

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

	<u>Six Months Ended</u>	
	June 30, <u>2010</u>	June 30, <u>2009</u>
	(In Millions, Except Per Share Amounts)	
Revenues:		
Timber	\$ 284	\$ 262
Real Estate	142	346
Manufacturing	138	124
Other	11	10
Total Revenues	<u>575</u>	<u>742</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	209	206
Real Estate	51	128
Manufacturing	122	140
Other	1	1
Total Cost of Goods Sold	<u>383</u>	<u>475</u>
Selling, General and Administrative	50	55
Total Costs and Expenses	<u>433</u>	<u>530</u>
Other Operating Income (Expense), net	<u>9</u>	<u>-</u>
Operating Income	151	212
Equity Earnings from Timberland Venture	29	29
Interest Expense, net:		
Interest Expense (Debt Obligations to Unrelated Parties)	39	47
Interest Expense (Note Payable to Timberland Venture)	29	29
Total Interest Expense, net	<u>68</u>	<u>76</u>
Gain on Extinguishment of Debt	-	1
Income before Income Taxes	112	166
Provision (Benefit) for Income Taxes	<u>1</u>	<u>(23)</u>
Income From Continuing Operations	111	189
Gain on Sale of Properties, net of tax	<u>11</u>	<u>-</u>
Net Income	<u>\$ 122</u>	<u>\$ 189</u>
Per Share Amounts:		
Income From Continuing Operations - Basic	\$ 0.68	\$ 1.15
Income From Continuing Operations - Diluted	\$ 0.68	\$ 1.15
Net Income per Share - Basic	\$ 0.75	\$ 1.15
Net Income per Share - Diluted	\$ 0.75	\$ 1.15
Weighted Average Number of Shares Outstanding		
- Basic	162.6	163.8
- Diluted	162.8	163.9

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

	<u>Quarter Ended</u>	
	June 30, <u>2010</u>	June 30, <u>2009</u>
(In Millions, Except Per Share Amounts)		
Revenues:		
Timber	\$ 133	\$ 123
Real Estate	43	78
Manufacturing	78	66
Other	4	5
Total Revenues	<u>258</u>	<u>272</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	100	98
Real Estate	16	33
Manufacturing	68	64
Other	1	1
Total Cost of Goods Sold	<u>185</u>	<u>196</u>
Selling, General and Administrative	21	23
Total Costs and Expenses	<u>206</u>	<u>219</u>
Other Operating Income (Expense), net	<u>4</u>	<u>-</u>
Operating Income	56	53
Equity Earnings from Timberland Venture	15	14
Interest Expense, net:		
Interest Expense (Debt Obligations to Unrelated Parties)	19	23
Interest Expense (Note Payable to Timberland Venture)	15	15
Total Interest Expense, net	<u>34</u>	<u>38</u>
Income before Income Taxes	37	29
Provision (Benefit) for Income Taxes	<u>2</u>	<u>(3)</u>
Net Income	<u>\$ 35</u>	<u>\$ 32</u>
Per Share Amounts:		
Net Income per Share - Basic	\$ 0.21	\$ 0.19
Net Income per Share - Diluted	\$ 0.21	\$ 0.19
Weighted Average Number of Shares Outstanding		
- Basic	162.3	162.8
- Diluted	162.5	162.9

