

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

	<u>Year Ended</u>	
	December 31, <u>2005</u>	December 31, <u>2004</u>
(In Millions, Except Per Share Amounts)		
Revenues:		
Timber	\$ 764	\$ 694
Real Estate	292	303
Manufacturing	504	518
Other	16	13
Total Revenues	<u>1,576</u>	<u>1,528</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	418	368
Real Estate	152	149
Manufacturing	463	449
Other	3	4
Total Cost of Goods Sold	<u>1,036</u>	<u>970</u>
Selling, General and Administrative	92	86
Total Costs and Expenses	<u>1,128</u>	<u>1,056</u>
Gain on Sale of Other Assets	<u>-</u>	<u>5</u>
Operating Income	448	477
Interest Expense, net	<u>109</u>	<u>111</u>
Income before Income Taxes	339	366
Provision for Income Taxes	<u>8</u>	<u>27</u>
Income from Continuing Operations	331	339
Gain on Sale of Properties, net of tax	<u>23</u>	<u>23</u>
Net Income	<u>\$ 354</u>	<u>\$ 362</u>
Income from Continuing Operations per Share		
- Basic	\$ 1.80	\$ 1.85
- Diluted	\$ 1.79	\$ 1.84
Net Income per Share		
- Basic	\$ 1.92	\$ 1.97
- Diluted	\$ 1.92	\$ 1.97
Weighted Average Number of Shares Outstanding		
- Basic	184.0	183.4
- Diluted	184.6	184.1

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

	<u>Quarter Ended</u>	
	December 31, <u>2005</u>	December 31, <u>2004</u>
	(In Millions, Except Per Share Amounts)	
Revenues:		
Timber	\$ 192	\$ 181
Real Estate	72	23
Manufacturing	121	122
Other	6	1
Total Revenues	<u>391</u>	<u>327</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	110	99
Real Estate	47	9
Manufacturing	114	117
Other	1	1
Total Cost of Goods Sold	<u>272</u>	<u>226</u>
Selling, General and Administrative	24	24
Total Costs and Expenses	<u>296</u>	<u>250</u>
Operating Income	95	77
Interest Expense, net	<u>29</u>	<u>27</u>
Income before Income Taxes	66	50
Provision for Income Taxes	<u>2</u>	<u>-</u>
Income from Continuing Operations	64	50
Gain on Sale of Properties, net of tax	<u>3</u>	<u>23</u>
Net Income	<u>\$ 67</u>	<u>\$ 73</u>
Income from Continuing Operations per Share		
- Basic	\$ 0.34	\$ 0.28
- Diluted	\$ 0.34	\$ 0.28
Net Income per Share		
- Basic	\$ 0.36	\$ 0.40
- Diluted	\$ 0.36	\$ 0.40
Weighted Average Number of Shares Outstanding		
- Basic	184.0	183.7
- Diluted	184.6	184.4

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

December 31,  
2005                      December 31,  
2004

(In Millions, Except Per Share Amounts)

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	369	\$	347
Restricted Advance from Customer		23		4
Accounts Receivable		44		40
Like-Kind Exchange Funds Held in Escrow		30		11
Inventories		75		71
Deferred Tax Asset		17		10
Other Current Assets		16		16
		574		499

Timber and Timberlands - Net		3,961		3,595
Property, Plant and Equipment - Net		234		248
Investment in Grantor Trusts		26		29
Other Assets		17		7
Total Assets	\$	4,812	\$	4,378

LIABILITIES

Current Liabilities:

Current Portion of Long-Term Debt	\$	161	\$	32
Short-Term Debt		50		-
Accounts Payable		45		41
Interest Payable		30		28
Wages Payable		25		25
Taxes Payable		18		22
Deferred Revenue		35		16
Other Current Liabilities		11		20
		375		184

Long-Term Debt		1,524		1,405
Lines of Credit		495		448
Deferred Tax Liability		39		45
Other Liabilities		54		56
Total Liabilities		2,487		2,138

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, issued (including Treasury Stock) - 186.2 at December 31, 2005, and 185.7 at December 31, 2004		2		2
Additional Paid-In Capital		2,181		2,168
Retained Earnings		186		111
Treasury Stock, at cost, Common Shares - 2.0		(44)		(43)
Other Equity		-		2
Total Stockholders' Equity		2,325		2,240
Total Liabilities and Stockholders' Equity	\$	4,812	\$	4,378

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

Year Ended  
December 31,                      December 31,  
2005                                      2004

(In Millions)

