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

		June 30,			
	Jı	June 30,			
		<u>2005</u>		<u>2004</u>	
	(In Millions, Except Per Share Amou				
Revenues:					
Timber	\$	392	\$	335	
Real Estate		104		238	
Manufacturing		257		256	
Other		5		9	
Total Revenues		758		838	
Costs and Expenses:					
Cost of Goods Sold:					
Timber		201		173	
Real Estate		40		173	
Manufacturing		235		218	
Other		1		510	
Total Cost of Goods Sold		477		518	
Selling, General and Administrative		45		40	
Total Costs and Expenses		522		558	
Gain on Sale of Other Assets				5	
Operating Income		236		285	
Interest Expense, net		54		56	
Income before Income Taxes		182		229	
Provision for Income Taxes		11		17	
Income from Continuing Operations		171		212	
Gain on Sale of Properties, net of tax		20			
Net Income	\$	191	\$	212	
Net Income from Continuing Operations per Share					
- Basic	\$	0.93	\$	1.16	
- Diluted	\$	0.93	\$	1.15	
- Diluteu	φ	0.33	Φ	1.13	
Net Income per Share					
- Basic	\$	1.04	\$	1.16	
- Diluted	\$	1.03	\$	1.15	
Weighted Average Number of Shares Outstanding					
- Basic		183.9		183.2	
- Diluted		184.6		184.0	

Six Months Ended

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

	·	<u>2005</u>		<u>2004</u>
	(In M	illions, Excep	ot Per S	hare Amounts)
Revenues:				
Timber	\$	192	\$	151
Real Estate		36		50
Manufacturing		128		134
Other		2		6
Total Revenues		358		341
Costs and Expenses:				
Cost of Goods Sold:				
Timber		99		80
Real Estate		16		38
Manufacturing		117		110
Other				2
Total Cost of Goods Sold		232		230
Selling, General and Administrative		24		22
Total Costs and Expenses		256		252
Gain on Sale of Other Assets				5
Operating Income		102		94
Interest Expense, net		27		27
Income before Income Taxes		75		67
Provision for Income Taxes		6		10
Net Income	\$	69	\$	57
Net Income per Share				
- Basic	\$	0.37	\$	0.31
- Diluted	\$	0.37	\$	0.31
Weighted Average Number of Shares Outstanding				
- Basic		184.0		183.3
- Diluted		184.6		184.0

Quarter Ended

June 30,

June 30,

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

		ne 30, 2005	December 31, <u>2004</u>
ASSETS	(In Mill	ions, Except P	Per Share Amounts)
Current Assets:			
Cash and Cash Equivalents	\$	384 \$	347
Restricted Advance from Customer		15	4
Accounts Receivable		49	40
Like-Kind Exchange Funds Held in Escrow		44	11
Inventories		62	71
Deferred Tax Asset		11	10
Other Current Assets		18	16
		583	499
Timber and Timberlands - Net		3,623	3,590
Property, Plant and Equipment - Net		245	253
Investment in Grantor Trusts		29	29
Other Assets		9	7
Total Assets	\$	4,489 \$	4,378
LIABILITIES			
Current Liabilities:			
Current Portion of Long-Term Debt	\$	31 \$	32
Short-Term Debt		50	-
Accounts Payable		45	41
Interest Payable		28	28
Wages Payable		15	25
Taxes Payable		22	22
Deferred Revenue Other Current Liabilities		35 12	16 20
Other Current Liabilities		238	184
Long-Term Debt		1 257	1,405
Lines of Credit		1,357 495	1,403
Deferred Tax Liability		44	45
Other Liabilities		57	56
Total Liabilities		2,191	2,138
Commitments and Contingencies			
STOCKHOLDERS' EQUITY			
Preferred Stock, \$0.01 par value, authorized shares - 75.0,			
outstanding - none		-	-
Common Stock, \$0.01 par value, authorized shares - 300.6, issued (including Treasury Stock) - 186.0 at June 30, 2005,			
and 185.7 at December 31, 2004		2	2
Additional Paid-In Capital		2,174	2,168
Retained Earnings		162	111
Treasury Stock, at cost, Common shares - 2.0		(43)	(43)
Other Equity		3	2
Total Stockholders' Equity		2,298	2,240
Total Liabilities and Stockholders' Equity	\$	4,489 \$	4,378

