

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

	<u>Six Months Ended</u>	
	June 30, <u>2006</u>	June 30, <u>2005</u>
	(In Millions, Except Per Share Amounts)	
Revenues:		
Timber	\$ 407	\$ 392
Real Estate	113	104
Manufacturing	264	257
Other	10	5
Total Revenues	<u>794</u>	<u>758</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	234	201
Real Estate	41	40
Manufacturing	240	235
Other	1	1
Total Cost of Goods Sold	<u>516</u>	<u>477</u>
Selling, General and Administrative	52	45
Total Costs and Expenses	<u>568</u>	<u>522</u>
Operating Income	226	236
Interest Expense, net	<u>65</u>	<u>54</u>
Income before Income Taxes	161	182
Provision for Income Taxes	<u>7</u>	<u>11</u>
Income from Continuing Operations	154	171
Gain on Sale of Properties, net of tax	<u>-</u>	<u>20</u>
Net Income Before Cumulative Effect of Accounting Change	154	191
Cumulative Effect of Accounting Change, net of tax	<u>2</u>	<u>-</u>
Net Income	<u>\$ 156</u>	<u>\$ 191</u>
Income from Continuing Operations per Share		
- Basic	\$ 0.84	\$ 0.93
- Diluted	\$ 0.84	\$ 0.93
Net Income per Share		
- Basic	\$ 0.85	\$ 1.04
- Diluted	\$ 0.85	\$ 1.03
Weighted Average Number of Shares Outstanding		
- Basic	183.2	183.9
- Diluted	183.7	184.6

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

Quarter Ended
June 30, June 30,
2006 2005

(In Millions, Except Per Share Amounts)

Revenues:		
Timber	\$ 193	\$ 192
Real Estate	52	36
Manufacturing	130	128
Other	5	2
Total Revenues	<u> 380</u>	<u> 358</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	113	99
Real Estate	25	16
Manufacturing	117	117
Other	-	-
Total Cost of Goods Sold	<u> 255</u>	<u> 232</u>
Selling, General and Administrative	26	24
Total Costs and Expenses	<u> 281</u>	<u> 256</u>
Operating Income	99	102
Interest Expense, net	<u> 34</u>	<u> 27</u>
Income before Income Taxes	65	75
Provision for Income Taxes	<u> 3</u>	<u> 6</u>
Net Income	<u> 62</u>	<u> 69</u>
Net Income per Share		
- Basic	\$ 0.34	\$ 0.37
- Diluted	\$ 0.34	\$ 0.37
Weighted Average Number of Shares Outstanding		
- Basic	182.3	184.0
- Diluted	182.8	184.6

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

Six Months Ended
June 30, June 30,
2006 2005

(In Millions)

Cash Flows From Operating Activities:				
Net Income	\$	156	\$	191
Adjustments to Reconcile Net Income to				
Net Cash Provided By Operating Activities:				
Depreciation, Depletion and Amortization		60		55
Basis of Real Estate Sold		23		28
Deferred Income Taxes		-		(1)
Gain on Sales of Properties and Other Assets		-		(21)
Working Capital Changes Impacting Cash Flow:				
Like-Kind Exchange Funds		20		(46)
Other Working Capital Changes		(6)		(8)
Other		(1)		-
Net Cash Provided By Operating Activities		<u>252</u>		<u>198</u>
Cash Flows From Investing Activities:				
Capital Expenditures (Excluding Timberland Acquisitions)		(36)		(28)
Timberlands Acquired		(17)		(50)
Proceeds from Sales of Properties and Other Assets		1		5
Other		(3)		-
Net Cash Used In Investing Activities		<u>(55)</u>		<u>(73)</u>
Cash Flows From Financing Activities:				
Dividends		(147)		(140)
Borrowings on Line of Credit		1,474		1,140
Repayments on Line of Credit		(1,453)		(1,093)
Proceeds from Issuance of Short-Term Debt		-		50
Repayment of Short-Term Debt		(50)		-
Proceeds from Issuance of Long-Term Debt		216		-
Principal Payments and Retirement of Long-Term Debt		(29)		(49)
Proceeds from Stock Option Exercises		3		4
Acquisition of Treasury Stock		(184)		-
Net Cash Used In Financing Activities		<u>(170)</u>		<u>(88)</u>
Increase In Cash and Cash Equivalents		27		37
Cash and Cash Equivalents:				
Beginning of Period		<u>369</u>		<u>347</u>
End of Period	\$	<u>396</u>	\$	<u>384</u>

