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

	Twelve Months Ended			
	Dec	cember 31,	December 31,	
		<u>2008</u>		<u>2007</u>
	(In N	Millions, Excep	t Per Sha	re Amounts)
Revenues:				
Timber	\$	752	\$	782
Real Estate		432		402
Manufacturing		405		471
Other		25		20
Total Revenues		1,614		1,675
Costs and Expenses:				
Cost of Goods Sold:				
Timber		542		523
Real Estate		178		144
Manufacturing		435		454
Other		2		3
Total Cost of Goods Sold		1,157		1,124
Selling, General and Administrative		128		127
Total Costs and Expenses		1,285		1,251
Other Operating Income (Expense), net		(1)		-
Operating Income		328		424
Equity Earnings from Timberland Venture		15		-
Interest Expense, net:				
Interest Expense (Debt Obligations to Third Parties)		134		147
Interest Expense (Note Payable to Timberland Venture)		14		-
Total Interest Expense, net		148		147
Gain on Extinguishment of Debt		11		-
Income before Income Taxes		206		277
Benefit for Income Taxes		(27)		(3)
Income From Continuing Operations		233		280
meonic From Communing Operations		233		200
Gain on Sale of Properties, net of tax		-		2
Net Income	\$	233	\$	282
Per Share Amounts:				
Income From Continuing Operations - Basic	\$	1.37	\$	1.60
Income From Continuing Operations - Diluted	\$	1.37	\$	1.60
Net Income per Share - Basic	\$	1.37	\$	1.61
Net Income per Share - Diluted	\$	1.37	\$	1.61
Weighted Average Number of Shares Outstanding				
- Basic		170.3		174.5
- Diluted		170.7		175.0

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

	Quarter Ended			<u>ed</u>
	Dec	ember 31, 2008	D	December 31, 2007
	(In Mi	llions, Excep	ot Per Sl	hare Amounts)
Revenues:				
Timber	\$	165	\$	193
Real Estate		215		198
Manufacturing		75		108
Other		6		5
Total Revenues		461	-	504
Costs and Expenses:				
Cost of Goods Sold:				
Timber		122		132
Real Estate		109		75
Manufacturing		90		105
Other		-		1
Total Cost of Goods Sold		321		313
Selling, General and Administrative		34		36
Total Costs and Expenses		355		349
Other Operating Income (Expense), net		(3)		
Operating Income		103		155
Equity Earnings from Timberland Venture		15		-
Interest Expense, net:				
Interest Expense (Debt Obligations to Third Parties)		29		38
Interest Expense (Note Payable to Timberland Venture)		14		-
Total Interest Expense, net		43		38
Gain on Extinguishment of Debt		11		-
Income before Income Taxes		86		117
Benefit for Income Taxes		(9)		(1)
Net Income	\$	95	\$	118
Per Share Amounts:				
Net Income per Share - Basic	\$	0.57	\$	0.68
Net Income per Share - Diluted	\$	0.57	\$	0.68
Weighted Average Number of Shares Outstanding				
- Basic		167.2		172.3
- Diluted		167.4		172.8

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

	De	cember 31, 2008		December 31, 2007
ASSETS	(In M	fillions, Excep	ot Pe	r Share Amounts)
Current Assets:				
Cash and Cash Equivalents	\$	369	\$	240
Accounts Receivable		22		33
Like-Kind Exchange Funds Held in Escrow		48		-
Taxes Receivable		23		4
Inventories		74		82
Deferred Tax Asset		11		7
Real Estate Development Properties		4		5
Assets Held for Sale		137		64
Other Current Assets		11	_	21
		699		456
Timber and Timberlands, net		3,638		3,949
Property, Plant and Equipment, net		177		202
Equity Investment in Timberland Venture		199		-
Investment in Grantor Trusts (at Fair Value)		25		27
Other Assets		42		30
Total Assets	\$	4,780	\$	4,664
			=	
LIABILITIES				
Current Liabilities:				
Current Portion of Long-Term Debt	\$	158	\$	147
Accounts Payable		35		48
Interest Payable		30		29
Wages Payable		28		25
Taxes Payable		18		23
Deferred Revenue Other Current Liabilities		17 21		13
Other Current Elabrides		307	-	303
		50,		505
Long-Term Debt		1,793		1,820
Line of Credit		231		556
Note Payable to Timberland Venture		783		-
Deferred Tax Liability		4		20
Other Liabilities		90	_	64
Total Liabilities		3,208	_	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) - 166.0 at December 31, 2008, and 172.3 at December 31, 2007		2		2
and 172.3 at December 31, 2007				
Additional Paid-In Capital Retained Earnings		2,225 149		2,204 202
Treasury Stock, at cost, Common Shares - 21.5 at December 31, 2008,		149		202
and 14.6 at December 31, 2007		(773)		(509)
Accumulated Other Comprehensive Income (Loss)		(31)		(309)
Total Stockholders' Equity		1,572	-	1,901
Total Liabilities and Stockholders' Equity	\$	4,780	\$	4,664
		.,	-	.,

