

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

(In Millions, Except Per Share Amounts)	Six Months Ended June 30,	
	2011	2010
<b>REVENUES:</b>		
Timber	\$ 267	\$ 284
Real Estate	141	142
Manufacturing	141	138
Other	10	11
Total Revenues	559	575
<b>COSTS AND EXPENSES:</b>		
Cost of Goods Sold:		
Timber	208	209
Real Estate	49	51
Manufacturing	128	122
Other	1	1
Total Cost of Goods Sold	386	383
Selling, General and Administrative	53	50
Total Costs and Expenses	439	433
Other Operating Income (Expense), net	3	9
Operating Income	123	151
Equity Earnings from Timberland Venture	30	29
Interest Expense, net:		
Interest Expense (Debt Obligations to Unrelated Parties)	41	39
Interest Expense (Note Payable to Timberland Venture)	29	29
Total Interest Expense, net	70	68
Income before Income Taxes	83	112
Provision for Income Taxes	1	1
Income from Continuing Operations	82	111
Gain on Sale of Properties, net of tax	—	11
Net Income	\$ 82	\$ 122
<b>PER SHARE AMOUNTS:</b>		
Income from Continuing Operations - Basic	\$ 0.51	\$ 0.68
Income from Continuing Operations - Diluted	\$ 0.50	\$ 0.68
Net Income per Share - Basic	\$ 0.51	\$ 0.75
Net Income per Share - Diluted	\$ 0.50	\$ 0.75
<b>Weighted-Average Number of Shares Outstanding</b>		
- Basic	161.9	162.6
- Diluted	162.2	162.8

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

(In Millions, Except Per Share Amounts)	Quarter Ended June 30,	
	2011	2010
<b>REVENUES:</b>		
Timber	\$ 126	\$ 133
Real Estate	79	43
Manufacturing	74	78
Other	5	4
Total Revenues	284	258
<b>COSTS AND EXPENSES:</b>		
Cost of Goods Sold:		
Timber	101	100
Real Estate	27	16
Manufacturing	67	68
Other	1	1
Total Cost of Goods Sold	196	185
Selling, General and Administrative	25	21
Total Costs and Expenses	221	206
Other Operating Income (Expense), net	—	4
Operating Income	63	56
Equity Earnings from Timberland Venture	16	15
Interest Expense, net:		
Interest Expense (Debt Obligations to Unrelated Parties)	20	19
Interest Expense (Note Payable to Timberland Venture)	15	15
Total Interest Expense, net	35	34
Income before Income Taxes	44	37
Provision for Income Taxes	—	2
Net Income	\$ 44	\$ 35
<b>PER SHARE AMOUNTS:</b>		
Net Income per Share - Basic	\$ 0.27	\$ 0.21
Net Income per Share - Diluted	\$ 0.27	\$ 0.21
Weighted-Average Number of Shares Outstanding		
- Basic	162.0	162.3
- Diluted	162.3	162.5

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

(In Millions, Except Per Share Amounts)	June 30, 2011	December 31, 2010
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 253	\$ 252
Accounts Receivable	33	21
Like-Kind Exchange Funds Held in Escrow	35	—
Inventories	43	49
Deferred Tax Asset	7	7
Assets Held for Sale	39	57
Other Current Assets	16	24
	<u>426</u>	<u>410</u>
Timber and Timberlands, net	3,383	3,405
Property, Plant and Equipment, net	142	146
Equity Investment in Timberland Venture	203	201
Deferred Tax Asset	6	10
Investment in Grantor Trusts (at Fair Value)	38	35
Other Assets	42	44
Total Assets	<u>\$ 4,240</u>	<u>\$ 4,251</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Current Portion of Long-Term Debt	\$ 395	\$ 94
Line of Credit	227	166
Accounts Payable	31	25
Interest Payable	26	23
Wages Payable	12	23
Taxes Payable	14	12
Deferred Revenue	36	25
Other Current Liabilities	8	7
	<u>749</u>	<u>375</u>
Long-Term Debt	1,293	1,643
Note Payable to Timberland Venture	783	783
Other Liabilities	81	76
Total Liabilities	<u>2,906</u>	<u>2,877</u>
Commitments and Contingencies		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred Stock, \$0.01 Par Value, Authorized Shares – 75.0, Outstanding – None	—	—
Common Stock, \$0.01 Par Value, Authorized Shares – 300.6, Outstanding (net of Treasury Stock) – 162.0 at June 30, 2011 and 161.6 at December 31, 2010	2	2
Additional Paid-In Capital	2,256	2,243
Retained Earnings (Accumulated Deficit)	(3)	51
Treasury Stock, at Cost, Common Shares – 26.2 at June 30, 2011 and 26.2 at December 31, 2010	(912)	(911)
Accumulated Other Comprehensive Income (Loss)	(9)	(11)
Total Stockholders' Equity	<u>1,334</u>	<u>1,374</u>
Total Liabilities and Stockholders' Equity	<u>\$ 4,240</u>	<u>\$ 4,251</u>

