UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2007

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 1-10239

PLUM CREEK TIMBER COMPANY, INC.

(Exact name of registrant as specified in its charter)

Organized in the State of Delaware	**I.R.S. Employer Identification No. 91-1912863**

999 Third Avenue, Suite 4300
Seattle, Washington 98104-4096
Telephone: (206) 467-3600

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of outstanding shares of the registrant’s common stock, as of July 23, 2007, was 174,575,989.

PLUM CREEK TIMBER COMPANY, INC.
QUARTERLY REPORT ON FORM 10-Q
For the Quarter ended June 30, 2007

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

(In Millions, Except per Share Amounts)	Quarter Ended June 30, 2007	2006
REVENUES:		
Timber	**$ 190**	$ 193
Real Estate	**71**	52
Manufacturing	**129**	130
Other	**5**	5
Total Revenues	**395**	380
COSTS AND EXPENSES:		
Cost of Goods Sold:		
Timber	**124**	113
Real Estate	**23**	25
Manufacturing	**123**	117
Other	**—**	—
Total Cost of Goods Sold	**270**	255
Selling, General and Administrative	**30**	26
Total Costs and Expenses	**300**	281
Other Operating Income (Expense), net	**(1)**	—
Operating Income	**94**	99
Interest Expense, net	**35**	34
Income before Income Taxes	**59**	65
Provision for Income Taxes	**1**	3
Income from Continuing Operations	**58**	62
Gain on Sale of Properties, net of tax	**2**	—
Net Income	**$ 60**	$ 62
PER SHARE AMOUNTS:		
Income From Continuing Operations – Basic	**$ 0.33**	$ 0.34
Income From Continuing Operations – Diluted	**$ 0.33**	$ 0.34
Net Income per Share – Basic	**$ 0.34**	$ 0.34
Net Income per Share – Diluted	**$ 0.34**	$ 0.34
Dividends Declared – per Common Share Outstanding	**$ 0.42**	$ 0.40
Weighted-Average Number of Shares Outstanding		
– Basic	**175.7**	182.3
– Diluted	**176.1**	182.8

See accompanying Notes to Consolidated Financial Statements

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

(In Millions, Except per Share Amounts)	Six Months Ended June 30, 2007	2006
REVENUES:		
Timber	$ 399	$ 407
Real Estate	110	113
Manufacturing	244	264
Other	11	10
Total Revenues	764	794
COSTS AND EXPENSES:		
Cost of Goods Sold:		
Timber	258	234
Real Estate	40	41
Manufacturing	236	240
Other	1	1
Total Cost of Goods Sold	535	516
Selling, General and Administrative	59	54
Total Costs and Expenses	594	570
Other Operating Income (Expense), net	1	2
Operating Income	171	226
Interest Expense, net	71	65
Income before Income Taxes	100	161
Provision (Benefit) for Income Taxes	(3)	7
Income from Continuing Operations	103	154
Gain on Sale of Properties, net of tax	2	—
Income Before Cumulative Effect of Accounting Change	105	154
Cumulative Effect of Accounting Change, net of tax	—	2
Net Income	$ 105	$ 156
PER SHARE AMOUNTS:		
Income from Continuing Operations – Basic	$ 0.58	$ 0.84
Income from Continuing Operations – Diluted	$ 0.58	$ 0.84
Net Income per Share – Basic	$ 0.59	$ 0.85
Net Income per Share – Diluted	$ 0.59	$ 0.85
Dividends Declared – per Common Share Outstanding	$ 0.84	$ 0.80
Weighted-Average Number of Shares Outstanding		
– Basic	176.4	183.2
– Diluted	176.8	183.7

See accompanying Notes to Consolidated Financial Statements

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

(In Millions, Except per Share Amounts)	June 30, 2007	December 31, 2006
ASSETS		
Current Assets:		
Cash and Cash Equivalents	**$ 107**	$ 273
Restricted Advance from Customer	**—**	4
Accounts Receivable	**47**	40
Like-Kind Exchange Funds Held in Escrow	**58**	—
Inventories	**75**	83
Deferred Tax Asset	**7**	7
Real Estate Development Properties	**4**	3
Assets Held for Sale	**86**	82
Other Current Assets	**20**	21
	404	513
Timber and Timberlands – Net	**3,836**	3,876
Property, Plant and Equipment – Net	**206**	216
Investment in Grantor Trusts	**26**	28
Other Assets	**34**	28
Total Assets	**$ 4,506**	$ 4,661
LIABILITIES		
Current Liabilities:		
Current Portion of Long-Term Debt	**$ 72**	$ 125
Accounts Payable	**42**	42
Interest Payable	**29**	30
Wages Payable	**18**	27
Taxes Payable	**22**	24
Deferred Revenue	**12**	17
Other Current Liabilities	**15**	16
	210	281
Long-Term Debt	**1,920**	1,617
Line of Credit	**345**	581
Deferred Tax Liability	**20**	25
Other Liabilities	**68**	68
Total Liabilities	**2,563**	2,572
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Preferred Stock, $0.01 par value, authorized shares – 75.0, outstanding – none	**—**	—
Common Stock, $0.01 par value, authorized shares – 300.6, issued (Net of Treasury Stock) – 174.6 at June 30, 2007 and 177.1 at December 31, 2006	**2**	2
Additional Paid-In Capital	**2,199**	2,190
Retained Earnings	**170**	214
Treasury Stock, at cost, Common Shares – 12.3 at June 30, 2007 and 9.5 at December 31, 2006	**(418)**	(307)
Accumulated Other Comprehensive Income (Loss)	**(10)**	(10)
Total Stockholders' Equity	**1,943**	2,089
Total Liabilities and Stockholders' Equity	**$ 4,506**	$ 4,661

See accompanying Notes to Consolidated Financial Statements

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

(In Millions)	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	**$ 105**	$ 156
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	**65**	60
Basis of Real Estate Sold	**23**	23
Deferred Income Taxes	**(5)**	—
Gain on Sales of Properties and Other Assets	**(2)**	—
Working Capital Changes Impacting Cash Flow:		
Like-Kind Exchange Funds	**(58)**	20
Other Working Capital Changes	**(14)**	(6)
Expenditures for Real Estate Development	**(6)**	(2)
Other	**3**	1
Net Cash Provided By Operating Activities	**111**	252
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures (Excluding Timberland Acquisitions)	**(33)**	(36)
Timberlands Acquired	**(9)**	(17)
Proceeds from Sale of Properties and Other Assets	**2**	1
Other	**2**	(3)
Net Cash Used In Investing Activities	**(38)**	(55)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends	**(149)**	(147)
Borrowings on Line of Credit	**1,596**	1,474
Repayments on Line of Credit	**(1,832)**	(1,453)
Repayment of Short-Term Debt	**—**	(50)
Proceeds from Issuance of Long-Term Debt	**350**	216
Principal Payments and Retirement of Long-Term Debt	**(99)**	(29)
Proceeds from Stock Option Exercises	**6**	3
Acquisition of Treasury Stock	**(111)**	(184)
Net Cash Used In Financing Activities	**(239)**	(170)
Increase (Decrease) In Cash and Cash Equivalents	**(166)**	27
Cash and Cash Equivalents:		
Beginning of Period	**273**	369
End of Period	**$ 107**	$ 396

See accompanying Notes to Consolidated Financial Statements

PLUM CREEK TIMBER COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1. Basis of Presentation

General. When we refer to "Plum Creek," "the company," "we," "us," or "our," we mean Plum Creek Timber Company, Inc., a Delaware Corporation and a real estate investment trust, or "REIT," and all of its wholly owned consolidated subsidiaries.

The consolidated financial statements include all of the accounts of Plum Creek and its subsidiaries. At June 30, 2007, the company owned and managed approximately 8.2 million acres of timberlands in the Northwest, Southern, and Northeast United States, and owned and operated ten wood product conversion facilities in the Northwest United States. Included in the 8.2 million acres are about 1.7 million acres of higher and better use timberlands, which are expected to be sold and/or developed over approximately the next 15 years for residential, recreational or conservation purposes. In addition, the company has approximately 400,000 acres of non-strategic timberlands, which are expected to be sold over the next five years. In the meantime, all of these timberlands continue to be used productively in our business of growing and selling timber.

Plum Creek has elected to be taxed as a REIT under sections 856-860 of the United States Internal Revenue Code and, as such, is generally not subject to corporate-level income tax. However, the company conducts certain non-REIT activities through various taxable REIT subsidiaries, which are subject to corporate-level income tax. These activities include our manufacturing operations, the harvesting and selling of logs, and the development and/or sales of some of our higher and better use timberlands. Plum Creek's overall effective tax rate is lower than the federal statutory corporate rate due to Plum Creek's status as a REIT.

Intercompany transactions and accounts have been eliminated in consolidation. All transactions are denominated in United States dollars.

The consolidated financial statements included in this Form 10-Q are unaudited and do not contain all of the information required by accounting principles generally accepted in the United States of America to be included in a full set of financial statements. The consolidated balance sheet at December 31, 2006, has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The audited financial statements in the company's 2006 annual report on Form 10-K include a summary of significant accounting policies of the company and should be read in conjunction with this Form 10-Q. In the opinion of management, all material adjustments necessary to present fairly the results of operations for such periods have been included in this Form 10-Q. All such adjustments are of a normal and recurring nature. The results of operations for interim periods are not necessarily indicative of the results of operations for the entire year.

Accounting for Real Estate Joint Venture Arrangements. Under the terms of our joint venture arrangements, we receive proceeds in connection with the sale of our land to a joint venture and additional contingent consideration (i.e., joint venture earnings) as parcels of land are sold by the joint venture to unrelated third parties. Real estate revenue is recognized under the cost recovery method in accordance with Statement of Financial Accounting Standards No. 66, *Accounting for Sales of Real Estate,* in connection with the sale of land to a joint venture. Under the cost recovery method, no profit is recognized until cash received from the buyer exceeds our book basis in the property sold.

Equity in earnings of unconsolidated joint ventures is recognized in accordance with Accounting Principles Board Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock*, as a result of parcel sales by a joint venture to unrelated third parties. Proceeds in connection with the sale of land to a joint venture are recognized as Real Estate Revenue and joint venture earnings are recognized as Equity in Earnings of Unconsolidated Joint Ventures in our Consolidated Statements of Income.

Accounting for Uncertainty in Income Taxes. In July 2006, the Financial Accounting Standards Board issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"). In summary, FIN 48 requires that all tax positions subject to Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes,* be analyzed using a two-step approach. The first step requires an entity to determine if a tax position is more-likely-than-not to be sustained upon examination. In the second step, the tax benefit is measured as the largest amount of benefit, determined on a cumulative probability basis that is more-likely-than-not to be realized upon ultimate settlement. FIN 48 is effective for fiscal years beginning after December 15, 2006, with any adjustment in a company's tax provision being accounted for as a cumulative effect of accounting change in beginning equity.

We adopted FIN 48 on January 1, 2007. The adoption of this standard did not result in a change to our beginning equity. As of the date of adoption and as of the quarter ended June 30, 2007, we do not have any liabilities for unrecognized tax benefits.

We recognize interest and penalties, if incurred, related to income taxes in our Provision for Income Taxes in our Consolidated Statements of Income. As of June 30, 2007 and December 31, 2006, we had a liability of $1 million for accrued interest related to income taxes in our Consolidated Balance Sheets. During both the quarters and six months ended June 30, 2007 and June 30, 2006, we recorded less than $1 million in our Consolidated Statements of Income for interest related to income taxes.

We filed our federal income tax return as part of Georgia-Pacific's consolidated income tax return for all tax years through the date of the merger with The Timber Company on October 6, 2001. Under the agreement governing the terms of the merger with The Timber Company, we remain liable to Georgia-Pacific for any additional tax that would result from audit adjustments by the Internal Revenue Service (the "Service") and by state and local taxing authorities. The Service has completed all examinations of Georgia-Pacific's consolidated income tax returns through 2000. Georgia-Pacific's consolidated income tax return for 2001 is currently under examination. Additionally, the Service has completed examinations of the federal income tax return of Plum Creek Timber Company, Inc. and the consolidated federal income tax return of the wholly-owned taxable REIT subsidiaries for the year 2003. We have no open tax years for Plum Creek Timber Company, Inc. prior to 2003.

New Accounting Pronouncements

SFAS No. 157. In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurement* ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements, but does not require any new fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The company will adopt SFAS No. 157 in the first quarter of 2008. The company is in the process of determining the effect, if any, the adoption of SFAS No. 157 will have on the consolidated financial statements.

SFAS No. 159. In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities-Including an Amendment of SFAS Statement No. 115* ("SFAS No. 159"). SFAS No. 159 allows entities to measure certain financial assets and liabilities and similar non-financial assets and liabilities at fair value. Generally, the adoption of this standard is optional. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007; early adoption is permitted for an entity's first fiscal year that begins on or before November 15, 2007, provided that entity also adopts the provisions of SFAS No. 157 with the early adoption. We elected not to early adopt the provisions of SFAS No. 159. We are in the process of evaluating the impact the adoption of SFAS No. 159 would have on the consolidated financial statements.

Reclassifications

Certain prior year amounts have been reclassified to conform to the 2007 presentation. The reclassifications had no impact on operating income or net income.