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

(UNAUDITED)				
		Twelve Months Ended		
	Dec	ember 31,	I	December 31,
		2008		2007
		(In M	(fillions	)
Cash Flows From Operating Activities:				
Net Income	\$	233	\$	282
Adjustments to Reconcile Net Income to				
Net Cash Provided By Operating Activities:				
Depreciation, Depletion and Amortization		135		134
(includes \$10 Lumber Impairment Loss in 2008 and \$4 Loss Related to Forest Fires in 2007)				
Basis of Real Estate Sold		149		108
Equity Earnings from Timberland Venture		(15)		-
Expenditures for Real Estate Development		(7)		(19)
Deferred Income Taxes		(10)		(9)
Gain on Sales of Properties and Other Assets		(3)		(2)
Gain on Extinguishment of Debt		(11)		-
Deferred Revenue from Long-Term Gas Leases (Net of Amortization)		18		-
Pension Plan Contributions		(30)		-
Working Capital Changes Impacting Cash Flow:				
Like-Kind Exchange Funds		(48)		-
Other Working Capital Changes		(8)		8
Other		17		15
Net Cash Provided By Operating Activities	<u> </u>	420		517
Cash Flows From Investing Activities:				
Capital Expenditures (Excluding Timberland Acquisitions)		(70)		(93)
Timberlands Acquired		(119)		(174)
Proceeds from Sales of Properties and Other Assets		3		3
Investment in Timberland Venture		(9)		-
Purchases of Marketable Securities		(7)		-
Other		(3)		2
Net Cash Used In Investing Activities		(205)		(262)
Cash Flows From Financing Activities:				
Dividends		(286)		(294)
Borrowings on Line of Credit		1,506		2,795
Repayments on Line of Credit		(1,831)		(2,820)
Proceeds from Issuance of Long-Term Debt		250		350
Principal Payments and Retirement of Long-Term Debt		(258)		(125)
Note Payable to Timberland Venture		783		(123)
Proceeds from Stock Option Exercises		14		8
•				
Acquisition of Treasury Stock		(264)	-	(202)
Net Cash Used In Financing Activities	-	(86)		(288)
Increase (Decrease) In Cash and Cash Equivalents		129		(33)
Cash and Cash Equivalents:		12)		(55)
Beginning of Period		240		273
beginning of refrod	-	240		213
End of Period	\$	369	\$	240
			-	
Non-Cash Investing Activity				
Contribution of Timber and Timberlands to Timberland Venture	\$	174	\$	-

