

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

	<u>Nine Months Ended</u>	
	September 30, <u>2003</u>	September 30, <u>2002</u>
	(In Millions, Except Per Share Amounts)	
Revenues:		
Timber	\$ 473	\$ 481
Real Estate	108	79
Manufacturing	292	291
Other	<u>8</u>	<u>5</u>
Total Revenues	881	856
Costs and Expenses:		
Cost of Goods Sold:		
Timber	248	232
Real Estate	65	29
Manufacturing	294	278
Other	<u>3</u>	<u>1</u>
Total Cost of Goods Sold	610	540
Selling, General and Administrative	<u>56</u>	<u>53</u>
Total Costs and Expenses	666	593
Operating Income	215	263
Interest Expense, net	<u>86</u>	<u>77</u>
Income before Income Taxes	129	186
Benefit (Provision) for Income Taxes	<u>7</u>	<u>(7)</u>
Net Income	\$ <u><u>136</u></u>	\$ <u><u>179</u></u>
Net Income per Share - Basic	\$ <u><u>0.74</u></u>	\$ <u><u>0.97</u></u>
Net Income per Share - Diluted	\$ <u><u>0.74</u></u>	\$ <u><u>0.97</u></u>
Weighted average number of Shares outstanding - Basic	<u>183.4</u>	<u>184.7</u>
Weighted average number of Shares outstanding - Diluted	<u>184.0</u>	<u>185.4</u>

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

	<u>Quarter Ended</u>	
	September 30, <u>2003</u>	September 30, <u>2002</u>
(In Millions, Except Per Share Amounts)		
Revenues:		
Timber	\$ 158	\$ 170
Real Estate	28	38
Manufacturing	101	101
Other	3	1
Total Revenues	<u>290</u>	<u>310</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	88	87
Real Estate	10	11
Manufacturing	99	95
Other	1	1
Total Cost of Goods Sold	<u>198</u>	<u>194</u>
Selling, General and Administrative	20	19
Total Costs and Expenses	<u>218</u>	<u>213</u>
Operating Income	72	97
Interest Expense, net	<u>29</u>	<u>25</u>
Income before Income Taxes	43	72
Benefit (Provision) for Income Taxes	<u>2</u>	<u>(2)</u>
Net Income	<u>\$ 45</u>	<u>\$ 70</u>
Net Income per Share - Basic	<u>\$ 0.25</u>	<u>\$ 0.38</u>
Net Income per Share - Diluted	<u>\$ 0.25</u>	<u>\$ 0.38</u>
Weighted average number of Shares outstanding - Basic	<u>183.0</u>	<u>184.8</u>
Weighted average number of Shares outstanding - Diluted	<u>183.7</u>	<u>185.5</u>

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

	Third Quarter 2003	Third Quarter 2002
	(In Millions)	
Revenues:		
Northern Resources	\$ 68	\$ 92
Southern Resources	107	110
Real Estate	28	38
Manufacturing	101	101
Other	3	1
Eliminations.....	(17)	(32)
Total Revenues	<u>\$ 290</u>	<u>\$ 310</u>
Operating Costs and Expenses:		
Northern Resources	\$ 54	\$ 69
Southern Resources	57	53
Real Estate	10	11
Manufacturing	103	98
Other	1	-
Other Costs and Eliminations.....	(7)	(18)
Total Costs and Expenses.....	<u>\$ 218</u>	<u>\$ 213</u>
Operating Income (Loss) from Operation		
Northern Resources	\$ 14	\$ 23
Southern Resources	50	57
Real Estate	18	27
Manufacturing	(2)	3
Other	2	1
Other Costs and Eliminations.....	(10)	(14)
Total Operating Income.....	<u>\$ 72</u>	<u>\$ 97</u>

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

	Nine Months 2003	Nine Months 2002
	<u>(In Millions)</u>	
Revenues:		
Northern Resources	\$ 212	\$ 227
Southern Resources	318	321
Real Estate	108	79
Manufacturing	292	291
Other	8	5
Eliminations.....	<u>(57)</u>	<u>(67)</u>
Total Revenues	<u>\$ 881</u>	<u>\$ 856</u>
Operating Costs and Expenses:		
Northern Resources	\$ 160	\$ 173
Southern Resources	164	145
Real Estate	65	29
Manufacturing	303	285
Other	3	1
Other Costs and Eliminations.....	<u>(29)</u>	<u>(40)</u>
Total Costs and Expenses.....	<u>\$ 666</u>	<u>\$ 593</u>
Operating Income (Loss) from Operations:		
Northern Resources	\$ 52	\$ 54
Southern Resources	154	176
Real Estate	43	50
Manufacturing	(11)	6
Other	5	4
Other Costs and Eliminations.....	<u>(28)</u>	<u>(27)</u>
Total Operating Income.....	<u>\$ 215</u>	<u>\$ 263</u>

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

	<u>Quarter Ended</u>	
	September 30, <u>2003</u>	September 30, <u>2002</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 45	\$ 70
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization (Including \$4 Loss Related to Forest Fires)	28	28
Basis of Real Estate Sold	8	8
Deferred Income Taxes	(3)	2
Working Capital Changes	28	19
Other	3	4
Net Cash Provided By Operating Activities	<u>109</u>	<u>131</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Tax-Deferred Exchanges)	(56)	(35)
Timberlands Acquired with Tax-Deferred Exchange Proceeds, Net	(8)	(7)
Net Cash Used In Investing Activities	<u>(64)</u>	<u>(42)</u>
Cash Flows From Financing Activities:		
Dividends	(64)	(106)
Borrowings of Long-term Debt and Lines of Credit	386	511
Repayments of Long-term Debt and Lines of Credit	(330)	(465)
Proceeds from Stock Option Exercises	1	1
Net Cash Used In Financing Activities	<u>(7)</u>	<u>(59)</u>
Increase In Cash and Cash Equivalents	38	30
Cash and Cash Equivalents:		
Beginning of Period	<u>243</u>	<u>240</u>
End of Period	<u>\$ 281</u>	<u>\$ 270</u>

