

POTLATCH CORPORATION

DIRECTOR INDEPENDENCE POLICY

(revised September 9, 2011)

Principles

It is the policy of the Company that the Board of Directors (the “Board”) be comprised of a majority of independent Directors. The Board will determine which of its members are independent on an annual basis and, if a director is appointed to the Board between annual meetings, at the time of such appointment. The Board may determine a director to be independent only if it affirmatively determines that the director has no material relationship with the Company. The Board will consider all relevant facts and circumstances in making an independence determination. Such determination will be made in accordance with the independence criteria described below.

Determination of Independence

A director will not be considered independent if:

1. the director is, or has been within the last three years, an employee of the Company;
2. an immediate family member (defined below) of the director is, or has been within the last three years, an executive officer (defined below) of the Company;
3. the director has received during any twelve-month period within the last three years, or has an immediate family member who has received during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company, not including (A) director and committee fees, (B) payments under a tax qualified retirement plan or other non-discretionary compensation; (B) with respect to such director, compensation received for former service as an interim executive officer if that service was for less than one year; and (C) with respect to an immediate family member, compensation received for service as an employee of the Company (other than an executive officer);
4. (A) the director or an immediate family member of the director is a current partner of the firm that is the Company's independent auditor; (B) the director is a current employee of such firm; (C) the director has an immediate family member who is a current employee of such firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice, or (D) the director or an immediate family member of the director

was within the last three years (but is no longer) a partner or employee of such firm and personally worked on the Company's audit within that time;

5. an executive officer of the Company serves or served on the compensation committee of the board of directors of a company that, at the same time within the last three years, employs or employed either the director or an immediate family member of the director as an executive officer; or
6. the director is a current employee of, or has an immediate family member who is a currently, or was during the past three years, a controlling stockholder, partner or executive officer of, a company or tax exempt organization that has made payments to, or received payments from, the Company, and the amount of these payments made in the current fiscal year or any one of the past three fiscal years exceeds the greater of \$200,000 or 5% of that other entity's consolidated gross revenues, excluding payments arising solely from investments in the Company's securities or payments under non-discretionary charitable contribution matching programs.

Definitions

For purposes of this policy statement:

“Company” includes Potlatch Corporation and its consolidated subsidiaries;

“executive officer” means an entity's president, principal financial officer, principal accounting officer (or, if there is no such accounting officer, the controller), any vice-president of the entity in charge of a principal business unit, division or function, any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the entity; and

“immediate family member” means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law whether by blood, marriage or adoption or anyone else sharing the household (other than a tenant or employee) of a specified person.