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

	J	Six Mo June 30, 2008	nths En	ths Ended June 30, 2007	
	(In M	Iillions, Excep	pt Per S	hare Amounts)	
Revenues:					
Timber	\$	393	\$	399	
Real Estate		109		110	
Manufacturing		226		244	
Other		11		11	
Total Revenues		739		764	
Costs and Expenses:					
Cost of Goods Sold:					
Timber		276		258	
Real Estate		36		38	
Manufacturing		240		236	
Other		1		1	
Total Cost of Goods Sold		553		533	
Selling, General and Administrative		63		61	
Total Costs and Expenses		616		594	
Other Operating Income (Expense), net		3		1	
Operating Income		126		171	
Interest Expense, net		70	_	71	
Income before Income Taxes		56		100	
Benefit for Income Taxes		(13)		(3)	
Income From Continuing Operations		69		103	
Gain on Sale of Properties, net of tax				2	
Net Income	\$	69	\$	105	
Per Share Amounts:					
Income From Continuing Operations per Share					
- Basic	\$	0.40	\$	0.58	
- Diluted	\$	0.40	\$	0.58	
Net Income per Share					
- Basic	\$	0.40	\$	0.59	
- Diluted	\$	0.40	\$	0.59	
Weighted Average Number of Shares Outstanding					
- Basic		171.4		176.4	
- Diluted		171.8		176.8	

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

	Quarter Ended			
		une 30, <u>2008</u>		June 30, 2007
	(In Mi	llions, Excep	ot Per S	hare Amounts)
Revenues:				
Timber	\$	192	\$	190
Real Estate		57		71
Manufacturing		121		129
Other		6		5
Total Revenues		376		395
Costs and Expenses:				
Cost of Goods Sold:				
Timber		137		124
Real Estate		20		22
Manufacturing		128		123
Other		1		-
Total Cost of Goods Sold		286		269
Selling, General and Administrative		33		31
Total Costs and Expenses		319		300
Other Operating Income (Expense), net				(1)
Operating Income		57		94
Interest Expense, net		34		35
Income before Income Taxes		23		59
Provision (Benefit) for Income Taxes		(8)		1
Income from Continuing Operations		31		58
Gain on Sale of Properties, net of tax		_		2
Net Income	\$	31	\$	60
Per Share Amounts:				
Income from Continuing Operations per Share				
Net Income per Share - Basic	\$	0.18	\$	0.33
Net Income per Share - Diluted	\$	0.18	\$	0.33
Net Income per Share				
- Basic	\$	0.18	\$	0.34
- Diluted	\$	0.18	\$	0.34
Weighted Average Number of Shares Outstanding				
- Basic		171.1		175.7
- Diluted		171.6		176.1

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

June 30,

December 31,

		2008	D	2007
	(In M	fillions, Excer	ot Per Sh	are Amounts)
ASSETS	(111 11	imons, Exec	or i or br	are Timounts)
Current Assets:				
Cash and Cash Equivalents	\$	125	\$	240
Accounts Receivable		44		33
Like-Kind Exchange Funds Held in Escrow		61		-
Inventories		71		82
Deferred Tax Asset		7		7
Real Estate Development Properties		3		5
Assets Held for Sale Other Current Assets		61 25		64 25
Other Current Assets		397		25 456
		371		430
Timber and Timberlands, net		3,908		3,949
Property, Plant and Equipment, net		182		202
Investment in Grantor Trusts (at Fair Value)		25		27
Other Assets	φ	36	Φ	30
Total Assets	\$	4,548	\$	4,664
LIABILITIES				
Current Liabilities:				
Current Portion of Long-Term Debt	\$	150	\$	147
Accounts Payable		42		48
Interest Payable		27		29
Wages Payable		16		25
Taxes Payable		17		23
Deferred Revenue		22		13
Other Current Liabilities		19	-	18
		293		303
Long-Term Debt		2,020		1,820
Line of Credit		369		556
Deferred Tax Liability		12		20
Other Liabilities		76		64
Total Liabilities		2,770		2,763
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) - 171.1 at June 30, 2008,				_
and 172.3 at December 31, 2007		2 200		2
Additional Paid-In Capital		2,208		2,204
Retained Earnings		127		202
Treasury Stock, at cost, Common Shares - 15.9 at June 30, 2008,		(560)		(500)
and 14.6 at December 31, 2007 Accumulated Other Comprehensive Income		(560)		(509) 2
Total Stockholders' Equity		1,778		1,901
Total Liabilities and Stockholders' Equity	<u>s</u>	4,548	s —	4,664
Total Entolities and Stockholders Equity	Ψ	7,270	Ψ	7,007

