December 2015

Investor Presentation

Mike Covey

Chairman & Chief Executive Officer

Jerry Richards

Vice President & Chief Financial Officer

www.potlatchcorp.com

Forward-Looking Statement & Non-GAAP Measures

FORWARD-LOOKNG 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 long-term economic fundamentals and future company performance, the company's business model, performance of mills after 2015 high-return capital spending, opportunity to sell timberlands at high private market value and repurchase shares at a deep discount, annual production of lumber and plywood, direction of markets and the economy, forecast of U.S. housing starts, forecast U.S. lumber consumption, forecast U.S. lumber supply, ability to increase or decrease harvest volume to meet market conditions, expectation that incremental lumber production will come from the South; manufacturer investments in the South, effect of increased manufacturing in the South on lumber prices, effect of increased sawlog prices on EBITDDA in the North and South regions, effect of increased lumber prices on EBITDDA, expected harvest level range over the next 15 years and beyond, forecast North American log and lumber exports to China, log, lumber and panel price trends, effect of mountain pine beetle and allowable cut on Canadian supply, forecast of Canadian lumber production, expectation that will sell 20,000 acres of real estate annually, debt maturities, refinancing of 2015 and 2016 debt maturities, cash flows, management of timberlands to maximize net present value and while maintaining sustainability over the long-term, real estate value opportunities, real estate business potential and land development potential, and similar matters. 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 U.S. job growth; changes in U.S. bank lending practices; changes in the level of domestic construction activity; changes in international tariffs, quotas and trade agreements involving wood products; changes in domestic and international demand for wood 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 fuel and energy costs; 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. All forward-looking statements are made as of the date of this presentation, and the company does not undertake to update any forward-looking statements.

NON-GAAP MEASURES

This presentation presents non-U.S. GAAP financial information. A reconciliation of those numbers to U.S. GAAP is included in this presentation which is available on the company's website at www.potlatchcorp.com.

