

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

	<u>Six Months Ended</u>	
	June 30, <u>2005</u>	June 30, <u>2004</u>
	(In Millions, Except Per Share Amounts)	
Revenues:		
Timber	\$ 392	\$ 335
Real Estate	104	238
Manufacturing	257	256
Other	5	9
Total Revenues	<u>758</u>	<u>838</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	201	173
Real Estate	40	124
Manufacturing	235	218
Other	1	3
Total Cost of Goods Sold	<u>477</u>	<u>518</u>
Selling, General and Administrative	45	40
Total Costs and Expenses	<u>522</u>	<u>558</u>
Gain on Sale of Other Assets	<u>-</u>	<u>5</u>
Operating Income	236	285
Interest Expense, net	<u>54</u>	<u>56</u>
Income before Income Taxes	182	229
Provision for Income Taxes	<u>11</u>	<u>17</u>
Income from Continuing Operations	171	212
Gain on Sale of Properties, net of tax	<u>20</u>	<u>-</u>
Net Income	<u>\$ 191</u>	<u>\$ 212</u>
Net Income from Continuing Operations per Share		
- Basic	\$ 0.93	\$ 1.16
- Diluted	\$ 0.93	\$ 1.15
Net Income per Share		
- Basic	\$ 1.04	\$ 1.16
- Diluted	\$ 1.03	\$ 1.15
Weighted Average Number of Shares Outstanding		
- Basic	183.9	183.2
- Diluted	184.6	184.0

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

Quarter Ended
June 30, June 30,
2005 2004

(In Millions, Except Per Share Amounts)

Revenues:		
Timber	\$ 192	\$ 151
Real Estate	36	50
Manufacturing	128	134
Other	2	6
Total Revenues	<u> 358</u>	<u> 341</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	99	80
Real Estate	16	38
Manufacturing	117	110
Other	-	2
Total Cost of Goods Sold	<u> 232</u>	<u> 230</u>
Selling, General and Administrative	24	22
Total Costs and Expenses	<u> 256</u>	<u> 252</u>
Gain on Sale of Other Assets	<u> -</u>	<u> 5</u>
Operating Income	102	94
Interest Expense, net	<u> 27</u>	<u> 27</u>
Income before Income Taxes	75	67
Provision for Income Taxes	<u> 6</u>	<u> 10</u>
Net Income	<u> 69</u>	<u> 57</u>
Net Income per Share		
- Basic	\$ 0.37	\$ 0.31
- Diluted	\$ 0.37	\$ 0.31
Weighted Average Number of Shares Outstanding		
- Basic	184.0	183.3
- Diluted	184.6	184.0

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

	<u>Six Months Ended</u>	
	June 30, <u>2005</u>	June 30, <u>2004</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 191	\$ 212
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	55	51
Basis of Real Estate Sold (Includes Impairment Losses of \$19 in 2004)	28	114
Deferred Income Taxes	(1)	12
Gain on Sales of Properties and Other Assets	(21)	(5)
Working Capital Changes	(24)	10
Other	-	(3)
Net Cash Provided By Operating Activities	<u>228</u>	<u>391</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Timberland Acquisitions)	(28)	(32)
Timberlands Acquired (Including Tax-Deferred Exchange Proceeds)	(80)	(39)
Proceeds from Sales of Properties and Other Assets (Including Tax-Deferred Exchange Proceeds)	5	27
Net Cash Used In Investing Activities	<u>(103)</u>	<u>(44)</u>
Cash Flows From Financing Activities:		
Dividends	(140)	(128)
Borrowings under Line of Credit	1,140	1,227
Repayments of Borrowings under Line of Credit	(1,093)	(1,355)
Proceeds from Issuance of Short-Term Debt	50	-
Principal Payments and Retirement of Long-Term Debt	(49)	(32)
Proceeds from Stock Option Exercises	4	3
Net Cash Used In Financing Activities	<u>(88)</u>	<u>(285)</u>
Increase In Cash and Cash Equivalents	37	62
Cash and Cash Equivalents:		
Beginning of Period	<u>347</u>	<u>267</u>
End of Period	<u>\$ 384</u>	<u>\$ 329</u>

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

	<u>Quarter Ended</u>	
	June 30, <u>2005</u>	June 30, <u>2004</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 69	\$ 57
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	28	24
Basis of Real Estate Sold (Includes Impairment Losses of \$3 in 2004)	10	35
Deferred Income Taxes	-	5
Gain on Sales of Other Assets	-	(5)
Working Capital Changes	22	29
Other	2	3
Net Cash Provided By Operating Activities	131	148
Cash Flows From Investing Activities:		
Property Additions (Excluding Timberland Acquisitions)	(18)	(15)
Timberlands Acquired (Including Tax-Deferred Exchange Proceeds)	(62)	(15)
Proceeds from Sales of Properties and Other Assets (Including Tax-Deferred Exchange Proceeds)	4	27
Net Cash Used In Investing Activities	(76)	(3)
Cash Flows From Financing Activities:		
Dividends	(70)	(64)
Borrowings under Line of Credit	611	621
Repayments of Borrowings under Line of Credit	(564)	(633)
Proceeds from Issuance of Short-Term Debt	50	-
Principal Payments and Retirement of Long-Term Debt	(48)	(29)
Proceeds from Stock Option Exercises	1	1
Net Cash Used In Financing Activities	(20)	(104)
Increase In Cash and Cash Equivalents	35	41
Cash and Cash Equivalents:		
Beginning of Period	349	288
End of Period	\$ 384	\$ 329

