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

		Six Mo	nths En	
		June 30, 2007		June 30, 2006
		<u>2007</u>		<u>2000</u>
	(In I	Millions, Excep	ot Per S	Share Amounts)
Revenues:				
Timber Real Estate	\$	399	\$	407
Manufacturing		110 244		113 264
Other		11		10
Total Revenues		764		794
Costs and Expenses:				
Cost of Goods Sold:		2.50		224
Timber		258		234
Real Estate		40 236		41 240
Manufacturing Other		230 1		240
Total Cost of Goods Sold		535		516
Total Cost of Goods Bold		333		310
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
Income From Continuing Operations per Share - Basic	\$	0.58	\$	0.84
- Diluted	\$	0.58	\$ \$	0.84
- Diluicu	Ψ	0.56	Ψ	0.04
Net Income per Share				
- Basic	\$	0.59	\$	0.85
- Diluted	\$	0.59	\$	0.85
Weighted Average Number of Change Out to P				
Weighted Average Number of Shares Outstanding		17 <i>6 A</i>		102.3
- Basic - Diluted		176.4 176.8		183.2 183.7
- Diruttu		1/0.0		103./

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

		Quar	ter Ende	<u>ed</u>
		ane 30,		June 30,
		2007		<u>2006</u>
	(In M	illions, Exce	pt Per S	hare Amounts)
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
Income from Continuing Operations per Share				
- Basic	\$	0.33	\$	0.34
- Diluted	\$	0.33	\$	0.34
Net Income per Share				
- Basic	\$	0.34	\$	0.34
- Diluted	\$	0.34	\$	0.34
Weighted Average Number of Shares Outstanding				
- Basic		175.7		182.3
- Diluted		176.1		182.8

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

June 30,

2007

December 31,

2006

	(In M	illions, Excep	ot Per Sha	re Amounts)
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:	Ф	70	Ф	105
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, outstanding		-		-
(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		2,170
Treasury Stock, at cost, Common Shares - 12.3 at June 30, 2007,		(418)		(307)
and 9.5 at December 31, 2006		(410)		(307)
Accumulated Other Comprehensive Income (Loss)		(10)		(10)
Total Stockholders' Equity		1,943	-	2,089
Total Liabilities and Stockholders' Equity	\$	4,506	\$	4,661
• •				

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

(**************************************	Six Mont	hs Ended
	June 30, <u>2007</u>	June 30, <u>2006</u>
	(In Mi	llions)
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 Sales 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	\$ <u>107</u>	\$396

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

	<u>Qua</u>	rter Ended
	June 30,	June 30,
	<u>2007</u>	<u>2006</u>
	<u>(In</u>	Millions)
Cash Flows From Operating Activities:		
	\$ 60	\$ 62
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	32	29
Basis of Real Estate Sold	14	13
Deferred Income Taxes	(2)	(1)
Gain on Sale of Properties and Other Assets	(2)	-
Working Capital Changes Impacting Cash Flow:		
Like-Kind Exchange Funds	(48)	(9)
Other Working Capital Changes	17	14
Expenditures for Real Estate Development	(4)	(2)
Other	6	6
Net Cash Provided By Operating Activities	73	112
Cash Flows From Investing Activities:		
Capital Expenditures (Excluding Timberland Acquisitions)	(22)	(19)
Timberlands Acquired	(9)	(17)
Proceeds from Sales of Properties and Other Assets	2	1
Other	-	(3)
Net Cash Used In Investing Activities	(29)	(38)
Cash Flows From Financing Activities:		
Dividends	(74)	(73)
Borrowings on Line of Credit	947	811
Repayments on Line of Credit	(1,255)	(790)
Repayment of Short-Term Debt	-	(50)
Proceeds from Issuance of Long-Term Debt	350	216
Principal Payments and Retirement of Long-Term Debt	(27)	(28)
Proceeds from Stock Option Exercises	1	1
Acquisition of Treasury Stock	(89)	(184)
Net Cash Used In Financing Activities	(147)	(97)
Decrease In Cash and Cash Equivalents	(103)	(23)
Cash and Cash Equivalents:		
Beginning of Period	210	419
End of Period	\$ 107	\$ 396

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

		Six		Six	
	Months			Months	
		2007		2006	
		(In N	/Iillio	ns)	
Revenues:					
Northern Resources	\$	178	\$	202	
Southern Resources		253		243	
Real Estate		110		113	
Manufacturing		244		264	
Other		11		10	
Eliminations		(32)		(38)	
Total Revenues	\$	764	\$	794	
Operating Income (Loss)					
Northern Resources	\$	33	\$	56	
Southern Resources		87		98	
Real Estate		68		71	
Manufacturing		1		18	
Other		10		9	
Other Costs and Eliminations		(28)		(26)	
Total Operating Income	\$	171	\$	226	

