

PLUM CREEK TIMBER COMPANY, INC.
CONSOLIDATED STATEMENT OF INCOME

	Three Months Ended March 31,	
	2001	2000
	(In Thousands, Except Per Share)	
Revenues	\$ <u>161,295</u>	\$ <u>58,951</u>
Costs and Expenses:		
Cost of Goods Sold	109,335	16,503
Selling, General and Administrative	10,429	3,449
Merger Expenses	503	-
Total Costs and Expenses	<u>120,267</u>	<u>19,952</u>
Operating Income	41,028	38,999
Interest Expense	(15,656)	(11,916)
Interest Income	1,449	1,507
Gain on Disposition of Assets - Net	24,738	49,688
Other (Expense) Income - Net	<u>(78)</u>	<u>133</u>
Income before Income Taxes, Equity in Earnings of Unconsolidated Subsidiaries and Preferred Stock Dividends.....	51,481	78,411
Provision for Income Taxes	(430)	-
Equity in Earnings of Unconsolidated Subsidiaries and Preferred Stock Dividends	<u>-</u>	<u>2,168</u>
Net Income	<u>\$ 51,051</u>	<u>\$ 80,579</u>
Net Income per Share - Basic & Diluted	<u>\$ 0.74</u>	<u>\$ 1.16</u>
Weighted average number of Shares outstanding - Basic	<u>69,187</u>	<u>69,207</u>
Weighted average number of Shares outstanding - Diluted	<u>69,235</u>	<u>69,207</u>

Note: Beginning January 1, 2001 all operations (REIT and subsidiaries) are shown on a consolidated basis. Prior to January 1, 2001 financial statements are presented without consolidating non-REIT operations.

PLUM CREEK TIMBER COMPANY, INC.
CONSOLIDATED BALANCE SHEET

	March 31, <u>2001</u>	December 31, <u>2000</u>
(In Thousands, except share data)		
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 151,557	\$ 143,958
Restricted Cash	44,020	37,490
Accounts Receivable	23,966	-
Inventories	44,037	-
Investments in Grantor Trusts	11,172	12,301
Other Current Assets	<u>11,930</u>	<u>886</u>
	286,682	194,635
Timber and Timberlands - Net	952,986	975,921
Property, Plant and Equipment - Net	94,716	1,074
Investment in Unconsolidated Subsidiaries	-	74,261
Deferred Tax Asset	59,667	-
Other Assets	<u>6,567</u>	<u>4,177</u>
Total Assets	<u>\$ 1,400,618</u>	<u>\$ 1,250,068</u>
LIABILITIES		
Current Liabilities:		
Current Portion of Long-Term Debt	\$ 27,427	\$ 6,153
Line of Credit	96,000	96,000
Accounts Payable	9,134	1,295
Related Party Payables	-	37,340
Interest Payable	16,649	9,714
Wages Payable	7,266	-
Taxes Payable	5,205	1,680
Liabilities Associated with Grantor Trust	10,927	12,106
Deferred Income	-	10,890
Other Current Liabilities	<u>12,334</u>	<u>4,527</u>
	184,942	179,705
Long-Term Debt	687,261	559,798
Deferred Income	-	2,806
Workers' Compensation Liabilities	6,055	225
Other Liabilities	<u>3,943</u>	<u>866</u>
Total Liabilities	<u>882,201</u>	<u>743,400</u>
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
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	505,939	505,939
Retained Earnings	11,602	0
Other Equity	<u>184</u>	<u>37</u>
Total Stockholders' Equity	<u>518,417</u>	<u>506,668</u>
Total Liabilities and Stockholders' Equity	<u>\$ 1,400,618</u>	<u>\$ 1,250,068</u>

Note: Beginning January 1, 2001 all operations (REIT and subsidiaries) are shown on a consolidated basis. Prior to January 1, 2001 financial statements are presented without consolidating non-REIT operations.

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

	Three Months Ended March 31,	
	2001	2000
	(In Thousands)	
Cash Flows From Operating Activities:		
Net Income	\$ 51,051	\$ 80,579
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	12,375	10,217
Deferred Income Taxes	430	-
Gain on Asset Dispositions - Net	(24,738)	(49,688)
Equity in Earnings of Unconsolidated Subsidiaries and Preferred Stock Dividends	-	(2,168)
Preferred Stock Dividends	-	3,919
Working Capital Changes, net of effect of business acquisition:		
Accounts Receivable	5,650	828
Inventories	1,547	-
Accounts Payable	(8,612)	(757)
Deferred Income	-	(697)
Wages Payable	(4,640)	(949)
Interest Payable	5,877	1,898
Other Current Assets and Liabilities	153	4,726
Other	1,632	1,835
Net Cash Provided By Operating Activities	40,725	49,743
Cash Flows From Investing Activities:		
Additions to Properties	(25,195)	(3,227)
Proceeds from Asset Dispositions	45,738	62,952
Restricted Cash Change	(6,530)	-
Advances/Distributions with Unconsolidated Subsidiaries	-	(7,638)
Acquisition of Controlling Interest	(7,571)	-
Net Cash Provided By Investing Activities	6,442	52,087
Cash Flows From Financing Activities:		
Cash Distributions	(39,449)	(39,448)
Retirement of Long-Term Debt	(119)	(111)
Borrowings on Line of Credit	384,000	77,000
Repayments on Line of Credit	(384,000)	(77,000)
Other	-	(350)
Net Cash Used In Financing Activities	(39,568)	(39,909)
Increase In Cash and Cash Equivalents	7,599	61,921
Cash and Cash Equivalents:		
Beginning of Period	143,958	115,389
End of Period	\$ 151,557	\$ 177,310