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

Income sprom Operating Activities:         Income sprom Spr			Quarter Ended		
Cash Flows From Operating Activities:           Net Income         \$ 95 \$ \$         \$ 118           Adjustments to Reconcile Net Income to         S         95 \$ \$ 118           Net Cash Provided By Operating Activities:         S         95 \$ \$ 218           Depreciation, Depletion and Amoritzation         26 \$ 32         32           Basis of Real Estates 50d Income 1         100 \$ 63         63           Equity Earnings from Timberland Venture         (15) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		Dece	mber 31,	December 31,	
Cash Flows From Operating Activities:         \$ 95 \$ 188           Adjustments to Reconcile Net Income to         Second Agination of Cash Provided By Operating Activities:         Second Agination of Cash Provided By Operating Activities:         Second Agination of Cash Provided By Operating Activities:         Second Agination of Cash Agination		2	2008	<u>2007</u>	
Net Income         \$ 95 \$ \$ 18           Adjustments to Reconcile Net Income to         Vet Cash Provided By Operating Activities:           Net Cash Provided By Operating Activities:         Second Provided By Operating Activities:           Depreciation, Depletion and Amortization         26 32           Basis of Real Estate Sold         100 6           Equity Earnings from Timberland Venture         (15) 6           Expenditures for Real Estate Development         (11) 6           Deferred Income Taxes         1 (10) 1           Deferred Revenue from Cong-Term Gas Leases (Net of Amortization)         (11) 1         -           Deferred Revenue from Long-Term Gas Leases (Net of Amortization)         (23) 1         -           Pension Plan Contributions         (23) 1         -           Operating Capital Changes Impacting Cash Flow:         21 1         3           Usike Kind Exchange Funds         21 1         3           Other Working Capital Changes         (7) (10)         (10)           Other         8 5         5           Net Cash Provided By Operating Activities         22 1         3           Cash Flows From Investing Activities         (23) (23) (34)         3           Investment in Timberland Venture         (9) (23) (34)         3           Investment in Timberland V			(In Millions)	)	
Adjustments to Reconcile Net Income to           Net Cash Provided By Operating Activities:           Depreciation, Depletion and Amortization         26         32           Basis of Real Estate Sold         100         63           Equity Earnings from Timberland Venture         (15)         -           Expenditures for Real Estate Development         (11)         (6)           Deferred Income Taxes         1         (2)           Gain on Extinguishment of Debt         (11)         -           Deferred Revenue from Long-Term Gas Leases (Net of Amortization)         1         -           Pension Plan Contributions         (23)         -           Working Capital Changes Impacting Cash Flow:         21         13           Like-Kind Exchange Funds         21         13           Other Working Capital Changes         (7)         (10)           Other         8         5           Net Cash Provided By Operating Activities           Cash Provided By Operating Activities           Capital Expenditures (Excluding Timberland Acquisitions)         (23)         (34)           Inwestment in Timberland Venture         (9)         -           Purchases of Marketable Securities         (6)         -	Cash Flows From Operating Activities:				
Net Cash Provided By Operating Activities:         26         32           Depreciation, Depletion and Amortization         26         32           Basis of Real Estate Sold         100         63           Equity Earnings from Timberland Venture         (15)         -           Expenditures for Real Estate Development         (1)         (6)           Deferred Income Taxes         1         (2)           Gain on Extinguishment of Debt         (11)         -           Deferred Revenue from Long-Term Gas Leases (Net of Amortization)         1         -           Pension Plan Contributions         (23)         -           Working Capital Changes Impacting Cash Flow:         21         13           Other Working Capital Changes         7         (10)           Other Working Capital Changes         7         (10)           Other         8         5           Net Cash Provided By Operating Activities         21         3           Cash Else From Investing Activities         (23)         (34)           Timberlands Acquired         (54)         (78)           Investment in Timberland Venture         (9)         -           Purchases of Marketable Securities         (6)         -           Net Cash Ived In Investing Act	Net Income	\$	95 \$	118	
Depreciation, Depletion and Amortization         26         32           Basis of Real Estate Sold         100         63           Equity Earnings from Timberland Venture         (15)         -           Expenditures for Real Estate Development         (1)         (6)           Deferred Income Taxes         1         (2)           Gain on Extinguishment of Debt         (11)         -           Deferred Revenue from Long-Term Gas Leases (Net of Amortization)         1         -           Pension Plan Contributions         (23)         -           Working Capital Changes Impacting Cash Flow:         21         13           Like-Kind Exchange Funds         21         13           Other Working Capital Changes         (7)         (10)           Other Working Capital Changes         (7)         (10)           Other         8         5           Net Cash Provided By Operating Activities         21         13           Cash Flows From Investing Activities         (23)         (34)           Timberlands Acquired         (54)         (78           Investment in Timberland Venture         (9)         -           Purchases of Marketable Securities         (6)         -           Net Cash Used In Investing Activities	Adjustments to Reconcile Net Income to				
Basis of Real Estate Sold         100         63           Equity Earnings from Timberland Venture         (15)         -           Expenditures for Real Estate Development         (11)         (6)           Deferred Income Taxes         1         (2)           Gain on Extinguishment of Debt         (11)         -           Deferred Revenue from Long-Term Gas Leases (Net of Amortization)         1         -           Pension Plan Contributions         (23)         -           Working Capital Changes Impacting Cash Flow:         21         13           Like-Kind Exchange Funds         21         13           Other Working Capital Changes         (7)         (10)           Other         8         5           Net Cash Provided By Operating Activities         195         213           Cash Flows From Investing Activities           Cash Else Expenditures (Excluding Timberland Acquisitions)         (23)         (34)           Innestment in Timberland Venture         (9)         -           Purchases of Marketable Securities         (9)         -           Net Cash Used In Investing Activities         (9)         -           Cash Investing Activities           Cash From Financing Activities         (70)	Net Cash Provided By Operating Activities:				
Equity Earnings from Timberland Venture         (15)         -           Expenditures for Real Estate Development         (1)         (6)           Deferred Income Taxes         1         (2)           Gain on Extinguishment of Debt         (11)         -           Deferred Revenue from Long-Term Gas Leases (Net of Amortization)         1         -           Pension Plan Contributions         (23)         -           Working Capital Changes Impacting Cash Flow:         21         13           Like-Kind Exchange Funds         21         13           Other Working Capital Changes         (7)         (10)           Other         8         5           Net Cash Provided By Operating Activities         195         213           Cash From Investing Activities         (23)         (34)           Capital Expenditures (Excluding Timberland Acquisitions)         (23)         (34)           Timberlands Acquired         (54)         (78)           Investment in Timberland Venture         (9)         -           Prochases of Marketable Securities         (6)         -           Net Cash Used In Investing Activities         (70)         (72)           Borrowings on Line of Credit         (23)         (57)           Repayments	Depreciation, Depletion and Amortization		26	32	
