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Pope Resources
A Limited Partnership

NEWS RELEASE

FOR IMMEDIATE RELEASE

Nasdaq:POPEZ

January 30, 2004

POPE RESOURCES REPORTS BREAKEVEN 2003 FOURTH QUARTER EARNINGS

Pope Resources (Nasdaq:POPEZ) reported breakeven results, or less than one cent per diluted ownership unit, on revenues of \$5.7 million for the quarter ended December 31, 2003. This compares to net income of \$0.7 million, or 15 cents per diluted ownership unit, on revenues of \$7.8 million, for the same period in 2002.

Net income for the twelve months ended December 31, 2003 totaled \$3.5 million, or 78 cents per diluted ownership unit, on revenues of \$27.0 million. For the corresponding period in 2002, the Partnership reported net income of \$3.3 million, or 74 cents per diluted ownership unit, on revenues of \$32.2 million.

“While overall earnings for the year were up a modest 6%, we saw some encouraging signs in our results,” said David L. Nunes, President and CEO. “In our Fee Timber segment, since we own no mills, we took advantage of the operating flexibility this affords us by front-end loading our planned timber harvest for 2003 into the first three quarters of the year. This operating strategy allowed us to move into harvest units that had a heavier component of hardwood logs, which was a market that enjoyed strong pricing in 2003. This translated into average log prices for the year that declined by only 2% (or \$12/MBF) versus a decline of 4% (or \$21/MBF) in our primary domestic softwood log market. At the end of 2002, we lost an important third-party timberland management client representing over \$4 million in annual revenues, which was the main factor in the decline in our total revenues year over year. However, with improved profitability on the remaining business and a \$1 million reduction in general and administrative costs driven by this change, we made up most of the impact of this lost business.”

“The main driver for fourth quarter results was a lower log harvest volume, which related to our decision to front-load the 2003 annual timber harvest into earlier months. We harvested less than 16% of our annual volume in 2003’s fourth quarter, while 2002’s comparable period saw a harvest volume at nearly 25% of the annual level. Notwithstanding fourth quarter results coming in at a break-even level, we finished the year with a flurry of activity that we can build on in future years. At the end of the year, we announced the signing of a purchase and sale agreement to acquire 3,300 acres of fee timberland in Washington. We closed on this sale in early January and expect it to contribute meaningfully to harvest levels in 2004 and 2005, inasmuch as the property has a significant component of currently merchantable timber. We also announced the signing of a purchase and sale agreement to sell 20 acres in our Gig Harbor project to Costco, which we expect to close in 2005.”

The fiscal 2002 results included four non-recurring items totaling a loss of \$661,000 that should be adjusted out to better understand comparisons to the 2003 results: a charge of \$730,000 to adjust a previously established liability for environmental remediation costs at Port Gamble, Washington; a charge of \$165,000 for residual home warranty liabilities related to our 2001 sale of operations in Port Ludlow, Washington; restructuring charges of \$673,000 in connection with the expiration of a major timberland management contract and the closure of our Canadian offices; and an income tax benefit of \$907,000 resulting from the reorganization of our Canadian operations. The 2003 results include no such charges but do include a one-time gain on the sale of an art collection. The following table reconciles between GAAP earnings and what management views as our core operating earnings (without these non-recurring items) with per unit amounts for each:

	2003		2002	
	(\$000's)	\$/unit	(\$000's)	\$/unit
Net income/(loss)	3,528	\$ 0.78	3,334	\$ 0.74
Items not expected to recur:				
Addbacks: Adjustment of liability for environmental remediation			730	\$ 0.16
Home warranty liability adjustment			165	\$ 0.04
Restructuring charges			673	\$ 0.15
Deducts: Tax benefit on exit from Canadian operations			(907)	\$ (0.20)
Gain on sale of art collection	(140)	\$(0.03)		
Subtotal	(140)	\$(0.03)	661	\$ 0.15
Net income from core operations	3,388	\$ 0.75	3,995	\$ 0.89

Fee Timber

Operating income from Fee Timber operations totaled \$1.2 million in the fourth quarter of 2003 versus \$2.6 million in the fourth quarter of last year, with the difference attributable to planned reductions in harvest volume. As the following table points out, our fourth quarter 2003 harvest volume of 7.1 million board feet (MMBF) was down 37% from the volume harvested in the same quarter a year ago.