Note 2. Earnings Per Share

The following tables sets forth the reconciliation of basic and diluted earnings per share for the **quarterly and six-month periods ended June 30** (in millions, except per share amounts):

	Quarter Ended June 30,	
	2007	2006
Income From Continuing Operations	**$ 58**	$ 62
Gain on Sale of Properties, net of tax	**2**	—
Net Income available to common stockholders	**$ 60**	$ 62
Denominator for basic earnings per share	**175.7**	182.3
Effect of dilutive securities – stock options	**0.3**	0.4
Effect of dilutive securities – restricted stock, restricted stock units, dividend equivalents and value management plan	**0.1**	0.1
Denominator for diluted earnings per share – adjusted for dilutive securities	**176.1**	182.8
Per Share Amounts – Basic:		
Income From Continuing Operations	**$ 0.33**	$ 0.34
Gain on Sale of Properties, net of tax	**0.01**	—
Net Income	**$ 0.34**	$ 0.34
Per Share Amounts – Diluted:		
Income From Continuing Operations	**$ 0.33**	$ 0.34
Gain on Sale of Properties, net of tax	**0.01**	—
Net Income	**$ 0.34**	$ 0.34

	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Income From Continuing Operations	**$ 103**	$ 154
Gain on Sale of Properties, net of tax	**2**	—
Income before Cumulative Effect of Accounting Change	**105**	154
Cumulative Effect of Accounting Change, net of tax	**—**	2
Net Income available to common stockholders	**$ 105**	$ 156
Denominator for basic earnings per share	**176.4**	183.2
Effect of dilutive securities – stock options	**0.3**	0.4
Effect of dilutive securities – restricted stock, restricted stock units, dividend equivalents and value management plan	**0.1**	0.1
Denominator for diluted earnings per share – adjusted for dilutive securities	**176.8**	183.7
Per Share Amounts – Basic:		
Income From Continuing Operations	**$ 0.58**	$ 0.84
Gain on Sale of Properties, net of tax	**0.01**	—
Income per Share Before Cumulative Effect of Accounting Change	**0.59**	0.84
Cumulative Effect of Accounting Change, net of tax	**—**	0.01
Net Income	**$ 0.59**	$ 0.85
Per Share Amounts – Diluted:		
Income From Continuing Operations	**$ 0.58**	$ 0.84
Gain on Sale of Properties, net of tax	**0.01**	—
Income per Share Before Cumulative Effect of Accounting Change	**0.59**	0.84
Cumulative Effect of Accounting Change, net of tax	**—**	0.01
Net Income	**$ 0.59**	$ 0.85

Antidilutive options were excluded for certain periods from the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares. Antidilutive options were as follows for the **quarterly and six-month periods ended June** (shares in millions):

	Quarter Ended June 30,	
	2007	2006
Number of options	**0.5**	0.9
Range of exercise prices	**$36.93 to $40.42**	$35.68 to $37.61
Expiration on or before	**April 2017**	April 2016

	Six Months Ended June 30,	
	2007	2006
Number of options	**0.6**	0.8
Range of exercise prices	**$35.54 to $40.42**	$35.68 to $37.61
Expiration on or before	**April 2017**	April 2016

Note 3. Timber and Timberlands, Property, Plant and Equipment, and Inventory

Timber and Timberlands consisted of the following (in millions):

	June 30, 2007	December 31, 2006
Timber and logging roads – net	**$ 2,611**	$ 2,631
Timberlands	**1,225**	1,245
Timber and Timberlands – net	**$ 3,836**	$ 3,876

Property, Plant and Equipment consisted of the following (in millions):

	June 30, 2007	December 31, 2006
Land, buildings and improvements	**$ 87**	$ 87
Machinery and equipment	**302**	296
	389	383
Accumulated depreciation	**(183)**	(167)
Property, Plant and Equipment – net	**$ 206**	$ 216

Inventories, accounted for using the lower of average cost or market, consisted of the following (in millions):

	June 30, 2007	December 31, 2006
Raw materials (logs)	**$ 16**	$ 25
Work-in-process	**4**	4
Finished goods	**42**	41
	62	70
Supplies	**13**	13
Total	**$ 75**	$ 83

Note 4. Borrowings

The company has a $750 million revolving line of credit agreement that matures in June 2011. The revolving line of credit may be increased to $1 billion subject to certain terms and conditions. As of June 30, 2007, the weighted-average interest rate for the borrowings on the line of credit was 5.79%. The interest rate on the line of credit is based on LIBOR plus 0.425%. This rate can range from LIBOR plus 0.27% to LIBOR plus 1% depending on our debt ratings. Subject to customary covenants, the line of credit allows for borrowings from time to time up to $750 million, including up to $100 million of standby letters of credit. Borrowings on the line of credit fluctuate daily based on cash needs. As of June 30, 2007, we had $345 million of borrowings and $6 million of standby letters of credit outstanding; $399 million remained available for borrowing under our line of credit. As of July 3, 2007, $105 million of the borrowings under our line of credit was repaid.

On June 15, 2007, the company entered into a $350 million term credit agreement that matures in June 2012. As of June 30, 2007 the interest rate for the credit agreement was 5.77%. The interest rate on the term credit agreement is based on LIBOR plus 0.45%. This rate can range from LIBOR plus 0.3% to LIBOR plus 1.15% depending on our debt ratings. The term credit agreement is subject to covenants similar to those of our revolving line of credit and allows prepayment of the borrowings at any time prior to the maturity date without premium or penalty.

The company has a shelf registration statement filed with the Securities and Exchange Commission under which Plum Creek Timber Company, Inc., from time to time, may offer and sell any combination of preferred stock, common stock, depositary shares, warrants and guarantees, and under which Plum Creek Timberlands, L.P., the company's wholly owned operating partnership, may from time to time, offer and sell debt securities. The shelf registration statement expires on April 25, 2009.

PLUM CREEK TIMBER COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 5. Capital

The changes in the company's capital accounts were as follows during **2007** (in millions):

(In Millions)	Common Stock Shares	Common Stock Dollars	Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Equity
January 1, 2007	177.1	$ 2	$2,190	$ 214	$ (307)	$ (10)	$2,089
Net Income	—	—	—	45	—	—	45
Other Comprehensive Income, net of tax	—	—	—	—	—	—	—
Total Comprehensive Income							45
Dividends	—	—	—	(75)	—	—	(75)
Stock Option Exercises	0.2	—	5	—	—	—	5
Shares Issued under Stock Incentive Plans	0.1	—	2	—	—	—	2
Common Stock Repurchased	(0.6)	—	—	—	(22)	—	(22)
March 31, 2007	176.8	$ 2	$2,197	$ 184	$ (329)	$ (10)	$2,044
Net Income	**—**	**—**	**—**	**60**	**—**	**—**	**60**
Other Comprehensive Income, net of tax	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total Comprehensive Income							**60**
Dividends	**—**	**—**	**—**	**(74)**	**—**	**—**	**(74)**
Stock Option Exercises	**—**	**—**	**1**	**—**	**—**	**—**	**1**
Shares Issued under Stock Incentive Plans	**—**	**—**	**1**	**—**	**—**	**—**	**1**
Common Stock Repurchased	**(2.2)**	**—**	**—**	**—**	**(89)**	**—**	**(89)**
June 30, 2007	**174.6**	**$ 2**	**$2,199**	**$ 170**	**$ (418)**	**$ (10)**	**$1,943**

Note 6. Employee Pension Plans

The components of pension cost were as follows for the **quarterly and six-month periods ended June 30** (in millions):

	Quarter Ended June 30, 2007	Quarter Ended June 30, 2006
Service cost	**$ 2**	$ 2
Interest cost	**3**	3
Expected return on plan assets	**(3)**	(3)
Total pension cost	**$ 2**	$ 2

	Six Months Ended June 30, 2007	2006
Service cost	**$ 4**	$ 4
Interest cost	**4**	4
Expected return on plan assets	**(4)**	(4)
Total pension cost	**$ 4**	$ 4

Note 7. Commitments and Contingencies

Contingencies. The company is subject to regulations regarding forest and harvest practices and is, from time to time, involved in various legal proceedings, including environmental and regulatory matters, incidental to its business. Moreover, the company is currently in the early stages of several lawsuits related to property damage caused by various sources ("Property Damage Litigations"). The company believes it is more likely than not that the Property Damage Litigations will be resolved favorably. However, the final outcome of any legal proceeding is subject to many variables and cannot be predicted with any degree of certainty. The company believes that there are meritorious defenses for these claims and is vigorously defending these matters.

Environmental Contingencies. In connection with the October 6, 2001 merger with The Timber Company, Plum Creek agreed to indemnify Georgia-Pacific for substantially all of the liabilities attributed to The Timber Company. During 2003, Georgia-Pacific provided Plum Creek with information about the existence of mine tailings and approximately 4.5 billion gallons of acidic surface water on approximately 90 acres in Hot Spring County, Arkansas, on former Georgia-Pacific properties ("Arkansas Environmental Issue"). Barite mining and related activities were conducted on the site between 1939 and 1981 in part by lessees of an entity that was acquired by Georgia-Pacific. The site is currently being investigated and no remediation plan has yet been approved. No amounts have been accrued for this potential liability. Furthermore, to the extent Plum Creek is required to indemnify Georgia-Pacific for its share of the remediation costs, Plum Creek may be able to recover a portion of its cost from Georgia-Pacific's insurance policy, or indemnity obligations of the various lessees that conducted mining operations on the property, or both.

Unrecorded Contingencies. The company believes it will be successful in defending the Property Damage Litigations and the Arkansas Environmental Issue. However, if the company is not successful in defending these claims, we believe the aggregate combined losses for the Property Damage Litigations and Arkansas Environmental Issue would range between $0 and $4 million. Other than the Property Damage Litigations and the Arkansas Environmental Issue, management currently believes that resolving pending legal proceedings against the company, individually or in aggregate, will not have a material adverse impact on our financial position or results of operations. However, these matters are subject to inherent uncertainties and management's view on these matters may change in the future. Were an unfavorable final outcome in one or multiple legal proceedings to occur, there exists the possibility of a material adverse impact on our financial position and the results of operations for the period in which any unfavorable outcome becomes reasonably estimable.

PLUM CREEK TIMBER COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 8. Segment Information

The tables below present information about reported segments for the **quarterly and six-month periods ended June 30** (in millions):

	Northern Resources	Southern Resources	Real Estate	Manufactured Products	Other	Total (A)
Quarter Ended June 30, 2007						
External revenues	**$ 64**	**$ 126**	**$ 71**	**$ 129**	**$ 5**	**$ 395**
Intersegment revenues	**15**	**—**	**—**	**—**	**—**	**15**
Depreciation, depletion and amortization	**8**	**15**	**—**	**8**	**—**	**31**
Basis of real estate sold	**—**	**—**	**14**	**—**	**—**	**14**
Operating income	**14**	**41**	**47**	**2**	**5**	**109**
Quarter Ended June 30, 2006						
External revenues	$ 72	$ 121	$ 52	$ 130	$ 5	$ 380
Intersegment revenues	15	—	—	—	—	15
Depreciation, depletion and amortization	8	13	—	7	—	28
Basis of real estate sold	—	—	13	—	—	13
Operating income	21	48	27	10	4	110

	Northern Resources	Southern Resources	Real Estate	Manufactured Products	Other	Total (A)
Six Months Ended June 30, 2007						
External revenues	**$ 146**	**$ 253**	**$110**	**$ 244**	**$ 11**	**$ 764**
Intersegment revenues	**32**	**—**	**—**	**—**	**—**	**32**
Depreciation, depletion and amortization	**18**	**30**	**—**	**15**	**—**	**63**
Basis of real estate sold	**—**	**—**	**23**	**—**	**—**	**23**
Operating income	**33**	**87**	**68**	**1**	**10**	**199**
Six Months Ended June 30, 2006						
External revenues	$ 164	$ 243	$113	$ 264	$ 10	$ 794
Intersegment revenues	38	—	—	—	—	38
Depreciation, depletion and amortization	17	26	—	15	—	58
Basis of real estate sold	—	—	23	—	—	23
Operating income	56	98	71	18	9	252

(A) Consolidated depreciation, depletion and amortization includes unallocated corporate depreciation of $1 million and $2 million for the quarter and six months ended June 30, 2007, and $1 million and $2 million for the quarter and six months ended June 30, 2006.

A reconciliation of total segment operating income to income before income taxes is presented below for the **quarterly and six-month periods ended June 30** (in millions):

	Quarter Ended June 30,	
	2007	2006
Total segment operating income	**$ 109**	$ 110
Corporate and other unallocated expenses	**(14)**	(11)
Other Income (Expense), net	**(1)**	—
Operating Income	**94**	99
Interest Expense, net	**(35)**	(34)
Income before Income Taxes	**$ 59**	$ 65

	Six Months Ended June 30,	
	2007	2006
Total segment operating income [(A)]	**$ 199**	$ 252
Corporate and other unallocated expenses	**(29)**	(26)
Other Income (Expense), net [(A)]	**1**	—
Operating Income	**171**	226
Interest Expense, net	**(71)**	(65)
Income before Income Taxes	**$ 100**	$ 161

(A) For the six months ended June 30, 2006, $2 million of other income was included in segment operating income for the Real Estate Segment.

Note 9. Subsequent Event

On July 31, 2007, the Board of Directors authorized the company to make a dividend payment of $0.42 per share, or approximately $73 million, which will be paid on August 31, 2007 to stockholders of record on August 16, 2007.