Note: Beginning January 1, 2001 all operations (REIT and subsidiaries) are shown on a consolidated basis. Prior to January 1, 2001 financial statements are presented without consolidating non-REIT operations.

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

	YTD 2001	1st Qtr 2000	2nd Qtr 2000	3rd Qtr 2000	4th Qtr 2000	YTD 2000
Sales Realization						
Northwest Lumber (1) (\$/MBF)	385	467	430	381	397	420
Southern Lumber (\$/MBF)	0	367	334	309	277	325
Northwest Plywood (1) (\$/MSF)	302	307	310	296	305	305
Fiberboard (1) (\$/MSF)	326	346	349	346	331	343
Export Logs (\$/MBF)	647	784	749	689	721	733
Domestic Logs						
Cascades (\$/MBF)	458	578	521	442	470	502
Rockies (\$/Cunit)	210	250	244	244	231	241
Southern (\$/Cunit)	144	186	184	188	186	186
Northeast (\$/Ton)	70	66	71	70	69	69
Southern Pulp Logs (\$/Cunit)	81	89	85	81	79	83
Northeast Pulp Logs (\$/Ton)	28	29	31	30	30	30
Sales Volume						
Northwest Lumber (MBF)	90,708	108,070	106,936	100,050	91,971	407,027
Southern Lumber (2) (MBF)	0	69,633	67,976	70,193	51,249	259,051
Northwest Plywood (MSF)	70,435	81,450	80,507	72,200	68,642	302,799
Fiberboard (MSF)	33,234	37,241	33,369	34,126	32,958	137,694
Export Saw Logs (MBF)	5,632	3,690	5,723	4,520	6,151	20,084
Domestic Saw Logs:						
Cascades (MBF)	16,567	16,353	16,972	21,427	8,719	63,471
Rockies (Cunits):						
Internal Fee	88,318	125,146	79,671	98,022	155,669	458,508
External Fee	31,650	31,729	26,200	33,405	70,504	161,838
Total Rockies	119,968	156,875	105,871	131,427	226,173	620,346
Southern (Cunits)	48,018	64,673	55,738	74,953	52,279	247,643
Northeast (Tons)	147,495	181,515	91,650	144,539	133,060	550,764
Southern Pulp Logs (Cunits)	67,659	77,655	79,918	80,204	72,898	310,675
Northeast Pulp Logs (Tons)	159,530	181,785	100,213	150,065	128,964	561,027
Land Sales Income (in thousands)	\$24,419	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)	Three Months 2001	Three Months 2000
Revenues:		
Northern Resources	\$ 56,180	\$ 73,990
Southern Resources	13,198	19,821
Lumber	43,582	90,577
Panel	38,476	44,815
Land Sales	28,914	11,729
Eliminations.....	<u>(19,055)</u>	<u>(41,700)</u>
Total Revenues *.....	<u>\$ 161,295</u>	<u>\$ 199,232</u>
Operating Costs and Expenses:		
Northern Resources	\$ 41,315	\$ 47,223
Southern Resources	9,870	12,363
Lumber	46,087	88,134
Panel	37,247	41,773
Land Sales	4,495	1,224
Other Costs and Eliminations.....	(19,250)	(35,927)
Merger Expenses.....	<u>503</u>	<u>0</u>
Total Costs and Expenses.....	<u>\$ 120,267</u>	<u>\$ 154,790</u>
Operating Income (Expenses):		
Northern Resources	\$ 14,865	\$ 26,767
Southern Resources	3,328	7,458
Lumber	(2,505)	2,443
Panel	1,229	3,042
Land Sales	24,419	10,505
Other Costs and Eliminations.....	195	(5,773)
Merger Expenses.....	<u>(503)</u>	<u>0</u>
Combined Segment Operating Income.....	<u>\$ 41,028</u>	<u>\$ 44,442</u>
Less Operating Income Recognized by Unconsolidated Subsidiaries:		
Lumber		(2,443)
Panel		(3,042)
Land Sales		(641)
Harvesting Activity		(2,606)
Other Costs and Eliminations.....		<u>3,289</u>
REIT Operating Income		<u>\$ 38,999</u>

* Prior year revenues have been restated in the amount of \$9.6 million to reflect the reclass of shipping costs from revenues to cost of goods sold in accordance with EITF 00-10.