Expenditures for Real Estate Development         (1)         (6)           Deferred Income Taxes         1         (2)           Gain on Extinguishment of Debt         (11)         -           Deferred Revenue from Long-Term Gas Leases (Net of Amortization)         1         -           Pension Plan Contributions         (23)         -           Working Capital Changes Impacting Cash Flow:         21         13           Like-Kind Exchange Funds         21         13           Other Working Capital Changes         (7)         (10)           Other         8         5           Net Cash Provided By Operating Activities         48         5           Net Cash Flows From Investing Activities         (23)         (34)           Timberlands Acquired         (54)         (78)           Investment in Timberland Venture         (9)         -           Purchases of Marketable Securities         (6)         -           Net Cash Used In Investing Activities         (92)         (112)           Cash Flows From Financing Activities           Dividends         (70)         (72)           Borrowings on Line of Credit         (432)         (574)           Repayments on Line of Credit         (432)         (574)				63	
Deferred Income Taxes         1         (2)           Gain on Extinguishment of Debt         (11)         -           Deferred Revenue from Long-Term Gas Leases (Net of Amortization)         1         -           Pension Plan Contributions         (23)         -           Working Capital Changes Impacting Cash Flow:         21         13           Like-Kind Exchange Funds         21         13           Other Working Capital Changes         (7)         (10)           Other         8         5           Net Cash Provided By Operating Activities         195         213           Cash Flows From Investing Activities         2(23)         (34)           Timberlands Acquired         (54)         (78)           Investment in Timberland Venture         (9)         -           Purchases of Marketable Securities         (6)         -           Net Cash Used In Investing Activities         (92)         (112)           Cash Flows From Financing Activities           Dividends         (70)         (72)           Berrowings on Line of Credit         231         616           Repayments on Line of Credit         231         616           Repayments on Line of Credit         (32)         (574) <tr< td=""><td>* * *</td><td></td><td>(15)</td><td>-</td></tr<>	* * *		(15)	-	
Gain on Extinguishment of Debt         (11)         -           Deferred Revenue from Long-Term Gas Leases (Net of Amortization)         1         -           Pension Plan Contributions         (23)         -           Working Capital Changes Impacting Cash Flow:         21         13           Like-Kind Exchange Funds         (7)         (10)           Other         8         5           Net Cash Provided By Operating Activities         195         213           Cash Flows From Investing Activities           Capital Expenditures (Excluding Timberland Acquisitions)         (23)         (34)           Timberlands Acquired         (54)         (78)           Investment in Timberland Venture         (9)         -           Purchases of Marketable Securities         (6)         -           Net Cash Used In Investing Activities         (70)         (72)           Cash Flows From Financing Activities           Dividends         (70)         (72)           Borrowings on Line of Credit         (32)         (574)           Principal Payments and Retirement of Long-Term Debt         (208)         -           Note Payable to Timberland Venture         78         -           Proceeds from Stock Option Exercises         -			. ,	. ,	
Deferred Revenue from Long-Term Gas Leases (Net of Amortization)         1         -           Pension Plan Contributions         23         -           Working Capital Changes Impacting Cash Flow:         21         13           Other Working Capital Changes         7         (10)           Other Working Capital Changes         7         (10)           Net Cash Provided By Operating Activities         8         5           Cash Flows From Investing Activities:           Cash Eyenditures (Excluding Timberland Acquisitions)         23         (34)           1 mberlands Acquired         (54)         (78)           1 ninberlands Acquired         (54)         (78)           1 ninberland Venture         (9)         -           Purchases of Marketable Securities         (92)         (112)           Cash Used In Investing Activities           Dividends         7(0)         (72)           Borrowings on Line of Credit         231         616           Repayments on Line of Credit         231         616           Repayments on Line of Credit         (432)         (574)           Principal Payments and Retirement of Long-Term Debt         (208)         -           Note Payable to Timberland Venture				(2)	
Pension Plan Contributions         (23)         -           Working Capital Changes Impacting Cash Flow:         21         13           Like-Kind Exchange Funds         (7)         (10)           Other Working Capital Changes         (7)         (10)           Other         8         5           Net Cash Provided By Operating Activities         -         195         213           Cash Flows From Investing Activities         223         (34)         (34)           Capital Expenditures (Excluding Timberland Acquisitions)         (23)         (34)         (78)           Investment in Timberland Venture         (9)         -         -           Purchases of Marketable Securities         (6)         -         -           Net Cash Used In Investing Activities         (92)         (112)           Cash From Financing Activities         70         (72)           Borrowings on Line of Credit         231         616           Repayments on Line of Credit         (33)         616           Repayments and Retirement of Long-Term Debt         (208)         -           Note Payable to Timberland Venture         783         -           Proceeds from Stock Option Exercises         -         1	· · · · · · · · · · · · · · · · · · ·		. ,	-	
Working Capital Changes Impacting Cash Flow:         21         13           Like-Kind Exchange Funds         67         (10)           Other         8         5           Net Cash Provided By Operating Activities         195         213           Cash Flows From Investing Activities           Capital Expenditures (Excluding Timberland Acquisitions)         (23)         (34)           Timberlands Acquired         (54)         (78)           Investment in Timberland Venture         (9)         -           Purchases of Marketable Securities         (6)         -           Net Cash Used In Investing Activities         (92)         (112)           Cash Flows From Financing Activities           Dividends         (70)         (72)           Borrowings on Line of Credit         231         616           Repayments on Line of Credit         (432)         (574)           Principal Payments and Retirement of Long-Term Debt         (208)         -           Note Payable to Timberland Venture         783         -           Proceeds from Stock Option Exercises         -         1           Acquisition of Treasury Stock         (213)         -           Net Cash Provided By (Used In) Financing Activities         91				-	