	Qtr ended 12/31/03	Volume decrease from Q4 '02 to Q4 '03		Qtr ended 12/31/2002	Volume decrease from Q3 '03 to Q4 '03		Qtr ended 9/30/2003
		MBF	%		MBF	%	
		Log sale volumes (MBF):					
Export conifer	654	(896)	-58%	1,550	(293)	-31%	947
Domestic conifer	4,893	(2,936)	-38%	7,829	(3,987)	-45%	8,880
Pulp conifer	1,267	(230)	-15%	1,497	(547)	-30%	1,814
Hardwoods	303	(49)	-14%	352	(105)	-26%	408
Total	7,117	(4,111)	-37%	11,228	(4,932)	-41%	12,049

In addition, our weighted average log price of \$467 per thousand board feet (MBF) for the fourth quarter of 2003 was down \$21/MBF (or 4%) from the fourth quarter of 2002, but up \$11/MBF (or 2%) from the third quarter of 2003. The following table offers a breakdown of quarterly realized log prices (by market), comparing the fourth quarter of 2003 to the prior year's fourth quarter and this year's third quarter.

	Qtr ended 12/31/2003	Price increase/(decrease) from Q4 '02 to Q4 '03		Qtr ended 12/31/2002	Price increase/(decrease) from Q3 '03 to Q4 '03		Qtr ended 9/30/2003
		\$/MBF	%		\$/MBF	%	
		Average price realizations (per MBF):					
Export conifer	\$595	(19)	-3%	\$614	53	10%	\$542
Domestic conifer	\$502	(22)	-4%	\$524	10	2%	\$492
Pulp conifer	\$223	43	24%	\$180	15	7%	\$208
Hardwoods	\$630	141	29%	\$489	71	13%	\$559
Overall	\$467	(21)	-4%	\$488	11	2%	\$456

The price data shown above demonstrates some unexpected firming in log prices late in the year, especially in the export and hardwood markets. A major contributing factor toward the lift in export prices is the weakened state of the U.S. dollar relative to the Japanese yen. We are seeing some continuing strength in log prices continuing into the first quarter of 2004 and are planning to push production forward in 2004 to capitalize on this current pricing environment.

For the full year 2003, operating income from the Fee Timber segment was \$9.7 million compared to \$10.2 million for 2002. As the following table shows, overall harvest volumes for the two years were nearly identical but the percentage of the total attributable to export sorts declined from 14% in 2002 to 9% in 2003.

	Year ended 12/31/2003	Volume increase/(decrease)		Year ended 12/31/2002
		from '02 to '03		
		MBF	%	
Log sale volumes (MBF):				
Export conifer	4,234	(2,046)	-33%	6,280
Domestic conifer	31,999	1,395	5%	30,604
Pulp conifer	6,829	552	9%	6,277
Hardwoods	1,945	(30)	-2%	1,975
Total	<u>45,007</u>	<u>(129)</u>	<u>0%</u>	<u>45,136</u>

The following table shows that our average weighted log price for 2003 dropped \$12/MBF (or 2%) from 2002 levels. Price declines in the domestic sorts were offset by stronger pricing obtained for hardwoods and pulp logs.

	Year ended 12/31/03	Price increase/(decrease)		Year ended 12/31/02
		from '02 to '03		
		\$/MBF	%	
Average price realizations (per MBF):				
Export conifer	\$574	-	0%	\$574
Domestic conifer	\$514	(21)	-4%	\$535
Pulp conifer	\$215	38	21%	\$177
Hardwoods	\$560	81	17%	\$479
Overall	\$476	(12)	-2%	\$488

As a result of our January 2004 acquisition of 3,300 acres adjacent to our Columbia tree farm, we expect total log harvest volume for 2004 (and 2005) to be 58 MMBF, as compared to the 45 MMBF sustainable cut we expect to resume in 2006. This expectation derives largely from the fact that the newly purchased property has a heavy component of merchantable timber.

Timberland Management and Consulting

Current quarter results for this segment compare favorably to 2002's fourth quarter as the result of disposition fee revenue in connection with a third-party management contract. The year-to-date results compare unfavorably to the prior year's comparable periods as a result of reduced timberland management fees in 2003. This unfavorable comparison occurs notwithstanding that 2002 results include \$583,000 of restructuring charges associated with the expiration of a major timberland management contract and the closure in late 2002 of our Canadian consulting offices. The following table provides a view of operating results for the segment with and without restructuring charges in 2002:

(all amounts in \$000's)	Fourth Quarter		Full Year	
	2003	2002	2003	2002
Operating income/(loss)	717	(134)	272	919
Add back: restructuring charges		583		583
Operating income/(loss) - as adjusted	<u>717</u>	<u>449</u>	<u>272</u>	<u>1,502</u>

Disposition fees generated in 2003 resulted from the successful completion of a three-year project to dispose of the properties owned by a timberland management client. As we begin 2004, we are without a major third-party

timberland management contract for the first time since 1997. As such, segment revenues and operating income in fiscal year 2004 are expected to be significantly lower unless new contracts can be secured.