Cash Flows From Operating Activities:				
Net Income	\$	354	\$	362
Adjustments to Reconcile Net Income to				
Net Cash Provided By Operating Activities:				
Depreciation, Depletion and Amortization (Includes \$2 Loss Related to Hurricane in 2005 and \$9 Lumber Mill Impairment Charge in 2004)		113		114
Basis of Real Estate Sold (Includes Impairment Losses of \$1 in 2005 and \$21 in 2004)		124		134
Deferred Income Taxes		(13)		9
Gain on Sales of Properties and Other Assets		(24)		(28)
Working Capital Changes		(36)		(12)
Other		(2)		3
Net Cash Provided By Operating Activities		<u>516</u>		<u>582</u>
Cash Flows From Investing Activities:				
Capital Expenditures (Excluding Timberland Acquisitions)		(89)		(70)
Timberlands Acquired		(501)		(66)
Proceeds from Sales of Properties and Other Assets				
(Including Tax-Deferred Exchange Proceeds)		29		46
Other		(2)		(1)
Net Cash Used In Investing Activities		<u>(563)</u>		<u>(91)</u>
Cash Flows From Financing Activities:				
Dividends		(279)		(260)
Borrowings under Line of Credit		2,468		2,147
Repayments of Borrowings under Line of Credit		(2,421)		(2,295)
Proceeds from Issuance of Short-Term Debt		50		-
Proceeds from Issuance of Long-Term Debt		297		-
Principal Payments and Retirement of Long-Term Debt		(53)		(33)
Proceeds from Stock Option Exercises		9		12
Acquisition of Treasury Stock		(1)		-
Other		(1)		-
Net Cash Provided by (Used In) Financing Activities		<u>69</u>		<u>(429)</u>
Increase In Cash and Cash Equivalents		22		62
Cash and Cash Equivalents:				
Beginning of Year		<u>347</u>		<u>285</u>
End of Year	\$	<u>369</u>	\$	<u>347</u>

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

	<u>Quarter Ended</u>	
	<u>December 31,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 67	\$ 73
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization (Includes \$9 million Lumber Mill		
Impairment Charge in 2004)	28	36
Basis of Real Estate Sold (Includes Impairment Losses of \$1 in 2004)	42	7
Deferred Income Taxes	(8)	(3)
Gain on Sales of Other Assets	(2)	(23)
Working Capital Changes *	30	4
Other	(3)	3
Net Cash Provided By Operating Activities	<u>154</u>	<u>97</u>
Cash Flows From Investing Activities:		
Capital Expenditures (Excluding Timberland Acquisitions)	(36)	(21)
Timberlands Acquired *	(383)	(34)
Proceeds from Sales of Properties and Other Assets		
(Including Tax-Deferred Exchange Proceeds)	2	19
Other	(1)	(1)
Net Cash Used In Investing Activities	<u>(418)</u>	<u>(37)</u>
Cash Flows From Financing Activities:		
Dividends	(70)	(66)
Borrowings under Line of Credit	662	476
Repayments of Borrowings under Line of Credit	(668)	(495)
Proceeds from Issuance of Long-Term Debt	297	-
Principal Payments and Retirement of Long-Term Debt	(2)	-
Proceeds from Stock Option Exercises	5	3
Net Cash Provided by (Used In) Financing Activities	<u>224</u>	<u>(82)</u>
Decrease In Cash and Cash Equivalents	(40)	(22)
Cash and Cash Equivalents:		
Beginning of Period	<u>409</u>	<u>369</u>
End of Period	<u>\$ 369</u>	<u>\$ 347</u>

\* - During the fourth quarter of 2005, the company concluded that proceeds received from a like-kind exchange should be reflected as an investment activity under "Timberlands Acquired" in the period in which the proceeds were reinvested in timberland assets. Prior to the fourth quarter, the company reflected like-kind exchange proceeds as an investment activity under "Timberlands Acquired" in the quarter in which the company concluded that it was probable that the proceeds would be successfully reinvested in timberland assets. For the quarter ended December 31, 2005, "Working Capital Changes" and "Timberlands Acquired" includes \$65 million of like-kind exchange proceeds that were reinvested in timberland assets, which was previously reported in the Cash Flow Statement for the nine months ended September 30, 2005. Prior year amounts have been reclassified to conform to this year's presentation. This change in presentation does not affect net income or operating income for any period, nor does it affect any amounts in the statement of cash flows for the years ended December 31, 2005 and 2004.

