

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

	Quarter Ended September 30,	
	2001	2000
	(In Thousands, Except Per Share)	
Revenues .....	\$ <u>163,558</u>	\$ <u>41,539</u>
Costs and Expenses:		
Cost of Goods Sold .....	120,097	16,367
Selling, General and Administrative .....	10,121	2,283
Merger Expenses .....	<u>2,706</u>	<u>2,178</u>
Total Costs and Expenses .....	<u>132,924</u>	<u>20,828</u>
Operating Income .....	30,634	20,711
Interest Expense .....	(14,672)	(11,548)
Interest Income .....	1,543	893
Gain (Loss) on Disposition of Assets - Net .....	<u>2,052</u>	<u>(182)</u>
Income before Income Taxes, Equity in Earnings of Unconsolidated Subsidiaries and Preferred Stock Dividends .....	19,557	9,874
Provision for Income Taxes .....	(2,690)	-
Equity in Earnings (Loss) of Unconsolidated Subsidiaries and Preferred Stock Dividends .....	<u>-</u>	<u>(366)</u>
Net Income.....	\$ <u>16,867</u>	\$ <u>9,508</u>
Net Income per Share - Basic & Diluted.....	\$ <u>0.24</u>	\$ <u>0.14</u>
Weighted average number of Shares outstanding - Basic	<u>69,187</u>	<u>69,181</u>
Weighted average number of Shares outstanding - Diluted	<u>69,351</u>	<u>69,228</u>

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

	Nine Months Ended September 30,	
	2001	2000
	(In Thousands, Except Per Share)	
Revenues .....	\$ 482,530	\$ 153,639
Costs and Expenses:		
Cost of Goods Sold .....	338,520	49,325
Selling, General and Administrative .....	31,444	9,133
Merger Expenses .....	7,733	2,178
Total Costs and Expenses .....	377,697	60,636
Operating Income .....	104,833	93,003
Interest Expense .....	(46,094)	(35,246)
Interest Income .....	5,269	3,896
Gain on Disposition of Assets - Net .....	26,785	49,890
Income before Income Taxes, Equity in Earnings of Unconsolidated Subsidiaries and Preferred Stock Dividends.....	90,793	111,543
Provision for Income Taxes .....	(5,853)	-
Equity in Earnings (Loss) of Unconsolidated Subsidiaries and Preferred Stock Dividends .....	-	(453)
Net Income .....	\$ 84,940	\$ 111,090
Net Income per Share - Basic & Diluted .....	\$ 1.23	\$ 1.61
Weighted average number of Shares outstanding - Basic	69,187	69,193
Weighted average number of Shares outstanding - Diluted	69,285	69,214

PLUM CREEK TIMBER COMPANY, INC.  
CONSOLIDATED BALANCE SHEET

	September 30, 2001 (UNAUDITED)	December 31, 2000
	(In Thousands, except share data)	
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents .....	\$ 140,013	\$ 143,958
Restricted Cash .....	19,213	37,490
Accounts Receivable .....	30,844	-
Inventories .....	40,098	-
Investments in Grantor Trusts .....	10,648	12,301
Other Current Assets .....	10,293	886
	251,109	194,635
Timber and Timberlands - Net .....	941,024	975,921
Property, Plant and Equipment - Net .....	118,620	1,074
Investment in Unconsolidated Subsidiaries .....	-	74,261
Deferred Tax Asset .....	54,457	-
Other Assets .....	6,215	4,177
Total Assets .....	\$ 1,371,425	\$ 1,250,068
<b>LIABILITIES</b>		
Current Liabilities:		
Current Portion of Long-Term Debt .....	\$ 27,450	\$ 6,153
Line of Credit .....	123,000	96,000
Accounts Payable .....	17,030	1,295
Related Party Payables .....	-	37,340
Interest Payable .....	15,700	9,714
Wages Payable .....	13,171	-
Taxes Payable .....	5,889	1,680
Liabilities Associated with Grantor Trust .....	10,011	12,106
Deferred Income .....	-	10,890
Other Current Liabilities .....	12,844	4,527
	225,095	179,705
Long-Term Debt .....	660,050	559,798
Deferred Income .....	-	2,806
Workers' Compensation Liabilities .....	5,305	225
Other Liabilities .....	7,097	866
Total Liabilities .....	897,547	743,400
Commitments and Contingencies		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred Stock, \$0.01 par value, authorized shares - 75 million, outstanding - none .....	-	-
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 .....	472,531	505,939
Retained Earnings .....	0	0
Other Equity .....	655	37
Total Stockholders' Equity .....	473,878	506,668
Total Liabilities and Stockholders' Equity .....	\$ 1,371,425	\$ 1,250,068

