POTLATCH CORPORATION

First Quarter 2009 Conference Call
Supplemental Information

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Eric J. Cremers *Vice President, Finance and Chief Financial Officer*

Potlatch.

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Forward-Looking Statements

This presentation contains certain forward-looking statements within the meaning of the Private Litigation Reform Act of 1995 as amended, including without limitation statements about future company performance, direction of markets, facility shutdowns, log pricing, future harvest levels and their relation to log pricing trends, biomass opportunities, efforts to lower supply chain costs, demand for rural real estate, timberland values, efforts to minimize losses in our Wood Products segment, cash flows, prospects for each of our business segments, funds available for distribution (FAD), quarterly dividend levels, uses of proceeds from future land sales including debt repayment and funding of dividend payments, dividend policy, and liquidity. These forward-looking statements are based on current expectations, estimates, assumptions and projections that are subject to change, and actual results may differ materially from the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, changes in timberland values; changes in timber harvest levels on the company's lands; changes in timber prices; changes in policy regarding governmental timber sales; changes in the United States and international economies; changes in the level of construction activity; changes in tariffs, quotas and trade agreements involving wood products; changes in demand for Potlatch's products; changes in production and production capacity in the forest products industry; competitive pricing pressures for the company's products; unanticipated manufacturing disruptions; changes in general and industry-specific environmental laws and regulations; unforeseen environmental liabilities or expenditures; weather conditions; changes in raw material and other costs; the ability to satisfy complex rules in order to remain qualified as a REIT; changes in tax laws that could reduce the benefits associated with REIT status; and other risks and uncertainties described from time to time in the company's public filings with the Securities and Exchange Commission. The company does not undertake to update any forward-looking statements.

First Quarter 2009 Summary

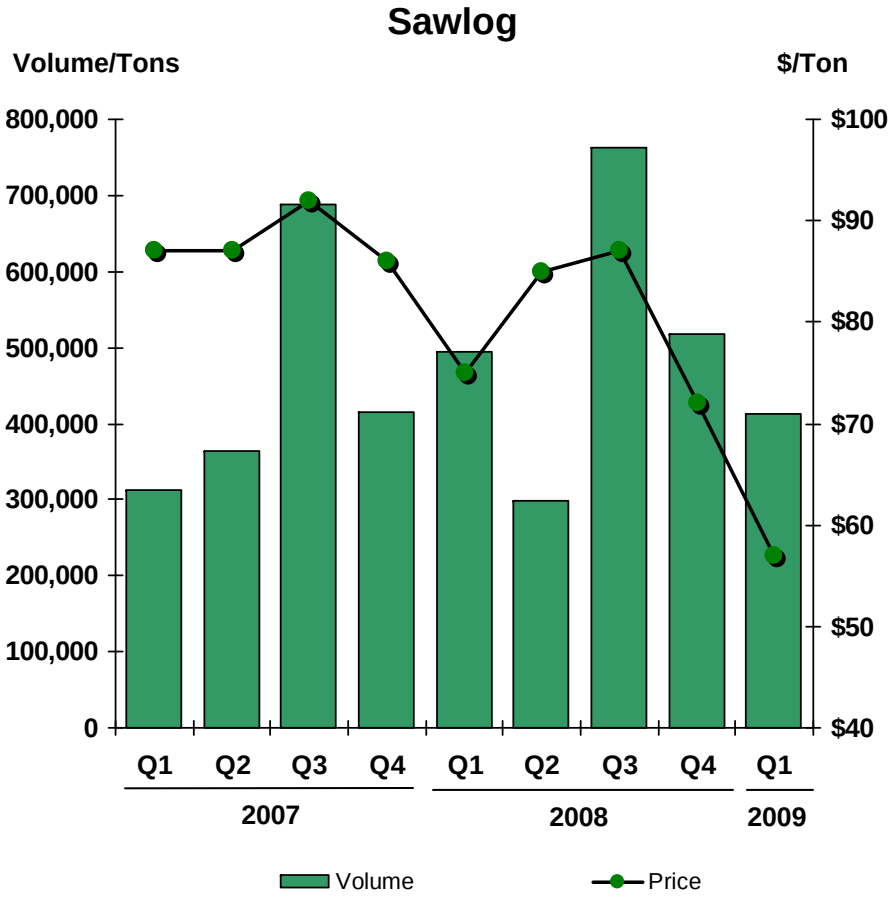
(Dollars in Thousands – Except Per – Share Amounts)
(Unaudited)

