RUNSTAD JUDITH M

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

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

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 * **RUNSTAD JUDITH M**

2. Issuer Name and Ticker or Trading Symbol

POTLATCH CORP [PCH]

(First) (Middle) (Last)

3. Date of Earliest Transaction

(Month/Day/Year)

02/14/2006

X_ Director Officer (give title

10% Owner Other (specify

OMB APPROVAL

3235-0287

January 31,

2005

0.5

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Number:

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response...

Estimated average

burden hours per

below)

(Street)

4. If Amendment, Date Original

Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check

5. Relationship of Reporting Person(s) to

(Check all applicable)

Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

Issuer

SPOKANE, WA 99201

601 W. RIVERSIDE

AVENUE. SUITE 1100

(City) (State) (Zip)

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

1. Title of Security (Instr. 3)

2. Transaction Date 2A. Deemed (Month/Day/Year)

Execution Date, if

(Month/Day/Year)

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 8) (Instr. 3, 4 and 5)

5. Amount of Securities Beneficially Owned

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial (I) Ownership

Following Reported Transaction(s)

(Instr. 4) (Instr. 4)

Code V Amount (D) Price

or

(A)

(Instr. 3 and 4)

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

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

1. Title of Derivative Conversion Security or Exercise

3. Transaction Date 3A. Deemed (Month/Day/Year)

Execution Date, if any

4. 5. Number of TransactionDerivative Code Securities

6. Date Exercisable and **Expiration Date** (Month/Day/Year)

7. Title and Amount of **Underlying Securities** (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)	\$ 31.6066	02/14/2006		D <u>(1)</u>			1,312	<u>(1)</u>	12/04/2013	Common Stock	1,312
Stock Option (right to buy)	\$ 22.0713	02/14/2006		A <u>(1)</u>		1,879		<u>(1)</u>	12/04/2013	Common Stock	1,879

Reporting Owners

Reporting Owner Name / Address	Relationships						
• 0	Director	10% Owner	Officer	Other			
RUNSTAD JUDITH M 601 W. RIVERSIDE AVENUE SUITE 1100 SPOKANE, WA 99201	X						

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.
- (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.

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