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

	Nine Months Ended September 30,	
	2001	2000
	(In Thousands)	
Cash Flows From Operating Activities:		
Net Income .....	\$ 84,940	\$ 111,090
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization .....	40,197	29,023
Deferred Income Taxes .....	5,853	-
Gain on Asset Dispositions - Net .....	(26,785)	(49,723)
Equity in Earnings of Unconsolidated Subsidiaries and Preferred Stock Dividends.....	-	453
Common and Preferred Stock Dividends .....	-	16,556
Working Capital Changes, net of effect of business acquisition:		
Accounts Receivable .....	(1,229)	828
Inventories .....	5,488	-
Accounts Payable .....	(716)	(798)
Deferred Income .....	-	(4,728)
Wages Payable .....	1,265	-
Other Current Assets and Liabilities.....	7,514	3,553
Other .....	5,331	4,264
Net Cash Provided By Operating Activities .....	121,858	110,518
Cash Flows From Investing Activities:		
Additions to Properties .....	(66,317)	(14,602)
Proceeds from Asset Dispositions .....	48,458	63,397
Restricted Cash Change .....	18,277	-
Advances/Distributions with Unconsolidated Subsidiaries .....	-	(42,186)
Acquisition of Controlling Interest.....	(7,571)	-
Net Cash Provided By (Used In) Investing Activities .....	(7,153)	6,609
Cash Flows From Financing Activities:		
Cash Distributions .....	(118,343)	(118,343)
Retirement of Long-Term Debt .....	(27,307)	(6,022)
Borrowings on Line of Credit .....	246,000	231,000
Repayments on Line of Credit .....	(219,000)	(222,000)
Other .....	-	(350)
Net Cash Used In Financing Activities .....	(118,650)	(115,715)
Increase/(Decrease) In Cash and Cash Equivalents .....	(3,945)	1,412
Cash and Cash Equivalents:		
Beginning of Period .....	143,958	115,389
End of Period .....	\$ 140,013	\$ 116,801

Supplementary Cash Flow Information

Noncash activities:

Distribution of common stock from deferred incentive compensation plan for payment of liability .....	\$ 1,174	1,303
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**Plum Creek Timber Company, Inc.**  
**Selected Operating Statistics**  
(Unaudited)

	<u>1st Qtr 2001</u>	<u>2nd Qtr 2001</u>	<u>3rd Qtr 2001</u>	<u>YTD 2001</u>	<u>1st Qtr 2000</u>	<u>2nd Qtr 2000</u>	<u>3rd Qtr 2000</u>	<u>4th Qtr 2000</u>	<u>YTD 2000</u>
<b>Sales Realization</b>									
Northwest Lumber (1) (\$/MBF)	385	410	412	403	467	430	381	397	420
Southern Lumber (2) (\$/MBF)	0	0	0	0	367	334	309	277	325
Northwest Plywood (1) (\$/MSF)	302	306	316	308	307	310	296	305	305
Fiberboard (1) (\$/MSF)	326	346	337	336	346	349	346	331	343
Export Logs (\$/MBF)	647	683	634	654	784	749	689	721	733
Domestic Logs									
Cascades (\$/MBF)	458	446	490	464	578	521	442	470	502
Rockies (\$/Cunit)	210	215	214	213	250	244	244	231	241
Southern (\$/Cunit)	144	130	146	140	186	184	188	186	186
Northeast (\$/Ton)	70	69	65	68	66	71	70	69	69
Southern Pulp Logs (\$/Cunit)	81	82	83	82	89	85	81	79	83
Northeast Pulp Logs (\$/Ton)	28	30	27	28	29	31	30	30	30
<b>Sales Volume</b>									
Northwest Lumber (MBF)	90,708	103,893	97,932	292,533	108,070	106,936	100,050	91,971	407,027
Southern Lumber (2) (MBF)	0	0	0	0	69,633	67,976	70,193	51,249	259,051
Northwest Plywood (MSF)	70,435	71,167	72,183	213,784	81,450	80,507	72,200	68,642	302,799
Fiberboard (MSF)	33,234	32,908	30,980	97,123	37,241	33,369	34,126	32,958	137,694
Export Saw Logs (MBF)	5,632	5,421	5,696	16,749	3,690	5,723	4,520	6,151	20,084
Domestic Saw Logs:									
Cascades (MBF)	16,567	16,979	15,053	48,599	16,353	16,972	21,427	8,719	63,471
Rockies (Cunits):									
Internal Fee	88,318	86,974	137,102	312,393	125,146	79,671	98,022	155,669	458,508
External Fee	31,650	18,983	67,476	118,109	31,729	26,200	33,405	70,504	161,838
Total Rockies	119,968	105,957	204,577	430,503	156,875	105,871	131,427	226,173	620,346
Southern (Cunits)	48,018	62,149	77,446	186,613	64,673	55,738	74,953	52,279	247,643
Northeast (Tons)	147,495	58,499	113,251	319,246	181,515	91,650	144,539	133,060	550,764
Southern Pulp Logs (Cunits)	67,659	83,115	102,107	252,882	77,655	79,918	80,204	72,898	310,675
Northeast Pulp Logs (Tons)	159,530	94,620	176,838	430,988	181,785	100,213	150,065	128,964	561,027
<b>Real Estate Income (in thousands)</b>	\$24,419	\$21,108	\$10,906	\$56,433	\$10,505	\$10,235	\$2,684	\$18,830	\$42,254

(1) Represents prices at mill level.

