

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

	<u>Nine Months Ended</u>	
	September 30, <u>2010</u>	September 30, <u>2009</u>
	(In Millions, Except Per Share Amounts)	
<b>Revenues:</b>		
Timber	\$ 429	\$ 414
Real Estate	181	419
Manufacturing	208	189
Other	16	14
Total Revenues	<u>834</u>	<u>1,036</u>
<b>Costs and Expenses:</b>		
Cost of Goods Sold:		
Timber	317	326
Real Estate	69	179
Manufacturing	184	205
Other	1	1
Total Cost of Goods Sold	<u>571</u>	<u>711</u>
Selling, General and Administrative	70	75
Total Costs and Expenses	<u>641</u>	<u>786</u>
Other Operating Income (Expense), net	<u>9</u>	<u>-</u>
Operating Income	202	250
Equity Earnings from Timberland Venture	44	43
<b>Interest Expense, net:</b>		
Interest Expense (Debt Obligations to Unrelated Parties)	59	69
Interest Expense (Note Payable to Timberland Venture)	43	43
Total Interest Expense, net	<u>102</u>	<u>112</u>
Gain on Extinguishment of Debt	-	1
Income before Income Taxes	144	182
(Benefit) Provision for Income Taxes	<u>1</u>	<u>(26)</u>
Income From Continuing Operations	143	208
Gain on Sale of Properties, net of tax	<u>11</u>	<u>-</u>
Net Income	<u>\$ 154</u>	<u>\$ 208</u>
<b>Per Share Amounts:</b>		
Income From Continuing Operations - Basic	\$ 0.88	\$ 1.27
Income From Continuing Operations - Diluted	\$ 0.88	\$ 1.27
Net Income per Share - Basic	\$ 0.95	\$ 1.27
Net Income per Share - Diluted	\$ 0.94	\$ 1.27
Weighted Average Number of Shares Outstanding		
- Basic	162.2	163.5
- Diluted	162.5	163.6

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

Quarter Ended  
September 30,                      September 30,  
2010                                      2009

(In Millions, Except Per Share Amounts)

**Revenues:**

Timber	\$ 145	\$ 152
Real Estate	39	73
Manufacturing	70	65
Other	5	4
Total Revenues	259	294

**Costs and Expenses:**

Cost of Goods Sold:		
Timber	108	120
Real Estate	18	51
Manufacturing	62	65
Other	-	-
Total Cost of Goods Sold	188	236
Selling, General and Administrative	20	20
Total Costs and Expenses	208	256

Other Operating Income (Expense), net	-	-
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Operating Income	51	38
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Equity Earnings from Timberland Venture	15	14
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**Interest Expense, net:**

Interest Expense (Debt Obligations to Unrelated Parties)	20	22
Interest Expense (Note Payable to Timberland Venture)	14	14
Total Interest Expense, net	34	36

Income before Income Taxes	32	16
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Benefit for Income Taxes	-	(3)
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Net Income	\$ 32	\$ 19
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**Per Share Amounts:**

Net Income per Share - Basic	\$ 0.20	\$ 0.12
Net Income per Share - Diluted	\$ 0.20	\$ 0.12

**Weighted Average Number of Shares Outstanding**

- Basic	161.6	162.8
- Diluted	161.8	162.9

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

September 30,  
2010                      December 31,  
2009

(In Millions, Except Per Share Amounts)

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$	267	\$	299
Accounts Receivable		31		24
Taxes Receivable		1		15
Inventories		46		46
Deferred Tax Asset		7		6
Assets Held for Sale		99		115
Other Current Assets		18		14
		469		519

Timber and Timberlands, net		3,436		3,487
Property, Plant and Equipment, net		148		156
Equity Investment in Timberland Venture		189		201
Deferred Tax Asset		12		14
Investment in Grantor Trusts (at Fair Value)		32		33
Other Assets		35		38
Total Assets	\$	4,321	\$	4,448

**LIABILITIES**

Current Liabilities:

Current Portion of Long-Term Debt	\$	51	\$	55
Line of Credit		320		-
Accounts Payable		32		32
Interest Payable		34		25
Wages Payable		16		20
Taxes Payable		20		14
Deferred Revenue		28		16
Other Current Liabilities		10		21
		511		183

Long-Term Debt		1,577		1,625
Line of Credit		-		320
Note Payable to Timberland Venture		783		783
Other Liabilities		79		71
Total Liabilities		2,950		2,982