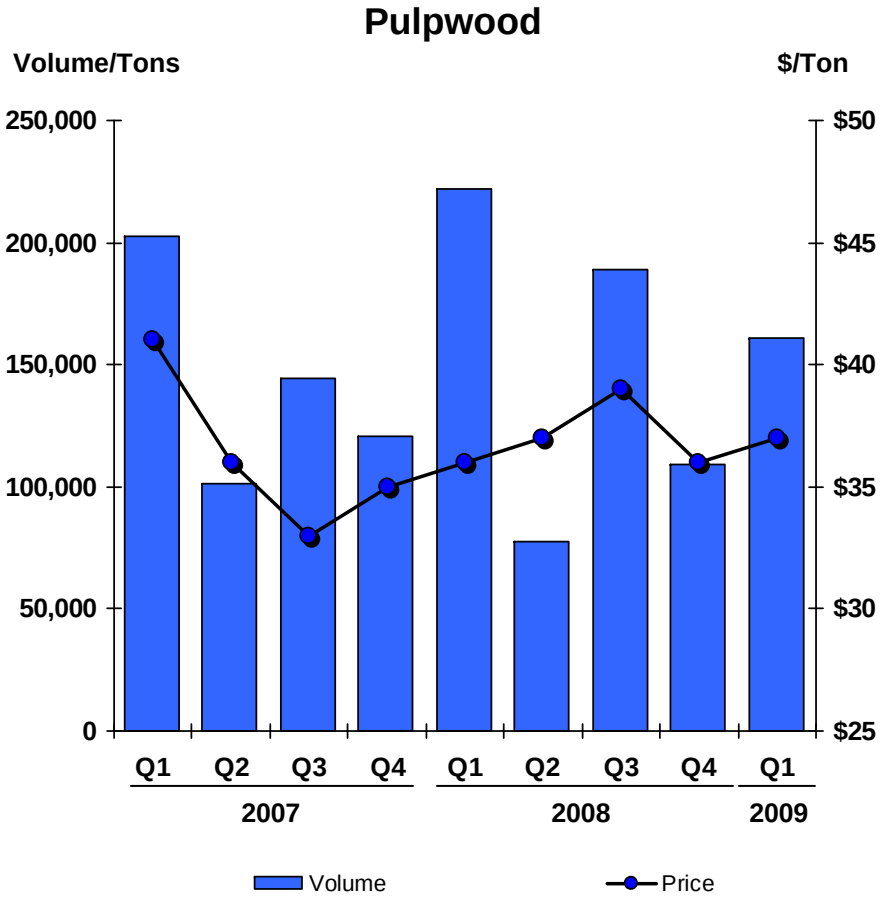
	1st Quarter 2009	4th Quarter 2008	1st Quarter 2008
Operating Income (Loss)			
Resource	$ 10,846	$ 15,906	$ 17,195
Real Estate	41,512	298	16,651
Wood Products	(11,183)	(11,414)	(6,450)
Eliminations and adjustments	751	(908)	1,673
	41,926	3,882	29,069
Corporate	(10,819)	(8,299)	(12,994)
Earnings (loss) from continuing operations before taxes	31,107	(4,417)	16,075
Income tax provision (benefit)	2,336	(10,256)	(7,212)
Earnings from continuing operations	**28,771**	**5,839**	**23,287**
plus: Interest expense, net of interest income	4,804	5,176	4,953
Income tax provision (benefit)	2,336	(10,256)	(7,212)
Depreciation, depletion & amortization (DD&A)	6,612	8,127	7,407
Basis of real estate sold	5,148	1,321	3,134
Earnings before interest expense, taxes, depreciation, depletion and amortization, and basis of real estate sold (EBITDDA) *	**$ 47,671**	**$ 10,207**	**$ 31,569**
Funds from continuing operations	**$ 40,531**	**$ 15,287**	**$ 33,828**
Discontinued operations:			
Gain (loss) on disposal of discontinued operations, net of tax	$ -	$ 26	$ (11,651)
Loss from discontinued operations, net of tax	(3,951)	(10,214)	(1,377)
DD&A	-	9,747	12,398
	(3,951)	(441)	(630)
Net earnings (loss)	**$ 24,820**	**$ (4,349)**	**$ 10,259**
Diluted earnings per common share from continuing operations	**$ 0.72**	**$ 0.15**	**$ 0.59**
Funds from operations (FFO) *	**$ 36,580**	**$ 14,846**	**$ 33,198**

Certain prior period amounts have been reclassified to conform to the current period presentation.

* Non-GAAP measure - See pages 14-16 for reconciliation to GAAP and definition.

