

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

	<u>Quarter Ended</u>	
	June 30, <u>2003</u>	June 30, <u>2002</u>
	(In Millions, Except Per Share Amounts)	
Revenues:		
Timber	\$ 159	\$ 154
Real Estate	57	18
Manufacturing	99	97
Other	3	2
Total Revenues	<u>318</u>	<u>271</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	79	71
Real Estate	36	7
Manufacturing	99	94
Other	1	-
Total Cost of Goods Sold	<u>215</u>	<u>172</u>
Selling, General and Administrative	19	17
Total Costs and Expenses	<u>234</u>	<u>189</u>
Operating Income	84	82
Interest Expense, net	<u>29</u>	<u>26</u>
Income before Income Taxes	55	56
Benefit (Provision) for Income Taxes	<u>3</u>	<u>(3)</u>
Net Income	<u>\$ 58</u>	<u>\$ 53</u>
Net Income per Share - Basic	<u>\$ 0.32</u>	<u>\$ 0.29</u>
Net Income per Share - Diluted	<u>\$ 0.31</u>	<u>\$ 0.29</u>
Weighted average number of Shares outstanding - Basic	<u>183.0</u>	<u>184.7</u>
Weighted average number of Shares outstanding - Diluted	<u>183.5</u>	<u>185.4</u>

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

Six Months Ended

June 30, June 30,
2003 2002

(In Millions, Except Per Share Amounts)

Revenues:		
Timber	\$ 315	\$ 311
Real Estate	80	41
Manufacturing	191	190
Other	5	4
Total Revenues	<u> 591</u>	<u> 546</u>
Costs and Expenses:		
Cost of Goods Sold:		
Timber	160	145
Real Estate	55	18
Manufacturing	195	183
Other	2	-
Total Cost of Goods Sold	<u> 412</u>	<u> 346</u>
Selling, General and Administrative	<u> 36</u>	<u> 34</u>
Total Costs and Expenses	<u> 448</u>	<u> 380</u>
Operating Income	143	166
Interest Expense, net	<u> 57</u>	<u> 52</u>
Income before Income Taxes	86	114
Benefit (Provision) for Income Taxes	<u> 5</u>	<u> (5)</u>
Net Income	<u>\$ 91</u>	<u>\$ 109</u>
Net Income per Share - Basic	<u>\$ 0.50</u>	<u>\$ 0.59</u>
Net Income per Share - Diluted	<u>\$ 0.49</u>	<u>\$ 0.59</u>
Weighted average number of Shares outstanding - Basic	<u> 183.5</u>	<u> 184.6</u>
Weighted average number of Shares outstanding - Diluted	<u> 184.1</u>	<u> 185.4</u>

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

June 30, December 31,
2003 2002

(In Millions)

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	243	\$	246
Restricted Advance from Customer		2		4
Accounts Receivable		46		33
Inventories		54		58
Investment in Grantor Trust		12		10
Deferred Tax Asset		12		11
Other Current Assets		14		16
		383		378

Timber and Timberlands - Net		3,557		3,599
Property, Plant and Equipment - Net		303		307
Other Assets		7		5
Total Assets	\$	4,250	\$	4,289

LIABILITIES

Current Liabilities:

Current Portion of Long-Term Debt	\$	33	\$	33
Accounts Payable		28		25
Interest Payable		28		21
Wages Payable		15		23
Taxes Payable		13		11
Deferred Revenue		20		18
Liabilities Associated with Grantor Trust		12		10
Other Current Liabilities		16		14
		165		155

Long-Term Debt		1,440		1,170
Lines of Credit		433		669
Deferred Tax Liability		39		44
Other Liabilities		28		29
Total Liabilities		2,105		2,067

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 - 300.0, issued (including Treasury Stock) - 185.0 at June 30, 2003 and 184.9 at December 31, 2002		2		2
Additional Paid-In Capital		2,161		2,197
Retained Earnings		25		23
Treasury Stock, at cost, Common shares - 2.0 at June 30, 2003		(43)		-
Total Stockholders' Equity		2,145		2,222
Total Liabilities and Stockholders' Equity	\$	4,250	\$	4,289

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

	<u>Quarter Ended</u>	
	June 30, <u>2003</u>	June 30, <u>2002</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 58	\$ 53
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	26	24
Basis of Real Estate Sold	32	7
Deferred Income Taxes	(3)	4
Working Capital Changes	28	9
Other	3	5
Net Cash Provided By Operating Activities	<u>144</u>	<u>102</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Tax-Deferred Exchanges)	(22)	(21)
Timberlands Acquired with Tax-Deferred Exchange Proceeds, Net	<u>(16)</u>	<u>(6)</u>
Net Cash Used In Investing Activities	<u>(38)</u>	<u>(27)</u>
Cash Flows From Financing Activities:		
Dividends	(64)	(105)
Borrowings of Long-term Debt and Lines of Credit	496	377
Repayments of Long-term Debt and Lines of Credit	(503)	(394)
Proceeds from Stock Option Exercises	-	2
Net Cash Used In Financing Activities	<u>(71)</u>	<u>(120)</u>
Increase (Decrease) In Cash and Cash Equivalents	35	(45)
Cash and Cash Equivalents:		
Beginning of Period	<u>208</u>	<u>285</u>
End of Period	<u>\$ 243</u>	<u>\$ 240</u>