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

	Six Months 2005	Six Months 2004
(In Millions)		
Revenues:		
Northern Resources	\$ 159	\$ 157
Southern Resources	266	220
Real Estate	104	238
Manufacturing	257	256
Other	5	9
Eliminations.....	<u>(33)</u>	<u>(42)</u>
Total Revenues	\$ <u>758</u>	\$ <u>838</u>
Operating Costs and Expenses:		
Northern Resources	\$ 110	\$ 109
Southern Resources	139	119
Real Estate	40	124
Manufacturing	240	222
Other	1	3
Other Costs and Eliminations.....	<u>(8)</u>	<u>(19)</u>
Total Costs and Expenses.....	\$ <u>522</u>	\$ <u>558</u>
Operating Income (Loss)		
Northern Resources	\$ 49	\$ 48
Southern Resources	127	101
Real Estate	64	114
Manufacturing	17	34
Other	4	6
Other Costs and Eliminations.....	<u>(25)</u>	<u>(23)</u>
Gain on Sale of Other Assets.....	<u>-</u>	<u>5</u>
Total Operating Income.....	\$ <u>236</u>	\$ <u>285</u>

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

	<u>Second Quarter 2005</u>	<u>Second Quarter 2004</u>
(In Millions)		
Revenues:		
Northern Resources	\$ 71	\$ 62
Southern Resources	135	104
Real Estate	36	50
Manufacturing	128	134
Other	2	6
Eliminations.....	<u>(14)</u>	<u>(15)</u>
Total Revenues	<u>\$ 358</u>	<u>\$ 341</u>
Operating Costs and Expenses:		
Northern Resources	\$ 51	\$ 46
Southern Resources	72	59
Real Estate	16	38
Manufacturing	119	111
Other	-	2
Other Costs and Eliminations.....	<u>(2)</u>	<u>(4)</u>
Total Costs and Expenses.....	<u>\$ 256</u>	<u>\$ 252</u>
Operating Income (Loss)		
Northern Resources	\$ 20	\$ 16
Southern Resources	63	45
Real Estate	20	12
Manufacturing	9	23
Other	2	4
Other Costs and Eliminations.....	<u>(12)</u>	<u>(11)</u>
Gain on Sale of Other Assets.....	<u>-</u>	<u>5</u>
Total Operating Income.....	<u>\$ 102</u>	<u>\$ 94</u>

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

		2005			2004					
		1st Qtr	2nd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	
Sales Realization		Units								
Southern Resources										
Sawlog	\$/Ton Stumpage	\$38	\$38	\$38	\$37	\$36	\$36	\$36	\$36	
Pulpwood	\$/Ton Stumpage	\$9	\$9	\$9	\$9	\$8	\$8	\$7	\$8	
Northern Resources										
Sawlog	\$/Ton Delivered	\$76	\$77	\$76	\$70	\$72	\$80	\$78	\$75	
Pulpwood	\$/Ton Delivered	\$37	\$37	\$37	\$34	\$34	\$35	\$36	\$35	
Lumber (1)	\$/MBF	\$483	\$459	\$471	\$452	\$514	\$532	\$473	\$493	
Plywood (1)	\$/MSF	\$419	\$422	\$421	\$427	\$482	\$483	\$444	\$459	
Fiberboard (1)	\$/MSF	\$449	\$458	\$454	\$379	\$415	\$436	\$440	\$418	
Sales Volume										
Southern Resources										
Sawlog	1,000 Tons	1,899	1,899	3,798	1,719	1,488	1,670	1,761	6,638	
Pulpwood	1,000 Tons	1,592	1,825	3,417	1,587	1,512	1,834	1,757	6,690	
Total Harvest		3,491	3,724	7,215	3,306	3,000	3,504	3,518	13,328	
Northern Resources										
Sawlog	1,000 Tons	906	774	1,680	1,089	715	856	855	3,515	
Pulpwood	1,000 Tons	499	319	818	534	301	436	452	1,723	
Total Harvest		1,405	1,093	2,498	1,623	1,016	1,292	1,307	5,238	
Lumber	MBF	102,857	105,028	207,885	102,373	100,174	103,671	99,763	405,981	
Plywood	MSF	75,483	75,235	150,718	80,487	77,236	78,896	71,373	307,992	
Fiberboard	MSF	61,806	61,843	123,649	61,437	65,053	64,100	55,610	246,200	

(1) Represents prices at mill level.