POTLATCH CORP Form 4 March 27, 2006

FORM 4

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

SECURITIES

OMB

Check this box if no longer STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

3235-0287 Number: January 31, Expires:

OMB APPROVAL

subject to Section 16. Form 4 or Form 5

obligations

2005 Estimated average burden hours per response... 0.5

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 Ao COVEY MIO	^	orting Person *	2. Issuer Name and Ticker or Trading Symbol POTLATCH CORP [PCH]	5. Relationship of Reporting Person(s) t Issuer		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction	(Check all applicable)		
			(Month/Day/Year)	X Director 10% Owner		
601 W. RIVERSIDE AVE., SUITE 1100			03/23/2006	_X_ Officer (give title Other (sp below) below) President and CEO		
	(Street)		4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Chec		
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)	Tabla I - Nan-Darivativa Sacuritias A	Acquired Disposed of or Repeticially Own		

(City)	(State)	Tab	le I - Non-l	Derivative Sec	urities	Acqui	red, Disposed of,	, or Beneficiall	y Owned
1.Title of	2. Transaction Date	2A. Deemed	3.	4. Securities A	Acquir	ed (A)	5. Amount of	6.	7. Nature of
Security	(Month/Day/Year)	Execution Date, if	Transactio	omr Disposed o	of (D)		Securities	Ownership	Indirect
(Instr. 3)		any	Code	(Instr. 3, 4 an	d 5)		Beneficially	Form:	Beneficial
		(Month/Day/Year)	(Instr. 8)				Owned	Direct (D)	Ownership
							Following	or Indirect	(Instr. 4)
					(A)		Reported	(I)	
					(A)		Transaction(s)	(Instr. 4)	
			Code V	Amazzat	or (D)	Price	(Instr. 3 and 4)		
C			Code v	Amount	(D)				
Common	03/23/2006(1)		A	9,474.908	A	\$0	33,875.908	D	
Stock	02,22,2000_			<u>(1)</u>		(2)	22,073.700	L	

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)

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1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5.	6. Date Exerc	cisable and	7. Titl	e and	8. Price of	9. Nu
Derivative	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)	Derivativ	e		Securi	ities	(Instr. 5)	Bene
	Derivative				Securities	S		(Instr.	3 and 4)		Owne
	Security				Acquired						Follo
	•				(A) or						Repo
					Disposed						Trans
					of (D)						(Instr
					(Instr. 3,						,
					4, and 5)						
									Amount		
						Date	Expiration		or		
						Exercisable	Date	Title	Number		
									of		
				Code V	(A) (D)				Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships							
.t	Director	10% Owner	Officer	Other				
COVEY MICHAEL J 601 W. RIVERSIDE AVE. SUITE 1100 SPOKANE, WA 99201	X		President and CEO					

Signatures

Malcolm A. Ryerse,
Attorney-in-fact

**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).

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 of Potlatch common stock were valued for purposes of the special distribution based on the

- average of the closing sales price per share from and including March 21, 2006 through and including March 23, 2006. Reporting person owns restricted stock units (RSUs) that may be settled for shares of common stock on a one-for-one basis. For the special distribution, RSUs were credited 100% in common stock. The amount of shares denoted represents the total shares attributable to the reporting person in the special distribution, which includes regular dividends that had accrued as of February 14, 2006 on the RSUs since their grant to the reporting person.
- (2) No consideration was paid for the stock received as a result of the special distribution.

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.

Reporting Owners 2