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

	<u>Nine Months Ended</u>	
	September 30, <u>2003</u>	September 30, <u>2002</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 136	\$ 179
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization (Including \$4 Loss Related to Forest Fires)	79	78
Basis of Real Estate Sold (Including \$9 Impairment Loss)	57	24
Deferred Income Taxes	(8)	6
Working Capital Changes	33	13
Other	2	6
Net Cash Provided By Operating Activities	<u>299</u>	<u>306</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Tax-Deferred Exchanges)	(94)	(73)
Timberlands Acquired with Tax-Deferred Exchange Proceeds, Net	(25)	(13)
Net Cash Used In Investing Activities	<u>(119)</u>	<u>(86)</u>
Cash Flows From Financing Activities:		
Dividends	(193)	(211)
Borrowings of Long-term Debt and Lines of Credit	1,664	1,151
Repayments of Long-term Debt and Lines of Credit	(1,574)	(1,100)
Proceeds from Stock Option Exercises	1	17
Acquisition of Treasury Stock	(43)	-
Net Cash Used In Financing Activities	<u>(145)</u>	<u>(143)</u>
Increase In Cash and Cash Equivalents	35	77
Cash and Cash Equivalents:		
Beginning of Period	<u>246</u>	<u>193</u>
End of Period	<u>\$ 281</u>	<u>\$ 270</u>

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

	September 30, <u>2003</u>	December 31, <u>2002</u>
	(In Millions)	
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 281	\$ 246
Restricted Advance from Customer	16	4
Accounts Receivable	37	33
Inventories	47	58
Investment in Grantor Trust	13	10
Deferred Tax Asset	12	11
Other Current Assets	18	16
	<u>424</u>	<u>378</u>
Timber and Timberlands - Net	3,584	3,599
Property, Plant and Equipment - Net	303	307
Other Assets	6	5
Total Assets	<u>\$ 4,317</u>	<u>\$ 4,289</u>
LIABILITIES		
Current Liabilities:		
Current Portion of Long-Term Debt	\$ 33	\$ 33
Accounts Payable	29	25
Interest Payable	37	21
Wages Payable	19	23
Taxes Payable	16	11
Deferred Revenue	31	18
Liabilities Associated with Grantor Trust	13	10
Other Current Liabilities	17	14
	<u>195</u>	<u>155</u>
Long-Term Debt	1,439	1,170
Lines of Credit	491	669
Deferred Tax Liability	36	44
Other Liabilities	29	29
Total Liabilities	<u>2,190</u>	<u>2,067</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) - 185.0 at September 30, 2003 and 184.9 at December 31, 2002	2	2
Additional Paid-In Capital	2,152	2,197
Retained Earnings	16	23
Treasury Stock, at cost, Common shares - 2.0 at September 30, 2003	(43)	-
Total Stockholders' Equity	<u>2,127</u>	<u>2,222</u>
Total Liabilities and Stockholders' Equity	<u>\$ 4,317</u>	<u>\$ 4,289</u>

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

		2003				2002				
		1st Qtr	2nd Qtr	3rd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Sales Realization	Units									
Southern Resources										
Sawlog	\$/Ton Stumpage	\$36	\$36	\$34	\$35	\$37	\$39	\$39	\$35	\$38
Pulpwood	\$/Ton Stumpage	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$7	\$8
Northern Resources										
Sawlog	\$/Ton Delivered	\$65	\$64	\$69	\$66	\$63	\$67	\$70	\$69	\$67
Pulpwood	\$/Ton Delivered	\$28	\$30	\$30	\$29	\$26	\$27	\$28	\$28	\$27
Lumber (1)	\$/MBF	\$368	\$364	\$409	\$380	\$430	\$422	\$416	\$373	\$410
Plywood (1)	\$/MSF	\$311	\$317	\$341	\$323	\$311	\$316	\$313	\$311	\$313
Fiberboard (1)	\$/MSF	\$342	\$352	\$359	\$351	\$308	\$318	\$338	\$334	\$325
Sales Volume										
Southern Resources										
Sawlog	1,000 Tons	1,569	1,773	1,632	4,974	1,715	1,819	1,705	1,641	6,880
Pulpwood	1,000 Tons	1,428	1,609	1,654	4,691	1,498	1,714	1,830	1,872	6,914
Total Harvest		2,997	3,382	3,286	9,665	3,213	3,533	3,535	3,513	13,794
Northern Resources										
Sawlog	1,000 Tons	1,034	850	800	2,684	1,072	738	1,140	1,180	4,130
Pulpwood	1,000 Tons	449	309	482	1,240	377	268	373	389	1,407
Total Harvest		1,483	1,159	1,282	3,924	1,449	1,006	1,513	1,569	5,537
Lumber	MBF	99,479	111,447	98,678	309,604	101,162	101,482	103,600	103,110	409,354
Plywood	MSF	73,959	75,307	75,017	224,283	74,292	73,841	75,657	69,703	293,493
Fiberboard	MSF	47,826	49,150	50,984	147,960	38,119	46,445	50,332	43,156	178,052
Real Estate Revenue	\$ Millions	\$23	\$57	\$28	\$108	\$23	\$18	\$38	\$19	\$98

(1) Represents prices at mill level.