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

(In Millions)	Six Months Ended June 30,	
	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 82	\$ 122
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	44	48
Basis of Real Estate Sold	43	43
Equity Earnings from Timberland Venture	(30)	(29)
Distributions from Timberland Venture	28	28
Deferred Income Taxes	4	1
Gain on Sale of Properties and Other Assets	—	(13)
Deferred Revenue from Long-Term Gas Leases (Net of Amortization)	12	6
Working Capital Changes Impacting Cash Flow:		
Like-Kind Exchange Funds	(35)	—
Other Working Capital Changes	4	(7)
Other	5	8
Net Cash Provided By Operating Activities	<u>157</u>	<u>207</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital Expenditures (Excluding Timberland Acquisitions)	(28)	(31)
Timberlands and Minerals Acquired	(12)	—
Proceeds from Sale of Properties and Other Assets	—	13
Net Cash Used In Investing Activities	<u>(40)</u>	<u>(18)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends	(136)	(136)
Borrowings on Line of Credit	555	1,137
Repayments on Line of Credit	(494)	(1,137)
Principal Payments and Retirement of Long-Term Debt	(49)	(53)
Proceeds from Stock Option Exercises	9	2
Acquisition of Treasury Stock	(1)	(51)
Net Cash Used In Financing Activities	<u>(116)</u>	<u>(238)</u>
Increase (Decrease) In Cash and Cash Equivalents	1	(49)
Cash and Cash Equivalents:		
Beginning of Period	252	299
End of Period	<u>\$ 253</u>	<u>\$ 250</u>

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

(In Millions)	Quarter Ended June 30,	
	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 44	\$ 35
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	22	24
Basis of Real Estate Sold	24	11
Equity Earnings from Timberland Venture	(16)	(15)
Deferred Income Taxes	1	—
Gain on Sale of Properties and Other Assets	—	(2)
Deferred Revenue from Long-Term Gas Leases (Net of Amortization)	5	(2)
Working Capital Changes Impacting Cash Flow:		
Like-Kind Exchange Funds	(35)	—
Other Working Capital Changes	34	25
Other	2	2
Net Cash Provided By Operating Activities	<b>81</b>	<b>78</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital Expenditures (Excluding Timberland Acquisitions)	(16)	(18)
Timberlands and Minerals Acquired	(12)	—
Proceeds from Sale of Properties and Other Assets	—	2
Net Cash Used In Investing Activities	<b>(28)</b>	<b>(16)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends	(68)	(68)
Borrowings on Line of Credit	310	569
Repayments on Line of Credit	(298)	(569)
Proceeds from Stock Option Exercises	2	2
Acquisition of Treasury Stock	—	(50)
Net Cash Used In Financing Activities	<b>(54)</b>	<b>(116)</b>
Increase (Decrease) In Cash and Cash Equivalents	<b>(1)</b>	<b>(54)</b>
Cash and Cash Equivalents:		
Beginning of Period	254	304
End of Period	<b>\$ 253</b>	<b>\$ 250</b>

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

(In Millions)	Six Months Ended June 30,	
	2011	2010
<b>Revenues:</b>		
Northern Resources	\$ 99	\$ 105
Southern Resources	173	187
Real Estate	141	142
Manufacturing	141	138
Other	10	11
Eliminations	(5)	(8)
Total Revenues	\$ 559	\$ 575
<b>Operating Income (Loss):</b>		
Northern Resources	\$ 10	\$ 7
Southern Resources	34	54
Real Estate	88	88
Manufacturing	9	14
Other <sup>(A)</sup>	11	15
Other Costs and Eliminations, net	(29)	(27)
Total Operating Income	\$ 123	\$ 151

(A) During the first quarter of 2011, the company received a payment of \$2 million for the settlement of a dispute that related to certain mineral rights. During the first quarter of 2010, the company agreed to terminate a land lease, accounted for as an operating lease, for consideration of \$5 million from the lessor. The consideration was primarily for the release of mineral rights. These amounts are reported as Other Operating Gain/(Loss) in our Other Segment and are included in Other Operating Income (Expense), net in the Consolidated Statements of Income.