Like-Kind Exchange Funds         21         13           Other Working Capital Changes         (7)         (10)           Other         8         5           Net Cash Provided By Operating Activities         195         213           Cash Flows From Investing Activities           Cash Flows From Investing Activities           Capital Expenditures (Excluding Timberland Acquisitions)         (23)         (34)           Timberlands Acquired         (54)         (78)           Investment in Timberland Venture         (9)         -           Purchases of Marketable Securities         (6)         -           Net Cash Used In Investing Activities         (92)         (112)           Cash Flows From Financing Activities           Dividends         (70)         (72)           Borrowings on Line of Credit         231         616           Repayments on Line of Credit         (432)         (574)           Principal Payments and Retirement of Long-Term Debt         (208)         -           Note Payable to Timberland Venture         783         -           Proceeds from Stock Option Exercises         -         1           Acquisition of Treasury Stock         (21)         -			(23)	-	
Other Working Capital Changes         (7)         (10)           Other         8         5           Net Cash Provided By Operating Activities         195         213           Cash Flows From Investing Activities:           Capital Expenditures (Excluding Timberland Acquisitions)         (23)         (34)           Timberlands Acquired         (54)         (78)           Investment in Timberland Venture         (9)         -           Purchases of Marketable Securities         (6)         -           Net Cash Used In Investing Activities         (92)         (112)           Cash Flows From Financing Activities           Dividends         (70)         (72)           Borrowings on Line of Credit         231         616           Repayments on Line of Credit         (432)         (574)           Principal Payments and Retirement of Long-Term Debt         (208)         -           Note Payable to Timberland Venture         783         -           Proceeds from Stock Option Exercises         -         1           Acquisition of Treasury Stock         (213)         -           Net Cash Provided By (Used In) Financing Activities         91         (29)           Increase (Decrease) In Cash and Cash Equivalents         19					
Other         8         5           Net Cash Provided By Operating Activities         195         213           Cash Flows From Investing Activities:           Capital Expenditures (Excluding Timberland Acquisitions)         (23)         (34)           Timberlands Acquired         (54)         (78)           Investment in Timberland Venture         (9)         -           Purchases of Marketable Securities         (6)         -           Net Cash Used In Investing Activities         (92)         (112)           Cash Flows From Financing Activities         (92)         (122)           Dividends         (70)         (72)           Borrowings on Line of Credit         (23)         (574)           Principal Payments and Retirement of Long-Term Debt         (432)         (574)           Principal Payments and Retirement of Long-Term Debt         (208)         -           Note Payable to Timberland Venture         783         -           Proceeds from Stock Option Exercises         -         1           Acquisition of Treasury Stock         (21)         -           Net Cash Provided By (Used In) Financing Activities         91         (29)           Increase (Decrease) In Cash and Cash Equivalents         194         72	· · · · · · · · · · · · · · · · · · ·				
Net Cash Provided By Operating Activities         195         213           Cash Flows From Investing Activities           Capital Expenditures (Excluding Timberland Acquisitions)         (23)         (34)           Timberlands Acquired         (54)         (78)           Investment in Timberland Venture         (9)         -           Purchases of Marketable Securities         (6)         -           Net Cash Used In Investing Activities         (92)         (112)           Cash Flows From Financing Activities           Dividends         (70)         (72)           Borrowings on Line of Credit         231         616           Repayments on Line of Credit         (432)         (574)           Principal Payments and Retirement of Long-Term Debt         (208)         -           Note Payable to Timberland Venture         783         -           Proceeds from Stock Option Exercises         -         1           Acquisition of Treasury Stock         (213)         -           Net Cash Provided By (Used In) Financing Activities         91         (29)           Increase (Decrease) In Cash and Cash Equivalents         194         72           Cash and Cash Equivalents:         175         168			. ,		
Cash Flows From Investing Activities:           Capital Expenditures (Excluding Timberland Acquisitions)         (23)         (34)           Timberlands Acquired         (54)         (78)           Investment in Timberland Venture         (9)         -           Purchases of Marketable Securities         (6)         -           Net Cash Used In Investing Activities         (92)         (112)           Cash Flows From Financing Activities           Dividends         (70)         (72)           Borrowings on Line of Credit         231         616           Repayments on Line of Credit         (432)         (574)           Principal Payments and Retirement of Long-Term Debt         (208)         -           Note Payable to Timberland Venture         783         -           Proceeds from Stock Option Exercises         -         1           Acquisition of Treasury Stock         (213)         -           Net Cash Provided By (Used In) Financing Activities         91         (29)           Increase (Decrease) In Cash and Cash Equivalents         194         72           Cash and Cash Equivalents:         195         168					
Capital Expenditures (Excluding Timberland Acquisitions)         (23)         (34)           Timberlands Acquired         (54)         (78)           Investment in Timberland Venture         (9)         -           Purchases of Marketable Securities         (6)         -           Net Cash Used In Investing Activities         (92)         (112)           Cash Flows From Financing Activities           Dividends         (70)         (72)           Borrowings on Line of Credit         231         616           Repayments on Line of Credit         (432)         (574)           Principal Payments and Retirement of Long-Term Debt         (208)         -           Note Payable to Timberland Venture         783         -           Proceeds from Stock Option Exercises         -         1           Acquisition of Treasury Stock         (213)         -           Net Cash Provided By (Used In) Financing Activities         91         (29)           Increase (Decrease) In Cash and Cash Equivalents         194         72           Cash and Cash Equivalents:         Beginning of Period         175         168	Net Cash Provided By Operating Activities		195	213	
Timberlands Acquired         (54)         (78)           Investment in Timberland Venture         (9)         -           Purchases of Marketable Securities         (6)         -           Net Cash Used In Investing Activities         (92)         (112)           Cash Flows From Financing Activities:           Dividends         (70)         (72)           Borrowings on Line of Credit         231         616           Repayments on Line of Credit         (432)         (574)           Principal Payments and Retirement of Long-Term Debt         (208)         -           Note Payable to Timberland Venture         783         -           Proceeds from Stock Option Exercises         -         1           Acquisition of Treasury Stock         (213)         -           Net Cash Provided By (Used In) Financing Activities         91         (29)           Increase (Decrease) In Cash and Cash Equivalents         194         72           Cash and Cash Equivalents:         Beginning of Period         175         168	Cash Flows From Investing Activities:				