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 - 300.6, outstanding (net of Treasury Stock) - 161.6 at September 30, 2010, and 162.8 at December 31, 2009		2		2
Additional Paid-In Capital		2,241		2,233
Retained Earnings		59		110
Treasury Stock, at cost, Common Shares - 26.2 at September 30, 2010, and 24.8 at December 31, 2009		(911)		(860)
Accumulated Other Comprehensive Income (Loss)		(20)		(19)
Total Stockholders' Equity		1,371		1,466
Total Liabilities and Stockholders' Equity	\$	4,321	\$	4,448

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

	Nine Months Ended	
	September 30, <u>2010</u>	September 30, <u>2009</u>
	(In Millions)	
<b>Cash Flows From Operating Activities:</b>		
Net Income	\$ 154	\$ 208
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation, Depletion and Amortization (includes \$10 Lumber Impairment Loss in 2009)	72	85
Basis of Real Estate Sold	57	139
Equity Earnings from Timberland Venture	(44)	(43)
Distributions from Timberland Venture	56	53
Deferred Income Taxes	1	(21)
Gain on Sales of Properties and Other Assets	(13)	-
Deferred Revenue from Long-Term Gas Leases (Net of Amortization)	5	(5)
Pension Plan Contributions	(4)	(8)
Working Capital Changes Impacting Cash Flow:		
Like-Kind Exchange Funds	-	48
Income Tax Receivable	14	17
Other Working Capital Changes	(2)	12
Other	16	7
Net Cash Provided By Operating Activities	<u>312</u>	<u>492</u>
<b>Cash Flows From Investing Activities:</b>		
Capital Expenditures (Excluding Timberland Acquisitions)	(51)	(45)
Timberlands Acquired	-	(1)
Proceeds from Sales of Properties and Other Assets	13	1
Other	1	(1)
Net Cash Used In Investing Activities	<u>(37)</u>	<u>(46)</u>
<b>Cash Flows From Financing Activities:</b>		
Dividends	(205)	(207)
Borrowings on Line of Credit	1,505	695
Repayments on Line of Credit	(1,505)	(662)
Principal Payments and Retirement of Long-Term Debt	(53)	(203)
Proceeds from Stock Option Exercises	2	-
Acquisition of Treasury Stock	(51)	(87)
Net Cash Used In Financing Activities	<u>(307)</u>	<u>(464)</u>
Increase (Decrease) In Cash and Cash Equivalents	(32)	(18)
Cash and Cash Equivalents:		
Beginning of Period	<u>299</u>	<u>369</u>
End of Period	<u>\$ 267</u>	<u>\$ 351</u>

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

	<u>Quarter Ended</u>	
	September 30, <u>2010</u>	September 30, <u>2009</u>
	(In Millions)	
<b>Cash Flows From Operating Activities:</b>		
Net Income	\$ 32	\$ 19
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation, Depletion and Amortization	24	28
Basis of Real Estate Sold	14	21
Equity Earnings from Timberland Venture	(15)	(14)
Distribution from Timberland Venture	28	28
Deferred Revenue from Long-Term Gas Leases (Net of Amortization)	(1)	(1)
Pension Plan Contributions	(4)	(8)
Working Capital Changes Impacting Cash Flow:		
Other Working Capital Changes	19	20
Other	8	5
Net Cash Provided By Operating Activities	<u>105</u>	<u>98</u>
<b>Cash Flows From Investing Activities:</b>		
Capital Expenditures (Excluding Timberland Acquisitions)	(20)	(17)
Timberlands Acquired	-	(1)
Other	1	-
Net Cash Used In Investing Activities	<u>(19)</u>	<u>(18)</u>
<b>Cash Flows From Financing Activities:</b>		
Dividends	(69)	(69)
Borrowings on Line of Credit	368	264
Repayments on Line of Credit	(368)	(206)
Principal Payments and Retirement of Long-Term Debt	-	(65)
Net Cash Used In Financing Activities	<u>(69)</u>	<u>(76)</u>
Increase (Decrease) In Cash and Cash Equivalents	17	4
Cash and Cash Equivalents:		
Beginning of Period	<u>250</u>	<u>347</u>
End of Period	<u>\$ 267</u>	<u>\$ 351</u>

