

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

	<u>Nine Months Ended</u>	
	September 30, <u>2005</u>	September 30, <u>2004</u>
	(In Millions, Except Per Share Amounts)	
Revenues:		
Timber	\$ 572	\$ 513
Real Estate	220	280
Manufacturing	383	396
Other	10	12
Total Revenues	<u>1,185</u>	<u>1,201</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	308	269
Real Estate	105	140
Manufacturing	349	332
Other	2	3
Total Cost of Goods Sold	<u>764</u>	<u>744</u>
Selling, General and Administrative	68	62
Total Costs and Expenses	<u>832</u>	<u>806</u>
Gain on Sale of Other Assets	<u>-</u>	<u>5</u>
Operating Income	353	400
Interest Expense, net	<u>80</u>	<u>84</u>
Income before Income Taxes	273	316
Provision for Income Taxes	<u>6</u>	<u>27</u>
Income from Continuing Operations	267	289
Gain on Sale of Properties, net of tax	<u>20</u>	<u>-</u>
Net Income	<u>\$ 287</u>	<u>\$ 289</u>
Income from Continuing Operations per Share		
- Basic	\$ 1.45	\$ 1.57
- Diluted	\$ 1.45	\$ 1.57
Net Income per Share		
- Basic	\$ 1.56	\$ 1.57
- Diluted	\$ 1.56	\$ 1.57
Weighted Average Number of Shares Outstanding		
- Basic	183.9	183.3
- Diluted	184.6	184.1

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

	<u>Quarter Ended</u>	
	September 30, <u>2005</u>	September 30, <u>2004</u>
(In Millions, Except Per Share Amounts)		
Revenues:		
Timber	\$ 180	\$ 178
Real Estate	116	42
Manufacturing	126	140
Other	<u>5</u>	<u>3</u>
Total Revenues	<u>427</u>	<u>363</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	107	96
Real Estate	65	16
Manufacturing	114	114
Other	<u>1</u>	<u>-</u>
Total Cost of Goods Sold	287	226
Selling, General and Administrative	<u>23</u>	<u>22</u>
Total Costs and Expenses	<u>310</u>	<u>248</u>
Operating Income	117	115
Interest Expense, net	<u>26</u>	<u>28</u>
Income before Income Taxes	91	87
Benefit (Provision) for Income Taxes	<u>5</u>	<u>(10)</u>
Net Income	<u>\$ 96</u>	<u>\$ 77</u>
Net Income per Share		
- Basic	\$ 0.52	\$ 0.42
- Diluted	\$ 0.52	\$ 0.42
Weighted Average Number of Shares Outstanding		
- Basic	184.0	183.5
- Diluted	184.6	184.2

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

September 30,
2005 December 31,
2004

(In Millions, Except Per Share Amounts)

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	409	\$	347
Restricted Advance from Customer		38		4
Accounts Receivable		45		40
Like-Kind Exchange Funds Held in Escrow		10		11
Inventories		67		71
Deferred Tax Asset		11		10
Other Current Assets		19		16
		599		499

Timber and Timberlands - Net		3,670		3,590
Property, Plant and Equipment - Net		242		253
Investment in Grantor Trusts		24		29
Other Assets		9		7
Total Assets	\$	4,544	\$	4,378

LIABILITIES

Current Liabilities:

Current Portion of Long-Term Debt	\$	31	\$	32
Short-Term Debt		50		-
Accounts Payable		44		41
Interest Payable		35		28
Wages Payable		21		25
Taxes Payable		23		22
Deferred Revenue		57		16
Other Current Liabilities		12		20
		273		184

Long-Term Debt		1,356		1,405
Lines of Credit		501		448
Deferred Tax Liability		40		45
Other Liabilities		52		56
Total Liabilities		2,222		2,138

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) - 186.0 at September 30, 2005, and 185.7 at December 31, 2004		2		2
Additional Paid-In Capital		2,175		2,168
Retained Earnings		189		111
Treasury Stock, at cost, Common Shares - 2.0		(44)		(43)
Other Equity		-		2
Total Stockholders' Equity		2,322		2,240
Total Liabilities and Stockholders' Equity	\$	4,544	\$	4,378