ITEM 1. FINANCIAL STATEMENTS (CONTINUED)

Following are the consolidated financial statements of Plum Creek Timberlands, L.P., a Delaware limited partnership and wholly owned subsidiary of Plum Creek Timber Company, Inc. These financial statements are provided pursuant to Rule 3-10 of Regulation S-X in connection with the shelf registration statement on Form S-3 filed in April 2006, pursuant to which Plum Creek Timberlands, L.P. has registered, and from time to time may offer and sell, debt securities. As of June 30, 2007, Plum Creek Timberlands, L.P. has sold $525 million of debt securities.

PLUM CREEK TIMBERLANDS, L.P.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(In Millions)	Quarter Ended June 30, 2007	Quarter Ended June 30, 2006
REVENUES:		
Timber	**$ 190**	$ 193
Real Estate	**71**	52
Manufacturing	**129**	130
Other	**5**	5
Total Revenues	**395**	380
COSTS AND EXPENSES:		
Cost of Goods Sold:		
Timber	**124**	113
Real Estate	**23**	25
Manufacturing	**123**	117
Other	**—**	—
Total Cost of Goods Sold	**270**	255
Selling, General and Administrative	**30**	26
Total Costs and Expenses	**300**	281
Other Operating Income (Expense), net	**(1)**	—
Operating Income	**94**	99
Interest Expense, net	**35**	34
Income before Income Taxes	**59**	65
Provision for Income Taxes	**1**	3
Income from Continuing Operations	**58**	62
Gain on Sale of Properties, net of tax	**2**	—
Net Income	**$ 60**	$ 62

See accompanying Notes to Consolidated Financial Statements

PLUM CREEK TIMBERLANDS, L.P.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(In Millions)	Six Months Ended June 30, 2007	2006
REVENUES:		
Timber	**$ 399**	$ 407
Real Estate	**110**	113
Manufacturing	**244**	264
Other	**11**	10
Total Revenues	**764**	794
COSTS AND EXPENSES:		
Cost of Goods Sold:		
Timber	**258**	234
Real Estate	**40**	41
Manufacturing	**236**	240
Other	**1**	1
Total Cost of Goods Sold	**535**	516
Selling, General and Administrative	**59**	54
Total Costs and Expenses	**594**	570
Other Operating Income (Expense), net	**1**	2
Operating Income	**171**	226
Interest Expense, net	**71**	65
Income before Income Taxes	**100**	161
Provision (Benefit) for Income Taxes	**(3)**	7
Income from Continuing Operations	**103**	154
Gain on Sale of Properties, net of tax	**2**	—
Income Before Cumulative Effect of Accounting Change	**105**	154
Cumulative Effect of Accounting Change, net of tax	**—**	2
Net Income	**$ 105**	$ 156

See accompanying Notes to Consolidated Financial Statements

PLUM CREEK TIMBERLANDS, L.P.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(In Millions)	June 30, 2007	December 31, 2006
ASSETS		
Current Assets:		
Cash and Cash Equivalents	**$ 107**	$ 273
Restricted Advance from Customer	**—**	4
Accounts Receivable	**47**	40
Like-Kind Exchange Funds Held in Escrow	**58**	—
Inventories	**75**	83
Deferred Tax Asset	**7**	7
Real Estate Development Properties	**4**	3
Assets Held for Sale	**86**	82
Other Current Assets	**20**	21
	404	513
Timber and Timberlands – Net	**3,836**	3,876
Property, Plant and Equipment – Net	**206**	216
Investment in Grantor Trusts	**27**	29
Other Assets	**34**	28
Total Assets	**$ 4,507**	$ 4,662
LIABILITIES		
Current Liabilities:		
Current Portion of Long-Term Debt	**$ 72**	$ 125
Accounts Payable	**42**	42
Interest Payable	**29**	30
Wages Payable	**18**	27
Taxes Payable	**22**	24
Deferred Revenue	**12**	17
Other Current Liabilities	**15**	16
	210	281
Long-Term Debt	**1,920**	1,617
Line of Credit	**345**	581
Deferred Tax Liability	**20**	25
Other Liabilities	**69**	69
Total Liabilities	**2,564**	2,573
Commitments and Contingencies		
EQUITY		
Total Partners' Capital	**1,943**	2,089
Total Liabilities and Partner's Capital	**$ 4,507**	$ 4,662

See accompanying Notes to Consolidated Financial Statements

PLUM CREEK TIMBERLANDS, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In Millions)	Six Months Ended June 30, 2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	**$ 105**	$ 156
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	**65**	60
Basis of Real Estate Sold	**23**	23
Deferred Income Taxes	**(5)**	—
Gain on Sales of Properties and Other Assets	**(2)**	—
Working Capital Changes Impacting Cash Flow:		
Like-Kind Exchange Funds	**(58)**	20
Other Working Capital Changes	**(14)**	(6)
Expenditures for Real Estate Development	**(6)**	(2)
Other	**3**	1
Net Cash Provided By Operating Activities	**111**	252
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures (Excluding Timberland Acquisitions)	**(33)**	(36)
Timberlands Acquired	**(9)**	(17)
Proceeds from Sale of Properties and Other Assets	**2**	1
Other	**2**	(3)
Net Cash Used In Investing Activities	**(38)**	(55)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Distributions	**(254)**	(328)
Borrowings on Line of Credit	**1,596**	1,474
Repayments on Line of Credit	**(1,832)**	(1,453)
Repayment of Short-Term Debt	**—**	(50)
Proceeds from Issuance of Long-Term Debt	**350**	216
Principal Payments and Retirement of Long-Term Debt	**(99)**	(29)
Net Cash Used In Financing Activities	**(239)**	(170)
Increase (Decrease) In Cash and Cash Equivalents	**(166)**	27
Cash and Cash Equivalents:		
Beginning of Period	**273**	369
End of Period	**$ 107**	$ 396

See accompanying Notes to Consolidated Financial Statements

PLUM CREEK TIMBERLANDS, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1. Basis of Presentation

General. Plum Creek Timberlands, L.P. is a Delaware Limited Partnership and a wholly owned subsidiary of Plum Creek Timber Company, Inc. Plum Creek Timber Company, Inc. ("Parent") is a Delaware Corporation and real estate investment trust, or "REIT". References herein to "the Operating Partnership," "we," "us," or "our" relate to Plum Creek Timberlands, L.P. and all of its wholly owned consolidated subsidiaries; references to "Plum Creek" relate to Plum Creek Timber Company, Inc. and all of its wholly owned subsidiaries.

At June 30, 2007, the Operating Partnership owned and managed approximately 8.2 million acres of timberlands in the Northwest, Southern, and Northeast United States, and owned and operated ten wood product conversion facilities in the Northwest United States. Included in the 8.2 million acres are about 1.7 million acres of higher and better use timberlands, which are expected to be sold and/or developed over approximately the next 15 years for residential, recreational or conservation purposes. In addition, the Operating Partnership has approximately 400,000 acres of non-strategic timberlands, which are expected to be sold over the next five years. In the meantime, all of these timberlands continue to be used productively in our business of growing and selling timber.

The consolidated financial statements of the Operating Partnership include the accounts of Plum Creek Timberlands, L.P. and its subsidiaries. The Operating Partnership is 100% owned by Plum Creek Timber Company, Inc. Plum Creek Timber Company, Inc. has no independent assets or liabilities. Plum Creek Timber Company, Inc. has no operations other than its investment in Plum Creek Timberlands, L.P. and transactions in its own equity, such as the issuance and/or repurchase of common stock and the receipt of proceeds from stock option exercises. Intercompany transactions and accounts between Plum Creek Timberlands, L.P. and its subsidiaries have been eliminated in consolidation. All transactions are denominated in United States dollars.

Plum Creek Timber Company, Inc. has elected to be taxed as a REIT under sections 856-860 of the United States Internal Revenue Code and, as such, is not generally subject to corporate-level income tax. However, the Operating Partnership conducts certain non-REIT activities through various taxable REIT subsidiaries, which are subject to corporate-level income tax. These activities include our manufacturing operations, the harvesting and sale of logs, and the development and/or sale of some of our higher and better use timberlands. The Operating Partnership's tax provision includes the tax expense and/or benefit associated with Plum Creek's taxable REIT subsidiaries, as well as any tax expense and/or benefit incurred by the REIT. The effective tax rate for the Operating Partnership is lower than the federal corporate statutory rate due to Plum Creek's status as a REIT.

The consolidated financial statements included in this Form 10-Q are unaudited and do not contain all of the information required by accounting principles generally accepted in the United States of America to be included in a full set of financial statements. These interim consolidated financial statements in this Form 10-Q should be read in conjunction with the audited consolidated financial statements of Plum Creek Timberlands, L.P. for the three years ended December 31, 2006, which were included on Form 10-K of Plum Creek Timber Company, Inc. and filed with the SEC on February 27, 2007, and which include a summary of significant accounting policies of the Operating Partnership. In the opinion of management, all material adjustments necessary to present fairly the results of operations for such periods have been included in this Form 10-Q. All such adjustments are of a normal and recurring nature. The results of operations for interim periods are not necessarily indicative of the results of operations for the entire year.

Accounting for Real Estate Joint Venture Arrangements. Under the terms of our joint venture arrangements, we receive proceeds in connection with the sale of our land to a joint venture and additional contingent consideration (i.e., joint venture earnings) as parcels of land are sold by the joint venture to unrelated third parties. Real estate revenue is recognized under the cost recovery method in accordance with Statement of Financial Accounting Standards No. 66, *Accounting for Sales of Real Estate,* in connection with the sale of land to a joint venture. Under the cost recovery method, no profit is recognized until cash received from the buyer exceeds our book basis in the property sold.

Equity in earnings of unconsolidated joint ventures is recognized in accordance with Accounting Principles Board Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock*, as a result of parcel sales by a joint venture to unrelated third parties. Proceeds in connection with the sale of land to a joint venture are recognized as Real Estate Revenue and joint venture earnings are recognized as Equity in Earnings of Unconsolidated Joint Ventures in our Consolidated Statements of Income.

Accounting for Uncertainty in Income Taxes. In July 2006, the Financial Accounting Standards Board issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"). In summary, FIN 48 requires that all tax positions subject to Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes,* be analyzed using a two-step approach. The first step requires an entity to determine if a tax position is more-likely-than-not to be sustained upon examination. In the second step, the tax benefit is measured as the largest amount of benefit, determined on a cumulative probability basis that is more-likely-than-not to be realized upon ultimate settlement. FIN 48 is effective for fiscal years beginning after December 15, 2006, with any adjustment in a company's tax provision being accounted for as a cumulative effect of accounting change in beginning equity.

We adopted FIN 48 on January 1, 2007. The adoption of this standard did not result in a change to our beginning equity. As of the date of adoption and as of the quarter ended June 30, 2007, we do not have any liabilities for unrecognized tax benefits.

We recognize interest and penalties, if incurred, related to income taxes in our Provision for Income Taxes in our Consolidated Statements of Income. As of June 30, 2007 and December 31, 2006, we had a liability of $1 million for accrued interest related to income taxes in our Consolidated Balance Sheets. During both the quarters and six months ended June 30, 2007 and June 30, 2006, we recorded less than $1 million in our Consolidated Statements of Income for interest related to income taxes.

We filed our federal income tax return as part of Georgia-Pacific's consolidated income tax return for all tax years through the date of the merger with The Timber Company on October 6, 2001. Under the agreement governing the terms of the merger with The Timber Company, we remain liable to Georgia-Pacific for any additional tax that would result from audit adjustments by the Internal Revenue Service (the "Service") and by state and local taxing authorities. The Service has completed all examinations of Georgia-Pacific's consolidated income tax returns through 2000. Georgia-Pacific's consolidated income tax return for 2001 is currently under examination. Additionally, the Service has completed examinations of the federal income tax return of Plum Creek Timber Company, Inc. and the consolidated federal income tax return of the wholly-owned taxable REIT subsidiaries for the year 2003. We have no open tax years for Plum Creek Timber Company, Inc. prior to 2003.

New Accounting Pronouncements

SFAS No. 157. In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurement* ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements, but does not require any new fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The Operating Partnership will adopt SFAS No. 157 in the first quarter of 2008. The Operating Partnership is in the process of determining the effect, if any, the adoption of SFAS No. 157 will have on the consolidated financial statements.

SFAS No. 159. In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities-Including an Amendment of SFAS Statement No. 115* ("SFAS No. 159"). SFAS No.

159 allows entities to measure certain financial assets and liabilities and similar non-financial assets and liabilities at fair value. Generally, the adoption of this standard is optional. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007; early adoption is permitted for an entity's first fiscal year that begins on or before November 15, 2007, provided that entity also adopts the provisions of SFAS No. 157 with the early adoption. We elected not to early adopt the provisions of SFAS No. 159. We are in the process of evaluating the impact the adoption of SFAS No. 159 would have on the consolidated financial statements.

Reclassifications

Certain prior year amounts have been reclassified to conform to the 2007 presentation. The reclassifications had no impact on operating income or net income.

