

PLUM CREEK TIMBER COMPANY, INC.
CONSOLIDATED / COMBINED STATEMENT OF INCOME
(UNAUDITED)

	Quarter Ended June 30,	
	2000 (REIT)	1999 (MLP)
	(In Thousands, Except Per Share / Unit)	
Revenues	\$ <u>53,149</u>	\$ <u>184,349</u>
Costs and Expenses:		
Cost of Goods Sold	16,455	127,298
Selling, General and Administrative	<u>3,401</u>	<u>11,104</u>
Total Costs and Expenses	<u>19,856</u>	<u>138,402</u>
Operating Income	33,293	45,947
Interest Expense	(11,782)	(18,524)
Interest Income	1,496	221
Gain (Loss) on Disposition of Assets - Net	222	0
Reorganization Costs	0	(2,402)
Other (Expense) Income - Net	<u>29</u>	<u>(398)</u>
Income before Income Taxes, Equity in Earnings (Loss) of Unconsolidated Subsidiaries and Preferred Stock Dividends	23,258	24,844
(Provision) Benefit for Income Taxes	0	(811)
Equity in Earnings (Loss) of Unconsolidated Subsidiaries and Preferred Stock Dividends	<u>(2,255)</u>	<u>0</u>
Net Income	\$ 21,003	\$ 24,033
General Partner Interest	<u>0</u>	<u>8,628</u>
Net Income Allocable to Common Shareholders / Unitholders	<u>\$ 21,003</u>	<u>\$ 15,405</u>
Net Income per Share / Unit - Basic & Diluted.....	<u>\$ 0.30</u>	<u>\$ 0.33</u>
Weighted average number of Shares/Units outstanding - Basic	<u>69,192</u>	<u>46,323</u>
Weighted average number of Shares/Units outstanding - Dilutive	<u>69,209</u>	<u>46,323</u>

PLUM CREEK TIMBER COMPANY, INC.
CONSOLIDATED / COMBINED STATEMENT OF INCOME
(UNAUDITED)

	Six Months Ended June 30,	
	2000 (REIT)	1999 (MLP)
	(In Thousands, Except Per Share / Unit)	
Revenues	\$ 112,100	\$ 362,570
Costs and Expenses:		
Cost of Goods Sold	32,958	256,693
Selling, General and Administrative	6,850	21,547
Total Costs and Expenses	39,808	278,240
Operating Income	72,292	84,330
Interest Expense	(23,698)	(37,049)
Interest Income	3,003	610
Gain (Loss) on Disposition of Assets - Net	49,910	0
Reorganization Costs	0	(5,053)
Other (Expense) Income - Net	162	(242)
Income before Income Taxes, Equity in Earnings (Loss) of Unconsolidated Subsidiaries and Preferred Stock Dividends and Cumulative Effect of Accounting Change	101,669	42,596
(Provision) Benefit for Income Taxes	0	(985)
Equity in Earnings (Loss) of Unconsolidated Subsidiaries and Preferred Stock Dividends	(87)	0
Net Income before Cumulative Effect of Accounting Change	\$ 101,582	\$ 41,611
Cumulative Effect of Accounting Change	0	12,169
Net Income	\$ 101,582	\$ 53,780
General Partner Interest	0	17,162
Net Income Allocable to Common Shareholders / Unitholders	\$ 101,582	\$ 36,618
Income Allocable to Common Shareholders/Unitholders per Share before Cumulative Effect of Accounting Change	\$ 1.47	\$ 0.53
Cumulative Effect of Accounting Change per Share/Unit	\$ -	\$ 0.26
Net Income per Share / Unit - Basic & Diluted.....	\$ 1.47	\$ 0.79
Weighted average number of Shares/Units outstanding - Basic	69,199	46,323
Weighted average number of Shares/Units outstanding - Diluted	69,208	46,323

