POTLATCH CORP Form 4

February 14, 2006

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

**OMB APPROVAL** OMB

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES** Form 4 or

Form 5 obligations may continue. See Instruction

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

1(b).

(Print or Type Responses)

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

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to Issuer

POTLATCH CORP [PCH]

(Month/Day/Year)

02/14/2006

(First) (Middle) (Last)

(Street)

3. Date of Earliest Transaction

Director 10% Owner X\_ Officer (give title Other (specify

(Check all applicable)

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

below) Vice President 6. Individual or Joint/Group Filing(Check

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

Applicable Line)

\_X\_ Form filed by One Reporting Person Form filed by More than One Reporting

Person

SPOKANE, WA 99201

(City) (State) (Zip)

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

1. Title of 2. Transaction Date 2A. Deemed 3. 4. Securities 5. Amount of 6. Ownership 7. Nature of Security (Month/Day/Year) Execution Date, if TransactionAcquired (A) or Securities Form: Direct Indirect (Instr. 3) Code Disposed of (D) Beneficially (D) or Indirect Beneficial (Instr. 3, 4 and 5) Ownership (Month/Day/Year) (Instr. 8) Owned (I) Following (Instr. 4) (Instr. 4)

> Reported (A) Transaction(s) (Instr. 3 and 4)

Code V Amount (D) Price

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

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

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

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

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

# **Reporting Owners**

Reporting Owner Name / Address	Relationships					
reporting of more remained and account	Director	10% Owner	Officer Vice	Other		
KELLY RICHARD K 601 W. RIVERSIDE AVENUE SUITE 1100 SPOKANE, WA 99201			Vice President			
Signatures						

Malcolm A. Ryerse, Attorney-in-fact 02/14/2006

Reporting Owners 2 \*\*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

- (1) 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.
- (2) 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. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

Signatures 3