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

		<u>51X MO</u>	ntns Ende	<u>a</u>
	J	une 30,		June 30,
		2006		2005
		2000		2003
	(In M	lillions, Excep	ot Per Sha	re Amounts)
Revenues:				
Timber	\$	407	\$	392
Real Estate		113		104
Manufacturing		264		257
Other		10		5
Total Revenues		794	-	758
			· ·	
Costs and Expenses:				
Cost of Goods Sold:				
Timber		234		201
Real Estate		41		40
Manufacturing		240		235
Other				_
		1		1
Total Cost of Goods Sold		516		477
Selling, General and Administrative		52		45
Total Costs and Expenses		568		522
Tomi Cooks and Emponeers				
Operating Income		226		236
Interest Expense, net		65		54
Income before Income Taxes		161		182
income before income taxes		101		162
Provision for Income Taxes		7		11
	<u></u>			
Income from Continuing Operations		154		171
				20
Gain on Sale of Properties, net of tax				20
Net Income Before Cumulative Effect of Accounting Change		154		191
Cumulative Effect of Accounting Change, net of tax		2		
Net Income	\$	156	\$	191
Net income	φ	130	Ф	191
Income from Continuing Operations per Share				
- Basic	¢	0.84	Φ	0.93
	\$		\$	
- Diluted	\$	0.84	\$	0.93
Not Income per Chara				
Net Income per Share	<i>*</i>	2.25	Φ.	
- Basic	\$	0.85	\$	1.04
- Diluted	\$	0.85	\$	1.03
Weighted Average Number of Shares Outstanding				
		102.2		102.0
- Basic		183.2		183.9
- Diluted		183.7		184.6

Six Months Ended

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

	J	<u>Quar</u> une 30, <u>2006</u>	ter Enc	led June 30, 2005
	(In M	illions, Exce _l	ot Per S	Share Amounts)
Revenues:				
Timber	\$	193	\$	192
Real Estate		52		36
Manufacturing		130		128
Other		5		2
Total Revenues		380		358
Costs and Expenses:				
Cost of Goods Sold:				
Timber		113		99
Real Estate		25		16
Manufacturing		117		117
Other		-		-
Total Cost of Goods Sold		255		232
Selling, General and Administrative		26		24
Total Costs and Expenses		281		256
Operating Income		99		102
Interest Expense, net		34	_	27
Income before Income Taxes		65		75
Provision for Income Taxes		3	_	6
Net Income	\$	62	\$	69
Net Income per Share				
- Basic	\$	0.34	\$	0.37
- Diluted	\$	0.34	\$	0.37
Weighted Average Number of Shares Outstanding				
- Basic		182.3		184.0
- Diluted		182.8		184.6

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

		ine 30, <u>2006</u>	December 31, 2005
	(In Mil	llions, Except l	Per Share Amounts)
ASSETS			
Current Assets:	¢	396	\$ 369
Cash and Cash Equivalents Restricted Advance from Customer	\$	20	23
Accounts Receivable		56	44
Like-Kind Exchange Funds Held in Escrow		10	30
Inventories		72	75
Deferred Tax Asset		17	17
Real Estate Development Properties		25	26
Assets Held for Sale		65	43
Other Current Assets		17	16
		678	643
Timber and Timberlands - Net		3,845	3,887
Property, Plant and Equipment - Net		226	234
Investment in Grantor Trusts		25	26
Other Assets	Φ.	23	22
Total Assets	\$	4,797	\$4,812
LIABILITIES			
Current Liabilities:	\$	231	\$ 161
Current Portion of Long-Term Debt Short-Term Debt	Φ	231	50
Accounts Payable		40	45
Interest Payable		31	30
Wages Payable		16	25
Taxes Payable		21	18
Deferred Revenue		41	35
Other Current Liabilities		16	11
		396	375
Long-Term Debt		1,643	1,524
Lines of Credit		516	495
Deferred Tax Liability		39	39
Other Liabilities		47	54
Total Liabilities		2,641	2,487
Commitments and Contingencies			
STOCKHOLDERS' EQUITY			
Preferred Stock, \$0.01 par value, authorized shares - 75.0,			
outstanding - none		-	-
Common Stock, \$0.01 par value, authorized shares - 300.6,			
issued (including Treasury Stock) - 186.4 at June 30, 2006,		2	2
and 186.2 at December 31, 2005		2 184	2 179
Additional Paid-In Capital Retained Farnings		2,184 195	2,179 186
Retained Earnings Treasury Stock, at cost, Common Shares - 7.2 at June 30, 2006,		(228)	(44)
and 2.0 at December 31, 2005		(220)	(44)
Other Equity		3	2
Total Stockholders' Equity		2,156	2,325
Total Liabilities and Stockholders' Equity	\$		\$ 4,812
^ -			