Real Estate

Fourth quarter 2003 results for this segment are comparable to 2002's fourth quarter after adjusting the current period's operating loss for a one-time sale of an art collection. For the full year, after adjusting for non-recurring items in both 2003 and 2002, results were stronger based on the net effect of improved operating income in Port Gamble offset somewhat by higher costs associated with our Gig Harbor project. The following table provides a view of operating results for the segment with and without the 2003 art sale and the 2002 special charges.

(all amounts in \$000's)	Fourth Quarter		Full Year	
	2003	2002	2003	2002
Operating loss	(218)	(349)	(476)	(1,667)
Add back: environmental reserve charges				730
Add back: warranty reserves				165
Less: gain on fine art sale	(140)		(140)	
Operating loss - as adjusted	<u>(358)</u>	<u>(349)</u>	<u>(616)</u>	<u>(772)</u>

Segment revenues and operating income for Real Estate in fiscal year 2004 are expected to significantly outperform 2003 results and produce meaningful operating income based primarily on anticipated property sales.

General and Administrative

General and administrative costs for the fourth quarter 2003 declined by 32% from the fourth quarter of 2002 to \$738,000 as we trimmed overhead costs in response to a loss of acres under management. For the full year 2003, costs of \$2.8 million were \$1.0 million (or 26%) below the comparable level in 2002. We expect general and administrative costs for 2004 to be in line with 2003 amounts. The following table compares general and administrative costs with and without restructuring charges in 2002:

(all amounts in \$000's)	Fourth Quarter		Full Year	
	2003	2002	2003	2002
General and administrative costs	(738)	(1,078)	(2,842)	(3,864)
Add back: restructuring				90
General and administrative costs - as adjusted	<u>(738)</u>	<u>(1,078)</u>	<u>(2,842)</u>	<u>(3,774)</u>

Capital expenditures for 2003 and 2002 were \$2.0 and \$2.2 million, respectively. The Partnership's debt to total capitalization ratio, as measured on a book basis, improved to 45% as of December 31, 2003 from 47% at the end of 2002.

About Pope Resources

Pope Resources, a publicly traded limited partnership, and its subsidiaries Olympic Resource Management and Olympic Property Group, own 118,000 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 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.

The Company 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.

Pope Resources, A Delaware Limited Partnership
Unaudited

CONSOLIDATED STATEMENTS OF OPERATIONS
(all amounts in \$000's)

	Three months ended Dec.31,		Twelve months ended Dec. 31,	
	2003	2002	2003	2002
Revenues	\$ 5,679	\$ 7,766	\$ 27,036	\$ 32,192
Costs and expenses:				
Cost of sales	(1,783)	(2,875)	(10,540)	(11,354)
Operating expenses	(2,899)	(3,858)	(9,873)	(15,251)
Operating income	997	1,033	6,623	5,587
Interest, net	(711)	(733)	(2,806)	(2,894)
Minority interest	(47)	(12)	(47)	(147)
Income before income taxes	239	288	3,770	2,546
Income tax benefit/(provision)	(239)	408	(242)	788
Net income	-	696	3,528	3,334
Average units outstanding - Basic (000's)	4,518	4,518	4,518	4,518
Average units outstanding - Diluted (000's)	4,544	4,519	4,522	4,520
Basic net income per unit	\$ -	\$ 0.15	\$ 0.78	\$ 0.74
Diluted net income per unit	\$ -	\$ 0.15	\$ 0.78	\$ 0.74

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

	Dec. 31,	
	2003	2002
Assets:		
Cash and short-term investments	\$ 10,361	\$ 6,627
Other current assets	2,417	2,291
Roads and timber	48,203	50,316
Properties and equipment	23,907	23,514
Other assets	1,420	4,040
Total	86,308	86,788
Liabilities and partners' capital:		
Current liabilities	3,816	5,126
Long-term debt, excluding current portion	36,114	37,665
Other long-term liabilities	342	399
Total liabilities	40,272	43,190
Partners' capital	46,036	43,598
Total	86,308	86,788