Investment in Timberland Venture         (9)         -           Purchases of Marketable Securities         (6)         -           Net Cash Used In Investing Activities         (92)         (112)           Cash Flows From Financing Activities:         -         (70)         (72)           Borrowings on Line of Credit         231         616           Repayments on Line of Credit         (432)         (574)           Principal Payments and Retirement of Long-Term Debt         (208)         -           Note Payable to Timberland Venture         783         -           Proceeds from Stock Option Exercises         -         1           Acquisition of Treasury Stock         (213)         -           Net Cash Provided By (Used In) Financing Activities         91         (29)           Increase (Decrease) In Cash and Cash Equivalents         194         72           Cash and Cash Equivalents:         Beginning of Period         175         168	Capital Expenditures (Excluding Timberland Acquisitions)		(23)	(34)	
Purchases of Marketable Securities         (6)         -           Net Cash Used In Investing Activities         (92)         (112)           Cash Flows From Financing Activities:           Dividends         (70)         (72)           Borrowings on Line of Credit         231         616           Repayments on Line of Credit         (432)         (574)           Principal Payments and Retirement of Long-Term Debt         (208)         -           Note Payable to Timberland Venture         783         -           Proceeds from Stock Option Exercises         -         1           Acquisition of Treasury Stock         (213)         -           Net Cash Provided By (Used In) Financing Activities         91         (29)           Increase (Decrease) In Cash and Cash Equivalents         194         72           Cash and Cash Equivalents:         Beginning of Period         175         168	Timberlands Acquired		(54)	(78)	
Net Cash Used In Investing Activities         (92)         (112)           Cash Flows From Financing Activities:         (70)         (72)           Dividends         (70)         (72)           Borrowings on Line of Credit         231         616           Repayments on Line of Credit         (432)         (574)           Principal Payments and Retirement of Long-Term Debt         (208)         -           Note Payable to Timberland Venture         783         -           Proceeds from Stock Option Exercises         -         1           Acquisition of Treasury Stock         (213)         -           Net Cash Provided By (Used In) Financing Activities         91         (29)           Increase (Decrease) In Cash and Cash Equivalents         194         72           Cash and Cash Equivalents:         194         72           Beginning of Period         175         168	Investment in Timberland Venture		(9)	-	
Cash Flows From Financing Activities:         Dividends       (70)       (72)         Borrowings on Line of Credit       231       616         Repayments on Line of Credit       (432)       (574)         Principal Payments and Retirement of Long-Term Debt       (208)       -         Note Payable to Timberland Venture       783       -         Proceeds from Stock Option Exercises       -       1         Acquisition of Treasury Stock       (213)       -         Net Cash Provided By (Used In) Financing Activities       91       (29)         Increase (Decrease) In Cash and Cash Equivalents       194       72         Cash and Cash Equivalents:       195       168         Beginning of Period       175       168	Purchases of Marketable Securities		(6)		
Dividends       (70)       (72)         Borrowings on Line of Credit       231       616         Repayments on Line of Credit       (432)       (574)         Principal Payments and Retirement of Long-Term Debt       (208)       -         Note Payable to Timberland Venture       783       -         Proceeds from Stock Option Exercises       -       1         Acquisition of Treasury Stock       (213)       -         Net Cash Provided By (Used In) Financing Activities       91       (29)         Increase (Decrease) In Cash and Cash Equivalents       194       72         Cash and Cash Equivalents:       175       168	Net Cash Used In Investing Activities		(92)	(112)	
Borrowings on Line of Credit 231 616 Repayments on Line of Credit (432) (574) Principal Payments and Retirement of Long-Term Debt (208) - Note Payable to Timberland Venture 783 - Proceeds from Stock Option Exercises - 1 Acquisition of Treasury Stock (213) - Net Cash Provided By (Used In) Financing Activities 91 (29)  Increase (Decrease) In Cash and Cash Equivalents 91 72 Cash and Cash Equivalents: Beginning of Period 175 168	Cash Flows From Financing Activities:				
Repayments on Line of Credit  Principal Payments and Retirement of Long-Term Debt  Note Payable to Timberland Venture  Proceeds from Stock Option Exercises  Acquisition of Treasury Stock  Net Cash Provided By (Used In) Financing Activities  Increase (Decrease) In Cash and Cash Equivalents  Cash and Cash Equivalents:  Beginning of Period  (574)  (208)  -  183  -  194  72  194  72  194  72  194  72  196  196  196  196  197  198	Dividends		(70)	(72)	
Principal Payments and Retirement of Long-Term Debt Note Payable to Timberland Venture Proceeds from Stock Option Exercises Acquisition of Treasury Stock Net Cash Provided By (Used In) Financing Activities  Increase (Decrease) In Cash and Cash Equivalents Cash and Cash Equivalents Beginning of Period  (208) - (208) - (208) - (208) - (213) - (213) - (29) - (29) - (29) - (29) - (29) - (29) - (29) - (29) - (29) - (20) - (213) - (29) - (29) - (29) - (29) - (20) - (213) - (29) - (29) - (29) - (20) - (213) - (29) - (29) - (29) - (20) - (213) - (29) - (29) - (29) - (20) - (213) - (29) - (29) - (29) - (20) - (213) - (29) - (29) - (29) - (20) - (213) - (29) - (29) - (29) - (20) - (213) - (29) - (29) - (29) - (20) - (213) - (29) - (29) - (29) - (20) - (213) - (29) - (29) - (20) - (213) - (29) - (29) - (20) - (213) - (29) - (29) - (20) - (213) - (29) - (29) - (20) - (213) - (29) - (29) - (20) - (20) - (213) - (20) - (213) - (29) - (29) - (20) - (213) - (29) - (29) - (20) - (213) - (29) - (20) - (213) - (29) - (20) - (213) - (29) - (20) - (213) - (20) - (213) - (20) - (213) - (20) - (213) - (20) - (213) - (20) - (213) - (20) - (213) - (20) - (213) - (20) - (213) - (20) - (213) - (20) - (213) - (20) - (213) - (20) - (213) - (20) - (213) - (20) - (213) - (20) - (213) - (20) - (213) - (20) - (213) - (20) - (213) - (20) - (20) - (213) - (20) - (20) - (213) - (20) - (2	Borrowings on Line of Credit		231	616	
Note Payable to Timberland Venture 783 - Proceeds from Stock Option Exercises - 1 Acquisition of Treasury Stock (213) - Net Cash Provided By (Used In) Financing Activities 91 (29)  Increase (Decrease) In Cash and Cash Equivalents 194 72 Cash and Cash Equivalents: Beginning of Period 175 168	Repayments on Line of Credit		(432)	(574)	
Proceeds from Stock Option Exercises - 1 Acquisition of Treasury Stock (213) - Net Cash Provided By (Used In) Financing Activities 91 (29)  Increase (Decrease) In Cash and Cash Equivalents 194 72 Cash and Cash Equivalents: Beginning of Period 175 168	Principal Payments and Retirement of Long-Term Debt		(208)	-	
Acquisition of Treasury Stock Net Cash Provided By (Used In) Financing Activities  Polymerase (Decrease) In Cash and Cash Equivalents Cash and Cash Equivalents: Beginning of Period  1029  114  72  115  168	Note Payable to Timberland Venture		783	-	
Net Cash Provided By (Used In) Financing Activities  91 (29)  Increase (Decrease) In Cash and Cash Equivalents Cash and Cash Equivalents: Beginning of Period  175 168	Proceeds from Stock Option Exercises		-	1	
Increase (Decrease) In Cash and Cash Equivalents Cash and Cash Equivalents: Beginning of Period  194 72 175 168	Acquisition of Treasury Stock		(213)		
Cash and Cash Equivalents: Beginning of Period 175 168	Net Cash Provided By (Used In) Financing Activities		91	(29)	
Beginning of Period 175 168	Increase (Decrease) In Cash and Cash Equivalents		194	72	
	Cash and Cash Equivalents:				
End of Period \$ 369 \$ 240	Beginning of Period		175	168	
	End of Period	\$	369 \$	240	
Non-Cash Investing Activity	Non-Cash Investing Activity				
Contribution of Timber and Timberlands to Timberland Venture \$ 174 \$ -	• •	\$	174 \$	-	

