DATA

(Thousands of dollars)

	(Unaudited)	
	Sept 30, <u>2002</u>	Dec. 31, <u>2001</u>
Working capital	\$ 7,803	13,015
Total assets	324,086	328,380
Long-term debt	80,136	84,190
Redeemable preferred stock	30,000	30,000
Stockholders' equity	177,690	180,799

OTHER DATA (Unaudited)

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Capital expenditures – thousands of dollars				
Woodlands	\$ 1,620	1,461	3,447	43,629
Mills	859	1,570	2,411	3,709
Real Estate	3,972	4,190	9,889	8,068
Corporate	21	19	69	56
Total	<u>\$ 6,472</u>	<u>7,240</u>	<u>15,816</u>	<u>55,462</u>
Net cash from operating activities, excluding changes in operating working capital – thousands of dollars	<u>\$ 4,288</u>	<u>6,176</u>	<u>24,206</u>	<u>25,329</u>
Woodlands				
Pine sawtimber harvested from fee lands – tons	143,592	139,160	600,089	517,247
Pine sawtimber price – per ton	\$ 42	39	42	41
Timberland sales – acres	1,197.65	320.50	1,957.07	1,852.52
Timberland sales price – per acre	\$ 1,300	1,600	1,200	2,900
Mills				
Finished lumber sales – thousands of board feet	52,975	41,376	152,606	117,744
Finished lumber price – per thousand board feet	\$ 293	315	307	317
Real Estate				
Residential				
Lots sold	30	43	82	94
Average price per lot sold	\$ 56,200	57,000	69,900	63,800
Commercial				
Acres sold	-	12.02	-	12.02
Average price per acre sold	\$ -	144,700	-	144,700