

KELLY RICHARD K  
Form 4  
February 21, 2006

**FORM 4**

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

OMB APPROVAL

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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

(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)  
**02/21/2006**

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)  
 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 Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	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)
			Code	V Amount (A) or (D) Price			
Common Stock	02/21/2006		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.



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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.