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NEWS RELEASE

FOR IMMEDIATE RELEASE

Nasdaq:POPEZ

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POPE RESOURCES REPORTS THIRD QUARTER EARNINGS OF \$1.4 MILLION

Pope Resources (Nasdaq: POPEZ) reported net income of \$1.4 million, or 30 cents per diluted ownership unit, on revenues of \$8.1 million for the third quarter ended September 30, 2004. This compares to net income of \$941,000, or 21 cents per diluted ownership unit, on revenues of \$6.6 million, for the same period in 2003.

Net income for the nine months ended September 30, 2004 totaled \$9.4 million, or \$2.04 per diluted ownership unit, on revenues of \$31.7 million. Net income for the corresponding period in 2003 totaled \$3.5 million, or 78 cents per diluted ownership unit, on revenues of \$21.4 million.

“We continue to enjoy stronger timber markets in 2004 relative to 2003, which, when combined with the additional harvest volume from a timberland acquisition that closed in January 2004, resulted in another strong quarter,” said David L. Nunes, President and CEO. “Our third quarter average log prices jumped 13% from the corresponding quarter in 2003 and are also up 10% on a year-to-date basis as compared to 2003. Combined with year-to-date harvest volumes that were up 13 million board feet (MMBF), or 35%, from a year ago, we have more than doubled our first nine months’ bottom line compared to last year. The increase in year-to-date harvest volume from 2003 to 2004 accounts for more than half of the year-over-year \$5.9 million improvement in net income. Most of this volume lift is attributable to our increase in planned annual harvest from 45 MMBF in 2003 to 58 MMBF in 2004 as a result of the January 2004 timberland acquisition. The other contributing factor in our stronger year-to-date results was the \$1.9 million Heritage Park real estate sale that closed in the second quarter of 2004. Since we have harvested 88% of planned annual volume through the third quarter of 2004, fourth quarter results are expected to be only modestly profitable.”

The financial schedules attached to this earnings release provide detail on individual segment results and operating statistics.

About Pope Resources

Pope Resources, a publicly traded limited partnership, and its subsidiaries Olympic Resource Management and Olympic Property Group, own over 117,000 acres of timberland and development property in

Washington. In addition, we provide forestry consulting and timberland investment management services to third-party owners and managers of timberland in Washington, Oregon, and California. The company and its predecessor companies have owned and managed timberlands and development properties for more than 150 years. Additional information on the company can be found at www.orm.com. The contents of our website are not incorporated into this release or into our filings with the Securities and Exchange Commission.

This press release contains a number of projections and statements about our expected financial condition, operating results, business plans and objectives. These statements reflect management's estimates based on current goals and its expectations about future developments. Because these statements describe our goals, objectives, and anticipated performance, they are inherently uncertain, and some or all of these statements may not come to pass. Accordingly, they should not be interpreted as promises of future management actions or financial performance. Our future actions and actual performance will vary from current expectations and under various circumstances the results of these variations may be material and adverse. Some of the factors that may cause actual operating results and financial condition to fall short of expectations include factors that affect our ability to anticipate and respond adequately to fluctuations in the market prices for our products; environmental and land use regulations that limit our ability to harvest timber and develop property; labor, equipment and transportation costs that affect our net income; and economic conditions that affect consumer demand for our products and the prices we receive for them. Other factors are set forth in that part of our Annual Report on Form 10-K entitled "Management's Discussion & Analysis of Financial Condition and Results of Operation - Risks and Uncertainties." Other issues that may have an adverse and material impact on our business, operating results, and financial condition include those risks and uncertainties discussed in our other filings with the Securities and Exchange Commission. Forward-looking statements in this release are made only as of the date shown above, and we cannot undertake to update these statements.

