

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

	Quarter Ended December 31,	
	2000 (REIT)	1999 (REIT)
	(In Thousands, Except Per Share)	
Revenues	\$ <u>55,415</u>	\$ <u>46,051</u>
Costs and Expenses:		
Cost of Goods Sold	18,705	13,791
Selling, General and Administrative	4,554	3,882
Merger Expenses	<u>1,649</u>	<u>-</u>
Total Costs and Expenses	<u>24,908</u>	<u>17,673</u>
Operating Income	30,507	28,378
Interest Expense	(11,588)	(12,742)
Interest Income	905	872
Gain (Loss) on Disposition of Assets - Net	(107)	3,697
Other (Expense) Income - Net	<u>(6)</u>	<u>(156)</u>
Income before Income Taxes, Equity in Earnings (Loss) of Unconsolidated Subsidiaries and Preferred Stock Dividends	19,711	20,049
(Provision) Benefit for Income Taxes	-	60
Equity in Earnings (Loss) of Unconsolidated Subsidiaries and Preferred Stock Dividends	<u>1,101</u>	<u>5,618</u>
Net Income before Cumulative Effect of Accounting Change	\$ 20,812	\$ 25,727
Net Income per Share - Basic & Diluted.....	<u>\$ 0.30</u>	<u>\$ 0.38</u>
Weighted average number of Shares/Units outstanding - Basic	<u>69,181</u>	<u>67,290</u>
Weighted average number of Shares/Units outstanding - Dilutive	<u>69,208</u>	<u>67,290</u>

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

	Year Ended December 31,		
	2000 (REIT)	1999 (REIT/MLP)	1998 (MLP)
	(In Thousands, Except Per Share / Unit)		
Revenues	\$ 209,054	\$ 479,589	\$ 736,657
Costs and Expenses:			
Cost of Goods Sold	68,030	304,791	542,653
Selling, General and Administrative	13,687	28,374	52,917
Merger Expenses	3,827	-	-
Total Costs and Expenses	85,544	333,165	595,570
Operating Income	123,510	146,424	141,087
Interest Expense	(46,834)	(63,456)	(60,622)
Interest Income	4,801	1,982	1,042
Gain (Loss) on Disposition of Assets - Net	49,616	3,697	(805)
Reorganization Costs	-	(5,053)	(4,763)
Other (Expense) Income - Net	161	(789)	14
Income before Income Taxes, Equity in Earnings (Loss) of Unconsolidated Subsidiaries and Preferred Stock Dividends and Cumulative Effect of Accounting Change	131,254	82,805	75,953
(Provision) Benefit for Income Taxes	-	13,105	(517)
Equity in Earnings (Loss) of Unconsolidated Subsidiaries and Preferred Stock Dividends	648	17,522	-
Net Income before Cumulative Effect of Accounting Change	\$ 131,902	\$ 113,432	\$ 75,436
Cumulative Effect of Accounting Change	-	12,169	-
Net Income	\$ 131,902	\$ 125,601	\$ 75,436
General Partner Interest	-	17,162	33,713
Net Income Allocable to Common Shareholders / Unitholders	\$ 131,902	\$ 108,439	\$ 41,723
Income Allocable to Common Shareholders/Unitholders per Share before Cumulative Effect of Accounting Change	\$ 1.91	\$ 1.72	\$ 0.90
Cumulative Effect of Accounting Change per Share/Unit	\$ -	\$ 0.22	\$ -
Net Income per Share / Unit - Basic & Diluted.....	\$ 1.91	\$ 1.94	\$ 0.90
Weighted average number of Shares/Units outstanding - Basic	69,190	55,819	46,323
Weighted average number of Shares/Units outstanding - Diluted	69,213	55,819	46,323
Pro forma amounts, assuming the change in accounting was applied retroactively, are:			
Net Income		\$ 113,432	\$ 77,223
Net Income Allocable to Common Shareholders/Unitholders		\$ 96,270	\$ 43,510
Net Income per Share		\$ 1.72	\$ 0.94