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

	<u>Six Months Ended</u>	
	<u>June 30,</u> <u>2010</u>	<u>June 30,</u> <u>2009</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 122	\$ 189
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation, Depletion and Amortization (includes \$10 Lumber Impairment Loss in 2009)	48	57
Basis of Real Estate Sold	43	118
Equity Earnings from Timberland Venture	(29)	(29)
Distributions from Timberland Venture	28	25
Deferred Income Taxes	1	(21)
Gain on Sales of Properties and Other Assets	(13)	-
Deferred Revenue from Long-Term Gas Leases (Net of Amortization)	6	(4)
Working Capital Changes Impacting Cash Flow:		
Like-Kind Exchange Funds	-	48
Income Tax Receivable	14	17
Other Working Capital Changes	(21)	(8)
Other	8	2
Net Cash Provided By Operating Activities	<u>207</u>	<u>394</u>
Cash Flows From Investing Activities:		
Capital Expenditures (Excluding Timberland Acquisitions)	(31)	(28)
Proceeds from Sales of Properties and Other Assets	13	-
Net Cash Used In Investing Activities	<u>(18)</u>	<u>(28)</u>
Cash Flows From Financing Activities:		
Dividends	(136)	(138)
Borrowings on Line of Credit	1,137	431
Repayments on Line of Credit	(1,137)	(456)
Principal Payments and Retirement of Long-Term Debt	(53)	(138)
Proceeds from Stock Option Exercises	2	-
Acquisition of Treasury Stock	(51)	(87)
Net Cash Used In Financing Activities	<u>(238)</u>	<u>(388)</u>
Increase (Decrease) In Cash and Cash Equivalents	(49)	(22)
Cash and Cash Equivalents:		
Beginning of Period	<u>299</u>	<u>369</u>
End of Period	<u>\$ 250</u>	<u>\$ 347</u>

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

	<u>Quarter Ended</u>	
	<u>June 30,</u> <u>2010</u>	<u>June 30,</u> <u>2009</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 35	\$ 32
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation, Depletion and Amortization	24	24
Basis of Real Estate Sold	11	29
Equity Earnings from Timberland Venture	(15)	(14)
Deferred Income Taxes	-	(4)
Gain on Sales of Properties and Other Assets	(2)	-
Deferred Revenue from Long-Term Gas Leases (Net of Amortization)	(2)	(2)
Working Capital Changes Impacting Cash Flow:		
Income Tax Receivable	14	18
Other Working Capital Changes	11	25
Other	2	2
Net Cash Provided By Operating Activities	<u>78</u>	<u>110</u>
Cash Flows From Investing Activities:		
Capital Expenditures (Excluding Timberland Acquisitions)	(18)	(11)
Proceeds from Sales of Properties and Other Assets	2	-
Net Cash Used In Investing Activities	<u>(16)</u>	<u>(11)</u>
Cash Flows From Financing Activities:		
Dividends	(68)	(69)
Borrowings on Line of Credit	569	206
Repayments on Line of Credit	(569)	(211)
Principal Payments and Retirement of Long-Term Debt	-	(33)
Proceeds from Stock Option Exercises	2	-
Acquisition of Treasury Stock	(50)	-
Net Cash Used In Financing Activities	<u>(116)</u>	<u>(107)</u>
Increase (Decrease) In Cash and Cash Equivalents	(54)	(8)
Cash and Cash Equivalents:		
Beginning of Period	<u>304</u>	<u>355</u>
End of Period	<u>\$ 250</u>	<u>\$ 347</u>

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

	<u>Six Months 2010</u>	<u>Six Months 2009</u>
(In Millions)		
Revenues:		
Northern Resources	\$ 105	\$ 92
Southern Resources	187	172
Real Estate	142	346
Manufacturing	138	124
Other	11	10
Eliminations.....	<u>(8)</u>	<u>(2)</u>
Total Revenues	<u>\$ 575</u>	<u>\$ 742</u>
Operating Income (Loss)		
Northern Resources	\$ 7	\$ (5)
Southern Resources	54	43
Real Estate	88	214
Manufacturing	14	(22)
Other ^(A)	15	9
Other Costs and Eliminations, net.....	<u>(27)</u>	<u>(27)</u>
Total Operating Income.....	<u>\$ 151</u>	<u>\$ 212</u>

^(A) During the first quarter of 2010, the company agreed to terminate a land lease for consideration of \$5 million from the lessor. The land lease had been accounted for as an operating lease. The \$5 million consideration is reported as Other Operating Gain/(Loss) in our Other Segment since the consideration was primarily for the release of mineral rights. The \$5 million is included in Other Operating Income (Expense), net in the Consolidated Statements of Income.

