

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

	<u>Year Ended</u>	
	December 31, <u>2003</u>	December 31, <u>2002</u>
(In Millions, Except Per Share Amounts)		
Revenues:		
Timber	\$ 664	\$ 649
Real Estate	124	98
Manufacturing	397	381
Other	11	9
Total Revenues	<u>1,196</u>	<u>1,137</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	345	318
Real Estate	77	34
Manufacturing	390	370
Other	4	2
Total Cost of Goods Sold	<u>816</u>	<u>724</u>
Selling, General and Administrative	<u>77</u>	<u>75</u>
Total Costs and Expenses	<u>893</u>	<u>799</u>
Operating Income	303	338
Interest Expense, net	<u>117</u>	<u>103</u>
Income before Income Taxes	186	235
Benefit (Provision) for Income Taxes	<u>6</u>	<u>(2)</u>
Net Income	<u>\$ 192</u>	<u>\$ 233</u>
Net Income per Share - Basic	<u>\$ 1.05</u>	<u>\$ 1.26</u>
Net Income per Share - Diluted	<u>\$ 1.04</u>	<u>\$ 1.26</u>
Weighted average number of Shares outstanding - Basic	<u>183.3</u>	<u>184.7</u>
Weighted average number of Shares outstanding - Diluted	<u>183.9</u>	<u>185.4</u>

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

	<u>Quarter Ended</u>	
	December 31, <u>2003</u>	December 31, <u>2002</u>
(In Millions, Except Per Share Amounts)		
Revenues:		
Timber	\$ 191	\$ 168
Real Estate	16	19
Manufacturing	105	90
Other	3	4
Total Revenues	<u>315</u>	<u>281</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	97	86
Real Estate	12	5
Manufacturing	96	92
Other	1	1
Total Cost of Goods Sold	<u>206</u>	<u>184</u>
Selling, General and Administrative	21	22
Total Costs and Expenses	<u>227</u>	<u>206</u>
Operating Income	88	75
Interest Expense, net	<u>31</u>	<u>26</u>
Income before Income Taxes	57	49
Benefit (Provision) for Income Taxes	<u>(1)</u>	<u>5</u>
Net Income	<u>\$ 56</u>	<u>\$ 54</u>
Net Income per Share - Basic	<u>\$ 0.31</u>	<u>\$ 0.29</u>
Net Income per Share - Diluted	<u>\$ 0.30</u>	<u>\$ 0.29</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>185.3</u>

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

	December 31, <u>2003</u>	December 31, <u>2002</u>
	(In Millions)	
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 260	\$ 246
Restricted Advance from Customer	3	4
Accounts Receivable	34	33
Inventories	54	58
Investment in Grantor Trust	13	10
Deferred Tax Asset	11	11
Other Current Assets	<u>30</u>	<u>16</u>
	405	378
Timber and Timberlands - Net	3,674	3,599
Property, Plant and Equipment - Net	303	307
Other Assets	<u>5</u>	<u>5</u>
Total Assets	<u>\$ 4,387</u>	<u>\$ 4,289</u>
LIABILITIES		
Current Liabilities:		
Current Portion of Long-Term Debt	\$ 33	\$ 33
Accounts Payable	27	25
Interest Payable	28	21
Wages Payable	23	23
Taxes Payable	15	11
Deferred Revenue	16	18
Liabilities Associated with Grantor Trust	13	10
Other Current Liabilities	<u>13</u>	<u>12</u>
	168	153
Long-Term Debt	1,437	1,170
Lines of Credit	594	669
Deferred Tax Liability	37	44
Other Liabilities	<u>32</u>	<u>31</u>
Total Liabilities	<u>2,268</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) - 185.1 at December 31, 2003 and 184.9 at December 31, 2002	2	2
Additional Paid-In Capital	2,151	2,197
Retained Earnings	9	23
Treasury Stock, at cost, Common shares - 2.0 at December 31, 2003	<u>(43)</u>	<u>-</u>
Total Stockholders' Equity	<u>2,119</u>	<u>2,222</u>
Total Liabilities and Stockholders' Equity	<u>\$ 4,387</u>	<u>\$ 4,289</u>

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

	<u>Year Ended</u>	
	December 31, <u>2003</u>	December 31, <u>2002</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 192	\$ 233
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization (Including \$4 Loss Related to Forest Fires)	107	105
Basis of Real Estate Sold (Including \$14 Impairment Losses)	66	28
Deferred Income Taxes	(7)	1
Working Capital Changes	2	(5)
Other	9	6
Net Cash Provided By Operating Activities	<u>369</u>	<u>368</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Timberland Acquisitions)	(84)	(91)
Timberlands Acquired (Including Tax-Deferred Exchange Proceeds, Net)	<u>(162)</u>	<u>(158)</u>
Net Cash Used In Investing Activities	<u>(246)</u>	<u>(249)</u>
Cash Flows From Financing Activities:		
Dividends	(257)	(275)
Borrowings of Long-term Debt and Lines of Credit	2,222	1,733
Repayments of Long-term Debt and Lines of Credit	(2,032)	(1,542)
Proceeds from Stock Option Exercises	1	18
Acquisition of Treasury Stock	<u>(43)</u>	<u>-</u>
Net Cash Used In Financing Activities	<u>(109)</u>	<u>(66)</u>
Increase In Cash and Cash Equivalents	14	53
Cash and Cash Equivalents:		
Beginning of Period	<u>246</u>	<u>193</u>
End of Period	<u>\$ 260</u>	<u>\$ 246</u>

