

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

Nine Months Ended
September 30, September 30,
2009 2008

(In Millions, Except Per Share Amounts)

Revenues:

Timber	\$ 414	\$ 587
Real Estate	419	217
Manufacturing	189	330
Other	14	19
Total Revenues	1,036	1,153

Costs and Expenses:

Cost of Goods Sold:		
Timber	326	420
Real Estate	179	69
Manufacturing	205	345
Other	1	2
Total Cost of Goods Sold	711	836
Selling, General and Administrative	75	94
Total Costs and Expenses	786	930

Other Operating Income (Expense), net	-	2
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Operating Income	250	225
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Equity Earnings from Timberland Venture	43	-
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Interest Expense, net:

Interest Expense (Debt Obligations to Unrelated Parties)	69	105
Interest Expense (Note Payable to Timberland Venture)	43	-
Total Interest Expense, net	112	105

Gain on Extinguishment of Debt	1	-
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Income before Income Taxes	182	120
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Benefit for Income Taxes	(26)	(18)
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Net Income	\$ 208	\$ 138
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Per Share Amounts:

Net Income per Share - Basic	\$ 1.27	\$ 0.81
Net Income per Share - Diluted	\$ 1.27	\$ 0.80

Weighted Average Number of Shares Outstanding

- Basic	163.5	171.3
- Diluted	163.6	171.8

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

	<u>Quarter Ended</u>	
	September 30, <u>2009</u>	September 30, <u>2008</u>
(In Millions, Except Per Share Amounts)		
Revenues:		
Timber	\$ 152	\$ 194
Real Estate	73	108
Manufacturing	65	104
Other	4	8
Total Revenues	<u>294</u>	<u>414</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	120	144
Real Estate	51	33
Manufacturing	65	105
Other	-	1
Total Cost of Goods Sold	<u>236</u>	<u>283</u>
Selling, General and Administrative	20	31
Total Costs and Expenses	<u>256</u>	<u>314</u>
Other Operating Income (Expense), net	<u>-</u>	<u>(1)</u>
Operating Income	38	99
Equity Earnings from Timberland Venture	14	-
Interest Expense, net:		
Interest Expense (Debt Obligations to Unrelated Parties)	22	35
Interest Expense (Note Payable to Timberland Venture)	14	-
Total Interest Expense, net	<u>36</u>	<u>35</u>
Income before Income Taxes	16	64
Benefit for Income Taxes	<u>(3)</u>	<u>(5)</u>
Net Income	<u>\$ 19</u>	<u>\$ 69</u>
Per Share Amounts:		
Net Income per Share - Basic	\$ 0.12	\$ 0.40
Net Income per Share - Diluted	\$ 0.12	\$ 0.40
Weighted Average Number of Shares Outstanding		
- Basic	162.8	171.2
- Diluted	162.9	171.8

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

September 30,
2009 December 31,
2008

(In Millions, Except Per Share Amounts)

ASSETS

Current Assets:			
Cash and Cash Equivalents	\$	351	\$ 369
Accounts Receivable		32	22
Like-Kind Exchange Funds Held in Escrow		-	48
Taxes Receivable		6	23
Inventories		48	74
Deferred Tax Asset		8	11
Real Estate Development Properties		1	4
Assets Held for Sale		35	137
Other Current Assets		15	11
		<u>496</u>	<u>699</u>
Timber and Timberlands, net		3,585	3,638
Property, Plant and Equipment, net		159	177
Equity Investment in Timberland Venture		189	199
Deferred Tax Asset		21	-
Investment in Grantor Trusts (at Fair Value)		29	25
Other Assets		41	42
Total Assets	\$	<u>4,520</u>	\$ <u>4,780</u>

LIABILITIES

Current Liabilities:			
Current Portion of Long-Term Debt	\$	51	\$ 158
Accounts Payable		35	35
Interest Payable		37	30
Wages Payable		16	28
Taxes Payable		22	18
Deferred Revenue		22	17
Other Current Liabilities		15	21
		<u>198</u>	<u>307</u>
Long-Term Debt		1,696	1,793
Line of Credit		264	231
Note Payable to Timberland Venture		783	783
Deferred Tax Liability		-	4
Other Liabilities		83	90
Total Liabilities		<u>3,024</u>	<u>3,208</u>

