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

		Nine Mo	onths E	nded
	Sep	otember 30, 2007		September 30, <u>2006</u>
	(In M	Iillions, Excep	ot Per S	Share Amounts)
Revenues:				
Timber	\$	589	\$	603
Real Estate		204		242
Manufacturing		363		388
Other		15		15
Total Revenues		1,171		1,248
Costs and Expenses:				
Cost of Goods Sold:				
Timber		391		361
Real Estate		72		96
Manufacturing		349		353
Other		2		2
Total Cost of Goods Sold		814		812
Selling, General and Administrative		88		78
Total Costs and Expenses		902		890
Other Operating Income (Expense), net				2
Operating Income		269		360
Interest Expense, net		109	_	98
Income before Income Taxes		160		262
Provision (Benefit) for Income Taxes		(2)		16
Income From Continuing Operations		162		246
Gain on Sale of Properties, net of tax		2		-
oun on but of Properties, net of the				_
Income Before Cumulative Effect of Accounting Change		164		246
Cumulative Effect of Accounting Change, net of tax				2
Net Income	\$	164	\$	248
Per Share Amounts:				
Income From Continuing Operations per Share				
- Basic	\$	0.93	\$	1.35
- Diluted	\$	0.92	\$	1.35
Net Income per Share				
- Basic	\$	0.94	\$	1.36
- Diluted	\$	0.93	\$	1.36
Weighted Average Number of Shares Outstanding				
- Basic		175.3		181.7
- Diluted		175.7		182.1

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

		<u>Quar</u> ember 30, 2007	ter End S	ed September 30, 2006
	(In Mil	lions, Excep	ot Per S	hare Amounts)
Revenues:				
Timber	\$	190	\$	196
Real Estate		94		129
Manufacturing		119		124
Other		4		5
Total Revenues		407		454
Costs and Expenses:				
Cost of Goods Sold:				
Timber		133		127
Real Estate		32		55
Manufacturing		113		113
Other		1		1
Total Cost of Goods Sold		279		296
Selling, General and Administrative		29		24
Total Costs and Expenses		308		320
Other Operating Income (Expense), net		(1)		
Operating Income		98		134
Interest Expense, net		38		33
Income before Income Taxes		60		101
Provision for Income Taxes		1		9
Net Income	\$	59	\$	92
Per Share Amounts:				
Net Income per Share				
- Basic	\$	0.34	\$	0.51
- Diluted	\$	0.34	\$	0.51
Weighted Average Number of Shares Outstanding				
- Basic		173.2		178.5
- Diluted		173.6		178.9

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

September 30,

2007

December 31,

2006

		<u>2007</u>		<u>2006</u>
ACCENTEG	(In M	illions, Excep	ot Per Sh	are Amounts)
ASSETS				
Current Assets:	¢	1.00	¢.	272
Cash and Cash Equivalents Restricted Advance from Customer	\$	168	\$	273
Accounts Receivable		- 49		4 40
Like-Kind Exchange Funds Held in Escrow		13		40
Inventories		73		83
Deferred Tax Asset		73		7
Real Estate Development Properties		5		3
Assets Held for Sale		70		82
Other Current Assets		22		21
Other Current Assets	-	407		513
		407		313
Timber and Timberlands - Net		3,918		3,876
Property, Plant and Equipment - Net		202		216
Investment in Grantor Trusts		26		28
Other Assets		30		28
Total Assets	\$	4,583	\$	4,661
LIABILITIES				
Current Liabilities:				
Current Portion of Long-Term Debt	\$	47	\$	125
Accounts Payable	Φ	48	Ψ	42
Interest Payable		40		30
Wages Payable		19		27
Taxes Payable		28		24
Deferred Revenue		19		17
Other Current Liabilities		17		16
Canon Carrent Entermittes		218		281
Long-Term Debt		1,919		1,617
Line of Credit		514		581
Deferred Tax Liability		18		25
Other Liabilities		74		68
Total Liabilities		2,743		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, outstanding				
(net of Treasury Stock) - 172.3 at September 30, 2007,				
and 177.1 at December 31, 2006		2		2
Additional Paid-In Capital		2,201		2,190
Retained Earnings		156		214
Treasury Stock, at cost, Common Shares - 14.6 at September 30, 2007,		(509)		(307)
and 9.5 at December 31, 2006		(10)		(10)
Accumulated Other Comprehensive Income (Loss)		(10)		(10)
Total Liebilities and Stockholders' Equity	Φ	1,840	•	2,089
Total Liabilities and Stockholders' Equity	\$	4,583	\$	4,661