PLUM CREEK TIMBER COMPANY, INC.
CONSOLIDATED BALANCE SHEET

	December 31, 2000 (REIT)	December 31, 1999 (REIT)
(In Thousands, except share data)		
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 143,958	\$ 115,389
Restricted Cash	37,490	-
Accounts Receivable	-	828
Investments in Grantor Trusts	12,301	13,721
Other Current Assets	886	3,378
	194,635	133,316
Timber and Timberlands - Net	975,921	1,010,524
Property, Plant and Equipment - Net	1,074	1,203
Investment in Unconsolidated Subsidiaries	74,261	100,202
Other Assets	4,177	5,511
Total Assets	\$ 1,250,068	\$ 1,250,756
LIABILITIES		
Current Liabilities:		
Current Portion of Long-Term Debt	\$ 6,153	\$ 6,127
Line of Credit	96,000	-
Accounts Payable	1,295	1,674
Related Party Payables	37,340	26,522
Interest Payable	9,714	9,623
Wages Payable	-	949
Taxes Payable	1,680	2,034
Liabilities Associated with Grantor Trust	12,106	13,411
Deferred Income	10,890	8,556
Other Current Liabilities	4,527	5,308
	179,705	74,204
Long-Term Debt	559,798	565,950
Line of Credit	-	77,000
Deferred Income	2,806	-
Workers' Compensation Liabilities	225	225
Other Liabilities	866	330
Total Liabilities	743,400	717,709
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	522,244
Retained Earnings	0	9,586
Other Equity	37	525
Total Stockholders' Equity	506,668	533,047
Total Liabilities and Stockholders' Equity	\$ 1,250,068	\$ 1,250,756

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

	Year Ended December 31,		
	2000 (REIT)	1999 (REIT/MLP)	1998 (MLP)
	(In Thousands)		
Cash Flows From Operating Activities:			
Net Income	\$ 131,902	\$ 125,601	\$ 75,436
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:			
Depreciation, Depletion and Amortization	38,910	59,689	69,287
Deferred Income Taxes	-	(14,030)	-
Cumulative Effect of Accounting Change	-	(12,169)	-
(Gain) Loss on Asset Dispositions - Net	(49,616)	(3,697)	805
Equity in (Earnings) Loss of Unconsolidated Subsidiaries and Preferred Stock Dividends	(648)	(17,522)	-
Common and Preferred Stock Dividends	20,475	7,838	-
Working Capital Changes, net of effect of business acquisition and contribution to unconsolidated subsidiaries:			
Accounts Receivable	828	(12,369)	(3,309)
Inventories	-	9,987	6,974
Timber Contract Deposits and Other Current Assets	3,912	(4,675)	551
Accounts Payable	(379)	(3,427)	2,330
Deferred Income	5,140	8,556	-
Wages Payable	(949)	(1,651)	(2,361)
Other Accrued Liabilities	(2,349)	(7,178)	6,915
Other	6,845	3,041	7,376
Net Cash Provided By Operating Activities	<u>154,071</u>	<u>137,994</u>	<u>164,004</u>
Cash Flows From Investing Activities:			
Business Acquisitions	-	-	(12,353)
Additions to Properties	(21,664)	(25,611)	(54,927)
Proceeds from Asset Dispositions	62,505	4,460	1,457
Investment in Unconsolidated Subsidiaries	-	(24,821)	-
Advances/Distributions with Unconsolidated Subsidiaries	(20,602)	58,365	-
Other	-	(1,371)	(11)
Net Cash Provided By (Used In) Investing Activities	<u>20,239</u>	<u>11,022</u>	<u>(65,834)</u>
Cash Flows From Financing Activities:			
Cash Distributions	(157,793)	(146,534)	(140,358)
Retirement of Long-Term Debt	(6,132)	(18,810)	(18,400)
Borrowings on Line of Credit	334,000	559,400	695,000
Repayments on Line of Credit	(315,000)	(682,400)	(656,000)
Issuance of Common Stock, net	-	141,707	-
Other	(816)	(783)	-
Net Cash Used In Financing Activities	<u>(145,741)</u>	<u>(147,420)</u>	<u>(119,758)</u>
Increase (Decrease) In Cash and Cash Equivalents	28,569	1,596	(21,588)
Cash and Cash Equivalents:			
Beginning of Period	<u>115,389</u>	<u>113,793</u>	<u>135,381</u>
End of Period	<u>\$ 143,958</u>	<u>\$ 115,389</u>	<u>\$ 113,793</u>