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) - 162.8 at September 30, 2009, and 166.0 at December 31, 2008		2	2
Additional Paid-In Capital		2,232	2,225
Retained Earnings		150	149
Treasury Stock, at cost, Common Shares - 24.8 at September 30, 2009, and 21.5 at December 31, 2008		(860)	(773)
Accumulated Other Comprehensive Income (Loss)		(28)	(31)
Total Stockholders' Equity		<u>1,496</u>	<u>1,572</u>
Total Liabilities and Stockholders' Equity	\$	<u>4,520</u>	\$ <u>4,780</u>

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

Nine Months Ended
September 30, September 30,
2009 2008

(In Millions)

Cash Flows From Operating Activities:

Net Income	\$	208	\$	138
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:				
Depreciation, Depletion and Amortization (includes \$10 Lumber Impairment Loss in 2009 and 2008)		85		109
Basis of Real Estate Sold		139		49
Equity Earnings from Timberland Venture		(43)		-
Distributions from Timberland Venture		53		-
Expenditures for Real Estate Development		(1)		(6)
Deferred Income Taxes		(21)		(11)
Gain on Extinguishment of Debt		(1)		-
Deferred Revenue from Long-Term Gas Leases (Net of Amortization)		(5)		17
Pension Plan Contributions		(8)		(7)
Working Capital Changes Impacting Cash Flow:				
Like-Kind Exchange Funds		48		(69)
Income Tax Receivable		17		-
Other Working Capital Changes		12		(1)
Other		9		6
Net Cash Provided By Operating Activities		492		225

Cash Flows From Investing Activities:

Capital Expenditures (Excluding Timberland Acquisitions)		(45)		(47)
Timberlands Acquired		(1)		(65)
Other		-		(1)
Net Cash Used In Investing Activities		(46)		(113)

Cash Flows From Financing Activities:

Dividends		(207)		(216)
Borrowings on Line of Credit		695		1,275
Repayments on Line of Credit		(662)		(1,399)
Proceeds from Issuance of Long-Term Debt		-		250
Principal Payments and Retirement of Long-Term Debt		(203)		(50)
Proceeds from Stock Option Exercises		-		14
Acquisition of Treasury Stock		(87)		(51)
Net Cash Used In Financing Activities		(464)		(177)

Increase (Decrease) In Cash and Cash Equivalents

		(18)		(65)
Cash and Cash Equivalents:				
Beginning of Period		369		240
End of Period	\$	351	\$	175

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

	Quarter Ended	
	September 30, 2009	September 30, 2008
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 19	\$ 69
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation, Depletion and Amortization	28	33
Basis of Real Estate Sold	21	27
Equity Earnings from Timberland Venture	(14)	-
Distributions from Timberland Venture	28	-
Expenditures for Real Estate Development	-	(1)
Deferred Income Taxes	-	(3)
Deferred Revenue from Long-Term Gas Leases (Net of Amortization)	(1)	(1)
Pension Plan Contributions	(8)	(7)
Working Capital Changes Impacting Cash Flow:		
Like-Kind Exchange Funds	-	(8)
Other Working Capital Changes	20	16
Other	5	6
Net Cash Provided By Operating Activities	98	131
Cash Flows From Investing Activities:		
Capital Expenditures (Excluding Timberland Acquisitions)	(17)	(18)
Timberlands Acquired	(1)	(64)
Other	-	(1)
Net Cash Used In Investing Activities	(18)	(83)
Cash Flows From Financing Activities:		
Dividends	(69)	(72)
Borrowings on Line of Credit	264	520
Repayments on Line of Credit	(206)	(457)
Principal Payments and Retirement of Long-Term Debt	(65)	(3)
Proceeds from Stock Option Exercises	-	13
Other	-	1
Net Cash Provided By (Used In) Financing Activities	(76)	2
Increase (Decrease) In Cash and Cash Equivalents	4	50
Cash and Cash Equivalents:		
Beginning of Period	347	125
End of Period	\$ 351	\$ 175

