#### KELLY RICHARD K

Form 4

February 21, 2006

# FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

**SECURITIES** 

OMB

3235-0287 Number: January 31, Expires:

2005

**OMB APPROVAL** 

Estimated average burden hours per

response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5

obligations

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 may continue. 30(h) of the Investment Company Act of 1940

See Instruction

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * KELLY RICHARD K			2. Issuer Name <b>and</b> Ticker or Trading Symbol POTLATCH CORP [PCH]	5. Relationship of Reporting Person(s) to Issuer  (Check all applicable)		
(Last)	(First) (Middle)		3. Date of Earliest Transaction	(Sheen an applicable)		
601 W. RIVERSIDE AVENUE, SUITE 1100			(Month/Day/Year) 02/21/2006	Director 10% Owner _X Officer (give title Other (specify below)  Vice President		
	(Street)		4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Check		
SPOKANE, WA 99201			Filed(Month/Day/Year)	Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person		

(City)	(State)	(Zip) Tab	le I - Non-l	Derivativo	e Secu	rities Acqui	red, Disposed of,	or Beneficiall	y Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transactic Code (Instr. 8)		sed of 4 and (A) or	` '	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock	02/21/2006		M M	9,770	A	\$ 16.5501	9,770	D	
Common Stock	02/21/2006		S	9,770	D	\$ 36.2518	0	D	
Common Stock	02/21/2006		M	6,014	A	\$ 22.0713	6,014	D	
Common Stock	02/21/2006		S	6,014	D	\$ 36.2518	0	D	

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

### Edgar Filing: KELLY RICHARD K - Form 4

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

> De Sec (In

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transactic Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		Securities Acquired (A) or Disposed of (D) (Instr. 3, 4,		Securities Acquired (A) or Disposed of (D) (Instr. 3, 4,		Month/Day/Year)  Securities (Month/Day/Year)  Acquired (A) or  Disposed of (D)  (Instr. 3, 4,		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Stock Option (right to buy)	\$ 16.5501	02/21/2006		M		9,770	<u>(1)</u>	12/05/2012	Common Stock	9,770				
Stock Option (right to buy)	\$ 22.0713	02/21/2006		M		6,014	<u>(3)</u>	12/04/2013	Common Stock	6,014				

# **Reporting Owners**

Reporting Owner Name / Address	Relationships						
	Director	10% Owner	Officer	Other			
KELLY RICHARD K							
601 W. RIVERSIDE AVENUE			Vice				
SUITE 1100			President				

## **Signatures**

Malcolm A. Ryerse, Attorney-in-fact

SPOKANE, WA 99201

y-in-fact 02/21/2006

\*\*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).

Deletionship

**(1)** 

Reporting Owners 2

### Edgar Filing: KELLY RICHARD K - Form 4

The reporting person was granted stock options on December 5, 2002, which vested in two equal annual installments on the anniversary date of the grant. The grant was made under the stockholder-approved Potlatch Corporation 1995 Stock Incentive Plan.

- (2) The stock option, after exercise, was sold at an average price of \$36.2518 per share.
- (3) The reporting person was granted stock options on December 4, 2003, which vested in two equal annual installments on the anniversary date of the grant. The grant was made under the stockholder-approved Potlatch Corporation 2000 Stock Incentive Plan.

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.