Note 2. Timber and Timberlands, Property, Plant and Equipment, and Inventory

Timber and Timberlands consisted of the following (in millions):

	June 30, 2007	December 31, 2006
Timber and logging roads – net	$ 2,611	$ 2,631
Timberlands	1,225	1,245
Timber and Timberlands – net	$ 3,836	$ 3,876

Property, Plant and Equipment consisted of the following (in millions):

	June 30, 2007	December 31, 2006
Land, buildings and improvements	$ 87	$ 87
Machinery and equipment	302	296
	389	383
Accumulated depreciation	(183)	(167)
Property, Plant and Equipment – net	$ 206	$ 216

Inventories, accounted for using the lower of average cost or market, consisted of the following (in millions):

	June 30, 2007	December 31, 2006
Raw materials (logs)	$ 16	$ 25
Work-in-process	4	4
Finished goods	42	41
	62	70
Supplies	13	13
Total	$ 75	$ 83

Note 3. Borrowings

The Operating Partnership has a $750 million revolving line of credit agreement that matures in June 2011. The revolving line of credit may be increased to $1 billion subject to certain terms and conditions. As of June 30, 2007, the weighted-average interest rate for the borrowings on the line of credit was 5.79%. The interest rate on the line of credit is based on LIBOR plus 0.425%. This rate can range from LIBOR plus 0.27% to LIBOR plus 1% depending on our debt ratings. Subject to customary covenants, the line of credit allows for borrowings from time to time up to $750 million, including up to $100 million of standby letters of credit. Borrowings on the line of credit fluctuate daily based on cash needs. As of June 30, 2007, we had $345 million of borrowings and $6 million of standby letters of credit outstanding; $399 million remained available for borrowing under our line of credit. As of July 3, 2007, $105 million of the borrowings under our line of credit was repaid.

On June 15, 2007, the Operating Partnership entered into a $350 million term credit agreement that matures in June 2012. As of June 30, 2007 the interest rate for the credit agreement was 5.77%. The interest rate on the term credit agreement is based on LIBOR plus 0.45%. This rate can range from LIBOR plus 0.3% to LIBOR plus 1.15% depending on our debt ratings. The term credit agreement is subject to covenants similar to those of our revolving line of credit and allows prepayment of the borrowings at any time prior to the maturity date without premium or penalty.

Plum Creek Timber Company, Inc. has a shelf registration statement filed with the Securities and Exchange Commission under which Plum Creek Timber Company, Inc., from time to time, may offer and sell any combination of preferred stock, common stock, depositary shares, warrants and guarantees, and under which Plum Creek Timberlands, L.P., the company's wholly owned operating partnership, may from time to time, offer and sell debt securities. The shelf registration statement expires on April 25, 2009.

Note 4. Employee Pension Plans

Plum Creek Timber Company, Inc. sponsors defined benefit pension plans and a defined contribution pension plan. Substantially all employees of the Operating Partnership are covered by these plans. All of Plum Creek's activities are conducted through the Operating Partnership. Therefore, all employee pension and retirement plan assets, obligations and costs are allocated to the Operating Partnership.

The components of pension cost were as follows for the **quarterly and six-month periods ended June 30** (in millions):

	Quarter Ended June 30,	
	2007	2006
Service cost	**$ 2**	$ 2
Interest cost	**3**	3
Expected return on plan assets	**(3)**	(3)
Total pension cost	**$ 2**	$ 2

	Six Months Ended June 30,	
	2007	2006
Service cost	**$ 4**	$ 4
Interest cost	**4**	4
Expected return on plan assets	**(4)**	(4)
Total pension cost	**$ 4**	$ 4

Note 5. Commitments and Contingencies

Contingencies. The Operating Partnership is subject to regulations regarding forest and harvest practices and is, from time to time, involved in various legal proceedings, including environmental and regulatory matters, incidental to its business. Moreover, the Operating Partnership is currently in the early stages of several lawsuits related to property damage caused by various sources ("Property Damage Litigations"). The Operating Partnership believes it is more likely than not that the Property Damage Litigations will be resolved favorably. However, the final outcome of any legal proceeding is subject to many variables and cannot be predicted with any degree of certainty. The Operating Partnership believes that there are meritorious defenses for these claims and is vigorously defending these matters.

Environmental Contingencies. In connection with the October 6, 2001 merger with The Timber Company, the Operating Partnership agreed to indemnify Georgia-Pacific for substantially all of the liabilities attributed to The Timber Company. During 2003, Georgia-Pacific provided the Operating Partnership with information about the existence of mine tailings and approximately 4.5 billion gallons of acidic surface water on approximately 90 acres in Hot Spring County, Arkansas, on former Georgia-Pacific properties ("Arkansas Environmental Issue"). Barite mining and related activities were conducted on the site between 1939 and 1981 in part by lessees of an entity that was acquired by Georgia-Pacific. The site is currently being investigated and no remediation plan has yet been approved. No amounts have been accrued for this potential liability. Furthermore, to the extent the Operating Partnership is required to indemnify Georgia-Pacific for its share of the remediation costs, the Operating Partnership may be able to recover a portion of its cost from Georgia-Pacific's insurance policy, or indemnity obligations of the various lessees that conducted mining operations on the property, or both.

Unrecorded Contingencies. The Operating Partnership believes it will be successful in defending the Property Damage Litigations and the Arkansas Environmental Issue. However, if the Operating Partnership is not successful in defending these claims, we believe the aggregate combined losses for the Property Damage Litigations and Arkansas Environmental Issue would range between $0 and $4 million. Other than the Property Damage Litigations and the Arkansas Environmental Issue, management currently believes that resolving pending legal proceedings against the Operating Partnership, individually or in aggregate, will not have a material adverse impact on our financial position or results of operations. However, these matters are subject to inherent uncertainties and management's view on these matters may change in the future. Were an unfavorable final outcome in one or multiple legal proceedings to occur, there exists the possibility of a material adverse impact on our financial position and the results of operations for the period in which any unfavorable outcome becomes reasonably estimable.

PLUM CREEK TIMBERLANDS, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 6. Segment Information

The tables below present information about reported segments for the **quarterly and six-month periods ended June 30** (in millions):

	Northern Resources	Southern Resources	Real Estate	Manufactured Products	Other	Total (A)
Quarter Ended June 30, 2007						
External revenues	**$ 64**	**$ 126**	**$ 71**	**$ 129**	**$ 5**	**$ 395**
Intersegment revenues	**15**	**—**	**—**	**—**	**—**	**15**
Depreciation, depletion and amortization	**8**	**15**	**—**	**8**	**—**	**31**
Basis of real estate sold	**—**	**—**	**14**	**—**	**—**	**14**
Operating income	**14**	**41**	**47**	**2**	**5**	**109**
Quarter Ended June 30, 2006						
External revenues	$ 72	$ 121	$ 52	$ 130	$ 5	$ 380
Intersegment revenues	15	—	—	—	—	15
Depreciation, depletion and amortization	8	13	—	7	—	28
Basis of real estate sold	—	—	13	—	—	13
Operating income	21	48	27	10	4	110

	Northern Resources	Southern Resources	Real Estate	Manufactured Products	Other	Total (A)
Six Months Ended June 30, 2007						
External revenues	**$ 146**	**$ 253**	**$110**	**$ 244**	**$ 11**	**$ 764**
Intersegment revenues	**32**	**—**	**—**	**—**	**—**	**32**
Depreciation, depletion and amortization	**18**	**30**	**—**	**15**	**—**	**63**
Basis of real estate sold	**—**	**—**	**23**	**—**	**—**	**23**
Operating income	**33**	**87**	**68**	**1**	**10**	**199**
Six Months Ended June 30, 2006						
External revenues	$ 164	$ 243	$113	$ 264	$ 10	$ 794
Intersegment revenues	38	—	—	—	—	38
Depreciation, depletion and amortization	17	26	—	15	—	58
Basis of real estate sold	—	—	23	—	—	23
Operating income	56	98	71	18	9	252

(A) Consolidated depreciation, depletion and amortization includes unallocated corporate depreciation of $1 million and $2 million for the quarter and six months ended June 30, 2007, and $1 million and $2 million for the quarter and six months ended June 30, 2006.

PLUM CREEK TIMBERLANDS, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

A reconciliation of total segment operating income to income before income taxes is presented below for the **quarterly and six-month periods ended June 30** (in millions):

	Quarter Ended June 30, 2007	Quarter Ended June 30, 2006
Total segment operating income	**$ 109**	$ 110
Corporate and other unallocated expenses	**(14)**	(11)
Other Income (Expense), net	**(1)**	—
Operating Income	**94**	99
Interest Expense, net	**(35)**	(34)
Income before Income Taxes	**$ 59**	$ 65

	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Total segment operating income (A)	**$ 199**	$ 252
Corporate and other unallocated expenses	**(29)**	(26)
Other Income (Expense), net (A)	**1**	—
Operating Income	**171**	226
Interest Expense, net	**(71)**	(65)
Income before Income Taxes	**$ 100**	$ 161

(A) For the six-months ended June 30, 2006, $2 million of other income was included in segment operating income for the Real Estate Segment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statement

References to "Plum Creek," "the company," "we," "us," or "our," are references to Plum Creek Timber Company, Inc., a Delaware corporation and a real estate investment trust, or "REIT," for federal income tax purposes, and all of its wholly owned subsidiaries.

This Report contains forward-looking statements within the meaning of the Private Litigation Reform Act of 1995. Some of the forward-looking statements can be identified by the use of forward-looking words such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," "projects," "strategy," or "anticipates," or the negative of those words or other comparable terminology. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those described in the forward-looking statements, including those factors described under the heading "Risk Factors" in our filings with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and Securities Act of 1933, as amended, including, but not limited to, our Annual Report on Form 10-K for the year ended December 31, 2006. Some factors include changes in governmental, legislative and environmental restrictions, catastrophic losses from fires, floods, windstorms, earthquakes, volcanic eruptions, insect infestations or diseases, as well as changes in economic conditions and competition in our domestic and export markets and other factors described from time to time in our filings with the Securities and Exchange Commission. In addition, factors that could cause our actual results to differ from those contemplated by our projected, forecasted, estimated or budgeted results as reflected in forward-looking statements relating to our operations and business include, but are not limited to:

- the failure to meet our expectations with respect to our likely future performance;
- an unanticipated reduction in the demand for timber products and/or an unanticipated increase in supply of timber products;
- an unanticipated reduction in demand for higher and better use timberlands or non-strategic timberlands;
- our failure to make strategic acquisitions or to integrate any such acquisitions effectively or, conversely, our failure to make strategic divestitures; and
- our failure to qualify as a real estate investment trust, or REIT.

It is likely that if one or more of the risks materializes, or if one or more assumptions prove 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.

The following discussion and analysis should be read in conjunction with the financial information and analysis included in our 2006 Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 27, 2007.

Results of Operations

Second Quarter 2007 Compared to Second Quarter 2006

The following table and narrative compare operating results by segment for the **quarters ended June 30** (in millions):

	Quarter Ended June 30, 2007	2006	Change
Operating Income by Segment			
Northern Resources	**$ 14**	$ 21	$ (7)
Southern Resources	**41**	48	(7)
Real Estate	**47**	27	20
Manufactured Products	**2**	10	(8)
Other	**5**	4	1
Total Segment Operating Income	**109**	110	(1)
Other Costs and Eliminations	**(14)**	(11)	(3)
Other Operating Income (Expense), net	**(1)**	—	(1)
Operating Income	**$ 94**	$ 99	$ (5)

Northern Resources Segment. Revenues decreased by $8 million, or 9%, to $79 million in the second quarter of 2007. This decrease was due primarily to lower harvest volumes ($5 million) and a weaker product mix from log sales ($2 million). Harvest volumes during the second quarter of 2007 decreased by approximately 6% compared to the second quarter of 2006 due primarily to a planned reduction in harvest levels. Harvest levels for all of 2007 are expected to decrease between 7% and 13% from the 2006 harvest levels of 6.8 million tons. We decreased the percentage of sawlogs harvested and increased the percentage of pulpwood harvested, which resulted in a weaker product mix from log sales.

Northern Resources Segment operating income was 18% of its revenues for the second quarter of 2007, and 24% for the second quarter of 2006. This decrease was due primarily to higher per ton log and haul costs and a weaker product mix from log sales. Segment costs and expenses were $65 million for the second quarter of 2007 and $66 million for the second quarter of 2006. While log and haul costs decreased in total by approximately $2 million due to lower harvest levels, these costs were higher on a per ton basis. Log and haul costs per ton increased by 7% due primarily to longer hauling distances and higher fuel costs.

Southern Resources Segment. Revenues increased by $5 million, or 4%, to $126 million in the second quarter of 2007. This increase was due primarily to a higher percentage of delivered log sales compared to sales of standing timber ($10 million) and higher harvest levels ($6 million), offset in part by lower sawlog prices ($8 million) and a weaker product mix from log sales ($4 million).

Revenues increased $10 million due to the company's increased percentage of delivered log sales. A portion of the increase in delivered log sales results from decreasing the percentage of standing timber sales. Under delivered log sale agreements, we are responsible for log and haul costs. Conversely, the buyer incurs the log and haul costs when standing timber is sold. We sell logs on a delivered basis when, in our judgment, log merchandising efforts will yield a net premium over selling standing timber. While revenues are higher under a delivered log sale, a large portion of that increase is to cover the related increase in cost of sales. As a result, for delivered log sales we realize lower operating income as a percentage of revenue, even though operating income is generally improved.