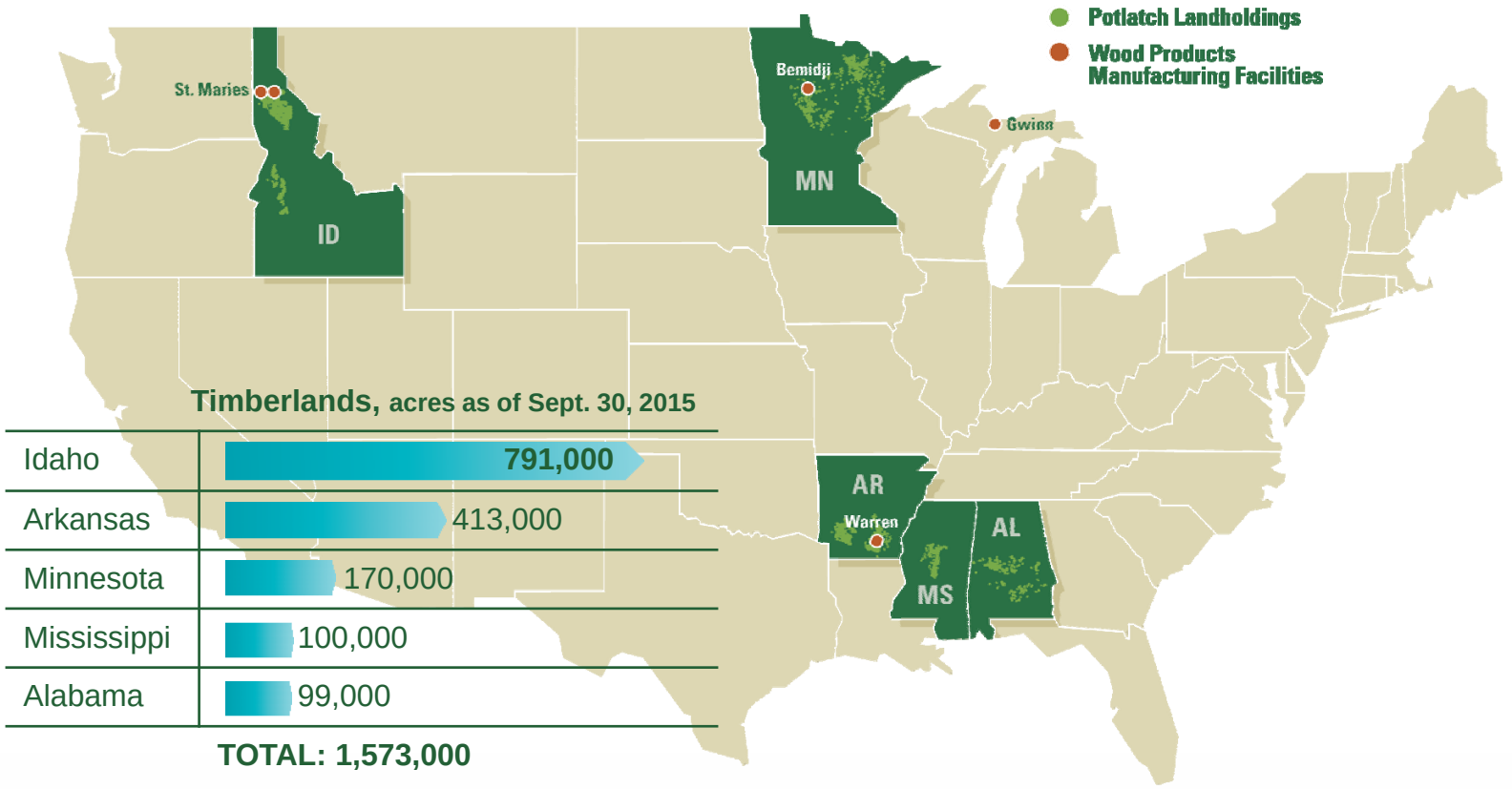
Potlatch Highlights

Timber REIT best positioned to capitalize on the housing recovery	• Highest leverage to lumber prices of timber REITs • Long-term economic fundamentals are positive
Geographically diverse, high-quality timberlands	• Largest private landowner in Idaho • Southern timberlands well positioned to supply incremental wood needed as housing recovers
Low-risk, high-margin, real estate sales	• Sell non-core timberlands at attractive multiples • Core activity is sale of undeveloped rural, recreational real estate
Top 10 U.S. lumber manufacturer	• Mills are well positioned as a result of high-return capital spending in 2015
Return cash to shareholders	• Dividend has grown over 20% in last 2 years and currently yields 4.4%(1) • Opportunity to sell timberlands at high private market values and repurchase shares at deep discount

(1) Based on November 27, 2015 closing stock price of $34.08 per share

Potlatch Portfolio

We own ~ 1.6 million acres of certified timberland and are a top 10 lumber manufacturer in the U.S.



Timberlands, acres as of Sept. 30, 2015

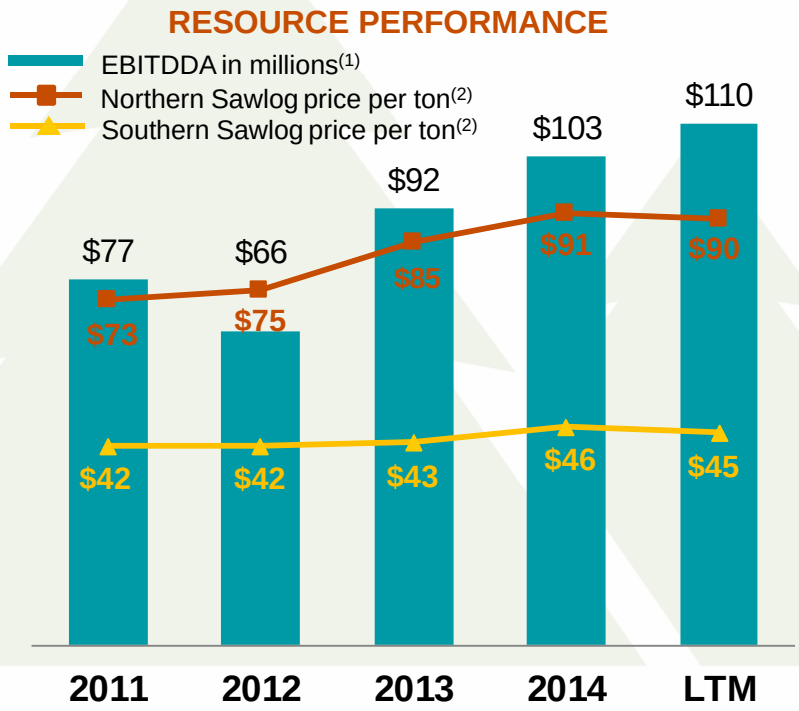
Idaho	**791,000**
Arkansas	413,000
Minnesota	170,000
Mississippi	100,000
Alabama	99,000