(2) Represents sales through December 15, 2000. Our southern lumber facilities were sold on December 15, 2000.

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

(In Thousands)	Third Quarter 2001	Third Quarter 2000
Revenues:		
Northern Resources .....	\$ 69,966	\$ 63,653
Southern Resources .....	21,105	21,270
Lumber .....	49,814	73,443
Panel .....	39,516	39,233
Real Estate .....	13,002	3,187
Eliminations.....	<u>(29,845)</u>	<u>(36,435)</u>
Total Revenues *.....	<u>\$ 163,558</u>	<u>\$ 164,351</u>
Operating Costs and Expenses:		
Northern Resources .....	\$ 51,352	\$ 43,510
Southern Resources .....	14,871	12,858
Lumber .....	46,867	80,588
Panel .....	36,347	36,738
Real Estate .....	2,096	503
Other Costs and Eliminations.....	(21,315)	(32,803)
Merger Expenses.....	<u>2,706</u>	<u>2,178</u>
Total Costs and Expenses.....	<u>\$ 132,924</u>	<u>\$ 143,572</u>
Operating Income (Expenses):		
Northern Resources .....	\$ 18,614	\$ 20,143
Southern Resources .....	6,234	8,412
Lumber .....	2,947	(7,145)
Panel .....	3,169	2,495
Real Estate .....	10,906	2,684
Other Costs and Eliminations.....	(8,530)	(3,632)
Merger Expenses.....	<u>(2,706)</u>	<u>(2,178)</u>
Combined Segment Operating Income.....	<u>\$ 30,634</u>	<u>\$ 20,779</u>
Less Operating Income Recognized by Unconsolidated Subsidiaries:		
Lumber .....		7,145
Panel .....		(2,495)
Real Estate .....		(2,305)
Harvesting Activity .....		(2,825)
Other Costs and Eliminations.....		<u>412</u>
REIT Operating Income .....		<u>\$ 20,711</u>

\* Prior year revenues have been restated in the amount of \$9.1 million to reflect the reclass of shipping costs from revenues to cost of goods sold in accordance with EITF 00-10.

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

(In Thousands)	Nine Months <u>2001</u>	Nine Months <u>2000</u>
Revenues:		
Northern Resources .....	\$ 170,291	\$ 189,013
Southern Resources .....	50,037	58,825
Lumber .....	145,400	246,392
Panel .....	117,240	127,120
Real Estate .....	67,130	26,296
Eliminations.....	<u>(67,568)</u>	<u>(108,092)</u>
Total Revenues *.....	<u>\$ 482,530</u>	<u>\$ 539,554</u>
Operating Costs and Expenses:		
Northern Resources .....	\$ 127,518	\$ 127,051
Southern Resources .....	37,127	37,054
Lumber .....	141,684	252,931
Panel .....	110,116	118,697
Real Estate .....	10,697	2,872
Other Costs and Eliminations.....	(57,178)	(98,639)
Merger Expenses.....	<u>7,733</u>	<u>2,178</u>
Total Costs and Expenses.....	<u>\$ 377,697</u>	<u>\$ 442,144</u>
Operating Income (Expenses):		
Northern Resources .....	\$ 42,773	\$ 61,962
Southern Resources .....	12,910	21,771
Lumber .....	3,716	(6,539)
Panel .....	7,124	8,423
Real Estate .....	56,433	23,424
Other Costs and Eliminations.....	(10,390)	(9,453)
Merger Expenses.....	<u>(7,733)</u>	<u>(2,178)</u>
Combined Segment Operating Income.....	<u>\$ 104,833</u>	<u>\$ 97,410</u>
Less Operating Income Recognized by Unconsolidated Subsidiaries:		
Lumber .....		6,539
Panel .....		(8,423)
Real Estate .....		(2,732)
Harvesting Activity .....		(7,513)
Other Costs and Eliminations.....		<u>7,722</u>
REIT Operating Income .....		<u>\$ 93,003</u>

\* Prior year revenues have been restated in the amount of \$28.3 million to reflect the reclass of shipping costs from revenues to cost of goods sold in accordance with EITF 00-10.