

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

	Quarter Ended September 30,	
	1999 (REIT)	1998 (MLP)
	(In Thousands, Except Per Share / Unit)	
Revenues (A) .....	\$ 51,999	\$ 174,476
Costs and Expenses:		
Cost of Goods Sold .....	15,784	131,851
Selling, General and Administrative .....	2,945	10,524
Total Costs and Expenses .....	18,729	142,375
Operating Income .....	33,270	32,101
Interest Expense .....	(13,665)	(14,859)
Interest Income .....	500	433
Reorganization Costs .....	-	(1,222)
Other Income - Net .....	(391)	(37)
Income before Income Taxes and Equity in Earnings of Unconsolidated Subsidiaries and Preferred Stock Dividends.....	19,714	16,416
Provision (Benefit) for Income Taxes .....	(14,030)	374
Equity in Earnings of Unconsolidated Subsidiaries and Preferred Stock Dividends (B) .....	11,904	-
Net Income .....	\$ 45,648	\$ 16,042
General Partner Interest .....	-	8,498
Net Income Allocable to Common Shareholders / Unitholders .....	\$ 45,648	\$ 7,544
Net Income per Share / Unit .....	\$ 0.72	\$ 0.16
Dividends Declared Per Share / Unit.....	\$ 0.57	\$ 0.57
Weighted average number of Shares/Units outstanding - Basic and Diluted .....	63,456,575	46,323,300

(A) 1999 third quarter REIT revenues do not include revenues from manufacturing operations, harvesting activities and some land sales conducted through unconsolidated subsidiaries.

(B) Reflects net earnings from manufacturing operations, harvesting activities and some land sales previously reported by the MLP.

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

Nine Months Ended September 30,  
1999                      1998  
(REIT/MLP)              (MLP)

(In Thousands, Except Per Share / Unit)

Revenues (A) .....	\$	<u>414,569</u>	\$	<u>510,600</u>
Costs and Expenses:				
Cost of Goods Sold .....		273,691		371,619
Selling, General and Administrative .....		<u>24,492</u>		<u>37,954</u>
Total Costs and Expenses .....		<u>298,183</u>		<u>409,573</u>
Operating Income .....		116,386		101,027
Interest Expense .....		(50,714)		(44,435)
Interest Income .....		1,110		900
Reorganization Costs .....		(5,053)		(2,970)
Other Income - Net .....		<u>(633)</u>		<u>(548)</u>
Income before Income Taxes and Equity in Earnings of Unconsolidated Subsidiaries and Preferred Stock Dividends.....		61,096		53,974
Provision (Benefit) for Income Taxes .....		(13,045)		521
Equity in Earnings of Unconsolidated Subsidiaries and Preferred Stock Dividends (B) .....		<u>11,904</u>		<u>-</u>
Net Income .....	\$	86,045	\$	53,453
General Partner Interest .....		<u>17,162</u>		<u>25,097</u>
Net Income Allocable to Common Shareholders / Unitholders .....	\$	<u>68,883</u>	\$	<u>28,356</u>
Net Income per Share / Unit .....	\$	<u>1.32</u>	\$	<u>0.61</u>
Dividends Declared Per Share / Unit.....	\$	<u>1.71</u>	\$	<u>1.71</u>
Weighted average number of Shares/Units outstanding - Basic and Diluted .....		<u>52,034,392</u>		<u>46,323,300</u>

(A) 1999 nine month revenues do not include revenues from manufacturing operations, harvesting activities and some land sales conducted through unconsolidated subsidiaries for the three months ended September 30, 1999.

(B) Reflects net earnings from manufacturing operations, harvesting activities and some land sales previously reported by the MLP.

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

	September 30, 1999 <u>(REIT)</u>	December 31, 1998 <u>(MLP)</u>
(In Thousands)		
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents .....	\$ 127,014	\$ 113,793
Accounts Receivable .....	826	32,007
Inventories .....	-	55,963
Timber Contract Deposits .....	-	2,647
Investments in Grantor Trusts .....	12,915	-
Other Current Assets .....	<u>1,406</u>	<u>6,053</u>
	142,161	210,463
Timber and Timberlands - Net .....	1,002,704	1,030,484
Property, Plant and Equipment - Net .....	1,236	186,179
Investment in Unconsolidated Subsidiaries .....	99,983	-
Other Assets .....	<u>6,852</u>	<u>11,117</u>
Total Assets .....	<u>\$ 1,252,936</u>	<u>\$ 1,438,243</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Current Portion of Long-Term Debt .....	\$ 5,685	\$ 18,400
Accounts Payable .....	1,777	15,320
Related Party Payables .....	28,735	-
Interest Payable .....	11,672	10,964
Wages Payable .....	948	14,795
Taxes Payable .....	3,842	4,081
Workers' Compensation Liabilities .....	26	1,550
Liabilities Associated with Grantor Trust .....	12,209	-
Deferred Income .....	5,641	-
Other Current Liabilities .....	<u>5,338</u>	<u>15,766</u>
	75,873	80,876
Long-Term Debt .....	566,495	742,608
Line of Credit .....	218,500	200,000
Workers' Compensation Liabilities .....	225	7,495
Other Liabilities .....	<u>216</u>	<u>1,849</u>
Total Liabilities .....	<u>861,309</u>	<u>1,032,828</u>
Commitments and Contingencies		
<b>STOCKHOLDERS' EQUITY / PARTNERS' CAPITAL</b>		
Common Stock .....	635	-
Additional Paid-In Capital .....	380,594	-
Retained Earnings .....	9,478	-
Other Equity .....	920	-
Limited Partners' Units.....	-	406,857
General Partner.....	-	<u>(1,442)</u>
Total Stockholders' Equity / Partners' Capital .....	<u>391,627</u>	<u>405,415</u>
Total Liabilities and Stockholders' / Partners' Capital .....	<u>\$ 1,252,936</u>	<u>\$ 1,438,243</u>