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

	<u>Quarter Ended</u>	
	December 31, <u>2003</u>	December 31, <u>2002</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 56	\$ 54
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	28	27
Basis of Real Estate Sold (Including \$5 Impairment Loss)	9	4
Deferred Income Taxes	1	(5)
Working Capital Changes	(29)	(16)
Other	5	(2)
Net Cash Provided By Operating Activities	<u>70</u>	<u>62</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Timberland Acquisitions)	(24)	(30)
Timberlands Acquired (Including Tax-Deferred Exchange Proceeds, Net)	<u>(103)</u>	<u>(133)</u>
Net Cash Used In Investing Activities	<u>(127)</u>	<u>(163)</u>
Cash Flows From Financing Activities:		
Dividends	(64)	(64)
Borrowings of Long-term Debt and Lines of Credit	558	582
Repayments of Long-term Debt and Lines of Credit	(458)	(442)
Proceeds from Stock Option Exercises	-	1
Net Cash Provided By Financing Activities	<u>36</u>	<u>77</u>
Decrease In Cash and Cash Equivalents	(21)	(24)
Cash and Cash Equivalents:		
Beginning of Period	<u>281</u>	<u>270</u>
End of Period	<u>\$ 260</u>	<u>\$ 246</u>

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

	Twelve Months 2003	Twelve Months 2002
	<u>(In Millions)</u>	
Revenues:		
Northern Resources	\$ 309	\$ 320
Southern Resources	445	423
Real Estate	124	98
Manufacturing	397	381
Other	11	9
Eliminations.....	<u>(90)</u>	<u>(94)</u>
Total Revenues	\$ <u>1,196</u>	\$ <u>1,137</u>
Operating Costs and Expenses:		
Northern Resources	\$ 227	\$ 240
Southern Resources	229	196
Real Estate	77	34
Manufacturing	402	380
Other	4	2
Other Costs and Eliminations.....	<u>(46)</u>	<u>(53)</u>
Total Costs and Expenses.....	\$ <u>893</u>	\$ <u>799</u>
Operating Income (Loss) from Operations:		
Northern Resources	\$ 82	\$ 80
Southern Resources	216	227
Real Estate	47	64
Manufacturing	(5)	1
Other	7	7
Other Costs and Eliminations.....	<u>(44)</u>	<u>(41)</u>
Total Operating Income.....	\$ <u>303</u>	\$ <u>338</u>

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

	Fourth Quarter 2003	Fourth Quarter 2002
	(In Millions)	
Revenues:		
Northern Resources	\$ 97	\$ 93
Southern Resources	127	102
Real Estate	16	19
Manufacturing	105	90
Other	3	4
Eliminations.....	(33)	(27)
Total Revenues	<u>\$ 315</u>	<u>\$ 281</u>
Operating Costs and Expenses:		
Northern Resources	\$ 67	\$ 67
Southern Resources	65	51
Real Estate	12	5
Manufacturing	99	95
Other	1	1
Other Costs and Eliminations.....	(17)	(13)
Total Costs and Expenses.....	<u>\$ 227</u>	<u>\$ 206</u>
Operating Income (Loss) from Operation		
Northern Resources	\$ 30	\$ 26
Southern Resources	62	51
Real Estate	4	14
Manufacturing	6	(5)
Other	2	3
Other Costs and Eliminations.....	(16)	(14)
Total Operating Income.....	<u>\$ 88</u>	<u>\$ 75</u>

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

		2003					2002				
		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Sales Realization	Units										
Southern Resources											
Sawlog	\$/Ton Stumpage	\$36	\$36	\$34	\$36	\$36	\$37	\$39	\$39	\$35	\$38
Pulpwood	\$/Ton Stumpage	\$8	\$8	\$8	\$9	\$8	\$8	\$8	\$8	\$7	\$8
Northern Resources											
Sawlog	\$/Ton Delivered	\$65	\$64	\$69	\$69	\$67	\$63	\$67	\$70	\$69	\$67
Pulpwood	\$/Ton Delivered	\$28	\$30	\$30	\$31	\$30	\$26	\$27	\$28	\$28	\$27
Lumber (1)	\$/MBF	\$368	\$364	\$409	\$421	\$389	\$430	\$422	\$416	\$373	\$410
Plywood (1)	\$/MSF	\$311	\$317	\$341	\$411	\$345	\$311	\$316	\$313	\$311	\$313
Fiberboard (1)	\$/MSF	\$342	\$352	\$359	\$364	\$354	\$308	\$318	\$338	\$334	\$325
Sales Volume											
Southern Resources											
Sawlog	1,000 Tons	1,569	1,773	1,632	1,926	6,900	1,715	1,819	1,705	1,641	6,880
Pulpwood	1,000 Tons	1,428	1,609	1,654	1,795	6,486	1,498	1,714	1,830	1,872	6,914
Total Harvest		2,997	3,382	3,286	3,721	13,386	3,213	3,533	3,535	3,513	13,794
Northern Resources											
Sawlog	1,000 Tons	1,034	850	800	1,173	3,857	1,072	738	1,140	1,180	4,130
Pulpwood	1,000 Tons	449	309	482	489	1,729	377	268	373	389	1,407
Total Harvest		1,483	1,159	1,282	1,662	5,586	1,449	1,006	1,513	1,569	5,537
Lumber	MBF	99,479	111,447	98,678	94,938	404,542	101,162	101,482	103,600	103,110	409,354
Plywood	MSF	73,959	75,307	75,017	72,903	297,186	74,292	73,841	75,657	69,703	293,493
Fiberboard	MSF	47,826	49,150	50,984	49,815	197,775	38,119	46,445	50,332	43,156	178,052
Real Estate Revenue	\$ Millions	\$23	\$57	\$28	\$16	\$124	\$23	\$18	\$38	\$19	\$98

(1) Represents prices at mill level.