Harvest volumes during the second quarter of 2007 increased by approximately 8% (due to a 17% increase in pulpwood harvest volumes) compared to the second quarter of 2006 to take advantage of favorable pulpwood prices during the second quarter of 2007. Harvest volumes for all of 2007 are expected to be flat to 4% lower than the 2006 harvest levels of 14.1 million tons. We decreased the percentage of sawlogs harvested and increased the percentage of pulpwood harvested, which resulted in a weaker product mix from log sales. This mix shift was due primarily to favorable pulpwood prices as a result of low mill inventories because of unusually wet harvesting conditions in certain parts of the south and weaker sawlog prices due to mill curtailments.

Sawlog prices during the second quarter of 2007 were 13% lower than during the same period in the prior year. The lower prices are due primarily to mill curtailments as a result of weak lumber and plywood prices caused by the significant decline in housing starts and a greater proportion of smaller-diameter sawlogs.

Southern Resources Segment operating income was 33% of its revenues for the second quarter of 2007, and 40% for the second quarter of 2006. This decrease was due primarily to lower sawlog prices, a weaker product mix from log sales and a higher proportion of delivered log sales. Segment costs and expenses increased by $12 million, or 16%, to $85 million. The increase was due primarily to a higher percentage of delivered log sales.

Real Estate Segment.

	Quarter Ended June 30, 2007			Quarter Ended June 30, 2006		
Property	**Acres Sold**	**Revenues (millions)**	**Revenue per Acre**	Acres Sold	Revenues (millions)	Revenue per Acre
Small Non-Strategic	**21,255**	**$ 28**	**$ 1,295**	11,765	$ 15	$ 1,270
Conservation	**480**	**3**	**6,660**	2,185	3	1,500
Higher and Better Use / Recreational	**8,695**	**27**	**3,150**	7,225	30	4,140
Development Properties	**595**	**13**	**21,260**	645	4	5,295
Conservation Easements	**n/a**	**—**		n/a	—	
Total	**31,025**	**$ 71**		21,820	$ 52	

Revenues increased by $19 million to $71 million in the second quarter of 2007. This increase was due primarily to the timing of the sales of small non-strategic properties ($13 million) and higher and better use properties ($6 million), and the sale of a development property ($8 million), offset in part by lower prices from higher and better use sales ($9 million). The timing of real estate sales is a function of many factors, including the general state of the economy, demand in local real estate markets, the ability to obtain entitlements, the number of properties listed for sale, the seasonal nature of sales (particularly in the northern states), the plans of adjacent landowners, our expectation of future price appreciation, the timing of harvesting activities, and the availability of government and not-for-profit funding.

Our average sales price per acre for higher and better use / recreational lands was $3,150 per acre during the second quarter of 2007 compared to $4,140 during the same period in 2006. This price decline of approximately 25% is due primarily to sales mix. During the second quarter of 2007, we increased our sales in states with lower per acre prices and decreased our sales in states with higher per acre prices due to increased competition in states with the highest per acre prices. Development properties revenue increased by $8 million due primarily to a unique sales opportunity to a developer of a parcel in Georgia which was in the company’s planning process.

Real Estate Segment operating income was 66% of its second quarter revenues for 2007, compared to 52% for 2006. This change was due primarily to selling a unique development property in Georgia during the second quarter of 2007 and incurring higher investigatory and feasibility costs associated with our real estate development business in 2006. Real Estate Segment costs and expenses decreased by $1 million to $24 million in the second quarter of 2007.

Manufactured Products Segment. Revenues decreased by $1 million, or 1%, to $129 million in the second quarter of 2007. This decrease was due primarily to lower lumber prices ($6 million) and lower plywood prices ($3 million), offset in part by higher MDF prices ($3 million) and higher residual wood chip prices ($3 million).

Lumber prices during the second quarter of 2007 were 12% lower than during the second quarter of 2006 due primarily to weak demand and excess supply. The demand for lumber has declined due primarily to lower housing starts. Housing starts during the first half of 2007 were 26% lower than during the same period in the prior year. Housing starts for all of 2007 are expected to remain weak at around 1.46 million starts compared to 1.82 million starts in 2006 and 2.07 million starts in 2005. The lower housing starts are due in part to a large supply of unsold homes on the market, rising interest rates for home mortgages, and mortgage lenders tightening their standards for home loans. There is approximately an eight-month supply of new homes for sale. In response to the decline in housing starts, North American lumber production has also been declining. The supply of lumber in the United States decreased by 20% during the first quarter of 2007 compared to the first quarter of 2006. Despite the recent decline in North American lumber production, there still remains an excess supply of lumber.

Plywood prices during the second quarter of 2007 were 11% lower than during the second quarter of 2006 due primarily to increased competition from commodity plywood manufacturers. Commodity plywood prices have experienced downward pressure for the past year due to lower oriented strand board (a substitute for commodity plywood) prices as a result of fewer housing starts. The lower commodity plywood prices have caused several plywood manufacturers to target the industrial markets we serve.

MDF prices during the second quarter of 2007 were 10% higher than during the second quarter of 2006 due primarily to a mix shift to higher value, specialized products. Part of this mix shift is attributable to weak commodity markets due primarily to the decline in the housing market.

Manufactured Products Segment operating income was 2% of its revenues for the second quarter of 2007 compared to 8% of its revenues for the second quarter of 2006. This decrease was due primarily to lower lumber and plywood prices. Manufactured Products Segment costs and expenses increased by $7 million to $127 million for the second quarter of 2007. This increase was due primarily to a $4 million increase in MDF raw material costs. MDF raw material costs increased as a result of higher wood chip (due to a regional shortage from lower lumber production) and resin costs.

Other Costs and Eliminations. Other Costs and Eliminations (which consists of corporate overhead and intercompany profit elimination) decreased operating income by $14 million during the second quarter of 2007 and by $11 million during the second quarter of 2006. This increase of $3 million is due primarily to a decline in the amount of intercompany log profit recognized. The profit on intercompany log sales is deferred until the lumber and plywood manufacturing facilities convert existing log inventories into finished products and sell them to third parties, at which time intercompany profit is recognized.

Interest Expense, net. Interest expense (net of interest income) increased $1 million, or 3%, to $35 million in the second quarter of 2007.

Provision for Income Taxes. The provision for income taxes was $1 million for the second quarter of 2007 compared to $3 million for the second quarter of 2006. This net decrease of $2 million is due primarily to a decrease in operating income earned by our taxable REIT subsidiaries as a result of lower earnings from our manufacturing business.

Six Months Ended June 30, 2007 Compared to Six Months Ended June 30, 2006

The following table and narrative compare operating results by segment for the **six months ended June 30** (in millions):

	Six Months Ended June 30, 2007	2006	Change
Operating Income by Segment			
Northern Resources	**$ 33**	$ 56	$ (23)
Southern Resources	**87**	98	(11)
Real Estate	**68**	71	(3)
Manufactured Products	**1**	18	(17)
Other	**10**	9	1
Total Segment Operating Income	**199**	252	(53)
Other Costs and Eliminations	**(29)**	(26)	(3)
Other Operating Income (Expense), net	**1**	—	1
Operating Income	**$ 171**	$ 226	$ (55)

Northern Resources Segment. Revenues decreased by $24 million, or 12%, to $178 million for the first half of 2007. This decrease was due primarily to lower harvest volumes ($13 million), lower sawlog prices ($7 million) and a weaker product mix from log sales ($6 million). Harvest volumes during the first half of 2007 decreased by approximately 7% compared to the first half of 2006 due primarily to a planned reduction in harvest levels. Harvest levels for all of 2007 are expected to decrease between 7% and 13% from the 2006 harvest levels of 6.8 million tons. Sawlog prices during the first half of 2007 were 6% lower than during the same period in the prior year. The lower prices are due primarily to mill curtailments as a result of weak lumber and plywood prices and the significant decline in housing starts. We decreased the percentage of sawlogs harvested and increased the percentage of pulpwood harvested, which resulted in a weaker product mix from log sales. This mix shift was due primarily to favorable pulpwood prices as a result of a wood chip shortage and weaker sawlog prices, both due to mill curtailments.

Northern Resources Segment operating income was 19% of its revenues for the first half of 2007, and 28% for the first half of 2006. This decrease was due primarily to lower sawlog prices, lower harvest levels and a weaker product mix from log sales. Segment costs and expenses were $145 million for the first half of 2007 and $146 million for the first half of 2006. While log and haul costs decreased in total by approximately $4 million due to lower harvest levels, these costs were offset by higher log and haul rates per ton. Log and haul costs per ton increased by 3% ($3 million) due primarily to longer hauling distances and higher fuel costs.

Southern Resources Segment. Revenues increased by $10 million, or 4%, to $253 million in the first half of 2007. This increase was due primarily to a higher percentage of delivered log sales compared to sales of standing timber ($18 million), higher harvest levels ($11 million) and higher pulpwood prices ($4 million), offset in part by lower sawlog prices ($14 million) and a weaker product mix from log sales ($9 million).

Revenues increased $18 million due to the company's increased percentage of delivered log sales. A portion of the increase in delivered log sales results from decreasing the percentage of standing timber sales. Under delivered log sale agreements, we are responsible for log and haul costs. Conversely, the buyer incurs the log and haul costs when standing timber is sold. We sell logs on a delivered basis when, in our judgment, log merchandising efforts will yield a net premium over selling standing timber. While revenues are higher under a delivered log sale, a large portion of that increase is to cover the related increase in cost of sales. As a result, for delivered log sales we realize lower operating income as a percentage of revenue, even though operating income is generally improved.

Harvest volumes during the first half of 2007 increased by approximately 7% (due to a 19% increase in pulpwood harvest volumes, offset in part by a 2% decrease in sawlog harvest volumes) compared to the first half of 2006 to take advantage of favorable pulpwood prices during the first six months of 2007. Harvest volumes for all of 2007 are expected to be flat to 4% lower than the 2006 harvest levels of 14.1 million tons. We decreased the percentage of sawlogs harvested and increased the percentage of pulpwood harvested, which resulted in a weaker product mix from log sales. This mix shift was due primarily to favorable pulpwood prices as a result of low mill inventories because of unusually wet harvesting conditions in certain parts of the south and weaker sawlog prices due to mill curtailments.

Sawlog prices during the first half of 2007 were 13% lower than during the same period in the prior year. The lower prices are due primarily to mill curtailments as a result of weak lumber and plywood prices caused by the significant decline in housing starts and a greater proportion of smaller-diameter sawlogs.

Southern Resources Segment operating income was 34% of its revenues for the first half of 2007, and 40% for the first half of 2006. This decrease was due primarily to lower sawlog prices, a weaker product mix from log sales and a higher proportion of delivered log sales. Segment costs and expenses increased by $21 million, or 15%, to $166 million. The increase was due primarily to a higher percentage of delivered log sales.

Real Estate Segment.

	Six Months Ended June 30, 2007			Six Months Ended June 30, 2006		
Property	**Acres Sold**	**Revenues (millions)**	**Revenue per Acre**	Acres Sold	Revenues (millions)	Revenue per Acre
Small Non-Strategic	**29,900**	**$ 41**	**$ 1,340**	26,815	$ 37	$ 1,380
Conservation	**4,690**	**10**	**2,240**	4,765	8	1,815
Higher and Better Use / Recreational	**12,445**	**43**	**3,495**	10,320	47	4,490
Development Properties	**640**	**14**	**21,310**	1,720	13	7,355
Conservation Easements	**n/a**	**—**		n/a	8	1,300
Total	**47,675**	**$ 108**		43,620	$ 113	
Proceeds from Joint Ventures		**$ 2**			$ —	

Revenues decreased by $3 million to $110 million in the first half of 2007. This decrease was due primarily to lower prices from higher and better use sales ($13 million) and no conservation easement sales in 2007 ($8 million), offset in part by the timing of sales of higher and better use properties ($9 million) and non-strategic properties ($4 million), and the sale of land to a joint venture arrangement ($2 million). Our average sales price per acre for higher and better use / recreational lands was $3,495 per acre during the first half of 2007 compared to $4,490 during the same period in 2006. This price decline of approximately 20% is due primarily to sales mix. During the first half of 2007, we increased our sales in states with lower per acre prices and decreased our sales in states with higher per acre prices due to increased competition in states with the highest per acre prices.

The timing of real estate sales is a function of many factors, including the general state of the economy, demand in local real estate markets, the ability to obtain entitlements, the number of properties listed for sale, the seasonal nature of sales (particularly in the northern states), the plans of adjacent landowners, our expectation of future price appreciation, the timing of harvesting activities, and the availability of government and not-for-profit funding. During March 2007, we completed the first sale of land to one of our joint venture arrangements. We received cash proceeds of $2 million and a note for $5.5 million. (See Note 1 of the Notes to Consolidated Financial Statements for our accounting policy covering joint venture arrangements.)

We expect revenues from real estate sales during 2007 to range between $330 million and $350 million from the sale of 150,000 to 190,000 acres. We estimate these sales will consist of 70,000 to 90,000 acres of non-strategic acres, 4,000 to 8,000 acres of development and joint venture acres and the remainder from the sales of higher and better use and conservation acres.

Real Estate Segment operating income was 62% of its revenues for the first six months of 2007 compared to 63% for the same period in 2006. Real Estate Segment costs and expenses were $42 million for the first six months of 2007 and 2006. Costs associated with our development business for the first six months of 2007 were $8 million compared to $9 million in 2006.