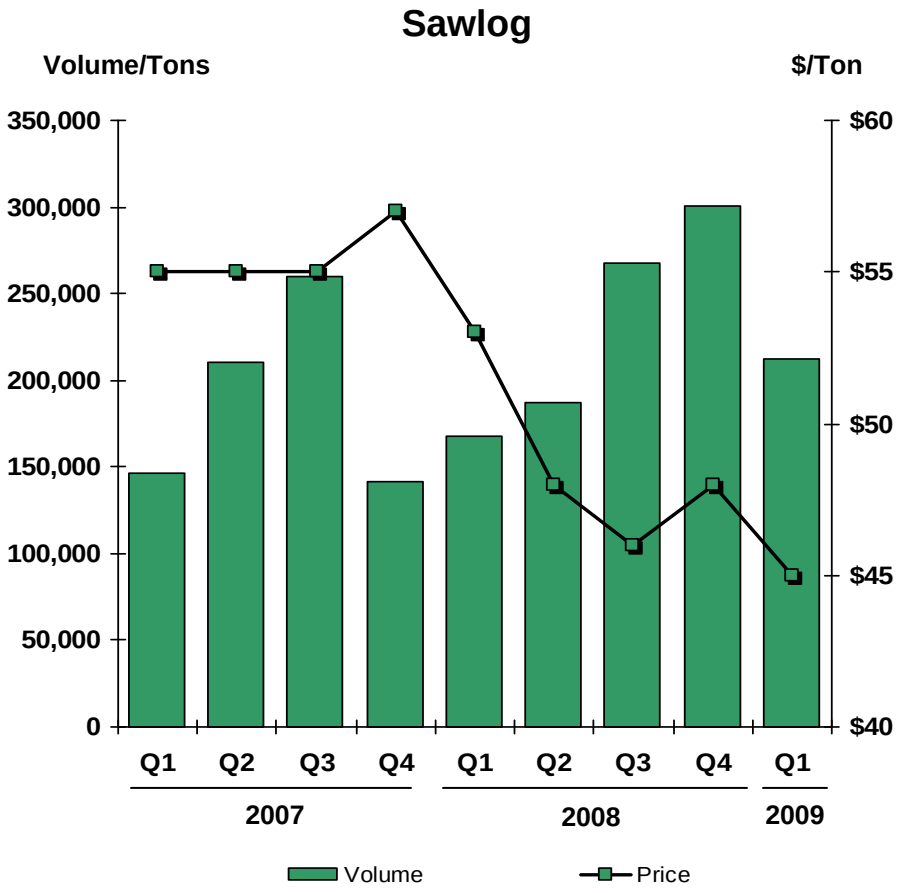
Northern Region - Volume and Pricing

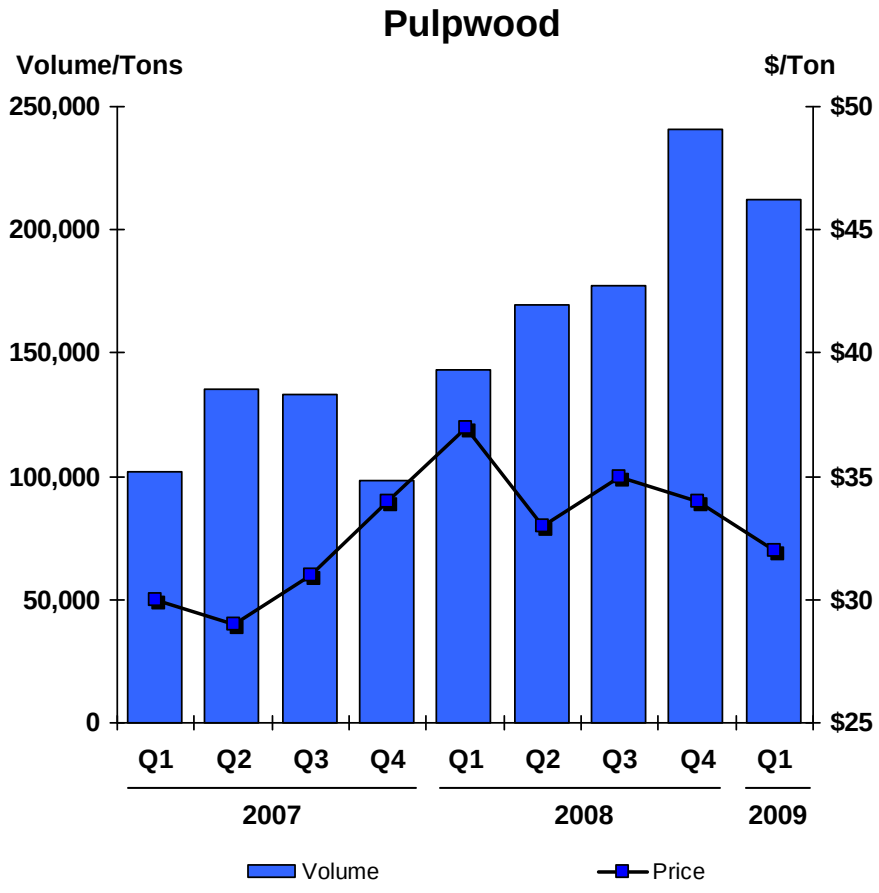




* Volumes include tonnage produced from company owned fee land, while pricing data includes revenue generated from both company owned fee land and non-fee stumpage purchased from third parties.