PLUM CREEK TIMBER COMPANY, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(GINAGBITED)			
		Six Month	
	J	une 30,	June 30,
		<u>2006</u>	<u>2005</u>
		(In Mill	ions)
Cash Flows From Operating Activities:			
Net Income	\$	156 \$	191
Adjustments to Reconcile Net Income to			
Net Cash Provided By Operating Activities:			
Depreciation, Depletion and Amortization		60	55
Basis of Real Estate Sold		23	28
Deferred Income Taxes		-	(1)
Gain on Sales of Properties and Other Assets		-	(21)
Working Capital Changes Impacting Cash Flow:			
Like-Kind Exchange Funds		20	(46)
Other Working Capital Changes		(6)	(8)
Other		(1)	-
Net Cash Provided By Operating Activities		252	198
Cash Flows From Investing Activities:			
Capital Expenditures (Excluding Timberland Acquisitions)		(36)	(28)
Timberlands Acquired		(17)	(50)
Proceeds from Sales of Properties and Other Assets		1	5
Other		(3)	-
Net Cash Used In Investing Activities		(55)	(73)
Cash Flows From Financing Activities:			
Dividends		(147)	(140)
Borrowings on Line of Credit		1,474	1,140
Repayments on Line of Credit		(1,453)	(1,093)
Proceeds from Issuance of Short-Term Debt		-	50
Repayment of Short-Term Debt		(50)	-
Proceeds from Issuance of Long-Term Debt		216	-
Principal Payments and Retirement of Long-Term Debt		(29)	(49)
Proceeds from Stock Option Exercises		3	4
Acquisition of Treasury Stock		(184)	
Net Cash Used In Financing Activities		(170)	(88)
Increase In Cash and Cash Equivalents		27	37
Cash and Cash Equivalents:			
Beginning of Period		369	347
End of Period	\$	396 \$	384

PLUM CREEK TIMBER COMPANY, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(UNAUDITED)				
		<u>Quai</u>	ter End	<u>ed</u>
	Ju	ne 30,		June 30,
	<u> </u>	<u> 2006</u>		<u>2005</u>
		(T.) (T.	11.	
		(In Mi	llions)	
Cash Flows From Operating Activities:	ф	62	Ф	60
Net Income	\$	62	\$	69
Adjustments to Reconcile Net Income to				
Net Cash Provided By Operating Activities:				
Depreciation, Depletion and Amortization		29		28
Basis of Real Estate Sold		13		10
Deferred Income Taxes		(1)		-
Working Capital Changes Impacting Cash Flow:				
Like-Kind Exchange Funds		(9)		(15)
Other Working Capital Changes		14		25
Other		4		2
Net Cash Provided By Operating Activities	·	112		119
Cash Flows From Investing Activities:				
Capital Expenditures (Excluding Timberland Acquisitions)		(19)		(18)
Timberlands Acquired		(17)		(50)
Proceeds from Sales of Properties and Other Assets		1		4
Other		(3)		-
Net Cash Used In Investing Activities		(38)		(64)
Cash Flows From Financing Activities:				
Dividends		(73)		(70)
Borrowings on Line of Credit		811		611
Repayments on Line of Credit		(790)		(564)
Proceeds from Issuance of Short-Term Debt		-		50
Repayment of Short-Term Debt		(50)		-
Proceeds from Issuance of Long-Term Debt		216		-
Principal Payments and Retirement of Long-Term Debt		(28)		(48)
Proceeds from Stock Option Exercises		1		1
Acquisition of Treasury Stock		(184)		_
Net Cash Used In Financing Activities		(97)	-	(20)
The cash cool in a management and		(>1)		(=0)
Increase (Decrease) In Cash and Cash Equivalents		(23)		35
Cash and Cash Equivalents:				
Beginning of Period		419		349
5.1.45.1.1	_			,
End of Period	\$	396	\$	384

Plum Creek Timber Company, Inc. Segment Data (Unaudited)

	Six Months			Six	
			1	Months	
		2006		2005	
		(In M	(Iillions		
Revenues:					
Northern Resources	\$	202	\$	159	
Southern Resources		243		266	
Real Estate		113		104	
Manufacturing		264		257	
Other		10		5	
Eliminations		(38)		(33)	
Total Revenues	\$	794	\$	758	
Operating Costs and Expenses:					
Northern Resources	\$	146	\$	111	
Southern Resources		145		141	
Real Estate		42		42	
Manufacturing		246		241	
Other		1		1	
Other Costs and Eliminations		(12)		(14)	
Total Costs and Expenses	\$	568	\$	522	
Operating Income (Loss)					
Northern Resources	\$	56	\$	48	
Southern Resources		98		125	
Real Estate		71		62	
Manufacturing		18		16	
Other		9		4	
Other Costs and Eliminations		(26)		(19)	
Total Operating Income	\$	226	\$	236	

Plum Creek Timber Company, Inc. Segment Data (Unaudited)