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

	Nine Months 2010	Nine Months 2009
(In Millions)		
Revenues:		
Northern Resources .....	\$ 162	\$ 155
Southern Resources .....	280	266
Real Estate .....	181	419
Manufacturing .....	208	189
Other .....	16	14
Eliminations.....	<u>(13)</u>	<u>(7)</u>
Total Revenues .....	<u>\$ 834</u>	<u>\$ 1,036</u>
Operating Income (Loss)		
Northern Resources .....	\$ 12	\$ (2)
Southern Resources .....	79	64
Real Estate .....	107	234
Manufacturing .....	21	(23)
Other <sup>(A)</sup> .....	20	13
Other Costs and Eliminations, net.....	<u>(37)</u>	<u>(36)</u>
Total Operating Income.....	<u>\$ 202</u>	<u>\$ 250</u>

<sup>(A)</sup> During the first quarter of 2010, the company agreed to terminate a land lease for consideration of \$5 million from the lessor. The land lease had been accounted for as an operating lease. The \$5 million consideration is reported as Other Operating Gain/(Loss) in our Other Segment since the consideration was primarily for the release of mineral rights. The \$5 million is included in Other Operating Income (Expense), net in the Consolidated Statements of Income.

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

	<u>Third Quarter 2010</u>	<u>Third Quarter 2009</u>
(In Millions)		
Revenues:		
Northern Resources .....	\$ 57	\$ 63
Southern Resources .....	93	94
Real Estate .....	39	73
Manufacturing .....	70	65
Other .....	5	4
Eliminations.....	<u>(5)</u>	<u>(5)</u>
Total Revenues .....	<u>\$ 259</u>	<u>\$ 294</u>
Operating Income (Loss)		
Northern Resources .....	\$ 5	\$ 3
Southern Resources .....	25	21
Real Estate .....	19	20
Manufacturing .....	7	(1)
Other .....	5	4
Other Costs and Eliminations, net.....	<u>(10)</u>	<u>(9)</u>
Total Operating Income.....	<u>\$ 51</u>	<u>\$ 38</u>

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

		2010				2009				
		1st Qtr	2nd Qtr	3rd 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	\$23	\$23	\$23	\$23	\$24	\$22	\$22	\$21	\$22
Pulpwood	\$/Ton Stumpage	\$13	\$12	\$11	\$12	\$11	\$9	\$9	\$10	\$10
<b>Northern Resources</b>										
Sawlog	\$/Ton Delivered	\$59	\$66	\$66	\$63	\$57	\$50	\$56	\$56	\$55
Pulpwood	\$/Ton Delivered	\$38	\$38	\$39	\$38	\$43	\$38	\$38	\$38	\$40
Lumber (1)	\$/MBF	\$501	\$522	\$490	\$505	\$374	\$340	\$448	\$477	\$397
Plywood (1)	\$/MSF	\$352	\$397	\$388	\$379	\$362	\$353	\$361	\$352	\$357
Fiberboard (1)	\$/MSF	\$588	\$607	\$629	\$608	\$601	\$593	\$596	\$599	\$597
<b>Sales Volume</b>										
<b>Southern Resources</b>										
Sawlog	1,000 Tons	1,274	1,122	1,209	3,605	942	1,217	1,250	993	4,402
Pulpwood	1,000 Tons	1,526	1,448	1,674	4,648	1,487	1,849	2,014	1,649	6,999
Total Harvest		2,800	2,570	2,883	8,253	2,429	3,066	3,264	2,642	11,401
<b>Northern Resources</b>										
Sawlog	1,000 Tons	627	484	537	1,648	525	371	632	609	2,137
Pulpwood	1,000 Tons	527	348	517	1,392	613	397	691	567	2,268
Total Harvest		1,154	832	1,054	3,040	1,138	768	1,323	1,176	4,405
Lumber	MBF	28,791	30,813	29,305	88,909	35,123	60,371	40,590	28,428	164,512
Plywood	MSF	45,104	47,002	44,223	136,329	35,439	40,729	41,479	37,271	154,918
Fiberboard	MSF	35,347	50,010	39,394	124,751	34,044	32,802	34,282	30,964	132,092

(1) Represents prices at mill level.