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

(In Millions)	Quarter Ended June 30,	
	2011	2010
<b>Revenues:</b>		
Northern Resources	\$ 44	\$ 46
Southern Resources	84	89
Real Estate	79	43
Manufacturing	74	78
Other	5	4
Eliminations	(2)	(2)
Total Revenues	\$ 284	\$ 258
<b>Operating Income (Loss):</b>		
Northern Resources	\$ 3	\$ 3
Southern Resources	15	24
Real Estate	50	26
Manufacturing	5	10
Other	4	4
Other Costs and Eliminations, net	(14)	(11)
Total Operating Income	\$ 63	\$ 56

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

		2011				
		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Sales Realization</b>	<b>Units</b>					
<b>Southern Resources</b>						
Sawlog	\$/Ton Stumpage	\$ 20	\$ 19			\$ 19
Pulpwood	\$/Ton Stumpage	\$ 10	\$ 9			\$ 9
<b>Northern Resources</b>						
Sawlog	\$/Ton Delivered	\$ 69	\$ 72			\$ 70
Pulpwood	\$/Ton Delivered	\$ 40	\$ 40			\$ 40
Lumber <sup>(1)</sup>	\$/MBF	\$ 533	\$ 529			\$ 531
Plywood <sup>(1)</sup>	\$/MSF	\$ 371	\$ 382			\$ 377
Fiberboard <sup>(1)</sup>	\$/MSF	\$ 608	\$ 608			\$ 608
<b>Sales Volume</b>						
<b>Southern Resources</b>						
Sawlog	1,000 Tons	1,286	1,126			2,412
Pulpwood	1,000 Tons	1,494	1,592			3,086
Total Harvest		2,780	2,718	—	—	5,498
<b>Northern Resources</b>						
Sawlog	1,000 Tons	506	471			977
Pulpwood	1,000 Tons	478	244			722
Total Harvest		984	715	—	—	1,699
Lumber	MBF	29,250	29,654			58,904
Plywood	MSF	44,156	44,842			88,998
Fiberboard	MSF	40,690	43,070			83,760

		2010				
		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Sales Realization</b>	<b>Units</b>					
<b>Southern Resources</b>						
Sawlog	\$/Ton Stumpage	\$ 23	\$ 23	\$ 23	\$ 22	\$ 23
Pulpwood	\$/Ton Stumpage	\$ 13	\$ 12	\$ 11	\$ 10	\$ 12
<b>Northern Resources</b>						
Sawlog	\$/Ton Delivered	\$ 59	\$ 66	\$ 66	\$ 62	\$ 63
Pulpwood	\$/Ton Delivered	\$ 38	\$ 38	\$ 39	\$ 39	\$ 39
Lumber <sup>(1)</sup>	\$/MBF	\$ 501	\$ 522	\$ 490	\$ 514	\$ 507
Plywood <sup>(1)</sup>	\$/MSF	\$ 352	\$ 397	\$ 388	\$ 374	\$ 378
Fiberboard <sup>(1)</sup>	\$/MSF	\$ 588	\$ 607	\$ 629	\$ 598	\$ 606
<b>Sales Volume</b>						
<b>Southern Resources</b>						
Sawlog	1,000 Tons	1,274	1,122	1,209	1,416	5,021
Pulpwood	1,000 Tons	1,526	1,448	1,674	1,798	6,446
Total Harvest		2,800	2,570	2,883	3,214	11,467
<b>Northern Resources</b>						
Sawlog	1,000 Tons	627	484	537	486	2,134
Pulpwood	1,000 Tons	527	348	517	431	1,823
Total Harvest		1,154	832	1,054	917	3,957
Lumber	MBF	28,791	30,813	29,305	27,181	116,090
Plywood	MSF	45,104	47,002	44,223	36,387	172,716
Fiberboard	MSF	35,347	50,010	39,394	32,266	157,017

(1) Represents prices at mill level.



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

**2011**

	1st Qtr <sup>(1)</sup>	2nd Qtr <sup>(2)</sup>	3rd Qtr	4th Qtr	YTD
<b>Acres Sold</b>					
Small Non-strategic	2,560	2,695			5,255
Large Non-strategic	30,295	—			30,295
Conservation	335	59,425			59,760
HBU/Recreation	7,795	6,320			14,115
Development Properties	—	—			—
Conservation Easements	n/a	n/a			n/a
	40,985	68,440			109,425
<b>Price per Acre</b>					
Small Non-strategic	\$ 1,015	\$ 1,125			\$ 1,070
Large Non-strategic	\$ 1,405	\$ —			\$ 1,405
Conservation	\$ 1,685	\$ 1,050			\$ 1,055
HBU/Recreation	\$ 2,100	\$ 2,060			\$ 2,080
Development Properties	\$ —	\$ —			\$ —
Conservation Easements	\$ —	\$ —			\$ —
<b>Revenue, (\$ millions)</b>					
Small Non-strategic	\$ 2	\$ 4			\$ 6
Large Non-strategic	\$ 43	\$ —			\$ 43
Conservation	\$ 1	\$ 62			\$ 63
HBU/Recreation	\$ 16	\$ 13			\$ 29
Development Properties	\$ —	\$ —			\$ —
Conservation Easements	\$ —	\$ —			\$ —
	\$ 62	\$ 79			\$ 141
<b>Basis of Real Estate Sold <sup>(5)</sup></b>	\$ 19	\$ 24			\$ 43

