

Revenues	4,979		\$ 6,340	
Costs and expenses:				
Cost of sales	(2,198	)	(2,679)
Operating expenses	(2,822	)	(2,956)
Operating income (loss)	(41	)	705	
Interest income	69		395	
Interest expense	(617	)	(634)
Capitalized interest	305		308	
SLARS impairment	(60)	-	
Income (loss) before income taxes	(344	)	774	
Income tax expense	-		(57)
Net income (loss)	(344	)	717	
Net loss attributable to noncontrolling interest Timber Fund I, LP	219		224	
Net loss attributable to noncontrolling interest Timber Fund II, Inc.	2		-	
Net income (loss) attributable to Pope Resources' unitholders	\$ (123	)	\$ 941	
Average units outstanding - Basic	4,654		4,672	
Average units outstanding - Diluted	4,654		4,749	
Basic net income (loss) per unit	\$ (0.03	)	\$ 0.20	
Diluted net income (loss) per unit	\$ (0.03	)	\$ 0.20	

CONDENSED CONSOLIDATED BALANCE SHEETS
(all amounts in \$000's)

	31-Mar-09	31-Dec-08
Assets:		
Cash and cash equivalents	\$ 15,213	\$ 17,978
Other current assets	2,049	1,868
Total current assets	17,262	19,846
Roads and timber, net	92,254	92,753
Properties and equipment, net	48,392	47,946
Auction rate securities	3,578	3,619
Other assets	1,232	1,247
Total	\$ 162,718	\$ 165,411
Liabilities and equity:		
Current liabilities	\$ 3,784	\$ 3,581
Long-term debt, excluding current portion	26,872	28,169
Other long-term liabilities	1,465	1,490
Total liabilities	32,121	33,240
Partners' capital	86,140	87,817
Accumulated other comprehensive income	19	-
Noncontrolling interests	44,438	44,354
Total	\$ 162,718	\$ 165,411

RECONCILIATION BETWEEN NET INCOME AND CASH FLOWS FROM OPERATIONS
(all amounts in \$000's)

	Three months ended March 31,	
	2009	2008
Net income (loss)	\$ (344	) \$ 717
Added back:		
Depletion	569	655
Timber depletion on HBU sale	-	126
SLARS impairment	60	-
Depreciation and amortization	204	188
Other non-cash charges to income (loss)	415	376

Cost of land sold	-	173
Change in operating accounts	(140)	(1,738)
Cash provided by operations	\$ 764	\$ 497

SEGMENT INFORMATION

(all amounts in \$000's)

Three months ended March 31,
2009 2008

Revenues:

Pope Resources	\$ 4,520	\$ 5,452
ORM Timber Funds	1	108
Total Fee Timber	4,521	5,560
Timberland Management & Consulting (TM&C)	208	224
Real Estate	250	556
Total	4,979	6,340

Operating income (loss):

Fee Timber	1,366	2,281
TM&C	(104)	(198)
Real Estate	(459)	(500)
General & administrative	(844)	(878)
Total	\$ (41)	\$ 705

SELECTED STATISTICS

Three months ended March 31,
2009 2008

Log sale volumes (thousand board feet):

Sawlogs		
Douglas-fir	7,530	7,202
Whitewood	65	512
Cedar	64	68
Hardwood	119	201
Pulp		
All species	967	1,526
Total	8,745	9,509

Average price realizations (per thousand board feet):

Sawlogs		
Douglas-fir	508	572
Whitewood	306	471
Cedar	798	1,257
Hardwood	475	639
Pulp		
All species	227	357
Overall	477	538

Owned timber acres	114,000	114,000
Acres under management	291,000	290,000

Capital expenditures (\$000's)	780	1,985
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Depletion (\$000's)	569	781
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Depreciation and amortization (\$000's)	204	188
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Debt to total capitalization (excludes noncontrolling interest)	25	%	24	%
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QUARTER TO QUARTER COMPARISONS

(Amounts in \$000's except per unit data)

	Q1 2009 vs. Q1 2008	Q1 2009 vs. Q4 2008
	Total	Total
Net income (loss) attributable to Pope Resources' unitholders:		
1st Quarter 2009	\$ (123)	\$ (123)
4th Quarter 2008		(1,439)
1st Quarter 2008	941	
Variance	\$ (1,064)	\$ 1,316
Detail of earnings variance:		
Fee Timber		
Log price realizations (A)	\$ (535)	\$ (144)
Log volumes (B)	(411)	3,292
Depletion	86	(541)
Production costs	81	(1,150)
Other Fee Timber	(136)	(226)
Timberland Management & Consulting		
Management fee changes	(17)	-
Other Timberland Mgmt & Consulting	111	(5)
Real Estate		
Land sales	(137)	(932)
Timber depletion on HBU sale	126	352
Other Real Estate	52	465
General & administrative costs	34	191
Net interest expense	(312)	(81)
Other (taxes, noncontrolling int., impairment)	(6)	95
Total change in earnings	\$ (1,064)	\$ 1,316

(A) Price variance calculated by extending the change in average realized price by current period volume.

(B) Volume variance calculated by extending change in sales volume by the average log sales price for the comparison period.

Source: Pope Resources

Pope Resources
Tom Ringo, VP & CFO, 360-697-6626
Fax: 360-697-1156