

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

	<u>Quarter Ended</u>	
	March 31, <u>2006</u>	March 31, <u>2005</u>
(In Millions, Except Per Share Amounts)		
Revenues:		
Timber	\$ 214	\$ 200
Real Estate	61	68
Manufacturing	134	129
Other	5	3
Total Revenues	<u>414</u>	<u>400</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	121	102
Real Estate	16	24
Manufacturing	123	118
Other	1	1
Total Cost of Goods Sold	<u>261</u>	<u>245</u>
Selling, General and Administrative	26	21
Total Costs and Expenses	<u>287</u>	<u>266</u>
Operating Income	127	134
Interest Expense, net	31	27
Income before Income Taxes	96	107
Provision for Income Taxes	4	5
Income from Continuing Operations	92	102
Gain on Sale of Properties, net of tax	-	20
Net Income Before Cumulative Effect of Accounting Change	92	122
Cumulative Effect of Accounting Change, net of tax	2	-
Net Income	<u>\$ 94</u>	<u>\$ 122</u>
Income from Continuing Operations per Share		
- Basic	\$ 0.50	\$ 0.56
- Diluted	\$ 0.50	\$ 0.56
Net Income per Share		
- Basic	\$ 0.51	\$ 0.67
- Diluted	\$ 0.51	\$ 0.66
Weighted Average Number of Shares Outstanding		
- Basic	184.2	183.9
- Diluted	184.7	184.5

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

March 31, December 31,
2006 2005

(In Millions, Except Per Share Amounts)

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	419	\$	369
Restricted Advance from Customer		32		23
Accounts Receivable		50		44
Like-Kind Exchange Funds Held in Escrow		1		30
Inventories		78		75
Deferred Tax Asset		17		17
Other Current Assets		<u>16</u>		<u>16</u>
		613		574

Timber and Timberlands - Net		3,942		3,961
Property, Plant and Equipment - Net		229		234
Investment in Grantor Trusts		26		26
Other Assets		<u>16</u>		<u>17</u>
Total Assets	\$	<u><u>4,826</u></u>	\$	<u><u>4,812</u></u>

LIABILITIES

Current Liabilities:

Current Portion of Long-Term Debt	\$	232	\$	161
Short-Term Debt		50		50
Accounts Payable		36		45
Interest Payable		41		30
Wages Payable		11		25
Taxes Payable		19		18
Deferred Revenue		42		35
Other Current Liabilities		<u>13</u>		<u>11</u>
		444		375

Long-Term Debt		1,452		1,524
Lines of Credit		495		495
Deferred Tax Liability		40		39
Other Liabilities		<u>47</u>		<u>54</u>
Total Liabilities		<u><u>2,478</u></u>		<u><u>2,487</u></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 - 300.6, issued (including Treasury Stock) - 186.4 at March 31, 2006, and 186.2 at December 31, 2005		2		2
Additional Paid-In Capital		2,186		2,181
Retained Earnings		206		186
Treasury Stock, at cost, Common Shares - 2.0		(44)		(44)
Other Equity		<u>(2)</u>		<u>-</u>
Total Stockholders' Equity		<u><u>2,348</u></u>		<u><u>2,325</u></u>
Total Liabilities and Stockholders' Equity	\$	<u><u>4,826</u></u>	\$	<u><u>4,812</u></u>

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

	Quarter Ended	
	March 31, 2006	March 31, 2005
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 94	\$ 122
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	31	27
Basis of Real Estate Sold	10	18
Deferred Income Taxes	1	(1)
Gain on Sale of Properties	-	(21)
Working Capital Changes	9	(64)
Other	(5)	(2)
Net Cash Provided By Operating Activities	140	79
Cash Flows From Investing Activities:		
Capital Expenditures (Excluding Timberland Acquisitions)	(17)	(10)
Other	-	1
Net Cash Used In Investing Activities	(17)	(9)
Cash Flows From Financing Activities:		
Dividends	(74)	(70)
Borrowings on Line of Credit	663	529
Repayments on Line of Credit	(663)	(529)
Proceeds from Stock Option Exercises	2	3
Other	(1)	(1)
Net Cash Used In Financing Activities	(73)	(68)
Increase In Cash and Cash Equivalents	50	2
Cash and Cash Equivalents:		
Beginning of Period	369	347
End of Period	\$ 419	\$ 349