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

		Twelve		Twelve	
		Months		Months	
		2008		2007	
		(In M	Iillions	5)	
Revenues:					
Northern Resources	\$	347	\$	361	
Southern Resources		461		492	
Real Estate		432		402	
Manufacturing		405		471	
Other		25		20	
Eliminations		(56)		(71)	
Total Revenues	\$	1,614	\$	1,675	
Operating Income (Loss)					
Northern Resources	\$	41	\$	58	
Southern Resources		128		161	
Real Estate		245		250	
Manufacturing		(44)		2	
Other		23		17	
Other Costs and Eliminations		(64)		(64)	
Other Operating Income (Expense), net		(1)		-	
Total Operating Income	\$ <u> </u>	328	\$	424	

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

	Fourth			Fourth	
	(	Quarter		Quarter 2007	
		2008			
		(In M	Iillions	s)	
Revenues:					
Northern Resources	\$	84	\$	97	
Southern Resources		95		118	
Real Estate		215		198	
Manufacturing		75		108	
Other		6		5	
Eliminations		(14)		(22)	
Total Revenues	\$	461	\$	504	
Operating Income (Loss)					
Northern Resources	\$	8	\$	17	
Southern Resources		25		35	
Real Estate		104		121	
Manufacturing		(20)		(1)	
Other		6		4	
Other Costs and Eliminations		(17)		(21)	
Other Operating Income (Expense), net		(3)	_		
Total Operating Income	\$	103	\$	155	

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

,		2008				2007					
		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Sales Realization Southern Resources	Units										
Sawlog	\$/Ton Stumpage	\$29	\$26	\$25	\$26	\$26	\$32	\$31	\$31	\$30	\$31
Pulpwood	\$/Ton Stumpage	\$10	\$10	\$10	\$12	\$10	\$9	\$9	\$9	\$9	\$9
Northern Resources											
Sawlog	\$/Ton Delivered	\$67	\$68	\$74	\$68	\$69	\$71	\$76	\$76	\$71	\$73
Pulpwood	\$/Ton Delivered	\$39	\$43	\$45	\$44	\$43	\$37	\$38	\$36	\$38	\$37
Lumber (1)	\$/MBF	\$366	\$367	\$384	\$367	\$371	\$390	\$400	\$405	\$410	\$400
Plywood (1)	\$/MSF	\$398	\$404	\$396	\$382	\$397	\$398	\$407	\$416	\$399	\$405
Fiberboard (1)	\$/MSF	\$591	\$600	\$610	\$625	\$604	\$490	\$529	\$542	\$538	\$525
Sales Volume											
Southern Resources											
Sawlog	1,000 Tons	1,459	1,666	1,425	1,020	5,570	1,681	1,691	1,639	1,401	6,412
Pulpwood	1,000 Tons	1,976	2,221	2,089	1,741	8,027	1,954	1,901	1,841	2,020	7,716
Total Harvest		3,435	3,887	3,514	2,761	13,597	3,635	3,592	3,480	3,421	14,128
Northern Resources											
Sawlog	1,000 Tons	978	739	828	821	3,366	960	789	821	1,032	3,602
Pulpwood	1,000 Tons	738	504	725	649	2,616	819	527	635	645	2,626
Total Harvest		1,716	1,243	1,553	1,470	5,982	1,779	1,316	1,456	1,677	6,228
Lumber	MBF	69,596	83,477	74,100	62,660	289,833	95,265	95,701	82,217	77,248	350,431
Plywood	MSF	68,746	68,616	62,112	37,509	236,983	72,582	72,454	69,796	62,614	277,446
Fiberboard	MSF	58,784	63,205	44,371	31,071	197,431	64,872	65,938	64,039	59,179	254,028

<sup>(1)</sup> Represents prices at mill level.