**2010**

	1st Qtr <sup>(3)</sup>	2nd Qtr	3rd Qtr	4th Qtr <sup>(4)</sup>	YTD
<b>Acres Sold</b>					
Small Non-strategic	29,640	1,950	10,270	21,375	63,235
Large Non-strategic	24,310	—	—	—	24,310
Conservation	35,120	215	2,870	77,900	116,105
HBU/Recreation	9,080	18,175	9,870	16,140	53,265
Development Properties	730	60	—	55	845
Conservation Easements	n/a	n/a	n/a	n/a	n/a
	98,880	20,400	23,010	115,470	257,760
<b>Price per Acre</b>					
Small Non-strategic	\$ 885	\$ 1,120	\$ 1,025	\$ 1,045	\$ 970
Large Non-strategic	\$ 1,320	\$ —	\$ —	\$ —	\$ 1,320
Conservation	\$ 545	\$ 1,450	\$ 1,865	\$ 1,245	\$ 1,050
HBU/Recreation	\$ 2,125	\$ 2,210	\$ 2,335	\$ 1,950	\$ 2,140
Development Properties	\$ 3,050	\$ 5,985	\$ —	\$ 5,535	\$ 3,415
Conservation Easements	\$ —	\$ —	\$ —	\$ 455	\$ 455
<b>Revenue, (\$ millions)</b>					
Small Non-strategic	\$ 26	\$ 2	\$ 11	\$ 22	\$ 61
Large Non-strategic	\$ 32	\$ —	\$ —	\$ —	\$ 32
Conservation	\$ 19	\$ —	\$ 5	\$ 98	\$ 122
HBU/Recreation	\$ 19	\$ 41	\$ 23	\$ 31	\$ 114
Development Properties	\$ 3	\$ —	\$ —	\$ —	\$ 3
Conservation Easements	\$ —	\$ —	\$ —	\$ 4	\$ 4
	\$ 99	\$ 43	\$ 39	\$ 155	\$ 336
<b>Basis of Real Estate Sold <sup>(5)</sup></b>	\$ 32	\$ 11	\$ 14	\$ 75	\$ 132

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

- (1) During the first quarter of 2011, the company sold 30,300 acres of Large Non-strategic lands located in Mississippi for \$42.6 million.
- (2) During the second quarter of 2011, the company's Conservation sales consisted primarily of 26,800 acres in Arkansas and Louisiana and 31,500 acres in Florida.
- (3) 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.
- (4) During the fourth quarter of 2010, the company sold 69,600 acres in Montana to a conservation buyer for \$88.8 million. The sale is presented as a Conservation sale. The transaction included 60,900 acres of Conservation property and 8,700 acres of HBU property.
- (5) Includes \$13 million in the first quarter of 2011 from a 30,300 acre Large Non-strategic sale in Mississippi, \$52 million in the fourth quarter of 2010 from a 69,600 acre Conservation sale in Montana, and \$7 million in the first quarter of 2010 for a 24,000 acre Large Non-strategic sale in Louisiana.

**Plum Creek Timber Company, Inc.**  
**Debt Maturities Schedule**  
**June 30, 2011**  
**(Unaudited)**

	Borrowings		
	Principal	Weighted Avg. Interest Rate	
<b><u>Quarterly Maturities through 2012:</u></b>			
4th Qtr 2011	\$ 46	7.712%	<b>(1)</b>
2nd Qtr 2012	\$ 350	—%	<b>(2)</b>
4th Qtr 2012	\$ 3	8.050%	
<b><u>Annual Maturities through 2014:</u></b>			
2013	\$ 250	6.663%	<b>(3)</b>
2014	\$ 3	8.050%	

- (1) Principal amount composed of senior notes with principal amounts of \$3 million, \$3 million and \$40 million and interest rates of 7.970%, 8.050% and 7.660%, respectively.
- (2) Represents the company's term credit agreement. As of June 30, 2011, the interest rate is based on LIBOR plus 0.375%.
- (3) 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.