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

	5	Second		Second	
	(Quarter		Quarter	
		2007		2006	
		(In N	Aillion	is)	
Revenues:					
Northern Resources	\$	79	\$	87	
Southern Resources		126		121	
Real Estate		71		52	
Manufacturing		129		130	
Other		5		5	
Eliminations		(15)		(15)	
Total Revenues	\$	395	\$	380	
Operating Income (Loss)					
Northern Resources	\$	14	\$	21	
Southern Resources		41		48	
Real Estate		47		27	
Manufacturing		2		10	
Other		5		4	
Other Costs and Eliminations		(15)		(11)	
Total Operating Income	\$	94	\$	99	

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

		2007							
		1st Qtr	2nd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Sales Realization Southern Resources	Units								
Sawlog	\$/Ton Stumpage	\$32	\$31	\$31	\$35	\$36	\$33	\$33	\$34
Pulpwood	\$/Ton Stumpage	\$9	\$9	\$9	\$8	\$8	\$7	\$8	\$8
Northern Resources									
Sawlog	\$/Ton Delivered	\$71	\$76	\$73	\$77	\$78	\$81	\$74	\$77
Pulpwood	\$/Ton Delivered	\$37	\$38	\$38	\$37	\$37	\$38	\$37	\$37
Lumber (1)	\$/MBF	\$390	\$400	\$395	\$467	\$456	\$410	\$385	\$431
Plywood (1)	\$/MSF	\$398	\$407	\$402	\$452	\$455	\$431	\$407	\$437
Fiberboard (1)	\$/MSF	\$490	\$529	\$510	\$445	\$480	\$518	\$506	\$486
Sales Volume									
Southern Resources									
Sawlog	1,000 Tons	1,681	1,691	3,372	1,749	1,685	1,548	1,629	6,611
Pulpwood	1,000 Tons	1,954	1,901	3,855	1,642	1,651	1,917	2,319	7,529
Total Harvest		3,635	3,592	7,227	3,391	3,336	3,465	3,948	14,140
Northern Resources									
Sawlog	1,000 Tons	960	789	1,749	1,151	877	954	1,093	4,075
Pulpwood	1,000 Tons	819	527	1,346	766	517	734	725	2,742
Total Harvest		1,779	1,316	3,095	1,917	1,394	1,688	1,818	6,817
Lumber	MBF	95,265	95,701	190,966	99,367	97,059	93,925	86,880	377,231
Plywood	MSF	72,582	72,454	145,036	75,769	71,269	70,109	60,845	277,992
Fiberboard	MSF	64,872	65,938	130,810	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)

	1st Qtr	2nd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Acres Sold								
Small Non-strategic	8,645	21,255	29,900	15,050	11,765	19,040	14,240	60,095
Large Non-strategic	-	-	-	-	-	-	-	-
Conservation	4,210	480	4,690	2,580	2,185	4,600	15,020	24,385
HBU/Recreation	3,750	8,695	12,445	3,095	7,225	7,875	4,575	22,770
Development Properties	45	595	640	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
	16,650	31,025	47,675	21,800	21,820	33,485	34,470	111,575
Price per Acre								
Small Non-strategic	\$1,445	\$1,295	\$1,340	\$1,465	\$1,270	\$1,765	\$1,730	\$1,585
Large Non-strategic	_	-	_	_	-	-	_	_
Conservation	\$1,740	\$6,660	\$2,240	\$2,085	\$1,500	\$3,865	\$990	\$1,695
HBU/Recreation	\$4,300	\$3,150	\$3,495	\$5,310	\$4,140	\$3,775	\$3,620	\$4,070
Development Properties	\$22,045	\$21,260	\$21,310	\$8,595	\$5,295	\$21,950	\$14,995	\$15,125
Conservation Easements	-	-	-	\$1,300	-	\$605	-	\$885
Revenue, (\$ millions)								
Small Non-strategic	\$13	\$28	\$41	\$22	\$15	\$33	\$26	\$96
Large Non-strategic	-	-	-	-	-	-	-	-
Conservation	\$7	\$3	\$10	\$5	\$3	\$18	\$15	\$41
HBU/Recreation	\$16	\$27	\$43	\$17	\$30	\$30	\$16	\$93
Development Properties	\$1	\$13	\$14	\$9	\$4	\$43	\$9	\$65
Conservation Easements	-	-	-	\$8	-	\$5	-	\$13
	\$37	\$71	\$108	\$61	\$52	\$129	\$66	\$308
Proceeds from Joint Ventures ⁽¹⁾	\$2	-	\$2	-	-	-	-	-
Basis of Real Estate Sold (\$ millions)	\$9	\$14	\$23	\$10	\$13	\$43	\$19	\$85

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