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

(ONAUDITED)		Siv Months Endad				
	Six Months Ended June 30, June 3			 '		
				,		
		<u>2005</u>		<u>2004</u>		
	(In Millions)					
Cash Flows From Operating Activities:						
Net Income	\$	191	\$	212		
Adjustments to Reconcile Net Income to						
Net Cash Provided By Operating Activities:						
Depreciation, Depletion and Amortization		55		51		
Basis of Real Estate Sold (Includes Impairment Losses of \$19 in 2004)		28		114		
Deferred Income Taxes		(1)		12		
Gain on Sales of Properties and Other Assets		(21)		(5)		
Working Capital Changes		(24)		10		
Other		-		(3)		
Net Cash Provided By Operating Activities		228		391		
Cash Flows From Investing Activities:						
Property Additions (Excluding Timberland Acquisitions)		(28)		(32)		
Timberlands Acquired (Including Tax-Deferred Exchange Proceeds)		(80)		(39)		
Proceeds from Sales of Properties and Other Assets						
(Including Tax-Deferred Exchange Proceeds)		5		27		
Net Cash Used In Investing Activities		(103)		(44)		
Cash Flows From Financing Activities:						
Dividends		(140)		(128)		
Borrowings under Line of Credit		1,140		1,227		
Repayments of Borrowings under Line of Credit		(1,093)		(1,355)		
Proceeds from Issuance of Short-Term Debt		50		-		
Principal Payments and Retirement of Long-Term Debt		(49)		(32)		
Proceeds from Stock Option Exercises		4		3		
Net Cash Used In Financing Activities		(88)		(285)		
Increase In Cash and Cash Equivalents		37		62		
Cash and Cash Equivalents:						
Beginning of Period		347		267		
End of Period	\$	384	\$	329		

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

(UNAUDITED)				
		Quarter Ended		
	Jı	ine 30,	June 30,	
		<u>2005</u>	<u>2004</u>	
		(In Million	s)	
Cash Flows From Operating Activities:				
Net Income	\$	69 \$	57	
Adjustments to Reconcile Net Income to				
Net Cash Provided By Operating Activities:				
Depreciation, Depletion and Amortization		28	24	
Basis of Real Estate Sold (Includes Impairment Losses of \$3 in 2004)		10	35	
Deferred Income Taxes		-	5	
Gain on Sales of Other Assets		-	(5)	
Working Capital Changes		22	29	
Other		2	3	
Net Cash Provided By Operating Activities		131	148	
Cash Flows From Investing Activities:				
Property Additions (Excluding Timberland Acquisitions)		(18)	(15)	
Timberlands Acquired (Including Tax-Deferred Exchange Proceeds)		(62)	(15)	
Proceeds from Sales of Properties and Other Assets				
(Including Tax-Deferred Exchange Proceeds)		4	27	
Net Cash Used In Investing Activities		(76)	(3)	
Cash Flows From Financing Activities:				
Dividends		(70)	(64)	
Borrowings under Line of Credit		611	621	
Repayments of Borrowings under Line of Credit		(564)	(633)	
Proceeds from Issuance of Short-Term Debt		50	-	
Principal Payments and Retirement of Long-Term Debt		(48)	(29)	
Proceeds from Stock Option Exercises		1	1	
Net Cash Used In Financing Activities		(20)	(104)	
Increase In Cash and Cash Equivalents Cash and Cash Equivalents:		35	41	
Beginning of Period		349	288	
Degining of Feriod		347	200	
End of Period	\$	384 \$	329	