TOTAL: 1,573,000

Resource: Segment Overview

Resource is a stable and significant source of cash

- Increased EBITDDA driven by recovery of Northern sawlog prices
- Southern pine sawlog prices have not yet recovered
  - Increase in Southern sawlog averages prices are result of increased mix of hardwood
- At current volumes, a $10/ton change in sawlog prices ~
  - $20 million in annual EBITDDA in North
  - $10 million in annual EBITDDA in South

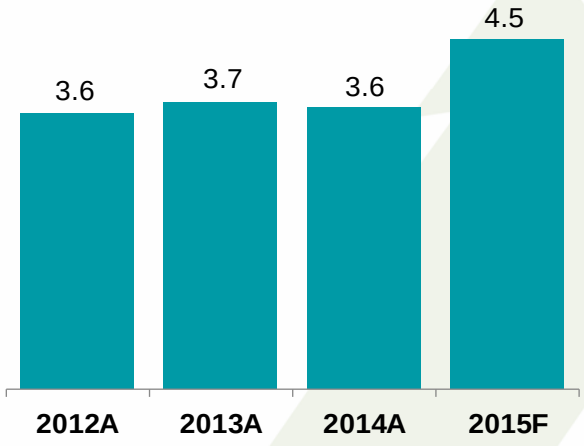


(1) EBITDDA is reconciled on slide 21 and defined on slide 23
(2) Delivered basis

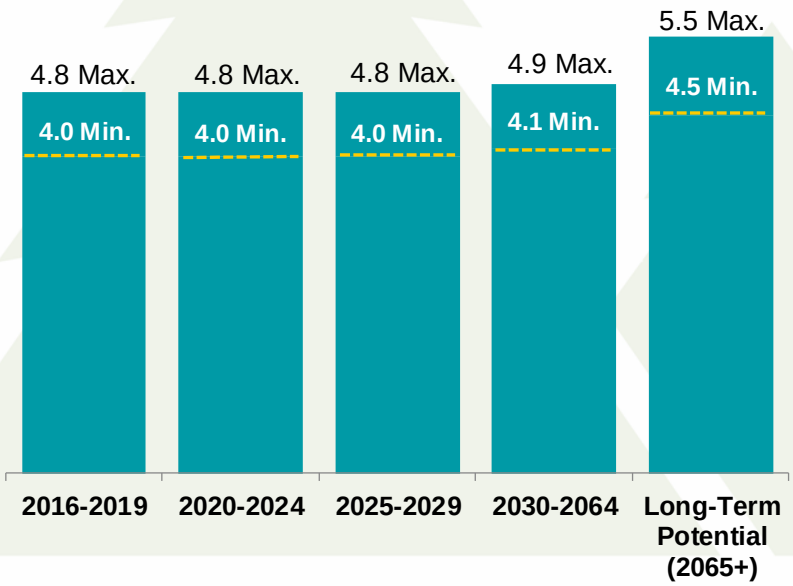
Resource: Long-Term Harvest Profile

Our strategy is to maximize net present value while managing our timberlands sustainably over the long-term

ANNUAL HARVEST
(millions of tons)



PROJECTED AVERAGE ANNUAL HARVEST RANGE
(millions of tons)



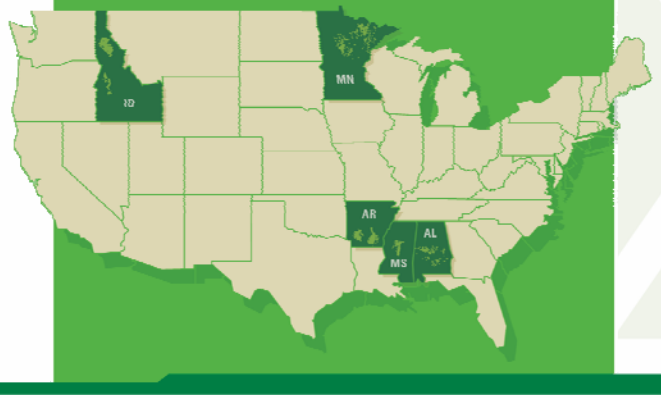
Real Estate Business

Part of our ownership is worth more for uses other than growing trees. Parcels are segmented by product, then competitively marketed for sale at the highest overall price. We expect to sell about 20,000 acres annually.

2015 Land Base Value Optimization

Strategic Management / Long-Term Ownership

CORE Timberland
1.3 million acres



Sell Parcels for Values Greater than Timberland Values

HBU Development
80,000 acres

Rural Real Estate
140,000 acres

Non-Strategic Timberlands
80,000 acres

Potlatch.