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

Nine Months Ended
September 30, September 30,
2005 2004

(In Millions)

Cash Flows From Operating Activities:				
Net Income	\$	287	\$	289
Adjustments to Reconcile Net Income to				
Net Cash Provided By Operating Activities:				
Depreciation, Depletion and Amortization (Includes \$2 Loss Related to Hurricane in 2005)		85		78
Basis of Real Estate Sold (Includes Impairment Losses of \$20 in 2004)		82		127
Deferred Income Taxes		(5)		12
Gain on Sales of Properties and Other Assets		(22)		(5)
Working Capital Changes		(1)		15
Other		1		-
Net Cash Provided By Operating Activities		<u>427</u>		<u>516</u>
Cash Flows From Investing Activities:				
Property Additions (Excluding Timberland Acquisitions)		(53)		(49)
Timberlands Acquired (Including Tax-Deferred Exchange Proceeds)		(183)		(45)
Proceeds from Sales of Properties and Other Assets				
(Including Tax-Deferred Exchange Proceeds)		27		27
Other		(1)		-
Net Cash Used In Investing Activities		<u>(210)</u>		<u>(67)</u>
Cash Flows From Financing Activities:				
Dividends		(209)		(194)
Borrowings under Line of Credit		1,806		1,671
Repayments of Borrowings under Line of Credit		(1,753)		(1,799)
Proceeds from Issuance of Short-Term Debt		50		-
Principal Payments and Retirement of Long-Term Debt		(51)		(34)
Proceeds from Stock Option Exercises		4		9
Acquisition of Treasury Stock		(1)		-
Other		(1)		-
Net Cash Used In Financing Activities		<u>(155)</u>		<u>(347)</u>
Increase In Cash and Cash Equivalents		62		102
Cash and Cash Equivalents:				
Beginning of Period		<u>347</u>		<u>267</u>
End of Period	\$	<u>409</u>	\$	<u>369</u>

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

	<u>Quarter Ended</u>	
	September 30, <u>2005</u>	September 30, <u>2004</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 96	\$ 77
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization (Includes \$2 Loss Related to Hurricane in 2005)	30	27
Basis of Real Estate Sold (Includes Impairment Losses of \$1 in 2005 and 2004)	54	13
Deferred Income Taxes	(4)	-
Gain on Sales of Other Assets	(1)	-
Working Capital Changes	23	5
Other	<u>1</u>	<u>3</u>
Net Cash Provided By Operating Activities	<u>199</u>	<u>125</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Timberland Acquisitions)	(25)	(17)
Timberlands Acquired (Including Tax-Deferred Exchange Proceeds)	(103)	(6)
Proceeds from Sales of Properties and Other Assets (Including Tax-Deferred Exchange Proceeds)	22	-
Other	<u>(1)</u>	<u>-</u>
Net Cash Used In Investing Activities	<u>(107)</u>	<u>(23)</u>
Cash Flows From Financing Activities:		
Dividends	(69)	(66)
Borrowings under Line of Credit	666	444
Repayments of Borrowings under Line of Credit	(660)	(444)
Principal Payments and Retirement of Long-Term Debt	(2)	(2)
Proceeds from Stock Option Exercises	-	6
Acquisition of Treasury Stock	(1)	-
Other	<u>(1)</u>	<u>-</u>
Net Cash Used In Financing Activities	<u>(67)</u>	<u>(62)</u>
Increase In Cash and Cash Equivalents	25	40
Cash and Cash Equivalents:		
Beginning of Period	<u>384</u>	<u>329</u>
End of Period	<u>\$ 409</u>	<u>\$ 369</u>