At June 30, 2007, we were in the planning process on 23 internal development properties covering approximately 14,000 acres. Additionally, listed below are a summary of our entitled or developed properties and a summary of our joint venture arrangements **as of June 30, 2007**:

Development Projects

PROJECT STATUS **Location** **(County, State)**	**Year Sales Begin**	**Total Acres**	**Acres Sold (A)**	**Average Selling Price Per Acre**
Entitled or Developed Properties				
Greene, GA	2007	170	—	$ —
Newton, GA	2007	396	—	—
Oconee, GA	2007	459	—	—
Oconee, GA	2009	295	—	—
Wayne, GA	2007	10	7	28,694
Piscataquis, ME	2002	450	395	16,380
Flathead, MT	2006	509	498	8,611
Flathead, MT	2006	932	89	6,855
Flathead, MT	2007	648	—	—
Flathead, MT	2010	22	—	—
Lake, MT	2006	436	150	24,184
Lincoln, MT	2007	222	—	—
Sanders, MT	2007	518	—	—
Sanders, MT	2007	654	—	—
Lamar, MS	2007	393	—	—
Lamar, MS	2007	364	—	—
Adams, WI	2007	40	—	—
Bayfield, WI	2008	77	—	—
Langlade, WI	2006	611	36	5,880
Oneida, WI	2005	47	20	11,325
Price, WI	2006	121	22	3,300
Price, WI	2008	214	—	—
		7,588	1,217	
Properties Entirely Sold				
Butts, GA	2006	305	305	$ 4,328
Newton, GA	2006	413	413	12,349
Glynn, GA	2007	222	222	16,692
Greene, GA	2006	354	354	15,759
Greene, GA	2007	261	261	30,972
Lamar, MS	2006	37	37	11,211
Lake, MT	2006	140	140	6,200
King, WA	2006	1,905	1,905	22,372
Wood, WI	2006	469	469	4,125
		4,106	4,106	

(A) Acres Sold represents sales since inception of the project.

Joint Venture Arrangements

Location (County, State)	Expected Year of Initial Closing(A)	Total Acres(B)	Phase(s)	Non-Contingent Purchase Price(C) (millions)	Expected Participation Timeline
Volusia, Florida	2007	7,080	5	$ 16	until 2017
Alachua, Florida	2008	1,785	4	$ 8	until 2015
St. John, Florida	2009	3,590	5	$ 15	until 2020
Glynn, Georgia	2007	1,360	3	$ 8	until 2015
Camden, Georgia	2009	10,105	4	$ 16	until 2019
Berkeley, South Carolina(D)	2007	2,010	1	$ 8	until 2011

(A) Year land is expected to be sold to the joint venture. This represents the year of initial transfer for projects with multiple phases.

(B) Actual development acreage will depend upon final approval(s).

(C) Total proceeds for all phases in connection with sale of land to joint ventures. Does not include contingent consideration associated with future lot sales.

(D) During the first quarter of 2007, the property was transferred to a joint venture arrangement in exchange for $2 million in cash and a $5.5 million note.

Manufactured Products Segment. Revenues decreased by $20 million, or 8%, to $244 million in the first half of 2007. This decrease was due primarily to lower lumber prices ($13 million), lower plywood prices ($8 million), and lower MDF sales volume ($5 million), offset in part by higher MDF prices ($6 million).

Lumber prices during the first half of 2007 were 15% lower than during the first half of 2006 due primarily to weak demand and excess supply. The demand for lumber has declined due primarily to lower housing starts. Housing starts during the first half of 2007 were 26% lower than during the same period in the prior year. Housing starts for all of 2007 are expected to remain weak at around 1.46 million starts compared to 1.82 million starts in 2006 and 2.07 million starts in 2005. The lower housing starts are due in part to a large supply of unsold homes on the market, rising interest rates for home mortgages, and mortgage lenders tightening their standards for home loans. There is approximately an eight-month supply of new homes for sale. In response to the decline in housing starts, North American lumber production has also been declining. The supply of lumber in the United States decreased by 20% during the first quarter of 2007 compared to the first quarter of 2006. Despite the recent decline in North American lumber production, there still remains an excess supply of lumber.

Plywood prices during the first half of 2007 were 11% lower than during the first half of 2006 due primarily to increased competition from commodity plywood manufacturers. Commodity plywood prices have experienced downward pressure due to lower oriented strand board (a substitute for commodity plywood) prices as a result of fewer housing starts. The lower commodity plywood prices have caused several plywood manufacturers to target the industrial markets we serve.

MDF prices during the first half of 2007 were 10% higher than during the first half of 2006 due primarily to a mix shift to higher value, specialized products. Part of this mix shift is attributable to weak commodity markets due primarily to the decline in the housing market, which resulted in lower MDF sales volume during the first half of 2007 compared to the same period in the prior year.

Manufactured Products Segment operating income was 0.4% of its revenues for the first half of 2007 compared to 7% of its revenues for the first half of 2006. This decrease was due primarily to lower lumber and plywood prices. Manufactured Products Segment costs and expenses decreased by $3 million to $243 million for the first half of 2007. This decrease was due primarily to lower lumber raw material costs, and lower lumber, plywood and MDF sales volume, offset in part by higher MDF raw material costs. MDF raw material costs increased by $7 million as a result of higher wood chip (due to a regional shortage from lower lumber production) and resin costs.

Other Costs and Eliminations. Other Costs and Eliminations (which consists of corporate overhead and intercompany profit elimination) decreased operating income by $29 million during the first half of 2007 and by $26 million during the first half of 2006. This increase of $3 million was due primarily to higher share-based compensation expense and increased costs associated with information technology.

Interest Expense, net. Interest expense (net of interest income) increased $6 million, or 9%, to $71 million in the first half of 2007. This increase was due primarily to our repurchase of approximately 5.1 million shares of common stock for $190 million in the second half of 2006 and the first half of 2007. The share repurchase was funded by using a combination of cash and debt financing.

Provision for Income Taxes. The benefit for income taxes was $3 million for the first half of 2007 compared to a provision for income tax of $7 million for the first half of 2006. This net decrease of $10 million is due primarily to a decrease in operating income earned by our taxable REIT subsidiaries as a result of lower earnings from our manufacturing business and lower earnings from our taxable real estate business.

Financial Condition and Liquidity

The following table compares our sources and uses of cash for the **six months ended June 30 (in millions):**

	Six Months Ended June 30,	
	2007	2006
Sources of Cash:		
Operations	**$ 189**	$ 240
Changes in Working Capital	**(72)**	14
Cash from Stock Option Exercises	**6**	3
Increase in Debt Obligations, net	**15**	158
Other Cash Changes, net	**4**	(2)
Total Sources of Cash	**142**	413
Uses of Cash:		
Returned to Stockholders:		
Dividends	**(149)**	(147)
Common Stock Repurchases	**(111)**	(184)
Reinvest in the Business:		
Capital Expenditures	**(39)**	(38)
Acquire Timberlands	**(9)**	(17)
Total Uses of Cash	**(308)**	(386)
Change in Cash and Cash Equivalents	**$ (166)**	$ 27

Cash Flows from Operating Activities. Net cash provided by operating activities for the six months ended June 30, 2007 totaled $111 million, compared to $252 million for the same period in 2006. The decrease of $141 million was due primarily to a $55 million decrease in operating income and a $86 million negative working capital change. This negative working capital change was due primarily to the timing of when proceeds from a like-kind exchange trust are either reinvested in replacement property (primarily timberlands) or distributed to the company. Proceeds associated with a forward like-kind exchange are either reinvested in like-kind property within 180-days, or if the exchange is not successful, are distributed to the company at the end of either the 45-day identification period or the 180-day reinvestment period. During 2006, we received proceeds of $30 million from an unsuccessful like-kind exchange and in 2007 we had numerous real estate sales in which the proceeds were held in a like-kind exchange trust as of June 30, 2007.

Debt Financing. The company has filed a shelf registration statement with the Securities and Exchange Commission under which Plum Creek Timber Company, Inc., from time to time, may offer and sell any combination of preferred stock, common stock, depositary shares, warrants and guarantees, and under which Plum Creek Timberlands, L.P., the company's wholly owned operating partnership, may from time to time, offer and sell debt securities. The shelf registration statement expires on April 25, 2009.

The company has a $750 million revolving line of credit agreement that matures in June 2011. The revolving line of credit may be increased to $1 billion subject to certain terms and conditions. As of June 30, 2007, the weighted-average interest rate for the borrowings on the line of credit was 5.79%. The interest rate on the line of credit is based on LIBOR plus 0.425%. This rate can range from LIBOR plus 0.27% to LIBOR plus 1% depending on our debt ratings. Subject to customary covenants, the line of credit allows for borrowings from time to time up to $750 million, including up to $100 million of standby letters of credit. Borrowings on the line of credit fluctuate daily based on cash needs. As of June 30, 2007, we had $345 million of borrowings and $6 million of standby letters of credit outstanding; $399 million remained available for borrowing under our line of credit. As of July 3, 2007, $105 million of the borrowings under our line of credit was repaid.

On June 15, 2007, the company entered into a $350 million term credit agreement that matures in June 2012. As of June 30, 2007, the interest rate for the credit agreement was 5.77%. The interest rate on the term credit agreement is based on LIBOR plus 0.45%. This rate can range from LIBOR plus 0.3% to LIBOR plus 1.15% depending on our debt ratings. The term credit agreement is subject to covenants similar to those of our revolving line of credit and allows prepayment of the borrowings at any time prior to the maturity date without premium or penalty. The net proceeds of $350 million were used to reduce our borrowings on our line of credit.

The company's borrowing agreements contain various restrictive covenants, including limitations on harvest levels, sales of assets, the incurrence of indebtedness and making restricted payments (such as payments of cash dividends or stock repurchases). The borrowing agreements limit our ability to make restricted payments based on available cash, which is generally our net income (excluding gains on the sale of capital assets) after adjusting for non-cash charges (such as depreciation and depletion), changes in various reserves, less capital expenditures and principal payments on indebtedness that are not financed. Additionally, the amount of available cash may be increased by the amount of proceeds from the sale of higher and better use properties and, under certain circumstances, by 50% of the amount of net proceeds from the sale of other assets. Furthermore, our line of credit and term credit agreements require that we maintain certain interest coverage and maximum leverage ratios. The company was in compliance with all of our borrowing agreement covenants as of June 30, 2007.

The company's financial policy is to maintain a balance sheet that provides the financial flexibility to pursue our strategic objectives. In order to maintain this financial flexibility, the company's objective is to maintain its investment grade credit rating. This is reflected in our moderate use of debt, good access to credit markets and no material covenant restrictions in our debt agreements that would prevent us from prudently using debt capital.

Capital Expenditures. Capital expenditures, excluding the acquisition of timberlands, for the six months ended June 30, 2007 were $39 million (including $6 million in real estate development expenditures) compared to $38 million (including $2 million in real estate development expenditures) for the first six months of 2006. Planned capital expenditures for 2007, excluding the acquisition of timberlands, are expected to range between $95 million and $105 million. Of planned capital expenditures in 2007, approximately 50% are considered to be discretionary. Discretionary expenditures consist primarily of silviculture, land development and information technology investments. Other capital expenditures consist primarily of reforestation and projects at our manufacturing facilities to sustain operating activities and improve safety. Included within the planned capital expenditures for our manufacturing facilities for 2007 is approximately an $8 million investment to expand our bio-filter emission control equipment at our MDF facilities to comply with stricter environmental standards that become effective October 1, 2008.

Equity. On July 31, 2007, our Board of Directors declared a dividend of $0.42 per share, or approximately $73 million, which will be paid on August 31, 2007 to stockholders of record on August 16, 2007. Future dividends will be determined by our Board of Directors, in its sole discretion, based on consideration of a number of factors including, but not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, debt covenant restrictions that may impose limitations on the company's ability to make cash payments, borrowing capacity, changes in the prices of and demand for Plum Creek's products, and changes in our ability to sell timberlands at attractive prices. Other factors that our Board of Directors considers include the appropriate timing of timber harvests, acquisition and divestiture opportunities, stock repurchases, debt repayment and other means by which the company could deliver value to its stockholders.

Plum Creek's Board of Directors has authorized a common stock repurchase program that may be increased from time to time at the Board of Director's discretion. On May 1, 2007, the Board of Directors increased the remaining balance of the share repurchase authorization from $72 million to $200 million. For the six months ended June 30, 2007, the company repurchased approximately 2.8 million shares of common stock at a total cost of $111 million, or an average cost per share of $39.78. As of June 30, 2007, the company was authorized to repurchase an additional $111 million of the company's common stock.

Future Cash Requirements. Cash required to meet our financial needs will be significant. We believe, however, that cash on hand and cash flows from continuing operations will be sufficient to fund planned capital expenditures and interest payments on our indebtedness for the next year. During the next 12 months, the company has approximately $72 million of scheduled long-term debt principal payment requirements. The company intends to refinance these principal payments at the time of maturity with the use of a combination of short-term and long-term borrowings, depending on interest rate and market conditions. Management believes that the company's credit ratings, asset base and historical financial performance will allow these refinancings to be completed at attractive interest rates.

Off-Balance Sheet Arrangements, Contractual Obligations, Contingent Liabilities and Commitments

The company has no off-balance sheet debt. For information on contractual obligations, see the table Contractual Obligations in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2006 annual report on Form 10-K. Other than the discussion below, there have been no material changes to our contractual obligations outside the normal course of business.