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

	<u>Quarter Ended</u>	
	June 30, <u>2006</u>	June 30, <u>2005</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 62	\$ 69
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	29	28
Basis of Real Estate Sold	13	10
Deferred Income Taxes	(1)	-
Working Capital Changes Impacting Cash Flow:		
Like-Kind Exchange Funds	(9)	(15)
Other Working Capital Changes	14	25
Other	4	2
Net Cash Provided By Operating Activities	<u>112</u>	<u>119</u>
Cash Flows From Investing Activities:		
Capital Expenditures (Excluding Timberland Acquisitions)	(19)	(18)
Timberlands Acquired	(17)	(50)
Proceeds from Sales of Properties and Other Assets	1	4
Other	(3)	-
Net Cash Used In Investing Activities	<u>(38)</u>	<u>(64)</u>
Cash Flows From Financing Activities:		
Dividends	(73)	(70)
Borrowings on Line of Credit	811	611
Repayments on Line of Credit	(790)	(564)
Proceeds from Issuance of Short-Term Debt	-	50
Repayment of Short-Term Debt	(50)	-
Proceeds from Issuance of Long-Term Debt	216	-
Principal Payments and Retirement of Long-Term Debt	(28)	(48)
Proceeds from Stock Option Exercises	1	1
Acquisition of Treasury Stock	(184)	-
Net Cash Used In Financing Activities	<u>(97)</u>	<u>(20)</u>
Increase (Decrease) In Cash and Cash Equivalents	(23)	35
Cash and Cash Equivalents:		
Beginning of Period	<u>419</u>	<u>349</u>
End of Period	<u>\$ 396</u>	<u>\$ 384</u>

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

	Six Months 2006	Six Months 2005
<u>(In Millions)</u>		
Revenues:		
Northern Resources	\$ 202	\$ 159
Southern Resources	243	266
Real Estate	113	104
Manufacturing	264	257
Other	10	5
Eliminations.....	<u>(38)</u>	<u>(33)</u>
Total Revenues	\$ <u>794</u>	\$ <u>758</u>
Operating Costs and Expenses:		
Northern Resources	\$ 146	\$ 111
Southern Resources	145	141
Real Estate	42	42
Manufacturing	246	241
Other	1	1
Other Costs and Eliminations.....	<u>(12)</u>	<u>(14)</u>
Total Costs and Expenses.....	\$ <u>568</u>	\$ <u>522</u>
Operating Income (Loss)		
Northern Resources	\$ 56	\$ 48
Southern Resources	98	125
Real Estate	71	62
Manufacturing	18	16
Other	9	4
Other Costs and Eliminations.....	<u>(26)</u>	<u>(19)</u>
Total Operating Income.....	\$ <u>226</u>	\$ <u>236</u>

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

	<u>Second Quarter 2006</u>	<u>Second Quarter 2005</u>
(In Millions)		
Revenues:		
Northern Resources	\$ 87	\$ 71
Southern Resources	121	135
Real Estate	52	36
Manufacturing	130	128
Other	5	2
Eliminations.....	<u>(15)</u>	<u>(14)</u>
Total Revenues	<u>\$ 380</u>	<u>\$ 358</u>
Operating Costs and Expenses:		
Northern Resources	\$ 66	\$ 52
Southern Resources	73	73
Real Estate	25	17
Manufacturing	120	120
Other	1	-
Other Costs and Eliminations.....	<u>(4)</u>	<u>(6)</u>
Total Costs and Expenses.....	<u>\$ 281</u>	<u>\$ 256</u>
Operating Income (Loss)		
Northern Resources	\$ 21	\$ 19
Southern Resources	48	62
Real Estate	27	19
Manufacturing	10	8
Other	4	2
Other Costs and Eliminations.....	<u>(11)</u>	<u>(8)</u>
Total Operating Income.....	<u>\$ 99</u>	<u>\$ 102</u>

Selected Operating Statistics
(Unaudited)