Southern Region – Volume and Pricing





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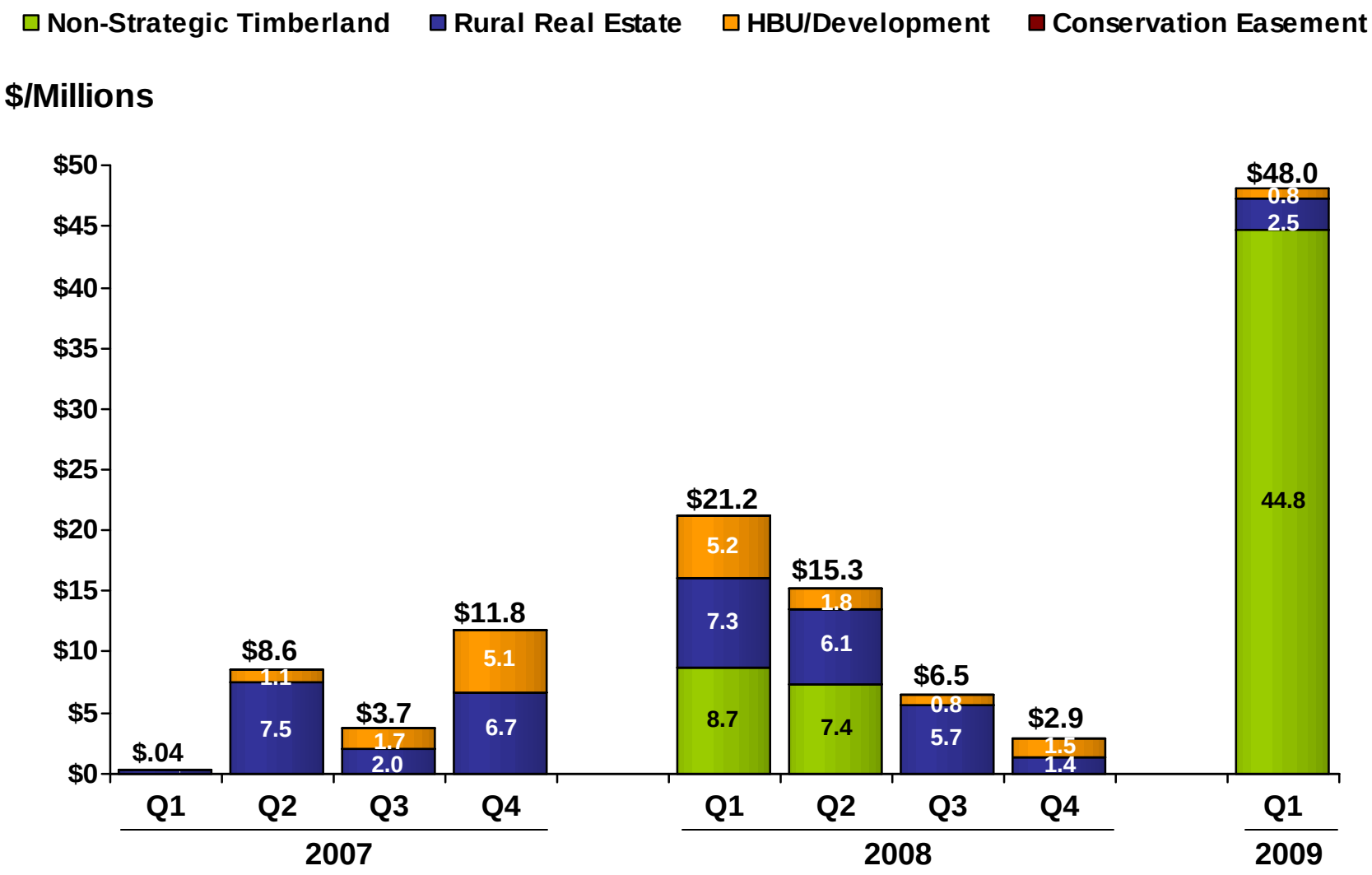
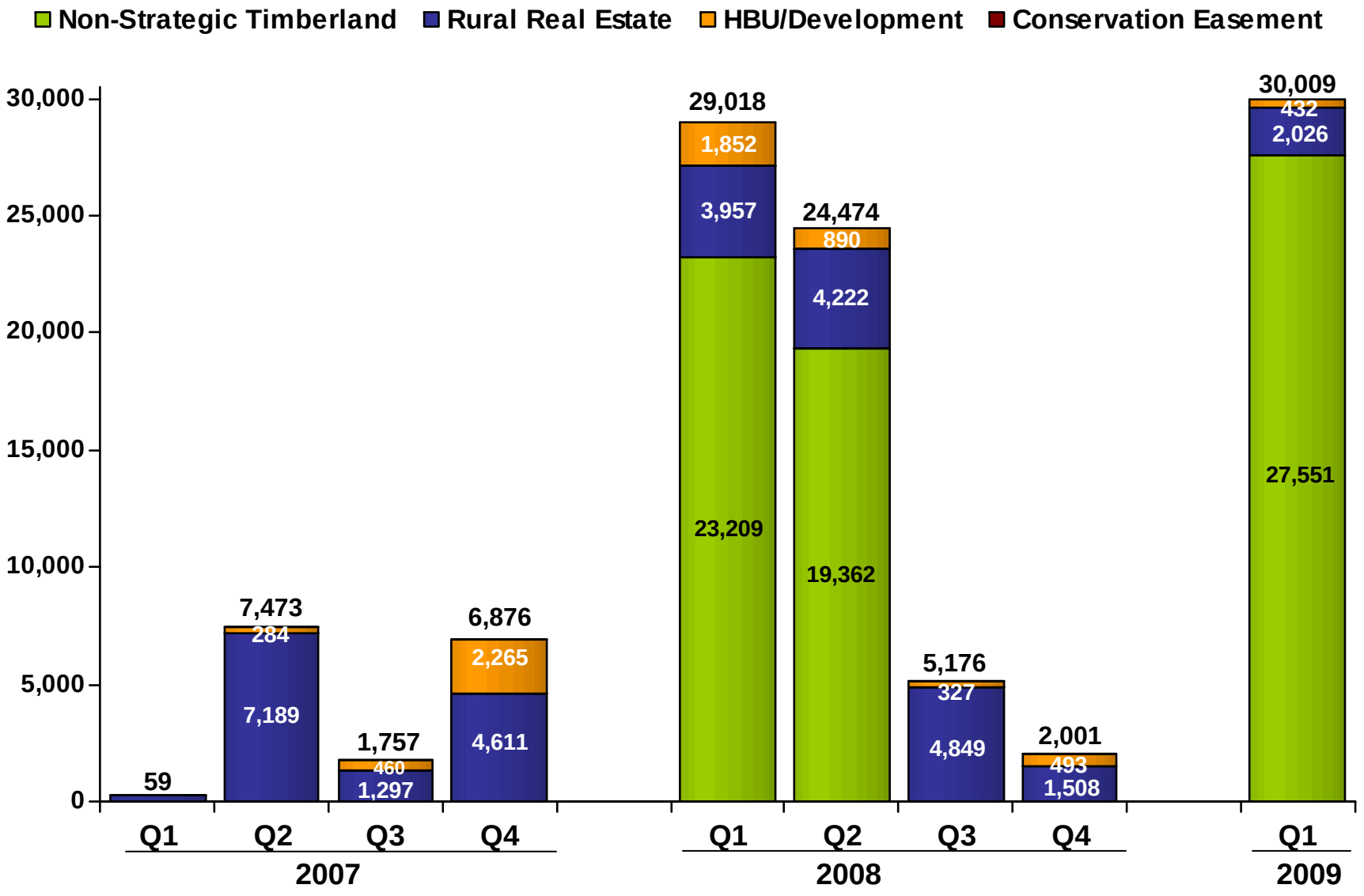
Potlatch Real Estate - Revenues