Management considers earnings (net income or loss) before interest expense, income taxes, depreciation, depletion and amortization (EBITDDA) to be a relevant and meaningful indicator of liquidity and earnings performance commonly used by investors, financial analysts and others in evaluating companies in its industry and, as such, has provided this information in addition to the generally accepted accounting principle-based presentation of net income or loss and cash from operations. In that context, "depletion" refers to a measure of the reduction in value of timberland upon the harvest of growing timber from that land.

Pope Resources, A Delaware Limited Partnership
 Unaudited

CONSOLIDATED STATEMENTS OF OPERATIONS
 (all amounts in \$000's except income per unit)

	Three months ended Sept.30,		Nine months ended Sept. 30,	
	2004	2003	2004	2003
Revenues	\$ 8,051	\$ 6,565	\$ 31,671	\$ 21,357
Costs and expenses:				
Cost of sales	(3,269)	(2,758)	(11,885)	(8,757)
Operating expenses	(2,723)	(2,179)	(8,206)	(6,974)
Operaing income	2,059	1,628	11,580	5,626
Interest, net	(698)	(687)	(2,224)	(2,095)
Income before income taxes	1,361	941	9,356	3,531
Income tax benefit/(provision)	-	-	-	(3)
Net income	1,361	941	9,356	3,528
Average units outstanding - Basic (000's)	4,522	4,518	4,520	4,518
Average units outstanding - Diluted (000's)	4,608	4,524	4,588	4,520
Basic net income per unit	\$ 0.30	\$ 0.21	\$ 2.07	\$ 0.78
Diluted net income per unit	\$ 0.30	\$ 0.21	\$ 2.04	\$ 0.78

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

	Sept. 30,	
	2004	2003
Assets:		
Cash and short-term investments	\$ 10,089	\$ 9,487
Other current assets	2,713	3,238
Roads and timber	53,306	48,405
Properties and equipment	25,768	23,689
Other assets	1,358	1,494
Total	93,234	86,313
Liabilities and partners' capital:		
Current liabilities	4,772	3,414
Long-term debt, excluding current portion	34,164	36,104
Other long-term liabilities	168	429
Total liabilities	39,104	39,947
Partners' capital	54,130	46,366
Total	93,234	86,313

RECONCILIATION BETWEEN NET INCOME AND EBITDDA
 (all amounts in \$000's)

	30-Sep-04	Three months ended 30-Sep-03	30-Jun-04
	Net income	\$ 1,361	\$ 941
Added back:			
Interest, net	698	687	776
Depletion	975	779	1,294
Depreciation and amortization	165	166	174
Income tax expense	-	-	-
Less:			
Income tax benefit	-	-	-
EBITDDA	\$ 3,199	\$ 2,573	\$ 6,241

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

	30-Sep-04	Three months ended 30-Sep-03	30-Jun-04
Cash from operations	\$ 2,763	\$ 2,647	\$ 7,272
Added back:			
Change in working capital	237	-	
Interest	698	687	776
Deferred profit		26	33
Income tax expense	-	-	-
Other	-	-	
Less:			
Change in working capital		(587)	(1,834)
Deferred profit	(465)	-	-
Income tax benefit	-	-	-
Cost of land sold	(36)	(200)	-
Other	2	-	(6)
EBITDDA	<u>\$ 3,199</u>	<u>\$ 2,573</u>	<u>\$ 6,241</u>

SEGMENT INFORMATION
(all amounts in \$000's)