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

	Nine Months Ended September 30	
	1999	1998
	(REIT/MLP)	(MLP)
	(In Thousands)	
Cash Flows From Operating Activities:		
Net Income .....	\$ 86,045	\$ 53,453
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization .....	47,003	50,304
Deferred Income Taxes .....	(14,030)	-
(Gain) Loss on Asset Dispositions - Net .....	(120)	444
Equity in Earnings of Unconsolidated Subsidiaries		
and Preferred Stock Dividends .....	(11,904)	-
Preferred Stock Dividends .....	3,919	-
Working Capital Changes, net of effect of business acquisition:		
Accounts Receivable .....	(12,369)	(4,863)
Inventories .....	9,987	9,312
Timber Contract Deposits and Other Current Assets.....	(1,896)	(890)
Accounts Payable .....	(3,323)	6,750
Deferred Income .....	5,641	-
Other Accrued Liabilities.....	(6,115)	8,796
Other .....	658	3,361
Net Cash Provided By Operating Activities .....	\$ 103,496	\$ 126,667
Cash Flows From Investing Activities:		
Additions to Properties .....	\$ (16,644)	\$ (50,916)
Proceeds from Asset Dispositions .....	833	800
Investment in Unconsolidated Subsidiaries .....	(24,821)	-
Advances from Unconsolidated Subsidiaries .....	36,768	-
Distributions from Unconsolidated Subsidiaries .....	22,251	-
Other .....	(1,371)	-
Net Cash Provided By (Used In) Investing Activities .....	\$ 17,016	\$ (50,116)
Cash Flows From Financing Activities:		
Cash Distributions .....	\$ (107,086)	\$ (104,903)
Retirement of Long-Term Debt .....	(18,705)	(18,400)
Borrowings on Line of Credit .....	464,400	550,000
Repayments on Line of Credit .....	(445,900)	(511,000)
Net Cash Used In Financing Activities .....	\$ (107,291)	\$ (84,303)
Increase (Decrease) In Cash and Cash Equivalents .....	13,221	(7,752)
Cash and Cash Equivalents:		
Beginning of Period .....	113,793	135,381
End of Period .....	\$ 127,014	\$ 127,629

PLUM CREEK TIMBER COMPANY, INC.  
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(UNAUDITED)

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Beginning of Period .....	113,793	135,381
End of Period .....	\$ 127,014	\$ 127,629

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

	<u>Third Quarter 1999</u>	<u>Third Quarter 1998</u>
(In Thousands)		
Revenues:		
Northern Resources .....	\$ 90,072	\$ 76,042
Southern Resources .....	28,144	28,658
Lumber .....	89,592	74,318
Panel .....	47,262	39,340
Land Sales .....	8,023	2,891
Other .....	0	4,439
Eliminations.....	<u>(62,338)</u>	<u>(51,212)</u>
Total Revenues.....	<u>\$ 200,755</u>	<u>\$ 174,476</u>
Operating Costs and Expenses:		
Northern Resources .....	\$ 63,873	\$ 53,561
Southern Resources .....	16,114	15,674
Lumber .....	79,780	73,272
Panel .....	36,790	34,040
Land Sales .....	1,068	502
Other .....	0	6,286
Other Costs and Eliminations.....	<u>(51,094)</u>	<u>(40,960)</u>
Total Costs and Expenses.....	<u>\$ 146,531</u>	<u>\$ 142,375</u>
Operating Income (Expenses):		
Northern Resources .....	\$ 26,199	\$ 22,481
Southern Resources .....	12,030	12,984
Lumber .....	9,812	1,046
Panel .....	10,472	5,300
Land Sales .....	6,955	2,389
Other .....	0	(1,847)
Other Costs and Eliminations.....	<u>(11,244)</u>	<u>(10,252)</u>
Combined Segment Operating Income.....	<u>\$ 54,224</u>	<u>\$ 32,101</u>
Less Operating Income Recognized by Unconsolidated Subsidiaries:		
Lumber .....	(9,812)	
Panel .....	(10,472)	
Land Sales .....	(1,032)	
Harvesting Activity .....	(2,957)	
Other Costs and Eliminations.....	<u>3,319</u>	
REIT Operating Income .....	<u>\$ 33,270</u>	