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

(CINACDITED)	C' M d	F 1 1
	Six Months	
	une 30,	June 30,
	<u>2008</u>	<u>2007</u>
	(In Millio	ons)
Cash Flows From Operating Activities:		
Net Income	\$ 69 \$	105
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization (includes \$10 Lumber Impairment Loss in 2008)	76	65
Basis of Real Estate Sold	22	23
Expenditures for Real Estate Development	(5)	(6)
Deferred Income Taxes	(8)	(5)
Gain on Sales of Properties and Other Assets	(3)	(2)
Deferred Revenue from Long-Term Gas Leases (Net of Amortization)	18	-
Working Capital Changes Impacting Cash Flow:		
Like-Kind Exchange Funds	(61)	(58)
Other Working Capital Changes	(17)	(14)
Other	3	3
Net Cash Provided By Operating Activities	 94	111
Cash Flows From Investing Activities:		
Capital Expenditures (Excluding Timberland Acquisitions)	(29)	(33)
Timberlands Acquired	(1)	(9)
Other	- ` `	4
Net Cash Used In Investing Activities	(30)	(38)
Cash Flows From Financing Activities:		
Dividends	(144)	(149)
Borrowings on Line of Credit	755	1,596
Repayments on Line of Credit	(942)	(1,832)
Proceeds from Issuance of Long-Term Debt	250	350
Principal Payments and Retirement of Long-Term Debt	(47)	(99)
Proceeds from Stock Option Exercises	1	6
Acquisition of Treasury Stock	(51)	(111)
Other	(1)	-
Net Cash Used In Financing Activities	(179)	(239)
Decrease In Cash and Cash Equivalents	(115)	(166)
Cash and Cash Equivalents:		
Beginning of Period	 240	273
End of Period	\$ 125 \$	107

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

	Quarter Ended			
	June 30,	June 30,		
	<u>2008</u>	<u>2007</u>		
	(In M	illions)		
Cash Flows From Operating Activities:				
Net Income \$	31	\$ 60		
Adjustments to Reconcile Net Income to				
Net Cash Provided By Operating Activities:				
Depreciation, Depletion and Amortization (includes \$10 Lumber Impairment Loss in 2008)	43	32		
Basis of Real Estate Sold	12	14		
Expenditures for Real Estate Development	(2)	(4)		
Deferred Income Taxes	(6)	(2)		
Gain on Sale of Properties and Other Assets	-	(2)		
Deferred Revenue from Long-Term Gas Leases (Net of Amortization)	18	-		
Working Capital Changes Impacting Cash Flow:				
Like-Kind Exchange Funds	(30)	(48)		
Other Working Capital Changes	22	17		
Other	7	6		
Net Cash Provided By Operating Activities	95	73		
Cash Flows From Investing Activities:				
Capital Expenditures (Excluding Timberland Acquisitions)	(16)	(22)		
Timberlands Acquired	-	(9)		
Proceeds from Sales of Properties and Other Assets	-	2		
Net Cash Used In Investing Activities	(16)	(29)		
Cash Flows From Financing Activities:				
Dividends	(72)	(74)		
Borrowings on Line of Credit	278	947		
Repayments on Line of Credit	(278)	(1,255)		
Proceeds from Issuance of Long-Term Debt	-	350		
Principal Payments and Retirement of Long-Term Debt	-	(27)		
Proceeds from Stock Option Exercises	1	1		
Acquisition of Treasury Stock	-	(89)		
Other	(1)	-		
Net Cash Used In Financing Activities	(72)	(147)		
Increase (Decrease) In Cash and Cash Equivalents	7	(103)		
Cash and Cash Equivalents:				
Beginning of Period	118	210		
End of Period \$	125	\$107_		

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

	Six Months 2008			Six Months 2007	
		(In N	Aillion:	lions)	
Revenues:					
Northern Resources	\$	168	\$	178	
Southern Resources		250		253	
Real Estate		109		110	
Manufacturing		226		244	
Other		11		11	
Eliminations		(25)		(32)	
Total Revenues	\$	739	\$	764	
Operating Income (Loss)					
Northern Resources	\$	21	\$	33	
Southern Resources		74		87	
Real Estate		68		68	
Manufacturing		(20)		1	
Other		10		10	
Other Costs and Eliminations		(27)		(28)	
Total Operating Income	\$	126	\$	171	

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

	Second Quarter 2008 (In Milli		Second Quarter 2007 Ilions)	
Revenues:				
Northern Resources	\$ 74	\$	79	
Southern Resources	128		126	
Real Estate	57		71	
Manufacturing	121		129	
Other	6		5	
Eliminations	(10)		(15)	
Total Revenues	\$ 376	\$	395	
Operating Income (Loss)				
Northern Resources	\$ 7	\$	14	
Southern Resources	37		41	
Real Estate	35		47	
Manufacturing	(11)		2	
Other	5		5	
Other Costs and Eliminations	 (16)		(15)	
Total Operating Income	\$ 57	\$	94	