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

	Twelve Months 2005	Twelve Months 2004
(In Millions)		
<b>Revenues:</b>		
Northern Resources .....	\$ 347	\$ 325
Southern Resources .....	501	459
Real Estate .....	292	303
Manufacturing .....	504	518
Other .....	16	13
Eliminations.....	<u>(84)</u>	<u>(90)</u>
<b>Total Revenues .....</b>	<b>\$ <u>1,576</u></b>	<b>\$ <u>1,528</u></b>
<b>Operating Costs and Expenses:</b>		
Northern Resources .....	\$ 245	\$ 225
Southern Resources .....	280	252
Real Estate .....	152	151
Manufacturing .....	474	460
Other .....	3	4
Other Costs and Eliminations.....	<u>(26)</u>	<u>(36)</u>
<b>Total Costs and Expenses.....</b>	<b>\$ <u>1,128</u></b>	<b>\$ <u>1,056</u></b>
<b>Operating Income (Loss)</b>		
Northern Resources .....	\$ 102	\$ 100
Southern Resources .....	221	207
Real Estate .....	140	152
Manufacturing .....	30	58
Other .....	13	9
Other Costs and Eliminations.....	<u>(58)</u>	<u>(54)</u>
Gain on Sale of Other Assets.....	<u>-</u>	<u>5</u>
<b>Total Operating Income.....</b>	<b>\$ <u>448</u></b>	<b>\$ <u>477</u></b>

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

	<u>Fourth Quarter 2005</u>	<u>Fourth Quarter 2004</u>
(In Millions)		
<b>Revenues:</b>		
Northern Resources .....	\$ 98	\$ 83
Southern Resources .....	119	121
Real Estate .....	72	23
Manufacturing .....	121	122
Other .....	6	1
Eliminations.....	<u>(25)</u>	<u>(23)</u>
Total Revenues .....	<u>\$ 391</u>	<u>\$ 327</u>
<b>Operating Costs and Expenses:</b>		
Northern Resources .....	\$ 71	\$ 58
Southern Resources .....	70	67
Real Estate .....	47	11
Manufacturing .....	117	121
Other .....	1	1
Other Costs and Eliminations.....	<u>(10)</u>	<u>(8)</u>
Total Costs and Expenses.....	<u>\$ 296</u>	<u>\$ 250</u>
<b>Operating Income (Loss)</b>		
Northern Resources .....	\$ 27	\$ 25
Southern Resources .....	49	54
Real Estate .....	25	12
Manufacturing .....	4	1
Other .....	5	-
Other Costs and Eliminations.....	<u>(15)</u>	<u>(15)</u>
Total Operating Income.....	<u>\$ 95</u>	<u>\$ 77</u>

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

		2005					2004					
		1st Qtr	2nd Qtr	3rd Qtr	4th 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	\$38	\$38	\$36	\$37	\$37	\$37	\$36	\$36	\$36	\$36	
Pulpwood	\$/Ton Stumpage	\$9	\$9	\$8	\$7	\$8	\$9	\$8	\$8	\$7	\$8	
<b>Northern Resources</b>												
Sawlog	\$/Ton Delivered	\$76	\$77	\$79	\$77	\$77	\$70	\$72	\$80	\$78	\$75	
Pulpwood	\$/Ton Delivered	\$37	\$37	\$39	\$38	\$38	\$34	\$34	\$35	\$36	\$35	
Lumber (1)	\$/MBF	\$483	\$459	\$440	\$435	\$454	\$452	\$514	\$532	\$473	\$493	
Plywood (1)	\$/MSF	\$419	\$422	\$418	\$444	\$425	\$427	\$482	\$483	\$444	\$459	
Fiberboard (1)	\$/MSF	\$449	\$458	\$441	\$434	\$446	\$379	\$415	\$436	\$440	\$418	
<b>Sales Volume</b>												
<b>Southern Resources</b>												
Sawlog	1,000 Tons	1,899	1,899	1,553	1,624	6,975	1,719	1,488	1,670	1,761	6,638	
Pulpwood	1,000 Tons	1,592	1,825	1,690	1,696	6,803	1,587	1,512	1,834	1,757	6,690	
Total Harvest		3,491	3,724	3,243	3,320	13,778	3,306	3,000	3,504	3,518	13,328	
<b>Northern Resources</b>												
Sawlog	1,000 Tons	906	774	898	1,011	3,589	1,089	715	856	855	3,515	
Pulpwood	1,000 Tons	499	319	467	529	1,814	534	301	436	452	1,723	
Total Harvest		1,405	1,093	1,365	1,540	5,403	1,623	1,016	1,292	1,307	5,238	
Lumber	MBF	102,857	105,028	103,099	96,003	406,987	102,373	100,174	103,671	99,763	405,981	
Plywood	MSF	75,483	75,235	76,692	71,115	298,525	80,487	77,236	78,896	71,373	307,992	
Fiberboard	MSF	61,806	61,843	62,231	62,407	248,287	61,437	65,053	64,100	55,610	246,200	

(1) Represents prices at mill level.