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

	<u>Second Quarter 2010</u>	<u>Second Quarter 2009</u>
(In Millions)		
Revenues:		
Northern Resources	\$ 46	\$ 35
Southern Resources	89	89
Real Estate	43	78
Manufacturing	78	66
Other	4	5
Eliminations.....	<u>(2)</u>	<u>(1)</u>
Total Revenues	<u>\$ 258</u>	<u>\$ 272</u>
Operating Income (Loss)		
Northern Resources	\$ 3	\$ (7)
Southern Resources	24	23
Real Estate	26	44
Manufacturing	10	-
Other	4	4
Other Costs and Eliminations, net.....	<u>(11)</u>	<u>(11)</u>
Total Operating Income.....	<u>\$ 56</u>	<u>\$ 53</u>

Plum Creek Timber Company, Inc
Selected Operating Statistics
(Unaudited)

		2010			2009				
		1st Qtr	2nd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Sales Realization		Units							
Southern Resources									
Sawlog	\$/Ton Stumpage	\$23	\$23	\$23	\$24	\$22	\$22	\$21	\$22
Pulpwood	\$/Ton Stumpage	\$13	\$12	\$13	\$11	\$9	\$9	\$10	\$10
Northern Resources									
Sawlog	\$/Ton Delivered	\$59	\$66	\$62	\$57	\$50	\$56	\$56	\$55
Pulpwood	\$/Ton Delivered	\$38	\$38	\$38	\$43	\$38	\$38	\$38	\$40
Lumber (1)	\$/MBF	\$501	\$522	\$512	\$374	\$340	\$448	\$477	\$397
Plywood (1)	\$/MSF	\$352	\$397	\$375	\$362	\$353	\$361	\$352	\$357
Fiberboard (1)	\$/MSF	\$588	\$607	\$599	\$601	\$593	\$596	\$599	\$597
Sales Volume									
Southern Resources									
Sawlog	1,000 Tons	1,274	1,122	2,396	942	1,217	1,250	993	4,402
Pulpwood	1,000 Tons	1,526	1,448	2,974	1,487	1,849	2,014	1,649	6,999
Total Harvest		2,800	2,570	5,370	2,429	3,066	3,264	2,642	11,401
Northern Resources									
Sawlog	1,000 Tons	627	484	1,111	525	371	632	609	2,137
Pulpwood	1,000 Tons	527	348	875	613	397	691	567	2,268
Total Harvest		1,154	832	1,986	1,138	768	1,323	1,176	4,405
Lumber	MBF	28,791	30,813	59,604	35,123	60,371	40,590	28,428	164,512
Plywood	MSF	45,104	47,002	92,106	35,439	40,729	41,479	37,271	154,918
Fiberboard	MSF	35,347	50,010	85,357	34,044	32,802	34,282	30,964	132,092

(1) Represents prices at mill level.