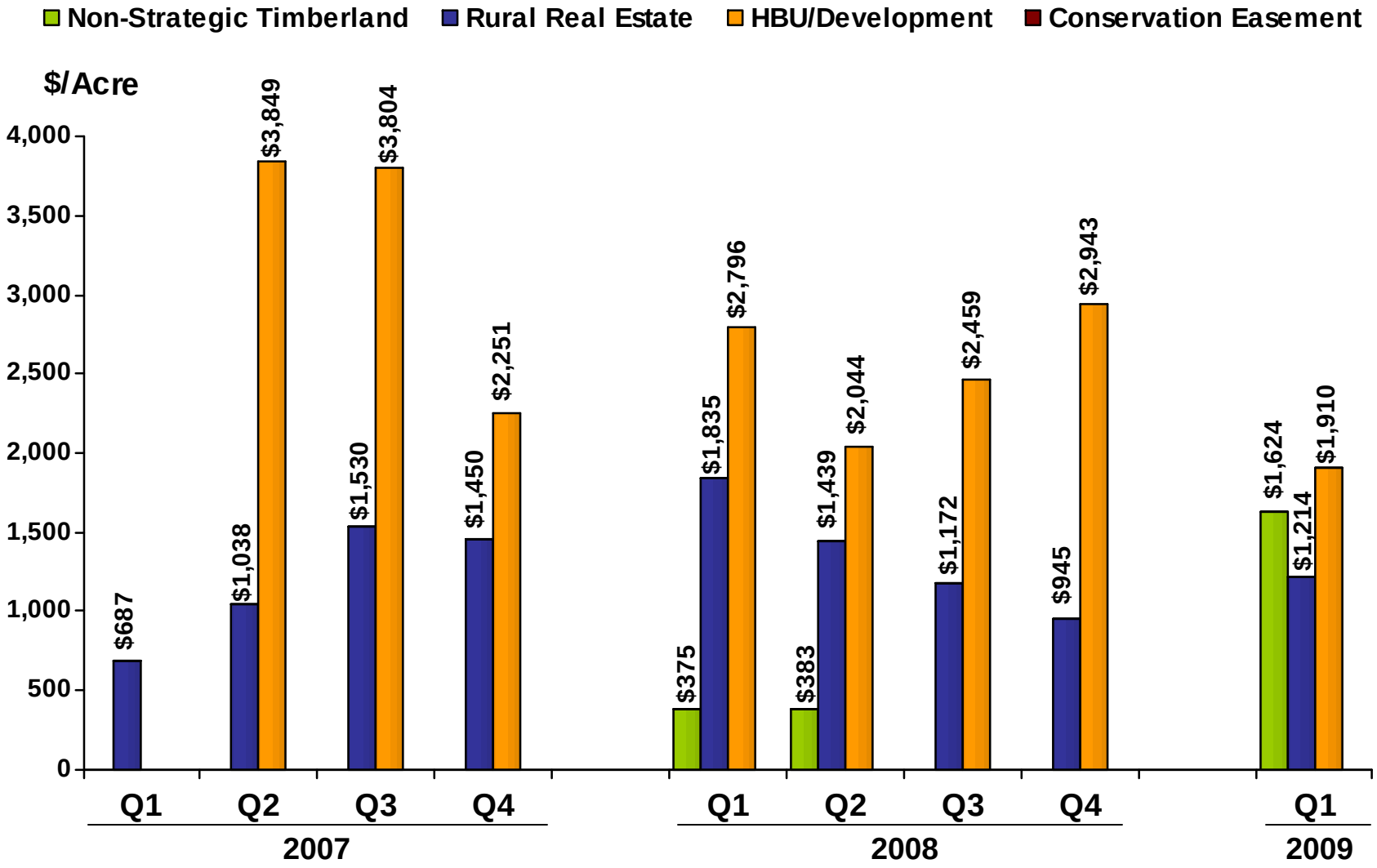
Note: Q4 2008 Real Estate HBU revenues include a $250,000 building sale.

