POTLATCH CORP Form 4 March 27, 2006

FORM 4

OMB APPROVAL

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

OMB 3235-0287 Number:

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

January 31, Expires: 2005

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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 may continue.

30(h) of the Investment Company Act of 1940 See Instruction

1(b).

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obligations

(Print or Type Responses)

1. Name and Add CARTER TE	•	ting Person *	2. Issuer Name and 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				
			(Month/Day/Year)	Director 10% Owner			
601 WEST RIVERSIDE			03/23/2006	X Officer (give title Other (specify			
AVE., SUITE 1100				below) below) Controller and Asst Secretary			
(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)	Table I - Non-Derivative Securities Acc	quired, Disposed of, or Beneficially Owned			

(City)	(State)	(Zip) Tab	le I - Non-l	Derivative Sec	urities	Acqui	red, Disposed of,	or Beneficial	ly 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)	mr Disposed of (D) (Instr. 3, 4 and 5) (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	03/23/2006(1)		J	Amount 515.085 (1)	(D)	Price \$ 0 (2)	1,841.599	D	
Common Stock	03/23/2006		J	3,062.055 (3)	A	\$ 0 (2)	10,947.854	I	By 401(k) Plan

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	f 2.	3. Transaction Date	3A. Deemed	4.	5.	6. Date Exerc	cisable and	7. Title	e and	8. Price of	9. Nu
Derivativ	e Conversion	(Month/Day/Year)	Execution Date, if	Transacti	orNumber	Expiration D	ate	Amou	nt of	Derivative	Deriv
Security	or Exercise		any	Code	of	(Month/Day/	Year)	Under	lying	Security	Secui
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Derivative	e		Securi	ties	(Instr. 5)	Bene
	Derivative				Securities			(Instr.	3 and 4)		Owne
	Security				Acquired						Follo
					(A) or						Repo
					Disposed						Trans
					of (D)						(Instr
					(Instr. 3,						
					4, and 5)						
									Amount		
									Amount		
						Date Exercisable	Expiration Date		or Number		
									of		
				Code V	(A) (D)				Shares		
				Code v	(A) (D)				Shares		

Reporting Owners

Relationships Reporting Owner Name / Address

> Officer Other Director 10% Owner

CARTER TERRY L 601 WEST RIVERSIDE AVE. **SUITE 1100** SPOKANE, WA 99201

Controller and Asst Secretary

Signatures

Malcolm A. Ryerse, 03/27/2006 Attorney-in-Fact

**Signature of Reporting Person

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).

The Issuer declared a special distribution of \$15.15 per share of common stock, payable on March 31, 2006 to stockholders of record on February 14, 2006. The special distribution is payable in the form of cash, shares of Potlatch common stock, or a combination of both, at the election of each stockholder. Shares were valued for purposes of the special distribution based on the average of the closing sales

- price per share from and including 3/21/06 through and including 3/23/06. The number of shares reported assumes the reporting person will receive the special distribution 100% in common stock. However, the actual number of shares issued to the reporting person may differ from the number reported by virtue of elections made by other stockholders and ownership limitations contained in the Issuer's certificate of incorporation. The reporting person will file an amendment to this Form 4 if the actual number of shares issued to him differs from the amounts reported herein.
- (2) No consideration was paid for the stock received as a result of the special distribution.
- (3) For all 401(k) Plan accounts, the special distribution was paid 100% in common stock.

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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