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

(ONAODITED)			
		Nine Mont	hs Ended
	Sep	tember 30,	September 30,
		2007	<u>2006</u>
		a ver	
		(In Mil	lions)
Cash Flows From Operating Activities:	ф	164	240
Net Income	\$	164	\$ 248
Adjustments to Reconcile Net Income to			
Net Cash Provided By Operating Activities:			
Depreciation, Depletion and Amortization (Includes \$4 Loss Related to Forest Fires in 2007)		102	94
Basis of Real Estate Sold		45	66
Deferred Income Taxes		(7)	8
Gain on Sales of Properties and Other Assets		(2)	-
Working Capital Changes Impacting Cash Flow:			
Like-Kind Exchange Funds		(13)	(10)
Other Working Capital Changes		18	18
Expenditures for Real Estate Development		(13)	(5)
Other		10	1
Net Cash Provided By Operating Activities		304	420
			
Cash Flows From Investing Activities:			
Capital Expenditures (Excluding Timberland Acquisitions)		(59)	(60)
Timberlands Acquired		(96)	(22)
Proceeds from Sales of Properties and Other Assets		3	1
Other		2	(4)
Net Cash Used In Investing Activities	-	(150)	(85)
1.66 Cash Cook in in Cooking . 166 Mac		(100)	(60)
Cash Flows From Financing Activities:			
Dividends		(222)	(219)
Borrowings on Line of Credit		2,179	2,167
Repayments on Line of Credit		(2,246)	(2,144)
Repayment of Short-Term Debt		-	(50)
Proceeds from Issuance of Long-Term Debt		350	216
Principal Payments and Retirement of Long-Term Debt		(125)	(29)
Proceeds from Stock Option Exercises		7	6
Acquisition of Treasury Stock		(202)	(262)
Net Cash Used In Financing Activities		(259)	(315)
Net Cash Osed in I mancing Neuvides		(237)	(313)
Increase (Decrease) In Cash and Cash Equivalents		(105)	20
Cash and Cash Equivalents:			
Beginning of Period		273	369
End of Period	\$	168	\$ 389
	· —		

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

Page Page	(UNAUDITED)				
Cash Flows From Operating Activities: Net Income		Sent			
Cash Flows From Operating Activities: \$ 59 \$ 9 \$ 92 Adjustments to Reconcile Net Income to Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities: Second Provided By Operating Activities: Depreciation, Depletion and Amortization (Includes \$4 Loss Related to Forest Fires in 2007) 37 34 34 34 34 34 34 34 34 34 34 34 34 34				-	
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Dividends (73) (72) Borrowings on Line of Credit 583 693 Repayments on Line of Credit (414) (691) Principal Payments and Retirement of Long-Term Debt (26) - Proceeds from Stock Option Exercises 1 3 Acquisition of Treasury Stock (91) (78) Net Cash Used In Financing Activities (20) (145) Increase (Decrease) In Cash and Cash Equivalents 61 (7) Cash and Cash Equivalents: 107 396	Cash Flows From Financing Activities:				
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Net Cash Used In Financing Activities (20) (145) Increase (Decrease) In Cash and Cash Equivalents Cash and Cash Equivalents: Beginning of Period 107 396	*		(91)	(78)	
Cash and Cash Equivalents: Beginning of Period					
Cash and Cash Equivalents: Beginning of Period	Increase (Decrease) In Cash and Cash Equivalents		61	(7)	
Beginning of Period				· · /	
End of Period \$168 \$389			107	396	
	End of Period	\$	168	\$ 389	

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

	Nine Months 2007			Nine Months 2006	
		(In M	/Iillion	s)	
Revenues:					
Northern Resources	\$	264	\$	308	
Southern Resources		374		358	
Real Estate		204		242	
Manufacturing		363		388	
Other		15		15	
Eliminations		(49)		(63)	
Total Revenues	\$	1,171	\$	1,248	
Operating Income (Loss)					
Northern Resources	\$	41	\$	81	
Southern Resources		126		136	
Real Estate		129		143	
Manufacturing		3		24	
Other		13		13	
Other Costs and Eliminations		(43)		(37)	
Total Operating Income	\$	269	\$	360	

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

		Third Quarter 2007 (In M	 Iillion	Third Quarter 2006 s)
Revenues:				
Northern Resources	\$	86	\$	106
Southern Resources	φ	121	φ	115
Real Estate		94		113
Manufacturing		119		124
Other		4		5
Eliminations.		(17)		(25)
Total Revenues	•	407	\$	454
Total Revenues	Φ	407	Φ	434
Operating Income (Loss)				
Northern Resources	\$	8	\$	25
Southern Resources		39		38
Real Estate		61		72
Manufacturing		2		6
Other		3		4
Other Costs and Eliminations		(15)		(11)
Total Operating Income	\$	98	\$	134