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

	<u>Six Months Ended</u>	
	<u>June 30,</u> <u>2003</u>	<u>June 30,</u> <u>2002</u>
	(In Millions)	
Cash Flows From Operating Activities:		
Net Income	\$ 91	\$ 109
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	51	50
Basis of Real Estate Sold (including Impairment Loss)	49	16
Deferred Income Taxes	(5)	4
Working Capital Changes	5	(6)
Other	(1)	2
Net Cash Provided By Operating Activities	<u>190</u>	<u>175</u>
Cash Flows From Investing Activities:		
Property Additions (Excluding Tax-Deferred Exchanges)	(38)	(38)
Timberlands Acquired with Tax-Deferred Exchange Proceeds, Net	(17)	(6)
Net Cash Used In Investing Activities	<u>(55)</u>	<u>(44)</u>
Cash Flows From Financing Activities:		
Dividend	(129)	(105)
Borrowings of Long-term Debt and Lines of Credit	1,278	640
Repayments of Long-term Debt and Lines of Credit	(1,244)	(635)
Proceeds from Stock Option Exercises	-	16
Acquisition of Treasury Stock	(43)	-
Net Cash Used In Financing Activities	<u>(138)</u>	<u>(84)</u>
Increase (Decrease) In Cash and Cash Equivalents	(3)	47
Cash and Cash Equivalents:		
Beginning of Period	<u>246</u>	<u>193</u>
End of Period	<u>\$ 243</u>	<u>\$ 240</u>

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

	<u>Second Quarter 2003</u>	<u>Second Quarter 2002</u>
(In Millions)		
Revenues:		
Northern Resources	\$ 63	\$ 57
Southern Resources	112	111
Real Estate	57	18
Manufacturing	99	97
Other	3	2
Eliminations.....	<u>(16)</u>	<u>(14)</u>
Total Revenues	<u>\$ 318</u>	<u>\$ 271</u>
Operating Costs and Expenses:		
Northern Resources	\$ 48	\$ 46
Southern Resources	57	47
Real Estate	36	7
Manufacturing	103	96
Other	1	1
Other Costs and Eliminations.....	<u>(11)</u>	<u>(8)</u>
Total Costs and Expenses.....	<u>\$ 234</u>	<u>\$ 189</u>
Operating Income (Loss) from Operation		
Northern Resources	\$ 15	\$ 11
Southern Resources	55	64
Real Estate	21	11
Manufacturing	(4)	1
Other	2	1
Other Costs and Eliminations.....	<u>(5)</u>	<u>(6)</u>
Total Operating Income.....	<u>\$ 84</u>	<u>\$ 82</u>

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

	Six Months 2003	Six Months 2002
(In Millions)		
Revenues:		
Northern Resources	\$ 144	\$ 135
Southern Resources	211	211
Real Estate	80	41
Manufacturing	191	190
Other	5	4
Eliminations.....	<u>(40)</u>	<u>(35)</u>
Total Revenues	<u>\$ 591</u>	<u>\$ 546</u>
Operating Costs and Expenses:		
Northern Resources	\$ 106	\$ 104
Southern Resources	107	92
Real Estate	55	18
Manufacturing	200	187
Other	2	1
Other Costs and Eliminations.....	<u>(22)</u>	<u>(22)</u>
Total Costs and Expenses.....	<u>\$ 448</u>	<u>\$ 380</u>
Operating Income (Loss) from Operations:		
Northern Resources	\$ 38	\$ 31
Southern Resources	104	119
Real Estate	25	23
Manufacturing	(9)	3
Other	3	3
Other Costs and Eliminations.....	<u>(18)</u>	<u>(13)</u>
Total Operating Income.....	<u>\$ 143</u>	<u>\$ 166</u>

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

		2003			2002				
		1st Qtr	2nd Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Sales Realization		Units							
Southern Resources									
Sawlog	\$/Ton Stumpage	\$36	\$36	\$36	\$37	\$39	\$39	\$35	\$38
Pulpwood	\$/Ton Stumpage	\$8	\$8	\$8	\$8	\$8	\$8	\$7	\$8
Northern Resources									
Sawlog	\$/Ton Delivered	\$65	\$64	\$65	\$63	\$67	\$70	\$69	\$67
Pulpwood	\$/Ton Delivered	\$28	\$30	\$29	\$26	\$27	\$28	\$28	\$27
Lumber (1)	\$/MBF	\$368	\$364	\$366	\$430	\$422	\$416	\$373	\$410
Plywood (1)	\$/MSF	\$311	\$317	\$314	\$311	\$316	\$313	\$311	\$313
Fiberboard (1)	\$/MSF	\$342	\$352	\$347	\$308	\$318	\$338	\$334	\$325
Sales Volume									
Southern Resources									
Sawlog	1,000 Tons	1,569	1,773	3,342	1,715	1,819	1,705	1,641	6,880
Pulpwood	1,000 Tons	1,428	1,609	3,037	1,498	1,714	1,830	1,872	6,914
Total Harvest		2,997	3,382	6,379	3,213	3,533	3,535	3,513	13,794
Northern Resources									
Sawlog	1,000 Tons	1,034	850	1,884	1,072	738	1,140	1,180	4,130
Pulpwood	1,000 Tons	449	309	758	377	268	373	389	1,407
Total Harvest		1,483	1,159	2,642	1,449	1,006	1,513	1,569	5,537
Lumber	MBF	99,479	111,447	210,926	101,162	101,482	103,600	103,110	409,354
Plywood	MSF	73,959	75,307	149,266	74,292	73,841	75,657	69,703	293,493
Fiberboard	MSF	47,826	49,150	96,976	38,119	46,445	50,332	43,156	178,052
Real Estate Revenue	\$ Millions	\$23	\$57	\$80	\$23	\$18	\$38	\$19	\$98

(1) Represents prices at mill level.