

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

	<u>Year Ended</u>	
	December 31, <u>2004</u>	December 31, <u>2003</u>
	(In Millions, Except Per Share Amounts)	
Revenues:		
Timber	\$ 694	\$ 664
Real Estate	303	124
Manufacturing	518	397
Other	<u>13</u>	<u>11</u>
Total Revenues	<u>1,528</u>	<u>1,196</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	368	345
Real Estate	149	77
Manufacturing	449	390
Other	<u>4</u>	<u>4</u>
Total Cost of Goods Sold	<u>970</u>	<u>816</u>
Selling, General and Administrative	<u>86</u>	<u>77</u>
Total Costs and Expenses	<u>1,056</u>	<u>893</u>
Gain on Sale of Other Assets	<u>5</u>	<u>-</u>
Operating Income	477	303
Interest Expense, net	<u>111</u>	<u>117</u>
Income before Income Taxes	366	186
Benefit (Provision) for Income Taxes	<u>(27)</u>	<u>6</u>
Income from Continuing Operations	339	192
Gain on Sale of Properties, net of tax	<u>23</u>	<u>-</u>
Net Income	<u>\$ 362</u>	<u>\$ 192</u>
Income from Continuing Operations per Share - Basic	<u>\$ 1.85</u>	<u>\$ 1.05</u>
Income from Continuing Operations per Share - Diluted	<u>\$ 1.84</u>	<u>\$ 1.04</u>
Net Income per Share - Basic	<u>\$ 1.97</u>	<u>\$ 1.05</u>
Net Income per Share - Diluted	<u>\$ 1.97</u>	<u>\$ 1.04</u>
Weighted average number of Shares outstanding - Basic	<u>183.4</u>	<u>183.3</u>
Weighted average number of Shares outstanding - Diluted	<u>184.1</u>	<u>183.9</u>

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

	<u>Quarter Ended</u>	
	December 31, <u>2004</u>	December 31, <u>2003</u>
(In Millions, Except Per Share Amounts)		
Revenues:		
Timber	\$ 181	\$ 191
Real Estate	23	16
Manufacturing	122	105
Other	1	3
Total Revenues	<u>327</u>	<u>315</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	99	97
Real Estate	9	12
Manufacturing	117	96
Other	1	1
Total Cost of Goods Sold	<u>226</u>	<u>206</u>
Selling, General and Administrative	24	21
Total Costs and Expenses	<u>250</u>	<u>227</u>
Operating Income	77	88
Interest Expense, net	<u>27</u>	<u>31</u>
Income before Income Taxes	50	57
Benefit (Provision) for Income Taxes	<u>-</u>	<u>(1)</u>
Income from Continuing Operations	50	56
Gain on Sale of Properties, net of tax	<u>23</u>	<u>-</u>
Net Income	<u>\$ 73</u>	<u>\$ 56</u>
Income from Continuing Operations per Share - Basic	<u>\$ 0.28</u>	<u>\$ 0.31</u>
Income from Continuing Operations per Share - Diluted	<u>\$ 0.28</u>	<u>\$ 0.30</u>
Net Income per Share - Basic	<u>\$ 0.40</u>	<u>\$ 0.31</u>
Net Income per Share - Diluted	<u>\$ 0.40</u>	<u>\$ 0.30</u>
Weighted average number of Shares outstanding - Basic	<u>183.7</u>	<u>183.0</u>
Weighted average number of Shares outstanding - Diluted	<u>184.4</u>	<u>183.7</u>

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

December 31,  
2004                      December 31,  
2003

(In Millions, Except Per Share Amounts)

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	347	\$	267
Restricted Advance from Customer		4		3
Accounts Receivable		40		34
Inventories		71		54
Deferred Tax Asset		10		11
Other Current Assets		27		30
		499		399

Timber and Timberlands - Net		3,590		3,674
Property, Plant and Equipment - Net		253		303
Investment in Grantor Trusts		29		26
Other Assets		7		5
Total Assets	\$	4,378	\$	4,407

LIABILITIES

Current Liabilities:

Current Portion of Long-Term Debt	\$	32	\$	33
Accounts Payable		41		34
Interest Payable		28		28
Wages Payable		25		23
Taxes Payable		22		15
Deferred Revenue		16		16
Other Current Liabilities		20		13
		184		162