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

	Nine Months 2005	Nine Months 2004
(In Millions)		
Revenues:		
Northern Resources	\$ 249	\$ 242
Southern Resources	382	338
Real Estate	220	280
Manufacturing	383	396
Other	10	12
Eliminations.....	<u>(59)</u>	<u>(67)</u>
Total Revenues	<u>\$ 1,185</u>	<u>\$ 1,201</u>
Operating Costs and Expenses:		
Northern Resources	\$ 174	\$ 167
Southern Resources	210	185
Real Estate	105	140
Manufacturing	357	339
Other	2	3
Other Costs and Eliminations.....	<u>(16)</u>	<u>(28)</u>
Total Costs and Expenses.....	<u>\$ 832</u>	<u>\$ 806</u>
Operating Income (Loss)		
Northern Resources	\$ 75	\$ 75
Southern Resources	172	153
Real Estate	115	140
Manufacturing	26	57
Other	8	9
Other Costs and Eliminations.....	<u>(43)</u>	<u>(39)</u>
Gain on Sale of Other Assets.....	<u>-</u>	<u>5</u>
Total Operating Income.....	<u>\$ 353</u>	<u>\$ 400</u>

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

	<u>Third Quarter 2005</u>	<u>Third Quarter 2004</u>
(In Millions)		
Revenues:		
Northern Resources	\$ 90	\$ 85
Southern Resources	116	118
Real Estate	116	42
Manufacturing	126	140
Other	5	3
Eliminations.....	<u>(26)</u>	<u>(25)</u>
Total Revenues	<u>\$ 427</u>	<u>\$ 363</u>
Operating Costs and Expenses:		
Northern Resources	\$ 64	\$ 58
Southern Resources	71	66
Real Estate	65	16
Manufacturing	117	117
Other	1	-
Other Costs and Eliminations.....	<u>(8)</u>	<u>(9)</u>
Total Costs and Expenses.....	<u>\$ 310</u>	<u>\$ 248</u>
Operating Income (Loss)		
Northern Resources	\$ 26	\$ 27
Southern Resources	45	52
Real Estate	51	26
Manufacturing	9	23
Other	4	3
Other Costs and Eliminations.....	<u>(18)</u>	<u>(16)</u>
Total Operating Income.....	<u>\$ 117</u>	<u>\$ 115</u>

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

		2005				2004				
		1st Qtr	2nd Qtr	3rd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Sales Realization		Units								
Southern Resources										
Sawlog	\$/Ton Stumpage	\$38	\$38	\$36	\$38	\$37	\$36	\$36	\$36	\$36
Pulpwood	\$/Ton Stumpage	\$9	\$9	\$8	\$8	\$9	\$8	\$8	\$7	\$8
Northern Resources										
Sawlog	\$/Ton Delivered	\$76	\$77	\$79	\$77	\$70	\$72	\$80	\$78	\$75
Pulpwood	\$/Ton Delivered	\$37	\$37	\$39	\$38	\$34	\$34	\$35	\$36	\$35
Lumber (1)	\$/MBF	\$483	\$459	\$440	\$460	\$452	\$514	\$532	\$473	\$493
Plywood (1)	\$/MSF	\$419	\$422	\$418	\$420	\$427	\$482	\$483	\$444	\$459
Fiberboard (1)	\$/MSF	\$449	\$458	\$441	\$449	\$379	\$415	\$436	\$440	\$418
Sales Volume										
Southern Resources										
Sawlog	1,000 Tons	1,899	1,899	1,553	5,351	1,719	1,488	1,670	1,761	6,638
Pulpwood	1,000 Tons	1,592	1,825	1,690	5,107	1,587	1,512	1,834	1,757	6,690
Total Harvest		3,491	3,724	3,243	10,458	3,306	3,000	3,504	3,518	13,328
Northern Resources										
Sawlog	1,000 Tons	906	774	898	2,578	1,089	715	856	855	3,515
Pulpwood	1,000 Tons	499	319	467	1,285	534	301	436	452	1,723
Total Harvest		1,405	1,093	1,365	3,863	1,623	1,016	1,292	1,307	5,238
Lumber	MBF	102,857	105,028	103,099	310,984	102,373	100,174	103,671	99,763	405,981
Plywood	MSF	75,483	75,235	76,692	227,410	80,487	77,236	78,896	71,373	307,992
Fiberboard	MSF	61,806	61,843	62,231	185,880	61,437	65,053	64,100	55,610	246,200

(1) Represents prices at mill level.