

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

	<u>Quarter Ended</u>	
	September 30, <u>2004</u>	September 30, <u>2003</u>
(In Millions, Except Per Share Amounts)		
Revenues:		
Timber	\$ 178	\$ 158
Real Estate	42	28
Manufacturing	140	101
Other	3	3
Total Revenues	<u>363</u>	<u>290</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	96	88
Real Estate	16	10
Manufacturing	114	99
Other	-	1
Total Cost of Goods Sold	<u>226</u>	<u>198</u>
Selling, General and Administrative	22	20
Total Costs and Expenses	<u>248</u>	<u>218</u>
Operating Income	115	72
Interest Expense, net	<u>28</u>	<u>29</u>
Income before Income Taxes	87	43
Benefit (Provision) for Income Taxes	<u>(10)</u>	<u>2</u>
Net Income	<u>\$ 77</u>	<u>\$ 45</u>
Net Income per Share - Basic	<u>\$ 0.42</u>	<u>\$ 0.25</u>
Net Income per Share - Diluted	<u>\$ 0.42</u>	<u>\$ 0.25</u>
Weighted average number of Shares outstanding - Basic	<u>183.5</u>	<u>183.0</u>
Weighted average number of Shares outstanding - Diluted	<u>184.2</u>	<u>183.7</u>

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

	September 30, <u>2004</u>	December 31, <u>2003</u>
	(In Millions, Except Per Share Amounts)	
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 363	\$ 260
Restricted Advance from Customer	15	3
Accounts Receivable	44	34
Inventories	61	54
Investment in Grantor Trust	12	13
Deferred Tax Asset	11	11
Other Current Assets	<u>31</u>	<u>30</u>
	537	405
Timber and Timberlands - Net	3,578	3,674
Property, Plant and Equipment - Net	265	303
Other Assets	<u>7</u>	<u>5</u>
Total Assets	<u>\$ 4,387</u>	<u>\$ 4,387</u>
LIABILITIES		
Current Liabilities:		
Current Portion of Long-Term Debt	\$ 32	\$ 33
Accounts Payable	26	27
Interest Payable	36	28
Wages Payable	21	23
Taxes Payable	34	15
Deferred Revenue	31	16
Liabilities Associated with Grantor Trust	12	13
Other Current Liabilities	<u>20</u>	<u>13</u>
	212	168
Long-Term Debt	1,407	1,437
Lines of Credit	466	594
Deferred Tax Liability	49	37
Other Liabilities	<u>26</u>	<u>32</u>
Total Liabilities	<u>2,160</u>	<u>2,268</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 - 300.0, issued (including Treasury Stock) - 185.6 at September 30, 2004 and 185.1 at December 31, 2003	2	2
Additional Paid-In Capital	2,163	2,150
Retained Earnings	104	9
Treasury Stock, at cost, Common shares - 2.0	(43)	(43)
Other Equity	<u>1</u>	<u>1</u>
Total Stockholders' Equity	<u>2,227</u>	<u>2,119</u>
Total Liabilities and Stockholders' Equity	<u>\$ 4,387</u>	<u>\$ 4,387</u>

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

	<u>Nine Months Ended</u>	
	September 30, <u>2004</u>	September 30, <u>2003</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 289	\$ 136
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization (Includes \$4 Loss Related to Forest		
Fires in 2003)	78	79
Basis of Real Estate Sold (Includes Impairment Losses of \$20 in 2004 and \$9 in 2003)	127	57
Deferred Income Taxes	12	(8)
Gain on Sale of Other Assets	(5)	-
Working Capital Changes	16	33
Other	-	2
Net Cash Provided By Operating Activities	<u>517</u>	<u>299</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Timberland Acquisitions)	(49)	(60)
Timberlands Acquired (Including Tax-Deferred Exchange Proceeds, Net)	(45)	(59)
Proceeds from Sale of Other Assets	27	-
Net Cash Used In Investing Activities	<u>(67)</u>	<u>(119)</u>
Cash Flows From Financing Activities:		
Dividends	(194)	(193)
Borrowings of Long-term Debt and Lines of Credit	1,671	1,664
Repayments of Long-term Debt and Lines of Credit	(1,833)	(1,574)
Proceeds from Stock Option Exercises	9	1
Acquisition of Treasury Stock	-	(43)
Net Cash Used In Financing Activities	<u>(347)</u>	<u>(145)</u>
Increase In Cash and Cash Equivalents	103	35
Cash and Cash Equivalents:		
Beginning of Period	<u>260</u>	<u>246</u>
End of Period	<u>\$ 363</u>	<u>\$ 281</u>

