

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

	<u>Six Months Ended</u>	
	June 30, <u>2004</u>	June 30, <u>2003</u>
(In Millions, Except Per Share Amounts)		
Revenues:		
Timber	\$ 335	\$ 315
Real Estate	238	80
Manufacturing	256	191
Other	<u>9</u>	<u>5</u>
Total Revenues	<u>838</u>	<u>591</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	173	160
Real Estate	124	55
Manufacturing	218	195
Other	<u>3</u>	<u>2</u>
Total Cost of Goods Sold	<u>518</u>	<u>412</u>
Selling, General and Administrative	<u>40</u>	<u>36</u>
Total Costs and Expenses	<u>558</u>	<u>448</u>
Gain on Sale of Other Assets	<u>5</u>	<u>-</u>
Operating Income	285	143
Interest Expense, net	<u>56</u>	<u>57</u>
Income before Income Taxes	229	86
Benefit (Provision) for Income Taxes	<u>(17)</u>	<u>5</u>
Net Income	<u>\$ 212</u>	<u>\$ 91</u>
Net Income per Share - Basic	<u>\$ 1.16</u>	<u>\$ 0.50</u>
Net Income per Share - Diluted	<u>\$ 1.15</u>	<u>\$ 0.49</u>
Weighted average number of Shares outstanding - Basic	<u>183.2</u>	<u>183.5</u>
Weighted average number of Shares outstanding - Diluted	<u>184.0</u>	<u>184.1</u>

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

	<u>Quarter Ended</u>	
	June 30, <u>2004</u>	June 30, <u>2003</u>
(In Millions, Except Per Share Amounts)		
Revenues:		
Timber	\$ 151	\$ 159
Real Estate	50	57
Manufacturing	134	99
Other	6	3
Total Revenues	<u>341</u>	<u>318</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	80	79
Real Estate	38	36
Manufacturing	110	99
Other	2	1
Total Cost of Goods Sold	<u>230</u>	<u>215</u>
Selling, General and Administrative	22	19
Total Costs and Expenses	<u>252</u>	<u>234</u>
Gain on Sale of Other Assets	<u>5</u>	<u>-</u>
Operating Income	94	84
Interest Expense, net	<u>27</u>	<u>29</u>
Income before Income Taxes	67	55
Benefit (Provision) for Income Taxes	<u>(10)</u>	<u>3</u>
Net Income	<u>\$ 57</u>	<u>\$ 58</u>
Net Income per Share - Basic	<u>\$ 0.31</u>	<u>\$ 0.32</u>
Net Income per Share - Diluted	<u>\$ 0.31</u>	<u>\$ 0.31</u>
Weighted average number of Shares outstanding - Basic	<u>183.3</u>	<u>183.0</u>
Weighted average number of Shares outstanding - Diluted	<u>184.0</u>	<u>183.5</u>

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

	June 30, <u>2004</u>	December 31, <u>2003</u>
	(In Millions)	
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 328	\$ 260
Restricted Advance from Customer	4	3
Accounts Receivable	44	34
Inventories	54	54
Investment in Grantor Trust	12	13
Deferred Tax Asset	11	11
Other Current Assets	<u>18</u>	<u>30</u>
	471	405
Timber and Timberlands - Net	3,590	3,674
Property, Plant and Equipment - Net	271	303
Other Assets	<u>7</u>	<u>5</u>
Total Assets	<u>\$ 4,339</u>	<u>\$ 4,387</u>
LIABILITIES		
Current Liabilities:		
Current Portion of Long-Term Debt	\$ 32	\$ 33
Accounts Payable	26	27
Interest Payable	28	28
Wages Payable	16	23
Taxes Payable	24	15
Deferred Revenue	22	16
Liabilities Associated with Grantor Trust	12	13
Other Current Liabilities	<u>23</u>	<u>13</u>
	183	168
Long-Term Debt	1,408	1,437
Lines of Credit	466	594
Deferred Tax Liability	48	37
Other Liabilities	<u>24</u>	<u>32</u>
Total Liabilities	<u>2,129</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 June 30, 2004 and 185.1 at December 31, 2003	2	2
Additional Paid-In Capital	2,157	2,150
Retained Earnings	93	9
Treasury Stock, at cost, Common shares - 2.0	(43)	(43)
Other Equity	<u>1</u>	<u>1</u>
Total Stockholders' Equity	<u>2,210</u>	<u>2,119</u>
Total Liabilities and Stockholders' Equity	<u>\$ 4,339</u>	<u>\$ 4,387</u>

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

	<u>Six Months Ended</u>	
	June 30, <u>2004</u>	June 30, <u>2003</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 212	\$ 91
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	51	51
Basis of Real Estate Sold (Including Impairment Losses of \$19 in 2004 and \$9 in 2003)	114	49
Deferred Income Taxes	12	(5)
Gain on Sale of Other Assets	(5)	-
Working Capital Changes	16	5
Other	(3)	(1)
Net Cash Provided By Operating Activities	<u>397</u>	<u>190</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Timberland Acquisitions)	(32)	(38)
Timberlands Acquired (Including Tax-Deferred Exchange Proceeds, Net)	(39)	(17)
Proceeds from Sale of Other Assets	27	-
Net Cash Used In Investing Activities	<u>(44)</u>	<u>(55)</u>
Cash Flows From Financing Activities:		
Dividends	(128)	(129)
Borrowings of Long-term Debt and Lines of Credit	1,227	1,278
Repayments of Long-term Debt and Lines of Credit	(1,387)	(1,244)
Proceeds from Stock Option Exercises	3	-
Acquisition of Treasury Stock	-	(43)
Net Cash Used In Financing Activities	<u>(285)</u>	<u>(138)</u>
Increase (Decrease) In Cash and Cash Equivalents	68	(3)
Cash and Cash Equivalents:		
Beginning of Period	<u>260</u>	<u>246</u>
End of Period	<u>\$ 328</u>	<u>\$ 243</u>

