

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

	<u>Quarter Ended</u>	
	March 31, <u>2004</u>	March 31, <u>2003</u>
(In Millions, Except Per Share Amounts)		
Revenues:		
Timber	\$ 184	\$ 156
Real Estate	188	23
Manufacturing	122	92
Other	3	2
Total Revenues	<u>497</u>	<u>273</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	93	81
Real Estate	86	19
Manufacturing	108	96
Other	1	1
Total Cost of Goods Sold	<u>288</u>	<u>197</u>
Selling, General and Administrative	<u>18</u>	<u>17</u>
Total Costs and Expenses	<u>306</u>	<u>214</u>
Operating Income	191	59
Interest Expense, net	<u>29</u>	<u>28</u>
Income before Income Taxes	162	31
(Provision) Benefit for Income Taxes	<u>(7)</u>	<u>2</u>
Net Income	<u>\$ 155</u>	<u>\$ 33</u>
Net Income per Share - Basic	<u>\$ 0.85</u>	<u>\$ 0.18</u>
Net Income per Share - Diluted	<u>\$ 0.84</u>	<u>\$ 0.18</u>
Weighted average number of Shares outstanding - Basic	<u>183.2</u>	<u>184.1</u>
Weighted average number of Shares outstanding - Diluted	<u>184.0</u>	<u>184.6</u>

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

	March 31, <u>2004</u>	December 31, <u>2003</u>
	(In Millions)	
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 280	\$ 260
Restricted Advance from Customer	13	3
Accounts Receivable	46	34
Inventories	59	54
Investment in Grantor Trust	12	13
Deferred Tax Asset	11	11
Other Current Assets	<u>28</u>	<u>30</u>
	449	405
Timber and Timberlands - Net	3,615	3,674
Property, Plant and Equipment - Net	297	303
Other Assets	<u>7</u>	<u>5</u>
Total Assets	<u>\$ 4,368</u>	<u>\$ 4,387</u>
LIABILITIES		
Current Liabilities:		
Current Portion of Long-Term Debt	\$ 32	\$ 33
Accounts Payable	24	27
Interest Payable	37	28
Wages Payable	10	23
Taxes Payable	15	15
Deferred Revenue	21	16
Liabilities Associated with Grantor Trust	12	13
Other Current Liabilities	<u>21</u>	<u>13</u>
	172	168
Long-Term Debt	1,436	1,437
Lines of Credit	479	594
Deferred Tax Liability	43	37
Other Liabilities	<u>23</u>	<u>32</u>
Total Liabilities	<u>2,153</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) - 185.3 at March 31, 2004 and 185.1 at December 31, 2003	2	2
Additional Paid-In Capital	2,155	2,150
Retained Earnings	100	9
Treasury Stock, at cost, Common shares - 2.0	(43)	(43)
Other Equity	<u>1</u>	<u>1</u>
Total Stockholders' Equity	<u>2,215</u>	<u>2,119</u>
Total Liabilities and Stockholders' Equity	<u>\$ 4,368</u>	<u>\$ 4,387</u>

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

	<u>Quarter Ended</u>	
	March 31, <u>2004</u>	March 31, <u>2003</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 155	\$ 33
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	27	25
Basis of Real Estate Sold (Including Impairment Losses of \$16 in 2004 and \$9 in 2003)	79	17
Deferred Income Taxes	7	(2)
Working Capital Changes	(20)	(23)
Other	<u>(6)</u>	<u>(4)</u>
Net Cash Provided By Operating Activities	<u>242</u>	<u>46</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Timberland Acquisitions)	(17)	(16)
Timberlands Acquired (Including Tax-Deferred Exchange Proceeds, Net)	<u>(24)</u>	<u>(1)</u>
Net Cash Used In Investing Activities	<u>(41)</u>	<u>(17)</u>
Cash Flows From Financing Activities:		
Dividends	(64)	(65)
Borrowings of Long-term Debt and Lines of Credit	606	782
Repayments of Long-term Debt and Lines of Credit	(725)	(741)
Proceeds from Stock Option Exercises	2	-
Acquisition of Treasury Stock	<u>-</u>	<u>(43)</u>
Net Cash Used In Financing Activities	<u>(181)</u>	<u>(67)</u>
Increase (Decrease) In Cash and Cash Equivalents	20	(38)
Cash and Cash Equivalents:		
Beginning of Period	<u>260</u>	<u>246</u>
End of Period	<u>\$ 280</u>	<u>\$ 208</u>

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

	First Quarter 2004	First Quarter 2003
	(In Millions)	
Revenues:		
Northern Resources	\$ 95	\$ 81
Southern Resources	116	99
Real Estate	188	23
Manufacturing	122	92
Other	3	2
Eliminations.....	<u>(27)</u>	<u>(24)</u>
Total Revenues	<u>\$ 497</u>	<u>\$ 273</u>
Operating Costs and Expenses:		
Northern Resources	\$ 63	\$ 58
Southern Resources	60	50
Real Estate	86	19
Manufacturing	111	97
Other	1	1
Other Costs and Eliminations.....	<u>(15)</u>	<u>(11)</u>
Total Costs and Expenses.....	<u>\$ 306</u>	<u>\$ 214</u>
Operating Income (Loss) from Operation		
Northern Resources	\$ 32	\$ 23
Southern Resources	56	49
Real Estate	102	4
Manufacturing	11	(5)
Other	2	1
Other Costs and Eliminations.....	<u>(12)</u>	<u>(13)</u>
Total Operating Income.....	<u>\$ 191</u>	<u>\$ 59</u>

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

		2004	2003				
		1st Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	2003
Sales Realization							
Southern Resources							
Sawlog	\$/Ton Stumpage	\$37	\$36	\$36	\$34	\$36	\$36
Pulpwood	\$/Ton Stumpage	\$9	\$8	\$8	\$8	\$9	\$8
Northern Resources							
Sawlog	\$/Ton Delivered	\$70	\$65	\$64	\$69	\$69	\$67
Pulpwood	\$/Ton Delivered	\$34	\$28	\$30	\$30	\$31	\$30
Lumber (1)	\$/MBF	\$452	\$368	\$364	\$409	\$421	\$389
Plywood (1)	\$/MSF	\$427	\$311	\$317	\$341	\$411	\$345
Fiberboard (1)	\$/MSF	\$379	\$342	\$352	\$359	\$364	\$354
Sales Volume							
Southern Resources							
Sawlog	1,000 Tons	1,719	1,569	1,773	1,632	1,926	6,900
Pulpwood	1,000 Tons	1,587	1,428	1,609	1,654	1,795	6,486
Total Harvest		3,306	2,997	3,382	3,286	3,721	13,386
Northern Resources							
Sawlog	1,000 Tons	1,089	1,034	850	800	1,173	3,857
Pulpwood	1,000 Tons	534	449	309	482	489	1,729
Total Harvest		1,623	1,483	1,159	1,282	1,662	5,586
Lumber	MBF	102,373	99,479	111,447	98,678	94,938	404,542
Plywood	MSF	80,487	73,959	75,307	75,017	72,903	297,186
Fiberboard	MSF	61,437	47,826	49,150	50,984	49,815	197,775

(1) Represents prices at mill level.