	S	econd		Second
	Ç	Quarter	(Quarter
		2006		2005
		(In N	(Iillions)
Revenues:				
Northern Resources	\$	87	\$	71
Southern Resources		121		135
Real Estate		52		36
Manufacturing		130		128
Other		5		2
Eliminations		(15)		(14)
Total Revenues	\$	380	\$	358
Operating Costs and Expenses:				
Northern Resources	\$	66	\$	52
Southern Resources		73		73
Real Estate		25		17
Manufacturing		120		120
Other		1		-
Other Costs and Eliminations		(4)		(6)
Total Costs and Expenses	\$	281	\$	256
Operating Income (Loss)				
Northern Resources	\$	21	\$	19
Southern Resources		48		62
Real Estate		27		19
Manufacturing		10		8
Other		4		2
Other Costs and Eliminations	_	(11)	_	(8)
Total Operating Income	\$	99	\$	102

Selected Operating Statistics (Unaudited)

(Unaudited)		2007			2005				
		1st Qtr	2006 2nd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Sales Realization Southern Resources	Units								
Sawlog	\$/Ton Stumpage	\$35	\$36	\$36	\$38	\$38	\$36	\$37	\$37
Pulpwood	\$/Ton Stumpage	\$8	\$8	\$8	\$9	\$9	\$8	\$7	\$8
Northern Resources									
Sawlog	\$/Ton Delivered	\$77	\$78	\$78	\$76	\$77	\$79	\$77	\$77
Pulpwood	\$/Ton Delivered	\$37	\$37	\$37	\$37	\$37	\$39	\$38	\$38
Lumber (1)	\$/MBF	\$467	\$456	\$462	\$483	\$459	\$440	\$435	\$454
Plywood (1)	\$/MSF	\$452	\$455	\$453	\$419	\$422	\$418	\$444	\$425
Fiberboard (1)	\$/MSF	\$445	\$480	\$462	\$449	\$458	\$441	\$434	\$446
Sales Volume Southern Resources									
Sawlog	1.000 Tons	1,749	1,685	3,434	1,899	1,899	1,553	1,624	6,975
Pulpwood	1,000 Tons	1,642	1,651	3,293	1,592	1,825	1,690	1,696	6,803
Total Harvest	1,000 1011	3,391	3,336	6,727	3,491	3,724	3,243	3,320	13,778
Northern Resources									
Sawlog	1,000 Tons	1,151	877	2,028	906	774	898	1,011	3,589
Pulpwood	1,000 Tons	766	517	1,283	499	319	467	529	1,814
Total Harvest	-	1,917	1,394	3,311	1,405	1,093	1,365	1,540	5,403
Lumber	MBF	99,367	97,059	196,426	102,857	105,028	103,099	96,003	406,987
Plywood	MSF	75,769	71,269	147,038	75,483	75,235	76,692	71,115	298,525
Fiberboard	MSF	69,076	70,411	139,487	61,806	61,843	62,231	62,407	248,287

Plum Creek Timber Company, Inc. Land Sale Statistics (Unaudited)

		2006		2005						
	1st Qtr	2nd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD		
Acres Sold			_				_			
Small Non-strategic	15,050	11,765	26,815	18,525	13,315	85,610	30,750	148,200		
Large Non-strategic	-	-	-	-	625 *	-	39,375	40,000		
Conservation	1,815	2,185	4,000	8,650	450	11,600	1,900	22,600		
HBU/Recreation	3,860	7,225	11,085	9,100	4,510	5,620	1,770	21,000		
Development Properties	1,075	645	1,720	20	140	20	20	200		
Conservation Easements	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
	21,800	21,820	43,620	36,295	19,040	102,850	73,815	232,000		
Price per Acre										
Small Non-strategic	\$1,465	\$1,270	\$1,380	\$1,225	\$1,425	\$1,050	\$905	\$1,075		
Large Non-strategic	-	-	-	-	\$1,820	-	\$763	\$780		
Conservation	\$1,475	\$1,500	\$1,490	\$1,550	\$3,225	\$760	\$1,225	\$1,151		
HBU/Recreation	\$4,960	\$4,140	\$4,425	\$2,600	\$2,550	\$3,030	\$3,905	\$2,814		
Development Properties	\$8,595	\$5,295	\$7,355	\$23,500	\$13,785	\$14,300	\$10,700	\$14,500		
Conservation Easements	\$1,300	-	\$1,300	\$427	-	-	\$490	\$450		
Revenue, (\$ millions)										
Small Non-strategic	\$22	\$15	\$37	\$23	\$19	\$90	\$28	\$160		
Large Non-strategic	-	-	-	-	\$1	-	\$30	\$31		
Conservation	\$3	\$3	\$6	\$13	\$2	\$9	\$2	\$26		
HBU/Recreation	\$19	\$30	\$49	\$24	\$11	\$17	\$7	\$59		
Development Properties	\$9	\$4	\$13	-	\$3	-	-	\$3		
Conservation Easements	\$8	-	\$8	\$8	-	-	\$5	\$13		
	\$61	\$52	\$113	\$68	\$36	\$116	\$72	\$292		
Basis of Real Estate Sold (\$ millions)	\$10	\$13	\$23	\$18	\$10	\$54	\$42	\$124		

^{*} Represents the completion of the sale of our Pennsylvania properties. Initial sale was in 2004.