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

	31-Dec-03	Three months ended 31-Dec-02	30-Sep-03
Net income	\$ -	\$ 696	\$ 941
Added back:			
Interest, net	711	733	687
Depletion	454	736	779
Depreciation and amortization	131	164	166
Income tax expense	239	-	-
Less:			
Income tax benefit	-	(408)	-
EBITDDA	\$ 1,535	\$ 1,921	\$ 2,573

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

	31-Dec-03	Three months ended 31-Dec-02	30-Sep-03
Cash from operations	\$ 1,915	\$ 2,440	\$ 2,647
Added back:			
Change in working capital			
Interest	711	733	687
Deferred profit	34	3	26
Income tax expense	239	-	
Other	15	52	
Less:			
Change in working capital	(1,204)	(875)	(587)
Deferred profit	-	-	
Income tax benefit	-	(408)	
Cost of land sold			(200)
Other	(175)	(24)	
EBITDDA	\$ 1,535	\$ 1,921	\$ 2,573

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

	Three months ended Dec.31, 2003	2002	Twelve months ended Dec. 31, 2003	2002
Revenues:				
Fee Timber	\$ 3,809	\$ 5,873	\$ 22,916	\$ 23,298
Timberland Management & Consulting (TM&C)	1,350	1,672	2,386	7,295
Real Estate	520	221	1,734	1,599
Total	<u>\$ 5,679</u>	<u>\$ 7,766</u>	<u>\$ 27,036</u>	<u>\$ 32,192</u>
EBITDDA:				
Fee Timber	1,717	3,323	12,676	13,363
TM&C	736	(94)	341	1,109
Real Estate	(195)	(337)	(391)	(1,610)
General & administrative and minority interest	(723)	(971)	(2,537)	(3,558)
Total	<u>\$ 1,535</u>	<u>\$ 1,921</u>	<u>\$ 10,089</u>	<u>\$ 9,304</u>
Depreciation, depletion and amortization:				
Fee Timber	481	729	3,007	3,164
TM&C	19	40	69	190
Real Estate	23	12	85	57
General & administrative	62	119	352	453
Total	<u>\$ 585</u>	<u>\$ 900</u>	<u>\$ 3,513</u>	<u>\$ 3,864</u>
Operating income/(loss):				
Fee Timber	1,236	2,594	9,669	10,199
TM&C	717	(134)	272	919
Real Estate	(218)	(349)	(476)	(1,667)
General & administrative	(738)	(1,078)	(2,842)	(3,864)
Total	<u>\$ 997</u>	<u>\$ 1,033</u>	<u>\$ 6,623</u>	<u>\$ 5,587</u>

SELECTED STATISTICS

	Three months ended Dec.31,		Twelve months ended Dec. 31,	
	2003	2002	2003	2002
Owned tree farm acres	112,200	112,200	112,200	112,200
Acres under management	-	157,593	-	157,593
Capital expenditures (\$000's)	902	613	2,017	2,158
Depletion (\$000's)	454	736	2,888	3,085
Depreciation (\$000's)	131	164	625	779
Debt to total capitalization	45%	47%	45%	47%

QUARTER TO QUARTER COMPARISONS

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

	Q4 2003 vs. Q4 2002		Q4 2003 vs. Q3 2003	
	Total	Per Unit	Total	Per Unit
Net income:				
4th Quarter 2003	-	-	-	-
3rd Quarter 2003			941	0.21
4th Quarter 2002	696	0.15		
Variance	(696)	(0.15)	(941)	(0.21)
Detail of earnings variance:				
Fee Timber				
Log price realizations (A)	(253)	(0.06)	128	0.03
Log volumes (B)	(1,195)	(0.27)	(1,535)	(0.34)
Timberland sale income	-	-	(237)	(0.05)
Depletion	282	0.06	325	0.07
Other Fee Timber	(192)	(0.04)	(36)	(0.01)
Timberland Management & Consulting				
Management fee changes	(951)	(0.21)	(28)	(0.01)
Other Timberland Mgmt & Consulting	1,802	0.40	867	0.19
Real Estate				
Other Real Estate	131	0.03	(26)	-
General & administrative costs	340	0.08	(89)	(0.02)
Interest expense	70	0.02	(7)	-
Other (taxes, minority int., interest inc.)	(730)	(0.16)	(303)	(0.07)
Total change in earnings	<u>(696)</u>	<u>(0.15)</u>	<u>(941)</u>	<u>(0.21)</u>

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

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