

PLUM CREEK TIMBER COMPANY, INC.  
CONSOLIDATED / COMBINED STATEMENT OF INCOME

	Quarter Ended March 31,	
	2000 (REIT)	1999 (MLP)
	(In Thousands, Except Per Share / Unit)	
Revenues .....	\$ 58,951	\$ 178,221
Costs and Expenses:		
Cost of Goods Sold .....	16,503	129,395
Selling, General and Administrative .....	3,449	10,443
Total Costs and Expenses .....	19,952	139,838
Operating Income .....	38,999	38,383
Interest Expense .....	(11,916)	(18,525)
Interest Income .....	1,507	389
Gain (Loss) on Disposition of Assets - Net .....	49,688	209
Reorganization Costs .....	-	(2,651)
Other (Expense) Income - Net .....	133	(53)
Income before Income Taxes, Equity in Earnings of Unconsolidated Subsidiaries and Preferred Stock Dividends and Cumulative Effect of Accounting Change .....	78,411	17,752
(Provision) Benefit for Income Taxes .....	-	(174)
Equity in Earnings of Unconsolidated Subsidiaries and Preferred Stock Dividends .....	2,168	-
Net Income before Cumulative Effect of Accounting Change .....	\$ 80,579	\$ 17,578
Cumulative Effect of Accounting Change .....	-	12,169
Net Income .....	\$ 80,579	\$ 29,747
General Partner Interest .....	-	8,534
Net Income Allocable to Common Shareholders / Unitholders .....	\$ 80,579	\$ 21,213
Income Allocable to Common Shareholders/Unitholders per Share before Cumulative Effect of Accounting Change .....	\$ 1.16	\$ 0.20
Cumulative Effect of Accounting Change per Share/Unit .....	\$ -	\$ 0.26
Net Income per Share / Unit .....	\$ 1.16	\$ 0.46
Weighted average number of Shares/Units outstanding - Basic and Diluted .....	69,207	46,323

PLUM CREEK TIMBER COMPANY, INC.  
CONSOLIDATED BALANCE SHEET

	March 31, 2000 <u>(REIT)</u>	December 31, 1999 <u>(REIT)</u>
(In Thousands, Except Share Data)		
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents .....	\$ 177,310	\$ 115,389
Accounts Receivable .....	-	828
Investments in Grantor Trusts .....	13,797	13,721
Other Current Assets .....	<u>845</u>	<u>3,378</u>
	191,952	133,316
Timber and Timberlands - Net .....	989,871	1,010,524
Property, Plant and Equipment - Net .....	1,171	1,203
Investment in Unconsolidated Subsidiaries .....	96,692	100,202
Other Assets .....	<u>4,666</u>	<u>5,511</u>
Total Assets .....	<u>\$ 1,284,352</u>	<u>\$ 1,250,756</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Current Portion of Long-Term Debt .....	\$ 6,135	\$ 6,127
Accounts Payable .....	917	1,674
Related Party Payables .....	17,124	26,522
Interest Payable .....	11,521	9,623
Taxes Payable .....	3,330	2,034
Liabilities Associated with Grantor Trust .....	13,809	13,411
Deferred Income .....	7,859	8,556
Other Current Liabilities .....	<u>6,383</u>	<u>6,257</u>
	67,078	74,204
Long-Term Debt .....	565,832	565,950
Line of Credit .....	77,000	77,000
Workers' Compensation Liabilities .....	225	225
Other Liabilities .....	<u>361</u>	<u>330</u>
Total Liabilities .....	<u>710,496</u>	<u>717,709</u>
Commitments and Contingencies		
<b>STOCKHOLDERS' EQUITY</b>		
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 .....	522,244	522,244
Retained Earnings .....	50,717	9,586
Other Equity .....	<u>203</u>	<u>525</u>
Total Stockholders' Equity .....	<u>573,856</u>	<u>533,047</u>
Total Liabilities and Stockholders' Equity .....	<u>\$ 1,284,352</u>	<u>\$ 1,250,756</u>

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

	Quarter Ended March 31,	
	2000 <u>(REIT)</u>	1999 <u>(MLP)</u>
	(In Thousands)	
Cash Flows From Operating Activities:		
Net Income .....	\$ 80,579	\$ 29,747
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization .....	10,217	19,129
Deferred Income Taxes .....	-	-
Cumulative Effect of Accounting Change .....	-	(12,169)
(Gain) Loss on Asset Dispositions - Net .....	(49,688)	(209)
Equity in Earnings of Unconsolidated Subsidiaries		
and Preferred Stock Dividends.....	(2,168)	-
Preferred Stock Dividends .....	3,919	-
Working Capital Changes:		
Accounts Receivable .....	828	(3,658)
Inventories .....	-	(549)
Timber Contract Deposits and Other Current Assets.....	2,457	633
Accounts Payable .....	(757)	545
Deferred Income .....	(697)	-
Other Accrued Liabilities.....	3,218	790
Other .....	1,835	826
Net Cash Provided By Operating Activities .....	49,743	35,085
Cash Flows From Investing Activities:		
Additions to Properties .....	(3,227)	(7,799)
Proceeds from Asset Dispositions .....	62,952	896
Advances/Distributions with Unconsolidated Subsidiaries .....	(7,638)	-
Net Cash Provided By (Used In) Investing Activities .....	52,087	(6,903)
Cash Flows From Financing Activities:		
Cash Distributions .....	(39,448)	(35,458)
Retirement of Long-Term Debt .....	(111)	-
Borrowings on Line of Credit .....	77,000	142,000
Repayments on Line of Credit .....	(77,000)	(142,000)
Other .....	(350)	-
Net Cash Used In Financing Activities .....	(39,909)	(35,458)
Increase (Decrease) In Cash and Cash Equivalents .....	61,921	(7,276)
Cash and Cash Equivalents:		
Beginning of Period .....	115,389	113,793
End of Period .....	\$ 177,310	\$ 106,517