Long-Term Debt		1,405		1,437
Lines of Credit		448		594
Deferred Tax Liability		45		37
Other Liabilities		56		58
Total Liabilities		2,138		2,288

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) - 185.7 at December 31, 2004 and 185.1 at December 31, 2003		2		2
Additional Paid-In Capital		2,168		2,150
Retained Earnings		111		9
Treasury Stock, at cost, Common shares - 2.0		(43)		(43)
Other Equity		2		1
Total Stockholders' Equity		2,240		2,119
Total Liabilities and Stockholders' Equity	\$	4,378	\$	4,407

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

	<u>Year Ended</u>	
	December 31, <u>2004</u>	December 31, <u>2003</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 362	\$ 192
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization (Includes \$9 Lumber Impairment Charge in 2004 and \$4 Loss Related to Forest Fires in 2003)	114	108
Basis of Real Estate Sold (Includes Impairment Losses of \$21 in 2004 and \$14 in 2003 )	134	66
Deferred Income Taxes	9	(7)
Gain on Sales of Other Assets and Properties	(28)	-
Working Capital Changes	6	4
Other	3	9
Net Cash Provided By Operating Activities	<u>600</u>	<u>372</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Timberland Acquisitions)	(70)	(84)
Timberlands Acquired (Including Tax-Deferred Exchange Proceeds, Net)	(66)	(162)
Proceeds from Sale of Other Assets	46	-
Other	(1)	(1)
Net Cash Used In Investing Activities	<u>(91)</u>	<u>(247)</u>
Cash Flows From Financing Activities:		
Dividends	(260)	(257)
Borrowings of Long-term Debt	-	298
Retirement of Long-term Debt	(33)	(33)
Borrowings on Lines of Credit	2,147	1,922
Repayments on Lines of Credit	(2,295)	(1,997)
Proceeds from Stock Option Exercises	12	1
Acquisition of Treasury Stock	-	(43)
Net Cash Used In Financing Activities	<u>(429)</u>	<u>(109)</u>
Increase In Cash and Cash Equivalents	80	16
Cash and Cash Equivalents:		
Beginning of Period	<u>267</u>	<u>251</u>
End of Period	<u>\$ 347</u>	<u>\$ 267</u>

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

	<u>Quarter Ended</u>	
	December 31, <u>2004</u>	December 31, <u>2003</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 73	\$ 56
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization (Includes \$9 Lumber Impairment Charge in 2004)	36	29
Basis of Real Estate Sold (Includes Impairment Losses of \$1 in 2004 and \$5 in 2003)	7	9
Deferred Income Taxes	(3)	1
Gain on Sales of Other Assets and Properties	(23)	-
Working Capital Changes	(9)	(24)
Other	<u>3</u>	<u>5</u>
Net Cash Provided By Operating Activities	<u>84</u>	<u>76</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Timberland Acquisitions)	(21)	(24)
Timberlands Acquired (Including Tax-Deferred Exchange Proceeds, Net)	(21)	(103)
Proceeds from Sale of Other Assets	19	-
Other	<u>(1)</u>	<u>(1)</u>
Net Cash Used In Investing Activities	<u>(24)</u>	<u>(128)</u>
Cash Flows From Financing Activities:		
Dividends	(66)	(64)
Borrowings of Long-term Debt and Lines of Credit	476	556
Retirement of Long-term Debt and Lines of Credit	(495)	(456)
Proceeds from Stock Option Exercises	<u>3</u>	<u>-</u>
Net Cash Provided by (Used In) Financing Activities	<u>(82)</u>	<u>36</u>
Increase In Cash and Cash Equivalents	(22)	(16)
Cash and Cash Equivalents:		
Beginning of Period	<u>369</u>	<u>283</u>
End of Period	<u>\$ 347</u>	<u>\$ 267</u>