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

	2010				2009				
	1st Qtr (1)	2nd Qtr	3rd Qtr	YTD	1st Qtr (2)	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Acres Sold</b>									
Small Non-strategic	29,640	1,950	10,270	41,860	1,665	9,840	5,545	2,570	19,620
Large Non-strategic	24,310	-	-	24,310	-	59,160	-	-	59,160
Conservation	35,120	215	2,870	38,205	113,355	3,895	43,695	4,910	165,855
HBU/Recreation	9,080	18,175	9,870	37,125	2,180	10,955	10,440	26,700	50,275
Development Properties	730	60	-	790	1,485	25	515	35	2,060
Conservation Easements	n/a	n/a	-	n/a	n/a	n/a	n/a	n/a	n/a
	98,880	20,400	23,010	142,290	118,685	83,875	60,195	34,215	296,970
<b>Price per Acre</b>									
Small Non-strategic	\$885	\$1,120	\$1,025	\$930	\$1,330	\$900	\$970	\$855	\$950
Large Non-strategic	\$1,320	-	-	\$1,320	-	\$650	-	-	\$650
Conservation	\$545	\$1,450	\$1,865	\$650	\$2,225	\$1,705	\$350	\$1,280	\$1,690
HBU/Recreation	\$2,125	\$2,210	\$2,335	\$2,225	\$3,420	\$2,200	\$2,115	\$2,200	\$2,235
Development Properties	\$3,050	\$5,985	-	\$3,270	\$4,075	\$13,650	\$9,190	\$7,485	\$5,520
Conservation Easements	-	-	-	-	-	-	-	-	-
<b>Revenue, (\$ millions)</b>									
Small Non-strategic	\$26	\$2	\$11	\$39	\$2	\$9	\$5	\$2	\$19
Large Non-strategic	\$32	-	-	\$32	-	\$38	-	-	\$38
Conservation	\$19	-	\$5	\$25	\$252	\$7	\$15	\$6	\$280
HBU/Recreation	\$19	\$40	\$23	\$82	\$7	\$24	\$22	\$59	\$112
Development Properties	\$2	-	-	\$3	\$6	-	\$5	-	\$12
Conservation Easements	-	-	-	-	-	-	-	-	-
	\$99	\$43	\$39	\$181	\$268	\$78	\$48	\$67	\$461
<b>Revenue from Non-Cash Exchange (3)</b>	-	-	-	-	-	-	\$25	-	\$25
<b>Basis of Real Estate Sold (4)</b>	\$32	\$11	\$14	\$57	\$89	\$29	\$21	\$16	\$155

(1) During the first quarter of 2010 the company sold 24,000 acres of Large Non-strategic lands located in Louisiana for \$32 million. In addition, the company sold two larger Conservation properties totaling 35,000 acres in Wisconsin and Arkansas and an aggregation of 23,000 acres of Small Non-strategic timberlands located primarily in the Lake States region.

(2) During the 1st quarter of 2009 we sold 112,000 acres in Montana to a conservation buyer for \$250 million. The sale is presented as a Conservation sale. The transaction included 56,000 acres of Conservation property, 10,000 acres of Small Non-strategic property, 45,000 acres of HBU/Recreation property, and 1,000 acres of Development property.

(3) During the 3rd quarter of 2009 we completed a non-cash exchange with the State of Washington. We relinquished 20,600 acres, in King County, in exchange for 37 parcels containing more than 6,000 acres in nine counties.

(4) Includes \$7 million in the first quarter of 2010 for a 24,000 acre Large Non-strategic sale in Louisiana, \$16 million in the second quarter of 2009 for a 59,000 acre Large Non-strategic sale in Wisconsin and \$85 million in the first quarter of 2009 for a 112,000 acre Conservation sale in Montana.

PLUM CREEK TIMBER COMPANY, INC.  
DEBT MATURITIES SCHEDULE  
September 30, 2010  
(UNAUDITED)

	<b>Borrowings (1)</b>		
	<b>Principal</b>	<b>Weighted Avg. Interest Rate</b>	
<b><u>Quarterly Maturities through 2011:</u></b>			
4th Qtr 2010	\$ 3	8.050%	
1st Qtr 2011	\$ 49	7.830%	
4th Qtr 2011	\$ 259	7.713%	(2)
<b><u>Annual Maturities through 2014:</u></b>			
2012	\$ 603	-	(3)
2013	\$ 250	6.663%	(4)
2014	\$ 3	8.050%	

(1) Does not include repayments on the company's \$750 million revolving line of credit due in 2011.

(2) Principal amount composed of senior notes with principal amounts of \$40 million, \$3 million and \$216 million and interest rates of 7.970%, 8.050% and 7.660% , respectively.

(3) Includes \$600 million of maturities for the company's two term credit agreements and senior notes with principal of \$3 million and an interest rate of 8.050%. The interest rate on the \$350 million term credit agreement is currently based on LIBOR plus 0.45%. The interest rate on the \$250 million term credit agreement is currently based on LIBOR plus 1.00%.

(4) Principal amount composed of senior notes with principal amounts of \$3 million, \$73 million and \$174 million and interest rates of 8.050%, 7.760% and 6.180%, respectively.