

POTLATCH CORP  
Form 4  
February 14, 2006

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

Check this box  
if no longer  
subject to  
Section 16.  
Form 4 or  
Form 5  
obligations  
may continue.  
*See* Instruction  
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF  
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
30(h) of the Investment Company Act of 1940

## OMB APPROVAL

OMB  
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response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**KELLY RICHARD K**

(Last) (First) (Middle)

**601 W. RIVERSIDE  
AVENUE, SUITE 1100**

(Street)

**SPOKANE, WA 99201**

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading  
Symbol  
**POTLATCH CORP [PCH]**

3. Date of Earliest Transaction  
(Month/Day/Year)  
**02/14/2006**

4. If Amendment, Date Original  
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to  
Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_ 10% Owner  
\_\_\_\_X\_\_\_\_ Officer (give title below) \_\_\_\_ Other (specify below)

Vice President

6. Individual or Joint/Group Filing(Check  
Applicable Line)  
\_\_\_\_X\_\_\_\_ Form filed by One Reporting Person  
\_\_\_\_ Form filed by More than One Reporting  
Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of<br>Security<br>(Instr. 3) | 2. Transaction Date<br>(Month/Day/Year) | 2A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 3. Transaction<br>Code<br>(Instr. 8) | 4. Securities<br>Acquired (A) or<br>Disposed of (D)<br>(Instr. 3, 4 and 5) | 5. Amount of<br>Securities<br>Beneficially<br>Owned<br>Following<br>Reported<br>Transaction(s)<br>(Instr. 3 and 4) | 6. Ownership<br>Form: Direct<br>(D) or Indirect<br>(I)<br>(Instr. 4) | 7. Nature of<br>Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |
|---------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------|
|                                       |                                         |                                                             | Code                                 | V                                                                          | Amount                                                                                                             | (D)                                                                  | Price                                                             |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
**(e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of<br>Derivative<br>Security | 2. Conversion<br>or Exercise | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any | 4. Transaction<br>Code | 5. Number of<br>Derivative<br>Securities | 6. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) | 7. Title and Amount of<br>Underlying Securities<br>(Instr. 3 and 4) |
|---------------------------------------|------------------------------|-----------------------------------------|-----------------------------------------|------------------------|------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|
|---------------------------------------|------------------------------|-----------------------------------------|-----------------------------------------|------------------------|------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|

## Edgar Filing: POTLATCH CORP - Form 4

| (Instr. 3)                           | Price of<br>Derivative<br>Security | (Month/Day/Year) | (Instr. 8) |     | Acquired (A) or<br>Disposed of (D)<br>(Instr. 3, 4, and<br>5) |       | Date<br>Exercisable | Expiration<br>Date | Title           | Amount<br>or<br>Number<br>of<br>Shares |
|--------------------------------------|------------------------------------|------------------|------------|-----|---------------------------------------------------------------|-------|---------------------|--------------------|-----------------|----------------------------------------|
|                                      |                                    |                  | Code       | V   | (A)                                                           | (D)   |                     |                    |                 |                                        |
| Stock<br>Option<br>(right to<br>buy) | \$ 23.7002                         | 02/14/2006       | D          | (1) |                                                               | 6,823 | (1)                 | 12/05/2012         | Common<br>Stock | 6,823                                  |
| Stock<br>Option<br>(right to<br>buy) | \$ 16.5501                         | 02/14/2006       | A          | (1) | 9,770                                                         |       | (1)                 | 12/05/2012         | Common<br>Stock | 9,770                                  |
| Stock<br>Option<br>(right to<br>buy) | \$ 31.6066                         | 02/14/2006       | D          | (1) |                                                               | 4,199 | (1)                 | 12/04/2013         | Common<br>Stock | 4,199                                  |
| Stock<br>Option<br>(right to<br>buy) | \$ 22.0713                         | 02/14/2006       | A          | (1) | 6,014                                                         |       | (1)                 | 12/04/2013         | Common<br>Stock | 6,014                                  |
| Stock<br>Option<br>(right to<br>buy) | \$ 50.75                           | 02/14/2006       | D          | (1) |                                                               | 4,510 | (1)                 | 12/02/2014         | Common<br>Stock | 4,510                                  |
| Stock<br>Option<br>(right to<br>buy) | \$ 35.4393                         | 02/14/2006       | A          | (1) | 6,459                                                         |       | (1)                 | 12/02/2014         | Common<br>Stock | 6,459                                  |

## Reporting Owners

| Reporting Owner Name / Address                                                | Relationships |           |                   |       |
|-------------------------------------------------------------------------------|---------------|-----------|-------------------|-------|
|                                                                               | Director      | 10% Owner | Officer           | Other |
| KELLY RICHARD K<br>601 W. RIVERSIDE AVENUE<br>SUITE 1100<br>SPOKANE, WA 99201 |               |           | Vice<br>President |       |

## Signatures

Malcolm A. Ryerse,  
Attorney-in-fact

02/14/2006

Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

On February 3, 2006, the Board of Directors of Potlatch Corporation, formerly known as Potlatch Holdings, Inc. (the "Company"), declared a special distribution of \$15.15 per share representing the Company's historical, accumulated earnings and profits (the "Special E&P Distribution"), to stockholders of record as of February 14, 2006. The Company's applicable stockholder-approved stock incentive plans require proportionate adjustment of the exercise price and the number of shares of stock covered by outstanding stock option awards under such plans in a manner determined by the Executive Compensation and Personnel Policies Committee of the Company's Board of Directors to reflect the declaration of the Special E&P Distribution. The adjustment of the outstanding stock option award is being reported as a deemed cancellation and regrant of the original stock option to clarify the change in the exercise price and number of shares covered by the subject stock option.

(1) The stock option has no purchase or sale price, therefore Column 8 has been left blank.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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