Supplementary Cash Flow Information

Cash paid during the year for:

Interest Paid - Net	\$ 47,058	\$ 63,082	\$ 58,785
Income Taxes Paid - Net	\$ -	\$ 270	\$ 362

Noncash activities:

Distribution of common stock from deferred incentive compensation plan for payment of liability	\$ 1,303		
Assets contributed to Unconsolidated Subsidiaries		\$ 291,513	
Liabilities contributed to Unconsolidated Subsidiaries		\$ 221,755	
Assets received related to the PCMC Merger		\$ 13,726	
Liabilities received related to the PCMC Merger		\$ 12,134	
Purchase accounting related basis step-up of assets		\$ 3,939	
Timber and timberlands received in an exchange		\$ 3,294	
Business Acquisition			\$ 177,060
Issuance of Unsecured Debt for Business Acquisition			\$ 177,060

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

(In Thousands)	Fourth Quarter 2000	Fourth Quarter 1999*
Revenues:		
Northern Resources	\$ 79,885	\$ 73,631
Southern Resources	16,154	24,581
Lumber	62,504	91,193
Panel.....	37,918	44,583
Land Sales	21,452	8,579
Eliminations.....	(43,917)	(47,365)
Total Revenues **.....	<u>\$ 173,996</u>	<u>\$ 195,202</u>
Operating Costs and Expenses:		
Northern Resources	\$ 54,967	\$ 50,643
Southern Resources	10,687	14,858
Lumber	72,859	88,012
Panel	35,116	41,582
Land Sales	2,622	1,847
Other Costs and Eliminations.....	(33,437)	(38,479)
Merger Expenses.....	1,649	
Total Costs and Expenses.....	<u>\$ 144,463</u>	<u>\$ 158,463</u>
Operating Income (Expenses):		
Northern Resources	\$ 24,918	\$ 22,988
Southern Resources	5,467	9,723
Lumber ***.....	(10,355)	3,181
Panel	2,802	3,001
Land Sales	18,830	6,732
Other Costs and Eliminations.....	(10,480)	(8,886)
Merger Expenses.....	(1,649)	0
Combined Segment Operating Income.....	<u>\$ 29,533</u>	<u>\$ 36,739</u>
Less Operating Income Recognized by Unconsolidated Subsidiaries:		
Lumber	10,355	(3,181)
Panel	(2,802)	(3,001)
Land Sales	(7,276)	(3,401)
Harvesting Activity	(1,660)	(2,065)
Other Costs and Eliminations.....	2,357	3,288
REIT Operating Income	<u>\$ 30,507</u>	<u>\$ 28,379</u>

* 1999 results reflect the change in accounting policy for silviculture costs. This change provided a favorable impact on operating income of \$1.2 million for the fourth quarter.

** Prior year revenues have been restated in the amount of \$9.3 million to reflect the reclass of shipping costs from revenues to cost of goods sold in accordance with EITF 00-10.

*** The lumber segment operating loss for 2000 includes a \$2.5 million loss related to the sale of the southern lumber facilities.

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

(In Thousands)	Twelve Months 2000	Twelve Months 1999*
Revenues:		
Northern Resources	\$ 268,896	\$ 291,915
Southern Resources	74,979	99,213
Lumber	308,896	365,014
Panel	165,038	189,060
Land Sales	47,748	23,682
Eliminations.....	<u>(152,009)</u>	<u>(171,946)</u>
Total Revenues **.....	<u>\$ 713,548</u>	<u>\$ 796,938</u>
Operating Costs and Expenses:		
Northern Resources	\$ 182,016	\$ 201,203
Southern Resources	47,741	62,096
Lumber	325,790	341,740
Panel	153,813	162,569
Land Sales	5,494	3,836
Other Costs and Eliminations.....	(132,076)	(150,245)
Merger Expenses.....	<u>3,827</u>	<u>0</u>
Total Costs and Expenses.....	<u>\$ 586,605</u>	<u>\$ 621,199</u>
Operating Income (Expenses):		
Northern Resources	\$ 86,880	\$ 90,712
Southern Resources	27,238	37,117
Lumber ***.....	(16,894)	23,274
Panel	11,225	26,491
Land Sales	42,254	19,846
Other Costs and Eliminations.....	(19,933)	(21,701)
Merger Expenses.....	<u>(3,827)</u>	<u>0</u>
Combined Segment Operating Income.....	<u>\$ 126,943</u>	<u>\$ 175,739</u>
Less Operating Income Recognized by Unconsolidated Subsidiaries:		
Lumber	16,894	(12,993)
Panel	(11,225)	(13,473)
Land Sales	(10,008)	(4,433)
Harvesting Activity	(9,173)	(5,022)
Other Costs and Eliminations.....	<u>10,079</u>	<u>6,606</u>
REIT Operating Income	<u>\$ 123,510</u>	<u>\$ 146,424</u>