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

	<u>Quarter Ended</u>	
	June 30, <u>2004</u>	June 30, <u>2003</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 57	\$ 58
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	24	26
Basis of Real Estate Sold (Including Impairment Losses of \$3 in 2004)	35	32
Deferred Income Taxes	5	(3)
Gain on Sale of Other Assets	(5)	-
Working Capital Changes	36	28
Other	3	3
Net Cash Provided By Operating Activities	<u>155</u>	<u>144</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Timberland Acquisitions)	(15)	(22)
Timberlands Acquired (Including Tax-Deferred Exchange Proceeds, Net)	(15)	(16)
Proceeds from Sale of Other Assets	27	-
Net Cash Used In Investing Activities	<u>(3)</u>	<u>(38)</u>
Cash Flows From Financing Activities:		
Dividends	(64)	(64)
Borrowings of Long-term Debt and Lines of Credit	621	496
Repayments of Long-term Debt and Lines of Credit	(662)	(503)
Proceeds from Stock Option Exercises	1	-
Net Cash Used In Financing Activities	<u>(104)</u>	<u>(71)</u>
Increase In Cash and Cash Equivalents	48	35
Cash and Cash Equivalents:		
Beginning of Period	<u>280</u>	<u>208</u>
End of Period	<u>\$ 328</u>	<u>\$ 243</u>

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

	Six Months 2004	Six Months 2003
	<u>(In Millions)</u>	
Revenues:		
Northern Resources	\$ 157	\$ 144
Southern Resources	220	211
Real Estate	238	80
Manufacturing	256	191
Other	9	5
Eliminations.....	<u>(42)</u>	<u>(40)</u>
Total Revenues	<u>\$ 838</u>	<u>\$ 591</u>
Operating Costs and Expenses:		
Northern Resources	\$ 109	\$ 106
Southern Resources	119	107
Real Estate	124	55
Manufacturing	222	200
Other	3	2
Other Costs and Eliminations.....	<u>(19)</u>	<u>(22)</u>
Total Costs and Expenses.....	<u>\$ 558</u>	<u>\$ 448</u>
Operating Income (Loss)		
Northern Resources	\$ 48	\$ 38
Southern Resources	101	104
Real Estate	114	25
Manufacturing	34	(9)
Other	6	3
Other Costs and Eliminations.....	<u>(23)</u>	<u>(18)</u>
Gain on Sale of Other Assets.....	5	-
Total Operating Income.....	<u>\$ 285</u>	<u>\$ 143</u>

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

	Second Quarter 2004	Second Quarter 2003
	(In Millions)	
Revenues:		
Northern Resources	\$ 62	\$ 63
Southern Resources	104	112
Real Estate	50	57
Manufacturing	134	99
Other	6	3
Eliminations.....	(15)	(16)
Total Revenues	<u>\$ 341</u>	<u>\$ 318</u>
Operating Costs and Expenses:		
Northern Resources	\$ 46	\$ 48
Southern Resources	59	57
Real Estate	38	36
Manufacturing	111	103
Other	2	1
Other Costs and Eliminations.....	(4)	(11)
Total Costs and Expenses.....	<u>\$ 252</u>	<u>\$ 234</u>
Operating Income (Loss)		
Northern Resources	\$ 16	\$ 15
Southern Resources	45	55
Real Estate	12	21
Manufacturing	23	(4)
Other	4	2
Other Costs and Eliminations.....	(11)	(5)
Gain on Sale of Other Assets.....	5	-
Total Operating Income.....	<u>\$ 94</u>	<u>\$ 84</u>

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

		2004			2003				
		1st Qtr	2nd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Sales Realization									
Southern Resources									
Sawlog	\$/Ton Stumpage	\$37	\$36	\$37	\$36	\$36	\$34	\$36	\$36
Pulpwood	\$/Ton Stumpage	\$9	\$8	\$8	\$8	\$8	\$8	\$9	\$8
Northern Resources									
Sawlog	\$/Ton Delivered	\$70	\$72	\$70	\$65	\$64	\$69	\$69	\$67
Pulpwood	\$/Ton Delivered	\$34	\$34	\$34	\$28	\$30	\$30	\$31	\$30
Lumber (1)	\$/MBF	\$452	\$514	\$483	\$368	\$364	\$409	\$421	\$389
Plywood (1)	\$/MSF	\$427	\$482	\$454	\$311	\$317	\$341	\$411	\$345
Fiberboard (1)	\$/MSF	\$379	\$415	\$398	\$342	\$352	\$359	\$364	\$354
Sales Volume									
Southern Resources									
Sawlog	1,000 Tons	1,719	1,488	3,207	1,569	1,773	1,632	1,926	6,900
Pulpwood	1,000 Tons	1,587	1,512	3,099	1,428	1,609	1,654	1,795	6,486
Total Harvest		3,306	3,000	6,306	2,997	3,382	3,286	3,721	13,386
Northern Resources									
Sawlog	1,000 Tons	1,089	715	1,804	1,034	850	800	1,173	3,857
Pulpwood	1,000 Tons	534	301	835	449	309	482	489	1,729
Total Harvest		1,623	1,016	2,639	1,483	1,159	1,282	1,662	5,586
Lumber	MBF	102,373	100,174	202,547	99,479	111,447	98,678	94,938	404,542
Plywood	MSF	80,487	77,236	157,723	73,959	75,307	75,017	72,903	297,186
Fiberboard	MSF	61,437	65,053	126,490	47,826	49,150	50,984	49,815	197,775

(1) Represents prices at mill level.