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

	<u>Quarter Ended</u>	
	September 30, <u>2004</u>	September 30, <u>2003</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 77	\$ 45
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization (Includes \$4 Loss Related to Forest		
Fires in 2003)	27	28
Basis of Real Estate Sold (Includes Impairment Losses of \$1 in 2004)	13	8
Deferred Income Taxes	-	(3)
Working Capital Changes	-	28
Other	3	3
Net Cash Provided By Operating Activities	<u>120</u>	<u>109</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Timberland Acquisitions)	(17)	(22)
Timberlands Acquired (Including Tax-Deferred Exchange Proceeds, Net)	<u>(6)</u>	<u>(42)</u>
Net Cash Used In Investing Activities	<u>(23)</u>	<u>(64)</u>
Cash Flows From Financing Activities:		
Dividends	(66)	(64)
Borrowings of Long-term Debt and Lines of Credit	444	386
Repayments of Long-term Debt and Lines of Credit	(446)	(330)
Proceeds from Stock Option Exercises	6	1
Net Cash Used In Financing Activities	<u>(62)</u>	<u>(7)</u>
Increase In Cash and Cash Equivalents	35	38
Cash and Cash Equivalents:		
Beginning of Period	<u>328</u>	<u>243</u>
End of Period	<u>\$ 363</u>	<u>\$ 281</u>

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

	Nine Months 2004	Nine Months 2003
	<u>(In Millions)</u>	
Revenues:		
Northern Resources	\$ 242	\$ 212
Southern Resources	338	318
Real Estate	280	108
Manufacturing	396	292
Other	12	8
Eliminations.....	<u>(67)</u>	<u>(57)</u>
Total Revenues	\$ <u>1,201</u>	\$ <u>881</u>
Operating Costs and Expenses:		
Northern Resources	\$ 167	\$ 160
Southern Resources	185	164
Real Estate	140	65
Manufacturing	339	303
Other	3	3
Other Costs and Eliminations.....	<u>(28)</u>	<u>(29)</u>
Total Costs and Expenses.....	\$ <u>806</u>	\$ <u>666</u>
Operating Income (Loss)		
Northern Resources	\$ 75	\$ 52
Southern Resources	153	154
Real Estate	140	43
Manufacturing	57	(11)
Other	9	5
Other Costs and Eliminations.....	(39)	(28)
Gain on Sale of Other Assets.....	5	-
Total Operating Income.....	\$ <u>400</u>	\$ <u>215</u>

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

	Third Quarter 2004	Third Quarter 2003
	(In Millions)	
Revenues:		
Northern Resources	\$ 85	\$ 68
Southern Resources	118	107
Real Estate	42	28
Manufacturing	140	101
Other	3	3
Eliminations.....	(25)	(17)
Total Revenues	<u>\$ 363</u>	<u>\$ 290</u>
Operating Costs and Expenses:		
Northern Resources	\$ 58	\$ 54
Southern Resources	66	57
Real Estate	16	10
Manufacturing	117	103
Other	-	1
Other Costs and Eliminations.....	(9)	(7)
Total Costs and Expenses.....	<u>\$ 248</u>	<u>\$ 218</u>
Operating Income (Loss)		
Northern Resources	\$ 27	\$ 14
Southern Resources	52	50
Real Estate	26	18
Manufacturing	23	(2)
Other	3	2
Other Costs and Eliminations.....	(16)	(10)
Total Operating Income.....	<u>\$ 115</u>	<u>\$ 72</u>

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

		2004				2003				
		1st Qtr	2nd Qtr	3rd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Sales Realization										
	Units									
Southern Resources										
Sawlog	\$/Ton Stumpage	\$37	\$36	\$36	\$36	\$36	\$36	\$34	\$36	\$36
Pulpwood	\$/Ton Stumpage	\$9	\$8	\$8	\$8	\$8	\$8	\$8	\$9	\$8
Northern Resources										
Sawlog	\$/Ton Delivered	\$70	\$72	\$80	\$74	\$65	\$64	\$69	\$69	\$67
Pulpwood	\$/Ton Delivered	\$34	\$34	\$35	\$34	\$28	\$30	\$30	\$31	\$30
Lumber (1)	\$/MBF	\$452	\$514	\$532	\$500	\$368	\$364	\$409	\$421	\$389
Plywood (1)	\$/MSF	\$427	\$482	\$483	\$464	\$311	\$317	\$341	\$411	\$345
Fiberboard (1)	\$/MSF	\$379	\$415	\$436	\$412	\$342	\$352	\$359	\$364	\$354
Sales Volume										
Southern Resources										
Sawlog	1,000 Tons	1,719	1,488	1,670	4,877	1,569	1,773	1,632	1,926	6,900
Pulpwood	1,000 Tons	1,587	1,512	1,834	4,933	1,428	1,609	1,654	1,795	6,486
Total Harvest		3,306	3,000	3,504	9,810	2,997	3,382	3,286	3,721	13,386
Northern Resources										
Sawlog	1,000 Tons	1,089	715	856	2,660	1,034	850	800	1,173	3,857
Pulpwood	1,000 Tons	534	301	436	1,271	449	309	482	489	1,729
Total Harvest		1,623	1,016	1,292	3,931	1,483	1,159	1,282	1,662	5,586
Lumber	MBF	102,373	100,174	103,671	306,218	99,479	111,447	98,678	94,938	404,542
Plywood	MSF	80,487	77,236	78,896	236,619	73,959	75,307	75,017	72,903	297,186
Fiberboard	MSF	61,437	65,053	64,100	190,590	47,826	49,150	50,984	49,815	197,775

(1) Represents prices at mill level.

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