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

	2010			2009				
	1st Qtr ⁽¹⁾	2nd Qtr	YTD	1st Qtr ⁽²⁾	2nd Qtr	3rd Qtr	4th Qtr	YTD
Acres Sold								
Small Non-strategic	29,640	1,950	31,590	1,665	9,840	5,545	2,570	19,620
Large Non-strategic	24,310	-	24,310	-	59,160	-	-	59,160
Conservation	35,120	215	35,335	113,355	3,895	43,695	4,910	165,855
HBU/Recreation	9,080	18,175	27,255	2,180	10,955	10,440	26,700	50,275
Development Properties	730	60	790	1,485	25	515	35	2,060
Conservation Easements	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	98,880	20,400	119,280	118,685	83,875	60,195	34,215	296,970
Price per Acre								
Small Non-strategic	\$885	\$1,120	\$900	\$1,330	\$900	\$970	\$855	\$950
Large Non-strategic	\$1,320	-	\$1,320	-	\$650	-	-	\$650
Conservation	\$545	\$1,450	\$550	\$2,225	\$1,705	\$350	\$1,280	\$1,690
HBU/Recreation	\$2,125	\$2,210	\$2,185	\$3,420	\$2,200	\$2,115	\$2,200	\$2,235
Development Properties	\$3,050	\$5,985	\$3,270	\$4,075	\$13,650	\$9,190	\$7,485	\$5,520
Conservation Easements	-	-	-	-	-	-	-	-
Revenue, (\$ millions)								
Small Non-strategic	\$26	\$2	\$28	\$2	\$9	\$5	\$2	\$19
Large Non-strategic	\$32	-	\$32	-	\$38	-	-	\$38
Conservation	\$19	-	\$19	\$252	\$7	\$15	\$6	\$280
HBU/Recreation	\$19	\$40	\$59	\$7	\$24	\$22	\$59	\$112
Development Properties	\$2	-	\$3	\$6	-	\$5	-	\$12
Conservation Easements	-	-	-	-	-	-	-	-
	\$99	\$43	\$142	\$268	\$78	\$48	\$67	\$461
Revenue from Non-Cash Exchange ⁽³⁾	-	-	-	-	-	\$25	-	\$25
Basis of Real Estate Sold ⁽⁴⁾	\$32	\$11	\$43	\$89	\$29	\$21	\$16	\$155

(1) During the first quarter of 2010 the company sold 24,000 acres of Large Non-strategic lands located in Louisiana for \$32 million. In addition, the company sold two larger Conservation properties totaling 35,000 acres in Wisconsin and Arkansas and an aggregation of 23,000 acres of Small Non-strategic timberlands located primarily in the Lake States region.

(2) During the 1st quarter of 2009 we sold 112,000 acres in Montana to a conservation buyer for \$250 million. The sale is presented as a Conservation sale. The transaction included 56,000 acres of Conservation property, 10,000 acres of Small Non-strategic property, 45,000 acres of HBU/Recreation property, and 1,000 acres of Development property.

(3) During the 3rd quarter of 2009 we completed a non-cash exchange with the State of Washington. We relinquished 20,600 acres, in King County, in exchange for 37 parcels containing more than 6,000 acres in nine counties.

(4) Includes \$7 million in the first quarter of 2010 for a 24,000 acre Large Non-strategic sale in Louisiana, \$16 million in the second quarter of 2009 for a 59,000 acre Large Non-strategic sale in Wisconsin and \$85 million in the first quarter of 2009 for a 112,000 acre Conservation sale in Montana.

PLUM CREEK TIMBER COMPANY, INC.
DEBT MATURITIES SCHEDULE
June 30, 2010
(UNAUDITED)

	Borrowings (1)		
	Principal	Weighted Avg. Interest Rate	
<u>Quarterly Maturities through 2010:</u>			
4th Qtr 2010	\$ 3	8.050%	
<u>Annual Maturities through 2014:</u>			
2011	\$ 308	7.732%	(2)
2012	\$ 603	-	(3)
2013	\$ 250	6.663%	(4)
2014	\$ 3	8.050%	

(1) Does not include repayments on the company's \$750 million revolving line of credit due in 2011.

(2) Principal amount composed of senior notes with principal amounts of \$40 million, \$3 million, \$216 million and \$49 million and interest rates of 7.970%, 8.050%, 7.660% and 7.830%, respectively.

(3) Includes \$600 million of maturities for the company's two term credit agreements and senior notes with principal of \$3 million and an interest rate of 8.050%. The interest rate on the \$350 million term credit agreement is currently based on LIBOR plus 0.45%. The interest rate on the \$250 million term credit agreement is currently based on LIBOR plus 1.00%.

(4) Principal amount composed of senior notes with principal amounts of \$3 million, \$73 million and \$174 million and interest rates of 8.050%, 7.760% and 6.180%, respectively.