* 1999 results reflect the change in accounting policy for silviculture costs. This change provided a favorable impact on operating income of \$2.9 million for the year.

** Prior year revenues have been restated in the amount of \$38.1 million to reflect the reclass of shipping costs from revenues to cost of goods sold in accordance with EITF 00-10.

*** The lumber segment operating loss for 2000 includes a \$2.5 million loss related to the sale of the southern lumber facilities.

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

	1st Qtr 2000	2nd Qtr 2000	3rd Qtr 2000	4th Qtr 2000	YTD 2000	1st Qtr 1999	2nd Qtr 1999	3rd Qtr 1999	4th Qtr 1999	YTD 1999
Sales Realization										
Northwest Lumber (1) (\$/MBF)	467	430	381	397	420	444	461	478	463	462
Southern Lumber (\$/MBF)	367	334	309	277	325	387	392	396	367	385
Northwest Plywood (1) (\$/MSF)	307	310	296	305	305	322	347	372	308	338
Fiberboard (1) (\$/MSF)	346	349	346	331	343	314	321	334	330	325
Export Logs (\$/MBF)	784	749	689	721	733	680	737	669	721	698
Domestic Logs										
Cascades (\$/MBF)	578	521	442	470	502	522	571	520	503	532
Rockies (2) (\$/Cunit)	250	244	244	231	241	228	233	235	244	235
Southern (\$/Cunit)	186	184	188	186	186	173	187	191	194	187
Northeast (\$/Ton)	66	71	70	69	69	62	62	63	62	62
Southern Pulp Logs (\$/Cunit)	89	85	81	79	83	95	96	90	88	92
Northeast Pulp Logs (\$/Ton)	29	31	30	30	30	26	26	27	27	27
Sales Volume										
Northwest Lumber (MBF)	108,070	106,936	100,050	91,971	407,027	107,017	111,224	108,741	104,151	431,133
Southern Lumber (3) (MBF)	69,633	67,976	70,193	51,249	259,051	56,413	69,129	67,927	73,449	266,918
Northwest Plywood (MSF)	81,450	80,507	72,200	68,642	302,799	80,249	83,451	84,371	84,072	332,143
Fiberboard (MSF)	37,241	33,369	34,126	32,958	137,694	34,154	34,751	33,562	32,653	135,120
Export Saw Logs (MBF)	3,690	5,723	4,520	6,151	20,084	8,126	7,044	6,738	2,418	24,326
Domestic Saw Logs:										
Cascades (MBF)	16,353	16,972	21,427	8,719	63,471	18,854	17,166	22,672	8,472	67,164
Rockies (2) (Cunits):										
Internal Fee	125,146	79,671	98,022	155,669	458,508	141,154	77,778	161,029	140,612	520,573
External Fee	31,729	26,200	33,405	70,504	161,838	53,000	28,592	62,610	59,441	203,643
Total Rockies	156,875	105,871	131,427	226,173	620,346	194,154	106,370	223,639	200,053	724,216
Southern (Cunits)	64,673	55,738	74,953	52,279	247,643	59,198	83,095	93,745	78,280	314,318
Northeast (Tons)	181,515	91,650	144,539	133,060	550,764	144,749	76,299	147,569	172,941	541,558
Southern Pulp Logs (Cunits)	77,655	79,918	80,204	72,898	310,675	92,562	100,549	95,111	95,250	383,472
Northeast Pulp Logs (Tons)	181,785	100,213	150,065	128,964	561,027	158,065	62,249	191,504	177,465	589,283
Land Sales Income (in thousands)	10,505	10,235	2,684	18,830	\$42,254	\$731	\$5,428	\$6,955	\$6,732	\$19,846

(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.