On June 15, 2007, the company entered into a $350 million term credit agreement at a rate of LIBOR plus 0.45%, resulting in a rate of 5.77% at June 30, 2007. The term credit agreement matures in June 2012.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Approximately $1.7 billion of Plum Creek's long-term debt bears interest at fixed rates, and therefore the fair value of these instruments is affected by changes in market interest rates. The following table presents contractual principal cash flows based upon maturity dates of the company's debt obligations and the related weighted-average contractual interest rates by expected maturity dates for the fixed rate debt (in millions):

	2007	2008	2009	2010	2011	Thereafter	Total	Fair Value (A)
June 30, 2007								
Fixed Rate Debt								
Principal due (B)	**$ 25**	**$147**	**$200**	**$ 59**	**$423**	**$ 796**	**$1,650**	**$ 1,676**
Average interest rate (C)	**6.9%**	**6.9%**	**6.8%**	**6.7%**	**6.6%**	**6.0%**		
Variable Rate Debt (D)	**—**	**—**	**—**	**—**	**$345**	**$ 350**	**$ 695**	**$ 695**

	2006	2007	2008	2009	2010	Thereafter	Total	Fair Value
June 30, 2006								
Fixed Rate Debt								
Principal due (B)	$130	$123	$147	$200	$ 59	$ 1,220	$1,879	$ 1,906
Average interest rate (C)	7.0%	6.9%	6.9%	6.8%	6.7%	6.2%		
Variable Rate Debt	—	—	—	—	—	$ 516	$ 516	$ 516

(A) The decrease in fair value of our fixed rate debt compared to June 30, 2006 was due primarily to the repayment of $130 million of senior and mortgage notes in 2006 and $98 million in 2007.

(B) Excludes unamortized discount of $8 million and $5 million at June 30, 2007 and 2006, respectively.

(C) Represents the average interest rate of total fixed rate debt outstanding at the end of the period.

(D) As of June 30, 2007 the weighted-average interest rate on the $345 million borrowings under our $750 million revolving line of credit was 5.79%. The interest rate on the line of credit is based on LIBOR plus 0.425%. This rate can range from LIBOR plus 0.27% to LIBOR plus 1% depending on our debt ratings. As of July 3, 2007, $105 million of the borrowings under our line of credit was repaid. On June 15, 2007, the company entered into a $350 million term credit agreement that matures in June 2012. As of June 30, 2007, the interest rate for the credit agreement was 5.77%. The interest rate on the term credit agreement is based on LIBOR plus 0.45%. This rate can range from LIBOR plus 0.3% to LIBOR plus 1.15% depending on our debt ratings.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

The company’s management, with the participation of the company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on that evaluation, the company’s management, including the Chief Executive Officer and Chief Financial Officer, has concluded that the company’s disclosure controls and procedures were effective as of the end of such period.

(b) Control over Financial Reporting

There have been no changes in the company’s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) during the quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the company’s internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None. (See also Note 7 of the Notes to Consolidated Financial Statements of Plum Creek Timber Company, Inc.)

ITEM 1A. RISK FACTORS

There have been no material changes to the company’s Risk Factors as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2006, as filed with the Securities and Exchange Commission on February 27, 2007.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table contains information about the company's purchases of equity securities during the second quarter of 2007:

Period	*Total Number of Shares Purchased*	*Average Price Paid per Share*	*Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs*	*Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs* (A)
April 1, 2007 through April 30, 2007 (B)	12 shares of common stock	$ 40.13	—	$ 72 million
May 1, 2007 through May 31, 2007	2,104,600 shares of common stock	$ 40.30	2,104,600 shares of common stock	$ 115 million
June 1, 2007 through June 30, 2007	114,800 shares of common stock	$ 40.14	114,800 shares of common stock	$ 111 million
Total	2,219,412 shares of common stock	$ 40.29	2,219,400 shares of common stock	

(A) On June 5, 2006, the Board of Directors authorized a $200 million share repurchase program. On May 1, 2007, the Board of Directors increased the remaining share repurchase authorization from $72 million to $200 million.

(B) Represents shares of the company's common stock purchased from employees in non-open market transactions. The shares of stock were sold by the employees to the company in exchange for cash that was used to pay withholding taxes associated with the vesting of restricted stock unit awards under the company's stock incentive plan. The average price per share is based on the closing price of the company's stock on the vesting date of the awards.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The company's 2007 Annual Meeting of Stockholders was held on May 2, 2007. Proxies were solicited pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, to vote on four proposals: (1) to elect ten individuals to the company's board of directors; (2) to ratify the appointment of Ernst & Young LLP as the company's independent registered public accounting firm for 2007; (3) a stockholder proposal to require the company to provide disclosure of the company's political contribution policies and activities; and (4) a stockholder proposal relating to the company's short and long-term compensation programs.

Vote Required and Method of Counting Votes

The election of directors was determined by majority vote. In February 2007, the Board of Directors amended the company's by-laws to provide that, in uncontested elections, a nominee for director shall be elected only if the votes cast "For" such nominee's election exceed the votes cast "Against" such nominee's election. Stockholders had the choice to cast their votes "For" or "Against", or to "Abstain" from voting, on the election of each director nominee.

Approval of the proposal to ratify the appointment of Ernst & Young LLP and the two stockholder proposals each required the affirmative vote of a majority of shares present in person or by proxy and entitled to vote at the meeting. Stockholders had the choice to vote "For" or "Against", or to "Abstain" from voting, on each of these proposals.

Effect of Broker Non-Votes and Abstentions

Under New York Stock Exchange Rules, brokerage firms and other record holders of stock may vote in their discretion on proposals to elect directors or ratify the appointment of an independent registered public accounting firm if they have not received voting instructions from the beneficial owner of the stock. In contrast, brokerage firms and other record holders that have not received voting instructions may not vote on stockholder proposals. When a record holder of stock votes on behalf of the beneficial owner of the stock on at least one proposal (because the record holder has discretionary voting power on that item), but not on another (because the record holder does not have discretionary voting power on that item), a **"broker non-vote"** occurs with respect to the second item.

In the case of the independent registered public accounting firm ratification and stockholder proposals, which require the affirmative vote of the majority of shares present (in person or by proxy) and entitled to vote at the meeting, broker non-votes and votes to abstain effectively count as votes against the proposals. In the case of electing directors by majority vote under the company's by-laws, broker non-votes and votes to abstain have no effect on the outcome because such votes are not "cast" in the election of directors.

Vote Results

Following are the vote results for each proposal submitted to a vote of the stockholders at the meeting:

(A) Ten individuals nominated by the board for re-election for one-year terms expiring at the 2008 Annual Meeting of Stockholders were re-elected by a majority vote, with no solicitations in opposition, as follows:

	Votes Cast		
Nominee	**For**	**Against**	**Abstain**
Rick. R. Holley	148,856,761	1,368,598	1,534,013
Ian B. Davidson	148,559,634	1,635,852	1,563,887
Robin Josephs	148,613,555	1,626,625	1,519,192
John G. McDonald	148,472,053	1,760,151	1,527,168
Robert B. McLeod	148,810,047	1,415,083	1,534,241
John. F. Morgan, Sr.	148,426,260	1,381,838	1,951,274
John H. Scully	148,752,227	1,445,096	1,562,050
Stephen C. Tobias	148,452,998	1,839,839	1,466,535
Carl B. Webb	148,647,143	1,636,617	1,475,611
Martin A. White	148,351,216	1,494,890	1,912,266

There were no broker non-votes.

(B) The appointment of Ernst & Young LLP as the company's independent registered public accounting firm by the audit committee of the Board of Directors was ratified by the stockholders, with 149,765,109 votes "For" the proposal, 722,992 votes "Against" the proposal, 1,271,271 abstentions and no broker non-votes.

(C) A stockholder proposal to require the company to disclose its political contribution policies and activities was included in the company's proxy materials in accordance with Rule 14a-8 of the Securities Exchange Act of 1934, as amended. The proposal was not approved by the stockholders, with 23,101,490 votes "For" the proposal, 67,181,331 votes "Against" the proposal, 15,568,044 abstentions and 45,908,508 broker non-votes.

(D) A stockholder proposal relating to the company's short and long-term incentive compensation programs was included in the company's proxy materials in accordance with Rule 14a-8 of the Securities Exchange Act of 1934, as amended. The proposal was not approved by the stockholders, with 10,010,109 votes "For" the proposal, 93,198,765 votes "Against" the proposal, 2,641,991 abstentions and 45,908,508 broker non-votes.

Items 3 and 5 of Part II are not applicable and have been omitted.

ITEM 6. EXHIBITS

List of Exhibits

Each exhibit set forth below in the Index to Exhibits is filed as a part of this report. All exhibits not filed herewith are incorporated herein by reference to a prior filing as indicated.

INDEX TO EXHIBITS

Exhibit Designation	Nature of Exhibit
2.4	Agreement and Plan of Merger by and among Georgia-Pacific Corporation, North American Timber Corp., NPI Timber, Inc., GNN Timber, Inc., GPW Timber, Inc., LRFP Timber, Inc., NPC Timber, Inc. and Plum Creek Timber Company, Inc. (Form 8-K/A, File No. 1-10239, filed July 24, 2000). Amendment No. 1 to the Agreement and Plan of Merger, dated as of June 12, 2001 (Exhibit 2.1 to Form 8-K, File No. 1-10239, filed June 14, 2001).
3.1	Restated Certificate of Incorporation of Plum Creek Timber Company, Inc. (Exhibit 3.1 to Form 10-Q, File No. 1-10239, for the quarter ended March 31, 2002).
3.2	Amended and Restated By-laws of Plum Creek Timber Company, Inc., as amended.
10.1	Credit Agreement, dated as of June 15, 2007, among Plum Creek Timberlands, L.P., Bank of America, N.A., as Administrative Agent, SunTrust Bank, as Syndication Agent, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Seattle Branch, and The Royal Bank of Scotland, as Documentation Agents, Banc of America Securities LLC and SunTrust Robinson Humphrey, a division of SunTrust Capital Markets, Inc., as Joint Lead Arrangers and Joint Book Managers, and the Other Financial Institutions Party Thereto (Exhibit 10.1 to Form 8-K, File No. 1-10239, filed June 21, 2007).
10.2	Amendment Agreement, dated as of June 15, 2007, among Plum Creek Timberlands, L.P., and Bank of America, N.A., as Administrative Agent under the Credit Agreement dated as of June 29, 2006 (Exhibit 10.2 to Form 8-K, File No. 1-10239, filed June 21, 2007).
12.1	Computation of ratio of earnings to fixed charges and computation of ratio of earnings to combined fixed charges and preferred stock dividends.
31.1	Certification of Rick R. Holley, President and Chief Executive Officer, pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of David W. Lambert, Senior Vice President and Chief Financial Officer, pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	Certification of Rick R. Holley, President and Chief Executive Officer, pursuant to Rules 13a-14(b) and 15d-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of David W. Lambert, Senior Vice President and Chief Financial Officer, pursuant to Rules 13a-14(b) and 15d-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PLUM CREEK TIMBER COMPANY, INC.
(Registrant)

By: /s/ DAVID W. LAMBERT
DAVID W. LAMBERT
Senior Vice President and Chief Financial Officer (Duly Authorized Officer and Principal Financial Officer)

Date: July 31, 2007

Exhibit 3.2

AMENDED AND RESTATED

BY-LAWS

OF

PLUM CREEK TIMBER COMPANY, INC.

(hereinafter called the "Corporation")

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware as shall be designated from time to time by the Board of Directors.

Section 2. Annual Meetings. The annual meetings of stockholders for the election of directors shall be held on such date and at such time as shall be designated from time to time by the Board of Directors. Any other proper business may be transacted at the annual meeting of stockholders.

Section 3. Special Meetings. Unless otherwise required by law or by the certificate of incorporation of the Corporation, as amended and restated from time to time (the "Certificate of Incorporation"), Special Meetings of Stockholders, for any purpose or purposes, may be called by either (i) the Chairman, if there be one, or (ii) the President, (iii) any Vice President, if there be one, (iv) the Secretary or (v) any Assistant Secretary, if there be one, and shall be called by any such officer at the request in writing of (i) the Board of Directors, (ii) a committee of the Board of Directors that has been duly designated by the Board of Directors and whose powers and authority include the power to call such meetings or (iii) stockholders owning a majority of the capital stock of the Corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting. At a Special Meeting of Stockholders, only such business shall be conducted as shall be specified in the notice of meeting (or any supplement thereto).

Section 4. Notice. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise required by law, the written notice of any meeting shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting.

Section 5. Nature of Business at Meetings of Stockholders. No business may be transacted at an annual meeting of stockholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the annual meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the annual meeting by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 5 and on the record date for the determination of stockholders entitled to vote at such annual meeting and (ii) who complies with the notice procedures set forth in this Section 5.

In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than sixty (60) days nor more than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter such stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business and (v) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

No business shall be conducted at the annual meeting of stockholders except business brought before the annual meeting in accordance with the procedures set forth in this Section 5; provided, however, that, once business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 5 shall be deemed to preclude discussion by any stockholder of any such business. If the Chairman of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

Section 6. Nomination of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided in the Certificate of Incorporation with respect to the right of holders of preferred stock of the Corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board of Directors may be made at any annual meeting of stockholders, or at any special meeting of stockholders called for the purpose of electing directors, (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 6 and on the record date for the determination of stockholders entitled to vote at such meeting and (ii) who complies with the notice procedures set forth in this Section 6.