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

	<u>Nine Months 2009</u>	<u>Nine Months 2008</u>
(In Millions)		
Revenues:		
Northern Resources	\$ 155	\$ 263
Southern Resources	266	366
Real Estate	419	217
Manufacturing	189	330
Other	14	19
Eliminations.....	<u>(7)</u>	<u>(42)</u>
Total Revenues	<u>\$ 1,036</u>	<u>\$ 1,153</u>
Operating Income (Loss)		
Northern Resources	\$ (2)	\$ 33
Southern Resources	64	103
Real Estate	234	141
Manufacturing	(23)	(24)
Other	13	17
Other Costs and Eliminations.....	(36)	(47)
Other Operating Income (Expense), net	<u>-</u>	<u>2</u>
Total Operating Income.....	<u>\$ 250</u>	<u>\$ 225</u>

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

	<u>Third Quarter 2009</u>	<u>Third Quarter 2008</u>
(In Millions)		
Revenues:		
Northern Resources	\$ 63	\$ 95
Southern Resources	94	116
Real Estate	73	108
Manufacturing	65	104
Other	4	8
Eliminations.....	<u>(5)</u>	<u>(17)</u>
Total Revenues	<u>\$ 294</u>	<u>\$ 414</u>
Operating Income (Loss)		
Northern Resources	\$ 3	\$ 12
Southern Resources	21	29
Real Estate	20	73
Manufacturing	(1)	(4)
Other	4	7
Other Costs and Eliminations.....	(9)	(17)
Other Operating Income (Expense), net	-	(1)
Total Operating Income.....	<u>\$ 38</u>	<u>\$ 99</u>

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

		2009				2008					
		1st Qtr	2nd Qtr	3rd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	
Sales Realization		Units									
Southern Resources											
Sawlog	\$/Ton Stumpage	\$24	\$22	\$22	\$23	\$29	\$26	\$25	\$26	\$26	
Pulpwood	\$/Ton Stumpage	\$11	\$9	\$9	\$10	\$10	\$10	\$10	\$12	\$10	
Northern Resources											
Sawlog	\$/Ton Delivered	\$57	\$50	\$56	\$55	\$67	\$68	\$74	\$68	\$69	
Pulpwood	\$/Ton Delivered	\$43	\$38	\$38	\$40	\$39	\$43	\$45	\$44	\$43	
Lumber (1)	\$/MBF	\$374	\$340	\$448	\$381	\$366	\$367	\$384	\$367	\$371	
Plywood (1)	\$/MSF	\$362	\$353	\$361	\$359	\$398	\$404	\$396	\$382	\$397	
Fiberboard (1)	\$/MSF	\$601	\$593	\$596	\$597	\$591	\$600	\$610	\$625	\$604	
Sales Volume											
Southern Resources											
Sawlog	1,000 Tons	942	1,217	1,250	3,409	1,459	1,666	1,425	1,020	5,570	
Pulpwood	1,000 Tons	1,487	1,849	2,014	5,350	1,976	2,221	2,089	1,741	8,027	
Total Harvest		2,429	3,066	3,264	8,759	3,435	3,887	3,514	2,761	13,597	
Northern Resources											
Sawlog	1,000 Tons	525	371	632	1,528	978	739	828	821	3,366	
Pulpwood	1,000 Tons	613	397	691	1,701	738	504	725	649	2,616	
Total Harvest		1,138	768	1,323	3,229	1,716	1,243	1,553	1,470	5,982	
Lumber	MBF	35,123	60,371	40,590	136,084	69,596	83,477	74,100	62,660	289,833	
Plywood	MSF	35,439	40,729	41,479	117,647	68,746	68,616	62,112	37,509	236,983	
Fiberboard	MSF	34,044	32,802	34,282	101,128	58,784	63,205	44,371	31,071	197,431	

(1) Represents prices at mill level.