Potlatch Real Estate – Acres Sold



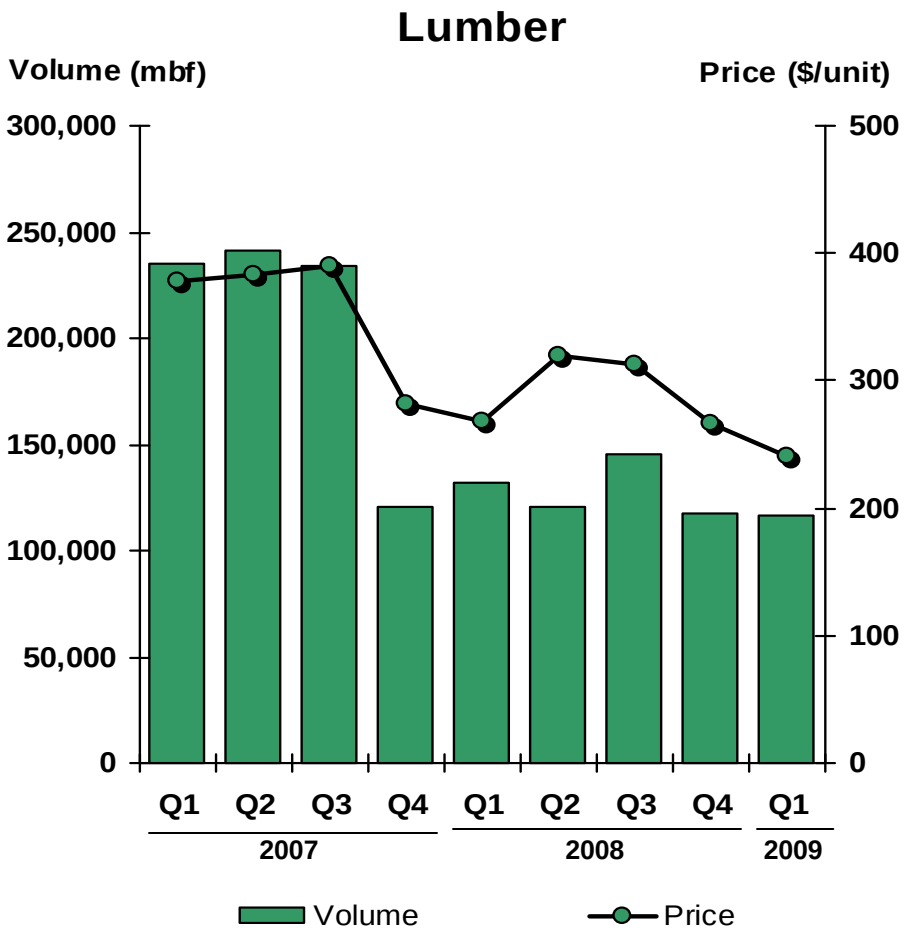
Note: Q4 2008 'Acres Sold' excludes building sale.