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

	Nine Months 1999	Nine Months 1998
(In Thousands)		
Revenues:		
Northern Resources .....	\$ 218,284	\$ 176,291
Southern Resources .....	74,632	86,755
Lumber .....	257,638	211,450
Panel .....	131,905	117,511
Land Sales .....	15,103	11,301
Other .....	0	29,151
Eliminations.....	(134,237)	(121,859)
Total Revenues.....	<u>\$ 563,325</u>	<u>\$ 510,600</u>
Operating Costs and Expenses:		
Northern Resources .....	\$ 151,872	\$ 124,696
Southern Resources .....	47,585	45,996
Lumber .....	237,545	206,053
Panel .....	108,415	107,009
Land Sales .....	1,989	1,805
Other .....	0	30,803
Other Costs and Eliminations.....	(121,421)	(106,789)
Total Costs and Expenses.....	<u>\$ 425,985</u>	<u>\$ 409,573</u>
Operating Income (Expenses):		
Northern Resources .....	\$ 66,412	\$ 51,595
Southern Resources .....	27,047	40,759
Lumber .....	20,093	5,397
Panel .....	23,490	10,502
Land Sales .....	13,114	9,496
Other .....	0	(1,652)
Other Costs and Eliminations.....	(12,816)	(15,070)
Combined Segment Operating Income.....	<u>\$ 137,340</u>	<u>\$ 101,027</u>
Less Operating Income Recognized by Unconsolidated Subsidiaries:		
Lumber .....	(9,812)	
Panel .....	(10,472)	
Land Sales .....	(1,032)	
Harvesting Activity .....	(2,957)	
Other Costs and Eliminations.....	3,319	
REIT Operating Income .....	<u>\$ 116,386</u>	

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

	1999					1998				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	
<b>Sales Realization</b>										
Northwest Lumber (1) (\$/MBF)	444	461	478	416	461	422	413	422	416	
Southern Lumber (\$/MBF)	387	392	396	332	392	436	398	365	332	
Northwest Plywood (1) (\$/MSF)	322	347	372	316	347	301	300	311	316	
Fiberboard (1) (\$/MSF)	314	321	334	323	323	302	311	322	323	
Export Logs (\$/MBF)	680	737	669	728	695	693	668	684	728	
<b>Domestic Logs</b>										
Cascades (\$/MBF)	522	571	520	478	536	517	503	438	478	
Rockies (\$/MBF)	457	467	472	445	465	476	464	457	445	
Southern (\$/Cunit)	173	187	191	191	185	212	237	210	191	
Northeast (\$/Ton)	62	62	63	60	62	N/A	N/A	N/A	60	
Southern Pulp Logs (\$/Cunit)	95	96	90	94	94	102	106	95	94	
Northeast Pulp Logs (\$/Ton)	26	26	27	26	26	N/A	N/A	N/A	26	
<b>Sales Volume</b>										
Northwest Lumber (MBF)	107,017	111,224	108,741	102,235	326,982	87,977	97,155	103,498	102,235	
Southern Lumber (MBF)	56,413	69,129	67,927	57,572	193,469	50,053	51,305	56,342	57,572	
Northwest Plywood (MSF)	80,249	83,451	84,371	77,775	248,071	84,830	80,588	78,511	77,775	
Fiberboard (MSF)	34,154	34,751	33,562	30,274	102,467	34,913	33,807	35,792	30,274	
Export Saw Logs (MBF)	8,126	7,044	6,738	6,717	21,908	4,927	8,047	11,913	6,717	
<b>Domestic Saw Logs:</b>										
Cascades (MBF)	18,854	17,166	22,672	12,657	58,692	19,464	23,595	21,361	12,657	
<b>Rockies (MBF):</b>										
Internal Fee	71,290	39,281	81,328	81,550	191,899	59,732	29,444	79,352	81,550	
External Fee	25,394	13,756	30,153	40,129	69,303	22,675	16,667	36,042	40,129	
Total Rockies	96,684	53,037	111,481	121,679	261,202	82,407	46,111	115,394	121,679	
Southern (Cunits)	59,198	83,095	93,745	83,343	236,038	70,521	82,333	80,730	83,343	
Northeast (Tons)	144,749	76,299	147,569	56,066	368,617	N/A	N/A	N/A	56,066	
Southern Pulp Logs (Cunits)	92,562	100,549	95,111	143,322	288,222	96,117	96,198	111,032	143,322	
Northeast Pulp Logs (Tons)	158,065	62,249	191,504	72,158	411,818	N/A	N/A	N/A	72,158	
Land Sales Income (in thousands)	\$731	\$5,428	\$6,955	\$17,102	13,114	\$1,155	\$5,952	\$2,389	\$17,102	

(1) Represents prices at mill level.