**PLUM CREEK TIMBER COMPANY**  
**SUPPLEMENTAL DETAIL OF UNCONSOLIDATED SUBSIDIARIES**  
**2000 - FIRST QUARTER**

(In Thousands)	<u>REIT STAND ALONE FINANCIALS</u>	<u>UNCONSOLIDATED SUBSIDIARIES</u>	<u>COMBINED</u>
OPERATING INCOME	38,999	5,443	44,442
INTEREST EXPENSE	(11,916)	(4,757)	(16,673)
GAIN (LOSS) ON DISP. OF ASSETS	49,688	14	49,702
OTHER INCOME (EXPENSE)	1,640	1,018 *	2,658
TAX (PROVISION) BENEFIT	-	450	450
NET INCOME	<u>78,411</u>	<u>2,168</u>	<u>80,579</u>
DEPLETION, DEPREC. & AMORT.	<u>10,217</u>	<u>7,461</u>	<u>17,678</u>
CAPITAL EXPENDITURES	<u>3,227</u>	<u>5,513</u>	<u>8,740</u>

\* Includes \$969 of amortization income related to the basis difference associated with the REIT's investment in the unconsolidated subsidiaries. This amount offsets a portion of the unconsolidated subsidiaries' deferred tax expense included in the tax benefit of \$450.

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

(In Thousands)	<u>First Quarter 2000</u>	<u>First Quarter 1999*</u>
Revenues:		
Northern Resources .....	\$ 75,119	\$ 78,139
Southern Resources .....	19,821	20,371
Lumber .....	85,088	79,481
Panel .....	40,695	40,286
Land Sales .....	11,729	1,164
Eliminations.....	<u>(41,700)</u>	<u>(41,220)</u>
Total Revenues.....	<u>\$ 190,752</u>	<u>\$ 178,221</u>
Operating Costs and Expenses:		
Northern Resources .....	\$ 48,352	\$ 50,531
Southern Resources .....	12,363	14,546
Lumber .....	82,645	75,926
Panel .....	37,653	35,335
Land Sales .....	1,224	433
Other Costs and Eliminations.....	<u>(35,927)</u>	<u>(36,933)</u>
Total Costs and Expenses.....	<u>\$ 146,310</u>	<u>\$ 139,838</u>
Operating Income (Expenses):		
Northern Resources .....	\$ 26,767	\$ 27,608
Southern Resources .....	7,458	5,825
Lumber .....	2,443	3,555
Panel .....	3,042	4,951
Land Sales .....	10,505	731
Other Costs and Eliminations.....	<u>(5,773)</u>	<u>(4,287)</u>
Combined Segment Operating Income.....	<u>\$ 44,442</u>	<u>\$ 38,383</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>	

\* 1999 results reflect the change in accounting policy for silviculture costs. This change provided an unfavorable impact on operating income of \$0.3 million for the first quarter.

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

	<b>1st Qtr 2000</b>	<b>1st Qtr 1999</b>	<b>2nd Qtr 1999</b>	<b>3rd Qtr 1999</b>	<b>4th Qtr 1999</b>	<b>YTD 1999</b>
<b>Sales Realization</b>						
Northwest Lumber (1) (\$/MBF)	467	444	461	478	463	462
Southern Lumber (\$/MBF)	367	387	392	396	367	385
Northwest Plywood (1) (\$/MSF)	307	322	347	372	308	338
Fiberboard (1) (\$/MSF)	346	314	321	334	330	325
Export Logs (\$/MBF)	784	680	737	669	721	698
Domestic Logs						
Cascades (\$/Cunit)	578	522	571	520	503	532
Rockies (2) (\$/Cunit)	250	228	233	235	244	235
Southern (\$/Cunit)	186	173	187	191	194	187
Northeast (\$/Ton)	66	62	62	63	62	62
Southern Pulp Logs (\$/Cunit)	89	95	96	90	88	92
Northeast Pulp Logs (\$/Ton)	29	26	26	27	27	27
<b>Sales Volume</b>						
Northwest Lumber (MBF)	108,070	107,017	111,224	108,741	104,151	431,133
Southern Lumber (MBF)	69,633	56,413	69,129	67,927	73,449	266,918
Northwest Plywood (MSF)	81,450	80,249	83,451	84,371	84,072	332,143
Fiberboard (MSF)	37,241	34,154	34,751	33,562	32,653	135,120
Export Saw Logs (MBF)	3,690	8,126	7,044	6,738	2,418	24,326
Domestic Saw Logs:						
Cascades (MBF)	16,353	18,854	17,166	22,672	8,472	67,164
Rockies (2) (Cunits):						
Internal Fee	125,146	141,154	77,778	161,029	140,612	520,573
External Fee	31,729	53,000	28,592	62,610	59,441	203,643
Total Rockies	156,875	194,154	106,370	223,639	200,053	724,216
Southern (Cunits)	64,673	59,198	83,095	93,745	78,280	314,318
Northeast (Tons)	181,515	144,749	76,299	147,569	172,941	541,558
Southern Pulp Logs (Cunits)	77,655	92,562	100,549	95,111	95,250	383,472
Northeast Pulp Logs (Tons)	181,785	158,065	62,249	191,504	177,465	589,283
<b>Land Sales Income (in thousands)</b>	<b>\$11,729</b>	<b>\$731</b>	<b>\$5,428</b>	<b>\$6,955</b>	<b>\$6,732</b>	<b>\$19,846</b>

(1) Represents prices at mill level.

(2) Rockies statistics are now presented on a Cunit basis. Prior data has been restated. Conversion factor is approximately 2 Cunits per MBF.