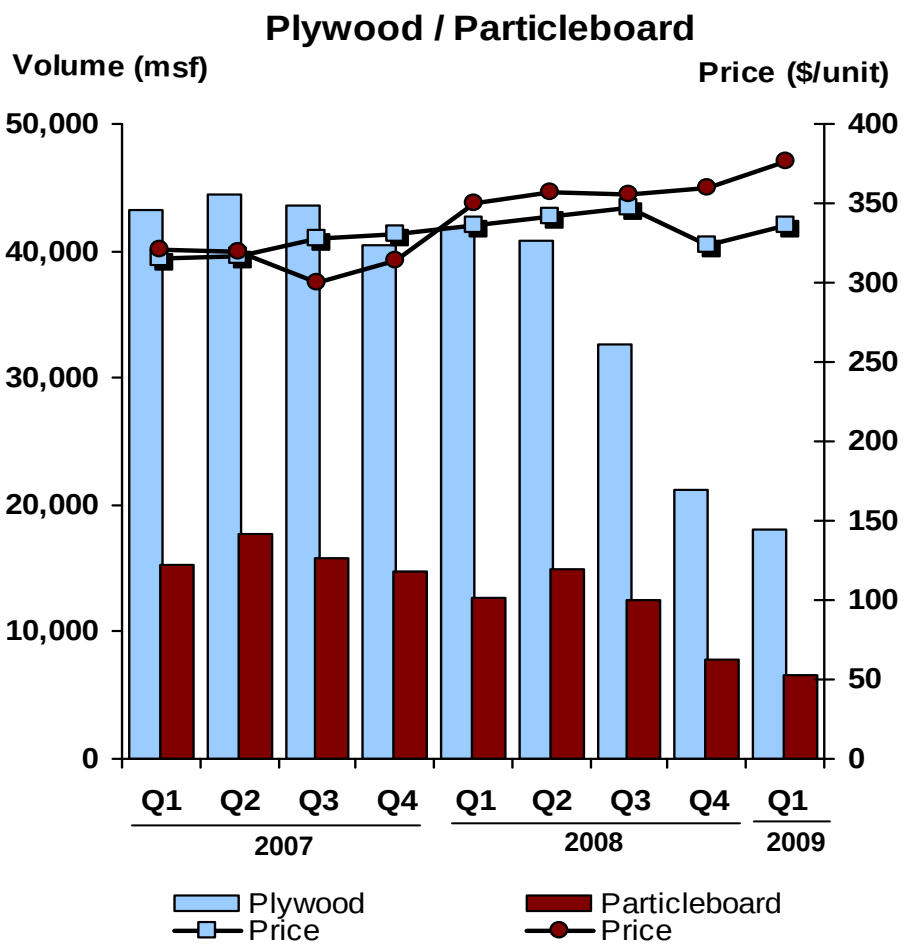
Potlatch Real Estate - Sales Prices Per Acre



Note: Q4 2008 'Sales Price per Acre' excludes building sale.

Lumber and Plywood/Particleboard - Sales Prices and Shipments





Variance Analyses

Increase (decrease) in Earnings from continuing operations before taxes

(Dollars in Millions)
(Unaudited)

	1st Quarter 2009 vs. 4th Quarter 2008	1st Quarter 2009 vs. 1st Quarter 2008
Resource	**($5.1)**	**($6.4)**
Volume	(2.3)	(0.6)
Price	(8.8)	(11.9)
Costs and Other	6.0	6.1
Real Estate	**$41.2**	**$24.8**
Wood products	**$0.2**	**($4.7)**
Volume	0.6	1.5
Price	(0.3)	(4.8)
Costs and other	(0.1)	(1.4)
Eliminations	**$1.7**	**($0.9)**
Corporate	**($2.5)**	**$2.2**
Increase in earnings from continuing operations before taxes	**$35.5**	**$15.0**