In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation (a) in the case of an annual meeting, not less than sixty (60) days nor more than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs; and (b) in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice (i) the name and record address of such stockholder, (ii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iii) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (iv) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (v) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 6. If the Chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

Section 7. Adjournments. Only the Chairman of the meeting has the power to adjourn stockholder meetings. Any meeting of the stockholders may be adjourned from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 8. Quorum. Unless otherwise required by law or the Certificate of Incorporation, the holders of the number of shares of Common Stock, par value $0.01 per share, issued and outstanding which constitutes at least a majority of the votes entitled to be cast thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, in the manner provided in Section 7, until a quorum shall be present or represented.

Section 9. Voting. Unless otherwise required by law, the Certificate of Incorporation or these By-laws, any question brought before any meeting of stockholders, other than the election of directors, shall be decided by the vote of the holders of a majority of the total number of votes of the capital stock represented and entitled to vote thereat, voting as a single class. Unless otherwise provided in the Certificate of Incorporation, and subject to Section 5 of Article V hereof, each stockholder represented at a meeting of stockholders shall be entitled to cast one vote for each share of the capital stock entitled to vote thereat held by such stockholder. Such votes may be cast in person or by proxy but no proxy shall be voted on or after three years from its date, unless such proxy provides for a longer period. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in such officer's discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Section 10. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

Section 11. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 10 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 12. Conduct of Meetings. The Board of Directors of the Corporation may adopt by resolution such rules and regulations for the conduct of the meeting of the stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of the stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) the determination of when the polls shall open and close for any given matter to be voted on at the meeting; (iii) rules and procedures for maintaining order at the meeting and the safety of those present; (iv) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (v) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (vi) limitations on the time allotted to questions or comments by participants.

ARTICLE III

DIRECTORS

Section 1. Number and Election of Directors. The Board of Directors shall consist of not less than three nor more than fifteen members, the exact number of which shall be determined from time to time by resolution adopted by the Board of Directors. Except as provided in Section 2 of this Article III, directors shall be elected by a plurality of the votes cast at the annual meeting of stockholders and each director so elected shall hold office until the next annual meeting of stockholders and until such director's successor is duly elected and qualified, or until such director's earlier death, resignation or removal. Any director may resign at any time upon written notice to the Corporation. Directors need not be stockholders.

Section 2. Vacancies. Unless otherwise required by law or the Certificate of Incorporation, vacancies arising through death, resignation, removal, an increase in the number of directors or otherwise may be filled only by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the end of the term of office to which they are appointed and until their successors are duly elected and qualified, or until their earlier death, resignation or removal.

Section 3. Resignation. Any director of the Corporation may resign at any time by giving written notice to the Chairman of the Board, or to the President or to the Secretary of the Corporation. The resignation of any director shall take effect at the date of receipt of such notice or at any later date specified therein; and unless otherwise specified therein the acceptance of such resignation by the Board of Directors shall not be necessary to make if effective.

Section 4. Duties and Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws required to be exercised or done by the stockholders.

Section 5. Meetings. The Board of Directors may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman, if there be one, the President, or by any director. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by mail not less than forty-eight (48) hours before the date of the meeting, by telephone or telegram on twenty-four (24) hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 6. Quorum. Except as otherwise required by law or the Certificate of Incorporation, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present.

Section 7. Actions by Written Consent. Unless otherwise provided in the Certificate of Incorporation, or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 8. Meetings by Means of Conference Telephone. Unless otherwise provided in the Certificate of Incorporation, members of the Board of Directors of the Corporation, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 8 shall constitute presence in person at such meeting.

Section 9. Committees. A majority of the Board of Directors shall designate a Nominating Committee and may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent permitted by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Each committee shall keep regular minutes and report to the Board of Directors when required.

Section 10. Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director, payable in cash or securities. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 11. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because the director or officer's vote is counted for such purpose if (i) the material facts as to the director or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to the director or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE IV

OFFICERS

Section 1. General. The officers of the Corporation shall be chosen by the Board of Directors and shall be a President, a Secretary and a Treasurer. The Board of Directors, in its discretion, also may choose a Chairman of the Board of Directors (who must be a director) and one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law or the Certificate of Incorporation. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board of Directors, need such officers be directors of the Corporation.

Section 2. Election. The Board of Directors, at its first meeting held after each annual meeting of stockholders (or action by written consent of stockholders in lieu of the annual meeting of stockholders), shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and all officers of the Corporation shall hold office until their successors are chosen and qualified, or until their earlier death, resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the affirmative vote of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries of all officers of the Corporation shall be fixed by the Board of Directors.

Section 3. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President or any Vice President or any other officer authorized to do so by the Board of Directors and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

Section 4. Chairman of the Board of Directors. The Chairman of the Board of Directors, if there be one, shall preside at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board of Directors shall be the Chief Executive Officer of the Corporation, unless the Board of Directors designates the President as the Chief Executive Officer, and, except where by law the signature of the President is required, the Chairman of the Board of Directors shall possess the same power as the President to sign all contracts, certificates and other instruments of the Corporation which may be authorized by the Board of Directors. During the absence or disability of the President, the Board of Directors shall appoint one member of the Board of Directors who shall exercise all the powers and discharge all the duties of the President. Such member of the Board of Directors shall also perform such other duties and may exercise such other powers as may from time to time be assigned by these By-Laws or by the Board of Directors.

Section 5. President. The President shall, subject to the control of the Board of Directors and, if there be one, the Chairman of the Board of Directors, have general supervision of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall execute all bonds, mortgages, contracts and other instruments of the Corporation requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these By-Laws, the Board of Directors or the President. In the absence or disability of the Chairman of the Board of Directors, if there be one, the President shall preside at all meetings of the stockholders and the Board of Directors. If there be no Chairman of the Board of Directors, or if the

Board of Directors shall otherwise designate, the President shall be the Chief Executive Officer of the Corporation. The President shall also perform such other duties and may exercise such other powers as may from time to time be assigned to such officer by these By-Laws or by the Board of Directors.

Section 6. Vice Presidents. The Vice President, or the Vice Presidents if there is more than one (in the order designated by the Board of Directors), shall perform such duties and have such powers as the Board of Directors from time to time may prescribe. If there be no Chairman of the Board of Directors and no Vice President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the President or in the event of the inability or refusal of the President to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

Section 7. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for committees of the Board of Directors when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors, the Chairman of the Board of Directors or the President, under whose supervision the Secretary shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest to the affixing by such officer's signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 8. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of the Treasurer and for the restoration to the Corporation, in case of the Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Treasurer's possession or under the Treasurer's control belonging to the Corporation.

Section 9. Assistant Secretaries. Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of the Secretary's disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 10. Assistant Treasurers. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President, any Vice President, if there be one, or the Treasurer, and in the absence of the Treasurer or in the event of the Treasurer's disability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of Assistant Treasurer and for the restoration to the Corporation, in case of the Assistant Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Assistant Treasurer's possession or under the Assistant Treasurer's control belonging to the Corporation.

Section 11. Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE V

STOCK

Section 1. Form of Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate signed, in the name of the Corporation (i) by the Chairman of the Board of Directors, the President or a Vice President and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by such stockholder in the Corporation.

Section 2. Signatures. Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the

Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 3. Lost Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or the owner's legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed or the issuance of such new certificate.

Section 4. Transfers. Stock of the Corporation shall be transferable in the manner prescribed by law, in the Certificate of Incorporation, and in these By-Laws. Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate therefor, which shall be cancelled before a new certificate shall be issued. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

Section 5. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty nor less than ten days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; providing, however, that the Board of Directors may fix a new record date for the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 6. Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

ARTICLE VI

NOTICES

Section 1. Notices. Whenever written notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at such person's address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by telecopy, facsimile or other electronic transmission.

Section 2. Waivers of Notice. Whenever any notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed, by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting, present in person or represented by proxy, shall constitute a waiver of notice of such meeting, except where the person attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the requirements of the Delaware General Corporation Law and the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting of the Board of Directors (or any action by written consent in lieu thereof in accordance with Section 7 of Article III hereof), and may be paid in cash, in property, or in shares of the Corporation's capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 2. Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the Corporation shall begin on January 1 and conclude on December 31, unless changed by resolution of the Board of Directors.

Section 4. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words “Corporate Seal, Delaware”. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII

INDEMNIFICATION

Section 1. Power to Indemnify in Actions, Suits or Proceedings other than Those by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director or officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person’s conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person’s conduct was unlawful.

Section 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Authorization of Indemnification. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (iv) by the stockholders. Such determination shall be made, with respect to former directors and officers, by any person or persons having the authority to act on the matter on behalf of the Corporation. To the extent, however, that a present or former director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without the necessity of authorization in the specific case.

Section 4. Good Faith Defined. For purposes of any determination under Section 3 of this Article VIII, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe such person's conduct was unlawful, if such person's action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to such person by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 4 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 1 or 2 of this Article VIII, as the case may be.

Section 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article VIII, and notwithstanding the absence of any determination thereunder, any director or officer may apply to the Court of Chancery in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article VIII. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standards of conduct set forth in Section 1 or 2 of this Article VIII, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article VIII nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 6. Expenses Payable in Advance. Expenses incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article VIII.

Section 7. Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by or granted pursuant to this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation, any By-Law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Sections 1 and 2 of this Article VIII shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Section 1 or 2 of this Article VIII but whom the Corporation has the power or obligation to indemnify under the provisions of the General Corporation Law of the State of Delaware, or otherwise.

Section 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article VIII.

Section 9. Certain Definitions. For purposes of this Article VIII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article VIII, references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VIII.

Section 10. Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Limitation on Indemnification. Notwithstanding anything contained in this Article VIII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 hereof), the Corporation shall not be obligated to indemnify any director or officer in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

Section 12. Indemnification of Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to directors and officers of the Corporation.

ARTICLE IX

AMENDMENTS

Section 1. Amendments. These By-Laws may be altered, amended or repealed, in whole or in part, or new By-Laws may be adopted by the stockholders or by the Board of Directors, provided, however, that notice of such alteration, amendment, repeal or adoption of new By-Laws be contained in the notice of such meeting of stockholders or Board of Directors as the case may be. All such amendments must be approved by either the holders of at least 66-2/3% of the outstanding capital stock entitled to vote thereon (as well as any class vote required pursuant to the Certificate of Incorporation) or by at least 66-2/3% of the entire Board of Directors then in office.

Section 2. Entire Board of Directors. As used in this Article IX and in these By-Laws generally, the term “entire Board of Directors” means the total number of directors which the Corporation would have if there were no vacancies.

* * *

FIRST AMENDMENT
TO THE
AMENDED AND RESTATED
BY-LAWS
OF
PLUM CREEK TIMBER COMPANY, INC.

Section 1 of Article III is hereby amended and restated in its entirety as follows:

ARTICLE III

DIRECTORS

Section 1. Number and Election of Directors. The Board of Directors shall consist of not less than three nor more than fifteen members, the exact number of which shall be determined from time to time by resolution adopted by the Board of Directors. Except as provided in Section 2 of this Article III, a nominee for director shall be elected if the votes cast for such nominee's election exceed the votes cast against such nominee's election; provided, however, that the directors shall be elected by a plurality of the votes cast at any meeting of stockholders for which (i) the Secretary of the Corporation receives a notice that a stockholder has nominated a person for election to the Board of Directors in compliance with the advance notice requirements for stockholder nominees for director set forth in Section 6 of Article II of these By-Laws and (ii) such nomination has not been withdrawn by such stockholder on or prior to the seventh day preceding the date the Corporation first mails its notice of meeting for such meeting to the stockholders. Each director so elected shall hold office until the next annual meeting of stockholders and until such director's successor is duly elected and qualified, or until such director's earlier death, resignation or removal. Any director may resign at any time upon written notice to the Corporation. Directors need not be stockholders.

Exhibit 12.1

Plum Creek Timber Company, Inc.
Ratio of Earnings to Fixed Charges

(In Millions)	6 Months Ended June 30, 2007	Years Ended December 31, 2006	2005	2004	2003	2002
Consolidated pretax income from continuing operations	$ 101	$328	$339	$366	$186	$235
Interest and other financial charges included in expense	72	138	118	118	126	113
Interest portion of rental expense	1	2	1	1	1	1
Earnings	$ 174	$468	$458	$485	$313	$349
Interest and other financial charges	$ 72	$138	$118	$118	$126	$113
Interest portion of rental expense	1	2	1	1	1	1
Fixed Charges	$ 73	$140	$119	$119	$127	$114
Ratio of Earnings to Fixed Charges	**2.4**	**3.3**	**3.8**	**4.1**	**2.5**	**3.1**

EXHIBIT 31.1

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Rick R. Holley, President and Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Plum Creek Timber Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2007

By: /s/ RICK R. HOLLEY
RICK R. HOLLEY
President and Chief Executive Officer

EXHIBIT 31.2

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, David W. Lambert, Senior Vice President and Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Plum Creek Timber Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2007

By: /s/ DAVID W. LAMBERT
DAVID W. LAMBERT
Senior Vice President and Chief Financial Officer

EXHIBIT 32.1

Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Plum Creek Timber Company, Inc. (the “Company”) for the period ended June 30, 2007, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Rick R. Holley, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: July 31, 2007

By: /s/ RICK R. HOLLEY
RICK R. HOLLEY
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Plum Creek Timber Company, Inc. (the “Company”) for the period ended June 30, 2007, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), David W. Lambert, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: July 31, 2007

By: /s/ DAVID W. LAMBERT
DAVID W. LAMBERT
Senior Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.