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

,		2008							
		1st Qtr	2nd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Sales Realization Southern Resources	Units								
Sawlog	\$/Ton Stumpage	\$29	\$26	\$27	\$32	\$31	\$31	\$30	\$31
Pulpwood	\$/Ton Stumpage	\$10	\$10	\$10	\$9	\$9	\$9	\$9	\$9
Northern Resources									
Sawlog	\$/Ton Delivered	\$67	\$68	\$67	\$71	\$76	\$76	\$71	\$73
Pulpwood	\$/Ton Delivered	\$39	\$43	\$41	\$37	\$38	\$36	\$38	\$37
Lumber (1)	\$/MBF	\$366	\$367	\$367	\$390	\$400	\$405	\$410	\$400
Plywood (1)	\$/MSF	\$398	\$404	\$401	\$398	\$407	\$416	\$399	\$405
Fiberboard (1)	\$/MSF	\$591	\$600	\$596	\$490	\$529	\$542	\$538	\$525
Sales Volume									
Southern Resources									
Sawlog	1,000 Tons	1,459	1,666	3,125	1,681	1,691	1,639	1,401	6,412
Pulpwood	1,000 Tons	1,976	2,221	4,197	1,954	1,901	1,841	2,020	7,716
Total Harvest		3,435	3,887	7,322	3,635	3,592	3,480	3,421	14,128
Northern Resources									
Sawlog	1,000 Tons	978	739	1,717	960	789	821	1,032	3,602
Pulpwood	1,000 Tons	738	504	1,242	819	527	635	645	2,626
Total Harvest		1,716	1,243	2,959	1,779	1,316	1,456	1,677	6,228
Lumber	MBF	69,596	83,477	153,073	95,265	95,701	82,217	77,248	350,431
Plywood	MSF	68,746	68,616	137,362	72,582	72,454	69,796	62,614	277,446
Fiberboard	MSF	58,784	63,205	121,989	64,872	65,938	64,039	59,179	254,028

⁽¹⁾ Represents prices at mill level.

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

(Unaudited)	2008			2007					
	1st Qtr	2nd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	
Acres Sold									
Small Non-strategic	17,145	13,215	30,360	8,645	21,255	30,735	16,895	77,530	
Large Non-strategic	-	-	-	-	-	-	99,325	99,325	
Conservation	1,015	595	1,610	4,210	480	2,650	24,505	31,845	
HBU/Recreation	10,635	11,785	22,420	3,750	8,695	10,400	14,220	37,065	
Development Properties	65	700	765	45	595	890	3,760	5,290	
Conservation Easements	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
	28,860	26,295	55,155	16,650	31,025	44,675	158,705	251,055	
Price per Acre									
Small Non-strategic	\$1,180	\$1,285	\$1,225	\$1,445	\$1,295	\$1,400	\$1,510	\$1,400	
Large Non-strategic	-	-	-	-	-	-	\$705	\$705	
Conservation	\$395	\$1,555	\$820	\$1,740	\$6,660	\$2,150	\$1,080	\$1,340	
HBU/Recreation	\$2,875	\$2,740	\$2,805	\$4,300	\$3,150	\$3,675	\$3,315	\$3,475	
Development Properties	\$5,825	\$9,630	\$9,300	\$22,045	\$21,260	\$8,410	\$7,640	\$9,440	
Conservation Easements	-	-	-	-	-	-	-	-	
Revenue, (\$ millions)									
Small Non-strategic	\$20	\$17	\$37	\$13	\$28	\$43	\$26	\$110	
Large Non-strategic	-	-	-	-	-	-	\$70	\$70	
Conservation	-	\$1	\$1	\$7	\$3	\$6	\$26	\$42	
HBU/Recreation	\$31	\$32	\$63	\$16	\$27	\$38	\$47	\$128	
Development Properties	-	\$7	\$7	\$1	\$13	\$7	\$29	\$50	
Conservation Easements									
	\$52	\$57	\$109	\$37	\$71	\$94	\$198	\$400	
Proceeds from Joint Ventures ⁽¹⁾	-	-	-	\$2	-	-	-	\$2	
Basis of Real Estate Sold (2) (\$ millions)	\$10	\$13	\$23	\$9	\$14	\$22	\$63	\$108	

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

⁽²⁾ Includes \$26 million in the fourth quarter 2007 for a large, non-strategic sale