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Resource

Volumes and Sales Prices/Unit

	1st Quarter 2009	(Unaudited) 4th Quarter 2008	1st Quarter 2008
Fee Volume (tons)			
Northern region			
Sawlog	412,659	517,641	494,815
Pulpwood	160,800	109,287	221,634
Stumpage	8,302	298	8,046
Total	581,761	627,226	724,495
Southern region			
Sawlog	212,561	300,460	167,819
Pulpwood	212,550	240,456	143,443
Stumpage	-	4,927	5,059
Total	425,111	545,843	316,321
Sales Volume (tons)			
Northern region			
Sawlog	412,659	517,641	494,815
Pulpwood	160,800	109,287	221,634
Stumpage	8,302	298	8,046
Total	581,761	627,226	724,495
Southern region			
Sawlog	212,561	300,460	169,136
Pulpwood	212,550	240,456	143,443
Stumpage	-	4,927	5,059
Total	425,111	545,843	317,638
Sales Prices/Unit ($ per ton)			
Northern region			
Sawlog	$ 57	$ 72	$ 75
Pulpwood	37	36	36
Stumpage	12	12	23
Weighted Average	$ 50	$ 65	$ 63
Southern region			
Sawlog	$ 45	$ 48	$ 53
Pulpwood	32	34	37
Stumpage	-	24	19
Weighted Average	$ 39	$ 41	$ 45

Wood Products
Volumes and Sales Prices/Unit

	1st Quarter 2009	(Unaudited) 4th Quarter 2008	1st Quarter 2008
Shipment Information			
Lumber (m. bd. ft.)	116,030	117,245	131,895
Plywood (m. sq. ft., 3/8" basis)	18,096	21,175	41,921
Particleboard (m. sq. ft., 3/4" basis)	6,518	7,897	12,639
Sales Prices/Unit ($ per unit)			
Lumber (m. bd. ft.)	240	267	268
Plywood (m. sq. ft., 3/8" basis)	336	324	336
Particleboard (m. sq. ft., 3/4" basis)	376	360	350

Tax Provision (Benefit) from Continuing Operations

(Dollars in Thousands)
(Unaudited)

	1st Quarter 2009	4th Quarter 2008	1st Quarter 2008
Current year REIT, net	$ 11,297	$ 313	$ 66
Current year TRS	(8,961)	(10,569)	(7,278)
Tax provision (benefit) from continuing operations	2,336	(10,256)	(7,212)
Discontinued operations:			
Clearwater Paper	(10)	(2,851)	1,227
Prescott Lumber	(74)	(404)	(8,755)
Other discontinued operations	(2,519)	(263)	(1,504)
Tax provision (benefit) from discontinued operations	(2,603)	(3,518)	(9,032)
Total tax provision (benefit)	$ (267)	$ (13,774)	$ (16,244)

Reconciliation of Non-GAAP Measures

(Dollars in Thousands)
(Unaudited)

	1st Quarter 2009	4th Quarter 2008	1st Quarter 2008
Earnings before interest, taxes, depreciation, depletion and amortization (EBITDDA):			
GAAP net earnings (loss)	$ 24,820	$ (4,349)	$ 10,259
Interest expense, net of interest income	4,804	5,176	4,953
Income tax provision (benefit)	2,336	(10,256)	(7,212)
Depreciation, depletion and amortization	6,612	8,127	7,407
Basis of real estate sold	5,148	1,321	3,134
Loss from discontinued operations, net of tax	3,951	10,188	13,028
EBITDDA *	**$ 47,671**	**$ 10,207**	**$ 31,569**

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Reconciliation of Non-GAAP Measures

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Funds from Operations *	**$ 36,580**	**$ 14,846**	**$ 33,198**

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Definitions of Non-GAAP Measures

EBITDDA is a non-GAAP measure that management uses to evaluate the cash generating capacity of the company. The most directly comparable GAAP measure is net earnings. EBITDDA, as we define it, is net earnings from continuing operations adjusted for net interest expense, provision (benefit) for income taxes, depreciation, depletion and amortization, and the basis of real estate sold. It should not be considered as an alternative to net earnings computed under GAAP.

Funds from Operations (FFO) is a non-GAAP measure that is commonly used by REITs in the real estate industry. The most directly comparable GAAP measure is net earnings. FFO, as we define it, is presented as a supplemental financial measure. We do not use FFO as, nor should it be considered to be, an alternative to net earnings computed under GAAP as an indicator of our operating performance, or as an alternative to cash from operating activities computed under GAAP as an indicator of our ability to fund our cash needs. FFO, as we define it, may not be comparable with measures of similar titles reported by other companies. We define FFO as net earnings, plus depreciation, depletion and amortization and the basis of real estate sold from continuing operations minus the loss from discontinued operations, and plus depreciation, depletion and amortization from discontinued operations. Management believes that FFO is a meaningful supplemental measure of our operating performance because historical cost accounting for assets such as our manufacturing facilities and timberlands assumes that the value of such assets diminishes predictably over time. However, the values of our manufacturing facilities and timberlands have historically risen and fallen based on market conditions for the products we manufacture and for timber and timberlands. Management also considers the FFO measure in determining, among other things, quarterly and annual distribution rates to recommend to our board of directors, future levels of capital spending and debt repayment. We disclose this supplemental financial measure to enable investors to align their analysis and evaluation of our operating results along the same lines as management uses in planning and executing our business strategy.

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