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

	2009				2008				
	1st Qtr (1)	2nd Qtr	3rd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr (2)	YTD
Acres Sold									
Small Non-strategic	1,665	9,840	5,545	17,050	17,145	13,215	14,800	47,125	92,285
Large Non-strategic	-	59,160	-	59,160	-	-	-	-	-
Conservation	113,355	3,895	43,695	160,945	1,015	595	39,880	134,250	175,740
HBU/Recreation	2,180	10,955	10,440	23,575	10,635	11,785	15,640	7,550	45,610
Development Properties	1,485	25	515	2,025	65	700	10	45	820
Conservation Easements	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	118,685	83,875	60,195	262,755	28,860	26,295	70,330	188,970	314,455
Price per Acre									
Small Non-strategic	\$1,330	\$900	\$970	\$965	\$1,180	\$1,285	\$1,145	\$745	\$965
Large Non-strategic	-	\$650	-	\$650	-	-	-	-	-
Conservation	\$2,225	\$1,705	\$350	\$1,700	\$395	\$1,555	\$1,035	\$1,170	\$1,140
HBU/Recreation	\$3,420	\$2,200	\$2,115	\$2,275	\$2,875	\$2,740	\$3,220	\$2,965	\$2,975
Development Properties	\$4,075	\$13,650	\$9,190	\$5,480	\$5,825	\$9,630	\$13,130	\$4,095	\$8,770
Conservation Easements	-	-	-	-	-	-	-	-	-
Revenue, (\$ millions)									
Small Non-strategic	\$2	\$9	\$5	\$16	\$20	\$17	\$17	\$35	\$89
Large Non-strategic	-	\$38	-	\$38	-	-	-	-	-
Conservation	\$252	\$7	\$15	\$274	-	\$1	\$41	\$157	\$200
HBU/Recreation	\$7	\$24	\$22	\$54	\$31	\$32	\$50	\$22	\$136
Development Properties	\$6	-	\$5	\$11	-	\$7	-	-	\$7
Conservation Easements	-	-	-	-	-	-	-	-	-
	\$268	\$78	\$48	\$394	\$52	\$57	\$108	\$215	\$432
Revenue from Non-Cash Exchange (4)	-	-	\$25	\$25	-	-	-	-	-
Basis of Real Estate Sold (3)	\$89	\$29	\$21	\$139	\$10	\$13	\$26	\$100	\$149

(1) 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.

(2) During the 4th quarter of 2008, we sold 130,000 acres in Montana to a conservation buyer for \$150 million. The sale is presented as a Conservation sale. The transaction included 59,000 acres of Conservation property, 51,000 acres of Small Non-strategic property, 16,000 acres of HBU/Recreation property, and 4,000 acres of Development property.

(3) Includes \$16 million in the second quarter of 2009 for a 59,000 acre Large Non-strategic sale in Wisconsin, \$85 million in the first quarter of 2009 for a 112,000 acre conservation sale in Montana and \$75 million in the fourth quarter of 2008 for a 130,000 acre conservation sale in Montana.

(4) During the 3rd quarter of 2009, we completed a non-cash exchange with the State of Washington. We recognized \$25 million of revenue which represents the fair value of the lands we received. No gain was recognized in the transaction as the book value of the timberlands we disposed of approximated the exchange value of \$25 million. No basis is reflected in the cash flow statement as this was a non-cash exchange. The exchange consisted of us relinquishing 20,600 acres of timberlands and receiving 37 parcels in nine counties covering more than 6,000 acres. The lands acquired in the exchange have attributes yielding a higher value per acre than the lands we surrendered.

PLUM CREEK TIMBER COMPANY, INC.
DEBT MATURITIES SCHEDULE
September 30, 2009
(UNAUDITED)

	Borrowings (1)		
	Principal	Weighted Avg. Interest Rate	
<u>Quarterly Maturities through 2010:</u>			
1st Qtr 2010	53	5.480%	
4th Qtr 2010	3	8.050%	
<u>Annual Maturities through 2014:</u>			
2011	376	7.727%	(2)
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 \$51 million, \$3 million, \$273 million and \$49 million and interest rates of 7.970%, 8.050%, 7.660% and 7.830%, 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.