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

	June 30, 2000 (REIT)	December 31, 1999 (REIT)
(In Thousands, except share data)		
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 126,178	\$ 115,389
Accounts Receivable	0	828
Related Party Receivables	5,531	0
Investments in Grantor Trusts	13,022	13,721
Other Current Assets	455	3,378
	145,186	133,316
Timber and Timberlands - Net	986,699	1,010,524
Property, Plant and Equipment - Net	1,138	1,203
Investment in Unconsolidated Subsidiaries	84,740	100,202
Other Assets	4,548	5,511
Total Assets	\$ 1,222,311	\$ 1,250,756
LIABILITIES		
Current Liabilities:		
Current Portion of Long-Term Debt	\$ 6,141	\$ 6,127
Accounts Payable	1,726	1,674
Related Party Payables	0	26,522
Interest Payable	9,563	9,623
Taxes Payable	2,482	2,034
Liabilities Associated with Grantor Trust	12,768	13,411
Deferred Income	1,492	8,556
Other Current Liabilities	4,158	6,257
	38,330	74,204
Long-Term Debt	560,031	565,950
Line of Credit	68,000	77,000
Workers' Compensation Liabilities	225	225
Other Liabilities	499	330
Total Liabilities	667,085	717,709
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Preferred Stock, \$0.01 par value, authorized shares - 75 million, outstanding - none	0	0
Common Stock, \$0.01 par value, authorized shares - 300 million, outstanding - 68,572,009	686	686
Special Voting Stock, \$0.01 par value, convertible to common stock, authorized and outstanding - 634,566	6	6
Additional Paid-In Capital	522,244	522,244
Retained Earnings	32,272	9,586
Other Equity	18	525
Total Stockholders' Equity	555,226	533,047
Total Liabilities and Stockholders' Equity	\$ 1,222,311	\$ 1,250,756

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

	Six Months Ended June 30,	
	2000 (REIT)	1999 (MLP)
	(In Thousands)	
Cash Flows From Operating Activities:		
Net Income	\$ 101,582	\$ 53,780
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	18,918	36,344
Cumulative Effect of Accounting Change	0	(12,169)
(Gain) Loss on Asset Dispositions - Net	(49,910)	(120)
Equity in Earnings (Loss) of Unconsolidated Subsidiaries and Preferred Stock Dividends.....	87	0
Common and Preferred Stock Dividends	12,638	0
Working Capital Changes:		
Accounts Receivable	828	(11,260)
Inventories	0	9,868
Timber Contract Deposits and Other Current Assets.....	3,623	(1,415)
Accounts Payable	52	(455)
Deferred Income	(7,064)	0
Other Accrued Liabilities.....	(2,854)	(8,659)
Other	2,709	1,553
Net Cash Provided By Operating Activities	80,609	67,467
Cash Flows From Investing Activities:		
Additions to Properties	(9,524)	(14,763)
Proceeds from Asset Dispositions	63,176	812
Advances/Distributions with Unconsolidated Subsidiaries	(29,317)	0
Net Cash Provided By (Used In) Investing Activities	24,335	(13,951)
Cash Flows From Financing Activities:		
Cash Distributions	(78,895)	(70,916)
Retirement of Long-Term Debt	(5,910)	(18,605)
Borrowings on Line of Credit	145,000	310,900
Repayments on Line of Credit	(154,000)	(292,500)
Other	(350)	0
Net Cash Used In Financing Activities	(94,155)	(71,121)
Increase (Decrease) In Cash and Cash Equivalents	10,789	(17,605)
Cash and Cash Equivalents:		
Beginning of Period	115,389	113,793
End of Period	\$ 126,178	\$ 96,188

Supplementary Cash Flow Information

Noncash activities:

Distribution of common stock from deferred incentive compensation plan for payment of liability	\$ 1,303
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PLUM CREEK TIMBER COMPANY
SUPPLEMENTAL DETAIL OF UNCONSOLIDATED SUBSIDIARIES
2000 - SECOND QUARTER

(In Thousands)	<u>REIT STAND ALONE FINANCIALS</u>	<u>UNCONSOLIDATED SUBSIDIARIES</u>	<u>COMBINED</u>
OPERATING INCOME	33,293	(1,104)	32,189
INTEREST EXPENSE	(11,782)	(4,598)	(16,380)
GAIN (LOSS) ON DISP. OF ASSETS	222	474	696
OTHER INCOME (EXPENSE)	1,525	404 *	1,929
TAX (PROVISION) BENEFIT	<u>0</u>	<u>2,569</u>	<u>2,569</u>
NET INCOME	<u>23,258</u>	<u>(2,255)</u>	<u>21,003</u>
DEPLETION, DEPREC. & AMORT.	<u>8,701</u>	<u>6,987</u>	<u>15,688</u>
CAPITAL EXPENDITURES	<u>6,297</u>	<u>10,876</u>	<u>17,173</u>

* Includes \$218 of amortization income related to the basis difference associated with the REIT's investment in the unconsolidated subsidiaries. This amount offsets a portion of the unconsolidated subsidiaries' deferred tax expense included in the tax benefit of \$2,569.