(3) Represents sales through December 15, 2000. Our southern lumber facilities were sold on December 15, 2000.

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

(In Thousands)	<u>REIT STAND ALONE FINANCIALS</u>	<u>UNCONSOLIDATED SUBSIDIARIES</u>	<u>COMBINED</u>
OPERATING INCOME	30,507	(975) *	29,532
INTEREST EXPENSE	(11,588)	(4,202)	(15,790)
GAIN (LOSS) ON DISP. OF ASSETS	(107)	(500)	(607)
OTHER INCOME (EXPENSE)	899	3,427 **	4,326
TAX (PROVISION) BENEFIT	-	3,351	3,351
NET INCOME	<u>19,711</u>	<u>1,101</u>	<u>20,812</u>
DEPLETION, DEPREC. & AMORT.	<u>10,226</u>	<u>5,438</u>	<u>15,664</u>
CAPITAL EXPENDITURES	<u>7,062</u>	<u>8,860 ***</u>	<u>15,922</u>

* Includes \$2.5 million loss related to the sale of the southern lumber facilities.

** Includes \$3,222 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 \$3,351.

*** Capital expenditures for the unconsolidated subsidiaries does not include \$6.2 million for land purchased from the REIT.

PLUM CREEK TIMBER COMPANY
SUPPLEMENTAL DETAIL OF UNCONSOLIDATED SUBSIDIARIES
Year Ending December 31, 2000

(In Thousands)	<u>REIT STAND ALONE FINANCIALS</u>	<u>UNCONSOLIDATED SUBSIDIARIES</u>	<u>COMBINED</u>
OPERATING INCOME	123,510	3,433 *	126,943
INTEREST EXPENSE	(46,834)	(17,712)	(64,546)
GAIN (LOSS) ON DISP. OF ASSETS	49,616	(40)	49,576
OTHER INCOME (EXPENSE)	4,962	6,203 **	11,165
TAX (PROVISION) BENEFIT	-	8,764	8,764
NET INCOME	<u>131,254</u>	<u>648</u>	<u>131,902</u>
DEPLETION, DEPREC. & AMORT.	<u>38,910</u>	<u>26,129</u>	<u>65,039</u>
CAPITAL EXPENDITURES	<u>21,664</u>	<u>33,924 ***</u>	<u>55,588</u>

* Includes \$2.5 million loss related to the sale of the southern lumber facilities.

** Includes \$5,597 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 \$8,764.

*** Capital expenditures for the unconsolidated subsidiaries does not include \$6.2 million for land purchased from the REIT.

Plum Creek Timber Company, Inc.
2001 Selected Forecast Statistics
(Unaudited)

	<u>2001</u> <u>Forecast</u>	<u>2000</u> <u>Actual</u>	<u>1999</u> <u>Actual</u>
Resources Volumes			
Export Saw Logs (MBF)	20,000	20,084	24,326
Domestic Saw Logs:			
Cascades (MBF)	50,000	63,471	67,164
Rockies (Cunits):			
Internal Fee	480,000	458,508	520,573
External Fee	<u>155,000</u>	<u>161,838</u>	<u>203,643</u>
Total Rockies	<u>635,000</u>	<u>620,346</u>	<u>724,216</u>
Southern (Cunits)	275,000	247,643	314,318
Northeast (Tons)	535,000	550,764	541,558
Southern Pulp Logs (Cunits)	360,000	310,675	383,472
Northeast Pulp Logs (Tons)	570,000	561,027	589,283
Manufacturing Sales Volume			
Northwest Lumber (MBF)	405,000	407,026	431,133
Southern Lumber (MBF)	-----	259,051	266,918
Northwest Plywood (MSF)	290,000	302,800	332,143
Fiberboard (MSF)	175,000	137,694	135,120
Capital Expenditures (in thousands)			
Resources	(\$20,000)	(\$21,664)	(\$18,662)
Manufacturing (1)	<u>(\$55,000)</u>	<u>(\$33,924)</u>	<u>(\$11,389)</u>
Total Capital Expenditures	<u>(\$75,000)</u>	<u>(\$55,588)</u>	<u>(\$30,051)</u>

(1) Includes completion of MDF Thin Line - approximately \$52 million.