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

	Twelve Months 2004	Twelve Months 2003
(In Millions)		
<b>Revenues:</b>		
Northern Resources .....	\$ 325	\$ 309
Southern Resources .....	459	445
Real Estate .....	303	124
Manufacturing .....	518	397
Other .....	13	11
Eliminations.....	<u>(90)</u>	<u>(90)</u>
Total Revenues .....	<u>\$ 1,528</u>	<u>\$ 1,196</u>
<b>Operating Costs and Expenses:</b>		
Northern Resources .....	\$ 225	\$ 227
Southern Resources .....	252	229
Real Estate .....	151	77
Manufacturing .....	460	402
Other .....	4	4
Other Costs and Eliminations.....	<u>(36)</u>	<u>(46)</u>
Total Costs and Expenses.....	<u>\$ 1,056</u>	<u>\$ 893</u>
<b>Operating Income (Loss)</b>		
Northern Resources .....	\$ 100	\$ 82
Southern Resources .....	207	216
Real Estate .....	152	47
Manufacturing .....	58	(5)
Other .....	9	7
Other Costs and Eliminations.....	(54)	(44)
Gain on Sale of Other Assets.....	<u>5</u>	<u>-</u>
Total Operating Income.....	<u>\$ 477</u>	<u>\$ 303</u>

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

	<u>Fourth Quarter 2004</u>	<u>Fourth Quarter 2003</u>
(In Millions)		
<b>Revenues:</b>		
Northern Resources .....	\$ 83	\$ 97
Southern Resources .....	121	127
Real Estate .....	23	16
Manufacturing .....	122	105
Other .....	1	3
Eliminations.....	<u>(23)</u>	<u>(33)</u>
Total Revenues .....	<u>\$ 327</u>	<u>\$ 315</u>
<b>Operating Costs and Expenses:</b>		
Northern Resources .....	\$ 58	\$ 67
Southern Resources .....	67	65
Real Estate .....	11	12
Manufacturing .....	121	99
Other .....	1	1
Other Costs and Eliminations.....	<u>(8)</u>	<u>(17)</u>
Total Costs and Expenses.....	<u>\$ 250</u>	<u>\$ 227</u>
<b>Operating Income (Loss)</b>		
Northern Resources .....	\$ 25	\$ 30
Southern Resources .....	54	62
Real Estate .....	12	4
Manufacturing .....	1	6
Other .....	-	2
Other Costs and Eliminations.....	<u>(15)</u>	<u>(16)</u>
Total Operating Income.....	<u>\$ 77</u>	<u>\$ 88</u>

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

		2004					2003					
		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	
<b>Sales Realization</b>		<b>Units</b>										
<b>Southern Resources</b>												
Sawlog	\$/Ton Stumpage	\$37	\$36	\$36	\$36	\$36	\$36	\$36	\$34	\$36	\$36	
Pulpwood	\$/Ton Stumpage	\$9	\$8	\$8	\$7	\$8	\$8	\$8	\$8	\$9	\$8	
<b>Northern Resources</b>												
Sawlog	\$/Ton Delivered	\$70	\$72	\$80	\$78	\$75	\$65	\$64	\$69	\$69	\$67	
Pulpwood	\$/Ton Delivered	\$34	\$34	\$35	\$36	\$35	\$28	\$30	\$30	\$31	\$30	
Lumber (1)	\$/MBF	\$452	\$514	\$532	\$473	\$493	\$368	\$364	\$409	\$421	\$389	
Plywood (1)	\$/MSF	\$427	\$482	\$483	\$444	\$459	\$311	\$317	\$341	\$411	\$345	
Fiberboard (1)	\$/MSF	\$379	\$415	\$436	\$440	\$418	\$342	\$352	\$359	\$364	\$354	
<b>Sales Volume</b>												
<b>Southern Resources</b>												
Sawlog	1,000 Tons	1,719	1,488	1,670	1,761	6,638	1,569	1,773	1,632	1,926	6,900	
Pulpwood	1,000 Tons	1,587	1,512	1,834	1,757	6,690	1,428	1,609	1,654	1,795	6,486	
Total Harvest		3,306	3,000	3,504	3,518	13,328	2,997	3,382	3,286	3,721	13,386	
<b>Northern Resources</b>												
Sawlog	1,000 Tons	1,089	715	856	855	3,515	1,034	850	800	1,173	3,857	
Pulpwood	1,000 Tons	534	301	436	452	1,723	449	309	482	489	1,729	
Total Harvest		1,623	1,016	1,292	1,307	5,238	1,483	1,159	1,282	1,662	5,586	
Lumber	MBF	102,373	100,174	103,671	99,763	405,981	99,479	111,447	98,678	94,938	404,542	
Plywood	MSF	80,487	77,236	78,896	71,373	307,992	73,959	75,307	75,017	72,903	297,186	
Fiberboard	MSF	61,437	65,053	64,100	55,610	246,200	47,826	49,150	50,984	49,815	197,775	

(1) Represents prices at mill level.