POTLATCH CORP Form 4 May 11, 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

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).

(C:+-)

(Ctota)

(Print or Type Responses)

1. Name and Address of Reporting Person * 5. Relationship of Reporting Person(s) to 2. Issuer Name and Ticker or Trading SIEGEL L PENDLETON Issuer Symbol POTLATCH CORP [PCH] (Check all applicable) (First) (Middle) (Last) 3. Date of Earliest Transaction (Month/Day/Year) _X__ Director 10% Owner Other (specify X_ Officer (give title 601 WEST RIVERSIDE 05/09/2006 below) AVE., SUITE 1100 Chairman of the Board (Street) 4. If Amendment, Date Original 6. Individual or Joint/Group Filing(Check Filed(Month/Day/Year) Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting SPOKANE, WA 99201 Person

(City)	(State)	(Zip) Tab	le I - Non-	Derivative	Secui	rities Acquir	ed, Disposed of,	or Beneficiall	y Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	saction Date 2A. Deemed 3. 4. Securities Acquired (A		(D)	5. Amount of Securities Beneficially Owned Following Reported	6. Ownership Form: Direct (D) or Indirect (I)	7. Nature of Indirect Beneficial Ownership (Instr. 4)		
			Code V	Amount	or (D)	Price	Transaction(s) (Instr. 3 and 4)	(Instr. 4)	
Common Stock	05/09/2006		M	31,645	A	\$ 29.5181	31,645	D	
Common Stock	05/09/2006		S	31,645	D	\$ 39.3529	0	D	

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

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SEC 1474

(9-02)

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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 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 orDerivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		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
Employee Stock Option (right to buy)	\$ 29.5181	05/09/2006		M	31,645	<u>(1)</u>	12/05/2006	Common Stock	31,645

Reporting Owners

Reporting Owner Name / Address	Ketauonsmps						
	Director	10% Owner	Officer	Other			

SIEGEL L PENDLETON
601 WEST RIVERSIDE AVE.
SUITE 1100
SPOKANE, WA 99201

Chairman of the Board

Dalatianahir

Signatures

Malcolm A. Ryerse, Attorney-in-Fact 05/11/2006

**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).
- (1) The reporting person was granted stock options on December 5, 1996, which vested in two equal annual installments on the anniversy dates 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 \$39.3529 per share.

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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