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

	<u>First Quarter 2006</u>	<u>First Quarter 2005</u>
(In Millions)		
Revenues:		
Northern Resources	\$ 115	\$ 88
Southern Resources	122	131
Real Estate	61	68
Manufacturing	134	129
Other	5	3
Eliminations.....	<u>(23)</u>	<u>(19)</u>
Total Revenues	<u>\$ 414</u>	<u>\$ 400</u>
Operating Costs and Expenses:		
Northern Resources	\$ 80	\$ 59
Southern Resources	72	68
Real Estate	17	25
Manufacturing	126	121
Other	-	1
Other Costs and Eliminations.....	<u>(8)</u>	<u>(8)</u>
Total Costs and Expenses.....	<u>\$ 287</u>	<u>\$ 266</u>
Operating Income (Loss)		
Northern Resources	\$ 35	\$ 29
Southern Resources	50	63
Real Estate	44	43
Manufacturing	8	8
Other	5	2
Other Costs and Eliminations.....	<u>(15)</u>	<u>(11)</u>
Total Operating Income.....	<u>\$ 127</u>	<u>\$ 134</u>

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

		2006	2005				
		1st Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Sales Realization							
	Units						
Southern Resources							
Sawlog	\$/Ton Stumpage	\$35	\$38	\$38	\$36	\$37	\$37
Pulpwood	\$/Ton Stumpage	\$8	\$9	\$9	\$8	\$7	\$8
Northern Resources							
Sawlog	\$/Ton Delivered	\$77	\$76	\$77	\$79	\$77	\$77
Pulpwood	\$/Ton Delivered	\$37	\$37	\$37	\$39	\$38	\$38
Lumber (1)	\$/MBF	\$467	\$483	\$459	\$440	\$435	\$454
Plywood (1)	\$/MSF	\$452	\$419	\$422	\$418	\$444	\$425
Fiberboard (1)	\$/MSF	\$445	\$449	\$458	\$441	\$434	\$446
Sales Volume							
Southern Resources							
Sawlog	1,000 Tons	1,749	1,899	1,899	1,553	1,624	6,975
Pulpwood	1,000 Tons	1,642	1,592	1,825	1,690	1,696	6,803
Total Harvest		3,391	3,491	3,724	3,243	3,320	13,778
Northern Resources							
Sawlog	1,000 Tons	1,151	906	774	898	1,011	3,589
Pulpwood	1,000 Tons	766	499	319	467	529	1,814
Total Harvest		1,917	1,405	1,093	1,365	1,540	5,403
Lumber	MBF	99,367	102,857	105,028	103,099	96,003	406,987
Plywood	MSF	75,769	75,483	75,235	76,692	71,115	298,525
Fiberboard	MSF	69,076	61,806	61,843	62,231	62,407	248,287

(1) Represents prices at mill level.

Plum Creek Timber Company, Inc.
Land Sale Statistics
(Unaudited)

	2006		2005			
	1st Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Acres Sold						
Small Non-strategic	15,050	18,525	13,315	85,610	30,750	148,200
Large Non-strategic	-	-	625 *	-	39,375	40,000
Conservation	1,815	8,650	450	11,600	1,900	22,600
HBU/Recreation	3,860	9,100	4,510	5,620	1,770	21,000
Development Properties	1,075	20	140	20	20	200
Conservation Easements	n/a	n/a	n/a	n/a	n/a	n/a
	21,800	36,295	19,040	102,850	73,815	232,000
Price per Acre						
Small Non-strategic	\$1,465	\$1,225	\$1,425	\$1,050	\$905	\$1,075
Large Non-strategic	-	-	\$1,820	-	\$763	\$780
Conservation	\$1,475	\$1,550	\$3,225	\$760	\$1,225	\$1,151
HBU/Recreation	\$4,960	\$2,600	\$2,550	\$3,030	\$3,905	\$2,814
Development Properties	\$8,595	\$23,500	\$13,785	\$14,300	\$10,700	\$14,500
Conservation Easements	\$1,300	\$427	-	-	\$490	\$450
Revenue (\$ millions)						
Small Non-strategic	\$22	\$23	\$19	\$90	\$28	\$160
Large Non-strategic	-	-	\$1	-	\$30	\$31
Conservation	\$3	\$13	\$2	\$9	\$2	\$26
HBU/Recreation	\$19	\$24	\$11	\$17	\$7	\$59
Development Properties	\$9	-	\$3	-	-	\$3
Conservation Easements	\$8	\$8	-	-	\$5	\$13
	\$61	\$68	\$36	\$116	\$72	\$292
Basis of Real Estate Sold (\$ millions)	\$10	\$18	\$10	\$54	\$42	\$124

* Represents the completion of the sale of our Pennsylvania properties. Initial sale was in 2004.