	Three months ended Sept.30,		Nine months ended Sept. 30,	
	2004	2003	2004	2003
Revenues:				
Fee Timber	\$ 7,215	\$ 5,994	\$ 27,995	\$ 19,107
Timberland Management & Consulting (TM&C)	477	353	999	1,036
Real Estate	359	218	2,677	1,214
Total	<u>\$ 8,051</u>	<u>\$ 6,565</u>	<u>\$ 31,671</u>	<u>\$ 21,357</u>
EBITDDA:				
Fee Timber	\$ 4,055	\$ 3,398	\$ 17,359	\$ 10,959
TM&C	(82)	(106)	(541)	(395)
Real Estate	(205)	(169)	856	(196)
General & administrative and minority interest	(569)	(550)	(1,847)	(1,814)
Total	<u>\$ 3,199</u>	<u>\$ 2,573</u>	<u>\$ 15,827</u>	<u>\$ 8,554</u>
Depreciation, depletion and amortization:				
Fee Timber	\$ 997	\$ 807	\$ 3,798	\$ 2,526
TM&C	22	16	66	50
Real Estate	30	23	114	62
General & administrative	91	99	269	290
Total	<u>\$ 1,140</u>	<u>\$ 945</u>	<u>\$ 4,247</u>	<u>\$ 2,928</u>
Operating income/(loss):				
Fee Timber	\$ 3,058	\$ 2,591	\$ 13,561	\$ 8,433
TM&C	(104)	(122)	(607)	(445)
Real Estate	(235)	(192)	742	(258)
General & administrative	(660)	(649)	(2,116)	(2,104)
Total	<u>\$ 2,059</u>	<u>\$ 1,628</u>	<u>\$ 11,580</u>	<u>\$ 5,626</u>

SELECTED STATISTICS

	Three months ended		Nine months ended	
	30-Sep-04	30-Sep-03	30-Sep-04	30-Sep-03
Log sale volumes (thousand board feet):				
Export conifer	550	947	7,732	3,580
Domestic conifer	9,236	8,880	33,455	27,106
Pulp conifer	2,807	1,814	8,226	5,562
Hardwoods	716	408	1,803	1,642
Total	<u>13,309</u>	<u>12,049</u>	<u>51,216</u>	<u>37,890</u>
Average price realizations (per thousand board feet):				
Export conifer	\$ 695	\$ 542	\$ 655	\$ 569
Domestic conifer	591	492	568	516
Pulp conifer	226	208	227	213
Hardwoods	564	559	570	547
Overall	517	456	526	478
Owned acres	112,240	112,200	112,240	112,200
Acres under management	5,316	104,791	5,316	104,791
Capital expenditures (\$000's)	395	399	2,311	1,115
Completion (\$000's)	975	779	3,740	2,433
Depreciation (\$000's)	165	166	507	495
As a % of total capitalization	40%	45%	40%	45%

QUARTER TO QUARTER COMPARISONS

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

	Q3 2004 vs. Q3 2003		Q3 2004 vs. Q2 2004	
	Total	Per Unit	Total	Per Unit
Net income:				
3rd Quarter 2004	\$ 1,361	\$ 0.30	\$ 1,361	\$ 0.30
2nd Quarter 2004			3,997	0.88
3rd Quarter 2003	941	0.21		
Variance	\$ 420	\$ 0.09	\$ (2,636)	\$ (0.58)
Detail of earnings variance:				
Fee Timber				
Log price realizations (A)	\$ 735	\$ 0.16	\$ -	\$ -
Log volumes (B)	367	0.08	(1,676)	(0.37)
Timberland sale income	-	-	-	-
Depletion	(196)	(0.04)	319	0.07
Other Fee Timber	(439)	(0.10)	43	0.01
Timberland Management & Consulting				
Management fee changes	176	0.04	(279)	(0.06)
Other Timberland Mgmt & Consulting	(158)	(0.03)	274	0.06
Real Estate				
Environmental remediation reserve	(171)	(0.04)	124	0.03
Other Real Estate	128	0.03	(1,577)	(0.35)
General & administrative costs	(11)	-	58	0.01
Interest expense	22	-	62	0.01
Other (taxes, minority int., interest inc.)	(33)	(0.01)	16	0.01
Total change in earnings	<u>\$ 420</u>	<u>\$ 0.09</u>	<u>\$ (2,636)</u>	<u>\$ (0.58)</u>

(A) Price variance allocated based on changes in price using the higher period volume.

(B) Volume variance allocated based on change in sales volume and the average log sales price for higher margin less variance in log production costs.