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

	Six Months			Six Months	
			1		
	2005			2004	
	(In Millions)			1	
Revenues:					
Northern Resources	\$	159	\$	157	
Southern Resources	*	266	T	220	
Real Estate		104		238	
Manufacturing		257		256	
Other		5		9	
Eliminations		(33)		(42)	
Total Revenues	\$	758	\$	838	
Operating Costs and Expenses:					
Northern Resources	\$	110	\$	109	
Southern Resources		139		119	
Real Estate		40		124	
Manufacturing		240		222	
Other		1		3	
Other Costs and Eliminations		(8)		(19)	
Total Costs and Expenses	\$	522	\$	558	
Operating Income (Loss)					
Northern Resources	\$	49	\$	48	
Southern Resources		127		101	
Real Estate		64		114	
Manufacturing		17		34	
Other		4		6	
Other Costs and Eliminations		(25)		(23)	
Gain on Sale of Other Assets	_	<u> </u>		5	
Total Operating Income	\$	236	\$	285	

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

	S	Second		Second	
	Quarter			Quarter	
	2005 20			2004	
	(In Millions))	
Revenues:					
Northern Resources	\$	71	\$	62	
Southern Resources		135		104	
Real Estate		36		50	
Manufacturing		128		134	
Other		2		6	
Eliminations		(14)		(15)	
Total Revenues	\$	358	\$	341	
Operating Costs and Expenses:					
Northern Resources	\$	51	\$	46	
Southern Resources		72		59	
Real Estate		16		38	
Manufacturing		119		111	
Other		-		2	
Other Costs and Eliminations		(2)		(4)	
Total Costs and Expenses	\$	256	\$	252	
Operating Income (Loss)					
Northern Resources	\$	20	\$	16	
Southern Resources		63		45	
Real Estate		20		12	
Manufacturing		9		23	
Other		2		4	
Other Costs and Eliminations		(12)		(11)	
Gain on Sale of Other Assets		-		5	
Total Operating Income	\$	102	\$	94	

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

		2005			2004				
		1st Qtr	2nd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Sales Realization Southern Resources	Units								
Sawlog	\$/Ton Stumpage	\$38	\$38	\$38	\$37	\$36	\$36	\$36	\$36
Pulpwood	\$/Ton Stumpage	\$9	\$9	\$9	\$9	\$8	\$8	\$7	\$8
Northern Resources									
Sawlog	\$/Ton Delivered	\$76	\$77	\$76	\$70	\$72	\$80	\$78	\$75
Pulpwood	\$/Ton Delivered	\$37	\$37	\$37	\$34	\$34	\$35	\$36	\$35
Lumber (1)	\$/MBF	\$483	\$459	\$471	\$452	\$514	\$532	\$473	\$493
Plywood (1)	\$/MSF	\$419	\$422	\$421	\$427	\$482	\$483	\$444	\$459
Fiberboard (1)	\$/MSF	\$449	\$458	\$454	\$379	\$415	\$436	\$440	\$418
Sales Volume									
Southern Resources									
Sawlog	1,000 Tons	1,899	1,899	3,798	1,719	1,488	1,670	1,761	6,638
Pulpwood	1,000 Tons	1,592	1,825	3,417	1,587	1,512	1,834	1,757	6,690
Total Harvest		3,491	3,724	7,215	3,306	3,000	3,504	3,518	13,328
Northern Resources									
Sawlog	1,000 Tons	906	774	1,680	1,089	715	856	855	3,515
Pulpwood	1,000 Tons	499	319	818	534	301	436	452	1,723
Total Harvest		1,405	1,093	2,498	1,623	1,016	1,292	1,307	5,238
Lumber	MBF	102,857	105,028	207,885	102,373	100,174	103,671	99,763	405,981
Plywood	MSF	75,483	75,235	150,718	80,487	77,236	78,896	71,373	307,992
Fiberboard	MSF	61,806	61,843	123,649	61,437	65,053	64,100	55,610	246,200

⁽¹⁾ Represents prices at mill level.