PLUM CREEK TIMBER COMPANY
SUPPLEMENTAL DETAIL OF UNCONSOLIDATED SUBSIDIARIES
2000 Six Months Ending

(In Thousands)	<u>REIT STAND ALONE FINANCIALS</u>	<u>UNCONSOLIDATED SUBSIDIARIES</u>	<u>COMBINED</u>
OPERATING INCOME	72,292	4,339	76,631
INTEREST EXPENSE	(23,698)	(9,355)	(33,053)
GAIN (LOSS) ON DISP. OF ASSETS	49,910	488	50,398
OTHER INCOME (EXPENSE)	3,165	1,424 *	4,588
TAX (PROVISION) BENEFIT	-	3,019	3,019
NET INCOME	<u>101,669</u>	<u>(87)</u>	<u>101,582</u>
DEPLETION, DEPREC. & AMORT.	<u>18,918</u>	<u>14,448</u>	<u>33,366</u>
CAPITAL EXPENDITURES	<u>9,524</u>	<u>16,389</u>	<u>25,913</u>

* Includes \$1,187 of amortization income related to the basis difference associated with the REIT's investment in the unconsolidated subsidiaries. This amount offsets a portion of the unconsolidated subsidiaries' deferred tax expense included in the tax benefit of \$3,019.

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

	<u>1st Qtr 2000</u>	<u>2nd Qtr 2000</u>	<u>YTD 2000</u>	<u>1st Qtr 1999</u>	<u>2nd Qtr 1999</u>	<u>3rd Qtr 1999</u>	<u>4th Qtr 1999</u>	<u>YTD 1999</u>
Sales Realization								
Northwest Lumber (1) (\$/MBF)	467	430	449	444	461	478	463	462
Southern Lumber (\$/MBF)	367	334	351	387	392	396	367	385
Northwest Plywood (1) (\$/MSF)	307	310	308	322	347	372	308	338
Fiberboard (1) (\$/MSF)	346	349	347	314	321	334	330	325
Export Logs (\$/MBF)	784	749	763	680	737	669	721	698
Domestic Logs								
Cascades (\$/Cunit)	578	521	549	522	571	520	503	532
Rockies (2) (\$/Cunit)	250	244	248	228	233	235	244	235
Southern (\$/Cunit)	186	184	185	173	187	191	194	187
Northeast (\$/Ton)	66	71	68	62	62	63	62	62
Southern Pulp Logs (\$/Cunit)	89	85	87	95	96	90	88	92
Northeast Pulp Logs (\$/Ton)	29	31	30	26	26	27	27	27
Sales Volume								
Northwest Lumber (MBF)	108,070	106,936	215,006	107,017	111,224	108,741	104,151	431,133
Southern Lumber (MBF)	69,633	67,976	137,610	56,413	69,129	67,927	73,449	266,918
Northwest Plywood (MSF)	81,450	80,507	161,958	80,249	83,451	84,371	84,072	332,143
Fiberboard (MSF)	37,241	33,369	70,610	34,154	34,751	33,562	32,653	135,120
Export Saw Logs (MBF)	3,690	5,723	9,413	8,126	7,044	6,738	2,418	24,326
Domestic Saw Logs:								
Cascades (MBF)	16,353	16,972	33,325	18,854	17,166	22,672	8,472	67,164
Rockies (2) (Cunits):								
Internal Fee	125,146	79,671	204,817	141,154	77,778	161,029	140,612	520,573
External Fee	31,729	26,200	57,929	53,000	28,592	62,610	59,441	203,643
Total Rockies	156,875	105,871	262,746	194,154	106,370	223,639	200,053	724,216
Southern (Cunits)	64,673	55,738	120,411	59,198	83,095	93,745	78,280	314,318
Northeast (Tons)	181,515	91,650	273,165	144,749	76,299	147,569	172,941	541,558
Southern Pulp Logs (Cunits)	77,655	79,918	157,573	92,562	100,549	95,111	95,250	383,472
Northeast Pulp Logs (Tons)	181,785	100,213	281,998	158,065	62,249	191,504	177,465	589,283
Land Sales Income (in thousands)	10,505	10,235	\$20,740	\$731	\$5,428	\$6,955	\$6,732	\$19,846

(1) Represents prices at mill level.