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

		2007				2006				
		1st Qtr	2nd Qtr	3rd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Sales Realization Southern Resources	Units									
Sawlog	\$/Ton Stumpage	\$32	\$31	\$31	\$31	\$35	\$36	\$33	\$33	\$34
Pulpwood	\$/Ton Stumpage	\$9	\$9	\$9	\$9	\$8	\$8	\$7	\$8	\$8
Northern Resources										
Sawlog	\$/Ton Delivered	\$71	\$76	\$76	\$74	\$77	\$78	\$81	\$74	\$77
Pulpwood	\$/Ton Delivered	\$37	\$38	\$36	\$37	\$37	\$37	\$38	\$37	\$37
Lumber (1)	\$/MBF	\$390	\$400	\$405	\$398	\$467	\$456	\$410	\$385	\$431
Plywood (1)	\$/MSF	\$398	\$407	\$416	\$407	\$452	\$455	\$431	\$407	\$437
Fiberboard (1)	\$/MSF	\$490	\$529	\$542	\$521	\$445	\$480	\$518	\$506	\$486
Sales Volume										
Southern Resources										
Sawlog	1,000 Tons	1,681	1,691	1,639	5,011	1,749	1,685	1,548	1,629	6,611
Pulpwood	1,000 Tons	1,954	1,901	1,841	5,696	1,642	1,651	1,917	2,319	7,529
Total Harvest		3,635	3,592	3,480	10,707	3,391	3,336	3,465	3,948	14,140
Northern Resources										
Sawlog	1,000 Tons	960	789	821	2,570	1,151	877	954	1,093	4,075
Pulpwood	1,000 Tons	819	527	635	1,981	766	517	734	725	2,742
Total Harvest		1,779	1,316	1,456	4,551	1,917	1,394	1,688	1,818	6,817
Lumber	MBF	95,265	95,701	82,217	273,183	99,367	97,059	93,925	86,880	377,231
Plywood	MSF	72,582	72,454	69,796	214,832	75,769	71,269	70,109	60,845	277,992
Fiberboard	MSF	64,872	65,938	64,039	194,849	69,076	70,411	63,698	51,502	254,687

⁽¹⁾ Represents prices at mill level.

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

(,		200	07				2006				
	1st Qtr	2nd Qtr	3rd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD		
Acres Sold											
Small Non-strategic	8,645	21,255	30,735	60,635	15,050	11,765	19,040	14,240	60,095		
Large Non-strategic	-	-	-	-	-	-	-	-	-		
Conservation	4,210	480	2,650	7,340	2,580	2,185	4,600	15,020	24,385		
HBU/Recreation	3,750	8,695	10,400	22,845	3,095	7,225	7,875	4,575	22,770		
Development Properties	45	595	890	1,530	1,075	645	1,970	635	4,325		
Conservation Easements	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
	16,650	31,025	44,675	92,350	21,800	21,820	33,485	34,470	111,575		
Price per Acre											
Small Non-strategic	\$1,445	\$1,295	\$1,400	\$1,370	\$1,465	\$1,270	\$1,765	\$1,730	\$1,585		
Large Non-strategic	-	-	-	-	-	-	-	-	-		
Conservation	\$1,740	\$6,660	\$2,150	\$2,210	\$2,085	\$1,500	\$3,865	\$990	\$1,695		
HBU/Recreation	\$4,300	\$3,150	\$3,675	\$3,580	\$5,310	\$4,140	\$3,775	\$3,620	\$4,070		
Development Properties	\$22,045	\$21,260	\$8,410	\$13,795	\$8,595	\$5,295	\$21,950	\$14,995	\$15,125		
Conservation Easements	-	-	-	-	\$1,300	-	\$605	-	\$885		
Revenue, (\$ millions)											
Small Non-strategic	\$13	\$28	\$43	\$84	\$22	\$15	\$33	\$26	\$96		
Large Non-strategic	-	-	-	-	-	-	-	-	-		
Conservation	\$7	\$3	\$6	\$16	\$5	\$3	\$18	\$15	\$41		
HBU/Recreation	\$16	\$27	\$38	\$81	\$17	\$30	\$30	\$16	\$93		
Development Properties	\$1	\$13	\$7	\$21	\$9	\$4	\$43	\$9	\$65		
Conservation Easements					\$8		\$5		\$13		
	\$37	\$71	\$94	\$202	\$61	\$52	\$129	\$66	\$308		
Proceeds from Joint Ventures ⁽¹⁾	\$2	-	-	\$2	-	-	-	-	-		
Basis of Real Estate Sold (\$ millions)	\$9	\$14	\$22	\$45	\$10	\$13	\$43	\$19	\$85		

⁽¹⁾ Not reflected in the Land Sale Statistics (Acres Sold, Price per Acre and Revenue)