		2006			2005					
		1st Qtr	2nd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	
Sales Realization		Units								
Southern Resources										
Sawlog	\$/Ton Stumpage	\$35	\$36	\$36	\$38	\$38	\$36	\$37	\$37	
Pulpwood	\$/Ton Stumpage	\$8	\$8	\$8	\$9	\$9	\$8	\$7	\$8	
Northern Resources										
Sawlog	\$/Ton Delivered	\$77	\$78	\$78	\$76	\$77	\$79	\$77	\$77	
Pulpwood	\$/Ton Delivered	\$37	\$37	\$37	\$37	\$37	\$39	\$38	\$38	
Lumber (1)	\$/MBF	\$467	\$456	\$462	\$483	\$459	\$440	\$435	\$454	
Plywood (1)	\$/MSF	\$452	\$455	\$453	\$419	\$422	\$418	\$444	\$425	
Fiberboard (1)	\$/MSF	\$445	\$480	\$462	\$449	\$458	\$441	\$434	\$446	
Sales Volume										
Southern Resources										
Sawlog	1,000 Tons	1,749	1,685	3,434	1,899	1,899	1,553	1,624	6,975	
Pulpwood	1,000 Tons	1,642	1,651	3,293	1,592	1,825	1,690	1,696	6,803	
Total Harvest		3,391	3,336	6,727	3,491	3,724	3,243	3,320	13,778	
Northern Resources										
Sawlog	1,000 Tons	1,151	877	2,028	906	774	898	1,011	3,589	
Pulpwood	1,000 Tons	766	517	1,283	499	319	467	529	1,814	
Total Harvest		1,917	1,394	3,311	1,405	1,093	1,365	1,540	5,403	
Lumber	MBF	99,367	97,059	196,426	102,857	105,028	103,099	96,003	406,987	
Plywood	MSF	75,769	71,269	147,038	75,483	75,235	76,692	71,115	298,525	
Fiberboard	MSF	69,076	70,411	139,487	61,806	61,843	62,231	62,407	248,287	

Plum Creek Timber Company, Inc.
Land Sale Statistics
(Unaudited)

	2006			2005				
	1st Qtr	2nd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Acres Sold								
Small Non-strategic	15,050	11,765	26,815	18,525	13,315	85,610	30,750	148,200
Large Non-strategic	-	-	-	-	625 *	-	39,375	40,000
Conservation	1,815	2,185	4,000	8,650	450	11,600	1,900	22,600
HBU/Recreation	3,860	7,225	11,085	9,100	4,510	5,620	1,770	21,000
Development Properties	1,075	645	1,720	20	140	20	20	200
Conservation Easements	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	21,800	21,820	43,620	36,295	19,040	102,850	73,815	232,000
Price per Acre								
Small Non-strategic	\$1,465	\$1,270	\$1,380	\$1,225	\$1,425	\$1,050	\$905	\$1,075
Large Non-strategic	-	-	-	-	\$1,820	-	\$763	\$780
Conservation	\$1,475	\$1,500	\$1,490	\$1,550	\$3,225	\$760	\$1,225	\$1,151
HBU/Recreation	\$4,960	\$4,140	\$4,425	\$2,600	\$2,550	\$3,030	\$3,905	\$2,814
Development Properties	\$8,595	\$5,295	\$7,355	\$23,500	\$13,785	\$14,300	\$10,700	\$14,500
Conservation Easements	\$1,300	-	\$1,300	\$427	-	-	\$490	\$450
Revenue, (\$ millions)								
Small Non-strategic	\$22	\$15	\$37	\$23	\$19	\$90	\$28	\$160
Large Non-strategic	-	-	-	-	\$1	-	\$30	\$31
Conservation	\$3	\$3	\$6	\$13	\$2	\$9	\$2	\$26
HBU/Recreation	\$19	\$30	\$49	\$24	\$11	\$17	\$7	\$59
Development Properties	\$9	\$4	\$13	-	\$3	-	-	\$3
Conservation Easements	\$8	-	\$8	\$8	-	-	\$5	\$13
	\$61	\$52	\$113	\$68	\$36	\$116	\$72	\$292
Basis of Real Estate Sold (\$ millions)	\$10	\$13	\$23	\$18	\$10	\$54	\$42	\$124

* Represents the completion of the sale of our Pennsylvania properties. Initial sale was in 2004.