(2) Rockies statistics are now presented on a Cunit basis. Prior data has been restated. Conversion factor is approximately 2 Cunits per MBF.

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

(In Thousands)	Second Quarter 2000	Second Quarter 1999*
Revenues:		
Northern Resources	\$ 51,369	\$ 50,074
Southern Resources	17,734	26,117
Lumber	76,798	88,565
Panel	39,122	44,357
Land Sales	11,380	5,915
Eliminations.....	<u>(29,957)</u>	<u>(30,679)</u>
Total Revenues.....	<u>\$ 166,446</u>	<u>\$ 184,349</u>
Operating Costs and Expenses:		
Northern Resources	\$ 36,317	\$ 37,085
Southern Resources	11,833	16,097
Lumber	78,635	81,840
Panel	36,236	36,290
Land Sales	1,145	487
Other Costs and Eliminations.....	<u>(29,909)</u>	<u>(33,397)</u>
Total Costs and Expenses.....	<u>\$ 134,257</u>	<u>\$ 138,402</u>
Operating Income (Expenses):		
Northern Resources	\$ 15,052	\$ 12,989
Southern Resources	5,901	10,020
Lumber	(1,837)	6,725
Panel	2,886	8,067
Land Sales	10,235	5,428
Other Costs and Eliminations.....	<u>(48)</u>	<u>2,718</u>
Combined Segment Operating Income.....	<u>\$ 32,189</u>	<u>\$ 45,947</u>
Less Operating Income Recognized by Unconsolidated Subsidiaries:		
Lumber	1,837	
Panel	(2,886)	
Land Sales	214	
Harvesting Activity	(2,082)	
Other Costs and Eliminations.....	<u>4,021</u>	
REIT Operating Income	<u>\$ 33,293</u>	

* 1999 results reflect the change in accounting policy for silviculture costs. This change provided a favorable impact on operating income of \$1.5 million for the second quarter.

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

(In Thousands)	Six Months <u>2000</u>	Six Months <u>1999*</u>
Revenues:		
Northern Resources	\$ 125,360	\$ 128,213
Southern Resources	37,555	46,488
Lumber	161,886	168,046
Panel	79,817	84,643
Land Sales	23,109	7,079
Eliminations.....	<u>(71,657)</u>	<u>(71,899)</u>
Total Revenues.....	<u>\$ 356,070</u>	<u>\$ 362,570</u>
Operating Costs and Expenses:		
Northern Resources	\$ 83,541	\$ 87,616
Southern Resources	24,196	30,643
Lumber	161,280	157,766
Panel	73,889	71,625
Land Sales	2,369	920
Other Costs and Eliminations.....	<u>(65,836)</u>	<u>(70,330)</u>
Total Costs and Expenses.....	<u>\$ 279,439</u>	<u>\$ 278,240</u>
Operating Income (Expenses):		
Northern Resources	\$ 41,819	\$ 40,597
Southern Resources	13,359	15,845
Lumber	606	10,280
Panel	5,928	13,018
Land Sales	20,740	6,159
Other Costs and Eliminations.....	<u>(5,821)</u>	<u>(1,569)</u>
Combined Segment Operating Income.....	<u>\$ 76,631</u>	<u>\$ 84,330</u>
Less Operating Income Recognized by Unconsolidated Subsidiaries:		
Lumber	(606)	
Panel	(5,928)	
Land Sales	(427)	
Harvesting Activity	(4,688)	
Other Costs and Eliminations.....	<u>7,310</u>	
REIT Operating Income	<u>\$ 72,292</u>	

* 1999 results reflect the change in accounting policy for silviculture costs. This change provided a favorable impact on operating income of \$1.2 million for the six months ending June 30, 1999.