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

( - 1111 1111)	2008					2007				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr (1)	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Acres Sold										
Small Non-strategic	17,145	13,215	14,800	47,125	92,285	8,645	21,255	30,735	16,895	77,530
Large Non-strategic	-	-	-	-	-	-	-	-	99,325	99,325
Conservation	1,015	595	39,880	134,250	175,740	4,210	480	2,650	24,505	31,845
HBU/Recreation	10,635	11,785	15,640	7,550	45,610	3,750	8,695	10,400	14,220	37,065
Development Properties	65	700	10	45	820	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	n/a	n/a
	28,860	26,295	70,330	188,970	314,455	16,650	31,025	44,675	158,705	251,055
Price per Acre										
Small Non-strategic	\$1,180	\$1,285	\$1,145	\$745	\$965	\$1,445	\$1,295	\$1,400	\$1,510	\$1,400
Large Non-strategic	-	-	-	-	-	-	-	-	\$705	\$705
Conservation	\$395	\$1,555	\$1,035	\$1,170	\$1,140	\$1,740	\$6,660	\$2,150	\$1,080	\$1,340
HBU/Recreation	\$2,875	\$2,740	\$3,220	\$2,965	\$2,975	\$4,300	\$3,150	\$3,675	\$3,315	\$3,475
Development Properties	\$5,825	\$9,630	\$13,130	\$4,095	\$8,770	\$22,045	\$21,260	\$8,410	\$7,640	\$9,440
Conservation Easements	-	-	-	-	-	-	-	-	-	-
Revenue, (\$ millions)										
Small Non-strategic	\$20	\$17	\$17	\$35	\$89	\$13	\$28	\$43	\$26	\$110
Large Non-strategic	-	-	-	-	-	-	-	-	\$70	\$70
Conservation	-	\$1	\$41	\$157	\$200	\$7	\$3	\$6	\$26	\$42
HBU/Recreation	\$31	\$32	\$50	\$22	\$136	\$16	\$27	\$38	\$47	\$128
Development Properties	-	\$7	-	-	\$7	\$1	\$13	\$7	\$29	\$50
Conservation Easements					-					
	\$52	\$57	\$108	\$215	\$432	\$37	\$71	\$94	\$198	\$400
<b>Proceeds from Joint Ventures (2)</b>	-	-	-	-	-	\$2	-	-	-	\$2
Basis of Real Estate Sold (3)	\$10	\$13	\$26	\$100	\$149	\$9	\$14	\$22	\$63	\$108

<sup>(1)</sup> During the 4th quarter of 2008 we sold 130,000 acres in Montana to a conservation buyer for \$150 million. The sale is presented as a Conservation sale. The transaction included 59,000 acres of Conservation property, 51,000 acres of Small Non-strategic property, 16,000 acres of HBU/ Recreation property, and 4,000 acres of Development property.

<sup>(2)</sup> Not reflected in the Land Sale Statistics (Acres Sold, Price per Acre and Revenue)

<sup>(3)</sup> Includes \$75 million in the fourth quarter of 2008 for a 130,000 acre conservation sale in Montana and \$26 million in the fourth quarter of 2007 for a large non-strategic sale in Wisconsin.

## PLUM CREEK TIMBER COMPANY, INC. DEBT MATURITIES SCHEDULE December 31, 2008 (UNAUDITED)

Borrowings (1)					
Weighted Avg.					
Principal	<b>Interest Rate</b>				
49	7.670%				
109	8.730%				
52	5.480%				
4	8.050%				
416	7.739%	(2)			
604	-	(3)			
250	6.663%	(4)			
4	8.050%				
	Principal  49 109 52 4 416 604 250	Weighted Avg. Interest Rate   49   7.670%   109   8.730%   52   5.480%   4   8.050%   416   7.739%   604   - 250   6.663%			

- (1) Does not include repayments on the company's \$750 million revolving line of credit due in 2011.
- (2) Principal amount composed of senior notes with principal amounts of \$74 million, \$4 million, \$290 million and \$48 million and interest rates of 7.970%, 8.050%, 7.660% and 7.830%, respectively.
- (3) Includes \$600 million of maturities for the company's two term credit agreements and senior notes with principal of \$4 million and an interest rate of 8.050%. The interest rate on the \$350 million term credit agreement is currently based on LIBOR plus 0.45%. The interest rate on the \$250 million term credit agreement is currently based on LIBOR plus 1.00%.
- (4) Principal amount composed of senior notes with principal amounts of \$4 million, \$72 million and \$174 million and interest rates of 8.050%, 7.760% and 6.180%, respectively.

## Plum Creek Timber Company, Inc Acreage Ownership by State (Unaudited)

(Chaudice)	December 31, 2008
Alabama	100,000
Arkansas	773,000
Florida	600,000
Georgia	784,000
Louisiana	473,000
Maine	929,000
Michigan	602,000
Mississippi	686,000
Montana	1,089,000
New Hampshire	33,000
North Carolina	9,000
Oklahoma	6,000
Oregon	430,000
South Carolina	189,000
Texas	47,000
Vermont	86,000
Washington	121,000
West Virginia	112,000
Wisconsin	320,000
Total	7,389,000