

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

Quarter Ended
March 31, March 31,
2008 2007

(In Millions, Except Per Share Amounts)

Revenues:

Timber	\$ 201	\$ 209
Real Estate	52	39
Manufacturing	105	115
Other	5	6
Total Revenues	<u>363</u>	<u>369</u>

Costs and Expenses:

Cost of Goods Sold:		
Timber	139	134
Real Estate	16	16
Manufacturing	112	113
Other	-	1
Total Cost of Goods Sold	<u>267</u>	<u>264</u>
Selling, General and Administrative	30	30
Total Costs and Expenses	<u>297</u>	<u>294</u>

Other Operating Income (Expense), net	<u>3</u>	<u>2</u>
Operating Income	69	77
Interest Expense, net	<u>36</u>	<u>36</u>
Income before Income Taxes	33	41
Benefit for Income Taxes	<u>(5)</u>	<u>(4)</u>
Net Income	<u>\$ 38</u>	<u>\$ 45</u>

Per Share Amounts:

Net Income per Share		
- Basic	\$ 0.22	\$ 0.26
- Diluted	\$ 0.22	\$ 0.25
Weighted Average Number of Shares Outstanding		
- Basic	171.6	177.1
- Diluted	172.1	177.5

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

March 31,
2008 December 31,
2007

(In Millions, Except Per Share Amounts)

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	118	\$	240
Accounts Receivable		39		33
Like-Kind Exchange Funds Held in Escrow		31		-
Inventories		86		82
Deferred Tax Asset		7		7
Real Estate Development Properties		6		5
Assets Held for Sale		66		64
Other Current Assets		24		25
		<u>377</u>		<u>456</u>

Timber and Timberlands, net		3,924		3,949
Property, Plant and Equipment, net		196		202
Investment in Grantor Trusts (At Fair Value)		24		27
Other Assets		35		30
Total Assets	\$	<u>4,556</u>	\$	<u>4,664</u>

LIABILITIES

Current Liabilities:

Current Portion of Long-Term Debt	\$	150	\$	147
Accounts Payable		37		48
Interest Payable		39		29
Wages Payable		11		25
Taxes Payable		15		23
Deferred Revenue		7		13
Other Current Liabilities		17		18
		<u>276</u>		<u>303</u>

Long-Term Debt		2,020		1,820
Line of Credit		369		556
Deferred Tax Liability		18		20
Other Liabilities		57		64
Total Liabilities		<u>2,740</u>		<u>2,763</u>

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 March 31, 2008, and 172.3 at December 31, 2007		2		2
Additional Paid-In Capital		2,206		2,204
Retained Earnings		168		202
Treasury Stock, at cost, Common Shares - 15.9 at March 31, 2008, and 14.6 at December 31, 2007		(560)		(509)
Accumulated Other Comprehensive Income		-		2
Total Stockholders' Equity		<u>1,816</u>		<u>1,901</u>
Total Liabilities and Stockholders' Equity	\$	<u>4,556</u>	\$	<u>4,664</u>

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

	<u>Quarter Ended</u>	
	March 31, <u>2008</u>	March 31, <u>2007</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 38	\$ 45
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	33	33
Basis of Real Estate Sold	10	9
Expenditures for Real Estate Development	(3)	(2)
Deferred Income Taxes	(2)	(3)
Working Capital Changes Impacting Cash Flow:		
Like-Kind Exchange Funds	(31)	(10)
Other Working Capital Changes	(39)	(31)
Other	(7)	(3)
Net Cash Provided By (Used In) Operating Activities	<u>(1)</u>	<u>38</u>
Cash Flows From Investing Activities:		
Capital Expenditures (Excluding Timberland Acquisitions)	(13)	(11)
Timberlands Acquired	(1)	-
Other	-	2
Net Cash Used In Investing Activities	<u>(14)</u>	<u>(9)</u>
Cash Flows From Financing Activities:		
Dividends	(72)	(75)
Borrowings on Line of Credit	477	649
Repayments on Line of Credit	(664)	(577)
Proceeds from Issuance of Long-Term Debt	250	-
Principal Payments and Retirement of Long-Term Debt	(47)	(72)
Proceeds from Stock Option Exercises	-	5
Acquisition of Treasury Stock	(51)	(22)
Net Cash Used In Financing Activities	<u>(107)</u>	<u>(92)</u>
Decrease In Cash and Cash Equivalents	(122)	(63)
Cash and Cash Equivalents:		
Beginning of Period	<u>240</u>	<u>273</u>
End of Period	<u>\$ 118</u>	<u>\$ 210</u>

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

	<u>Three Months 2008</u>	<u>Three Months 2007</u>
(In Millions)		
Revenues:		
Northern Resources	\$ 94	\$ 99
Southern Resources	122	127
Real Estate	52	39
Manufacturing	105	115
Other	5	6
Eliminations.....	<u>(15)</u>	<u>(17)</u>
Total Revenues	<u>\$ 363</u>	<u>\$ 369</u>
Operating Income (Loss)		
Northern Resources	\$ 14	\$ 19
Southern Resources	37	46
Real Estate	33	21
Manufacturing	(9)	(1)
Other	5	5
Other Costs and Eliminations.....	<u>(11)</u>	<u>(13)</u>
Total Operating Income.....	<u>\$ 69</u>	<u>\$ 77</u>

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

		2008		2007			
		1st Qtr		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Sales Realization		Units					
Southern Resources							
Sawlog	\$/Ton Stumpage	\$29	\$32	\$31	\$31	\$30	\$31
Pulpwood	\$/Ton Stumpage	\$10	\$9	\$9	\$9	\$9	\$9
Northern Resources							
Sawlog	\$/Ton Delivered	\$67	\$71	\$76	\$76	\$71	\$73
Pulpwood	\$/Ton Delivered	\$39	\$37	\$38	\$36	\$38	\$37
Lumber (1)	\$/MBF	\$366	\$390	\$400	\$405	\$410	\$400
Plywood (1)	\$/MSF	\$398	\$398	\$407	\$416	\$399	\$405
Fiberboard (1)	\$/MSF	\$591	\$490	\$529	\$542	\$538	\$525
Sales Volume							
Southern Resources							
Sawlog	1,000 Tons	1,459	1,681	1,691	1,639	1,401	6,412
Pulpwood	1,000 Tons	1,976	1,954	1,901	1,841	2,020	7,716
Total Harvest		3,435	3,635	3,592	3,480	3,421	14,128
Northern Resources							
Sawlog	1,000 Tons	978	960	789	821	1,032	3,602
Pulpwood	1,000 Tons	738	819	527	635	645	2,626
Total Harvest		1,716	1,779	1,316	1,456	1,677	6,228
Lumber	MBF	69,596	95,265	95,701	82,217	77,248	350,431
Plywood	MSF	68,746	72,582	72,454	69,796	62,614	277,446
Fiberboard	MSF	58,784	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)

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