$2,100* / acre

$1,200* / acre

$800* / acre

* Historical average of the last two years

Wood Products: Segment Overview

Competitive mills will benefit from improving housing market

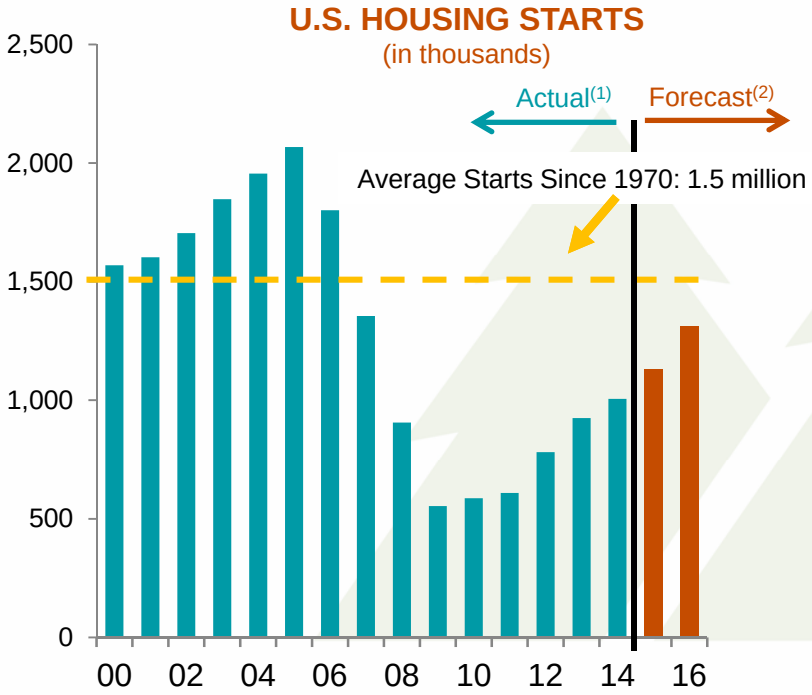
- We operate four top-quartile sawmills and produce about 650 million board feet of lumber annually
- Our industrial-grade plywood mill produces about 160 million square feet of higher grade panels, most of which are sold at a premium
- Changes in EBITDDA driven largely by lumber prices and log costs
  - At current volumes, a $30/mbf change in lumber prices ~$17 million in annual EBITDDA

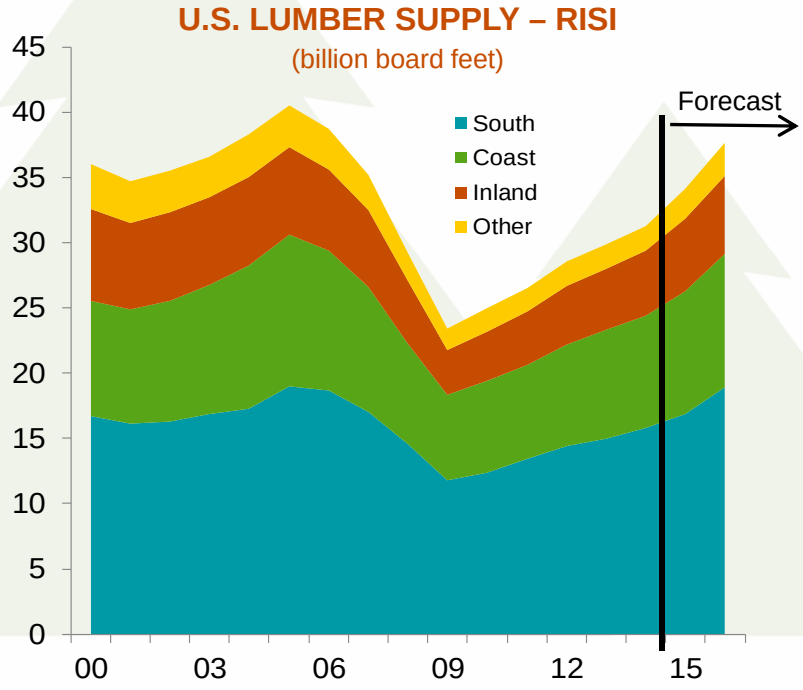


(1) EBITDDA is reconciled on slide 21 and defined on slide 23

U.S. Housing Starts & Lumber Demands are Increasing

- *U.S. housing starts are recovering to long-term trend*
- *The incremental wood needed to supply increasing demand will come from the U.S. South*



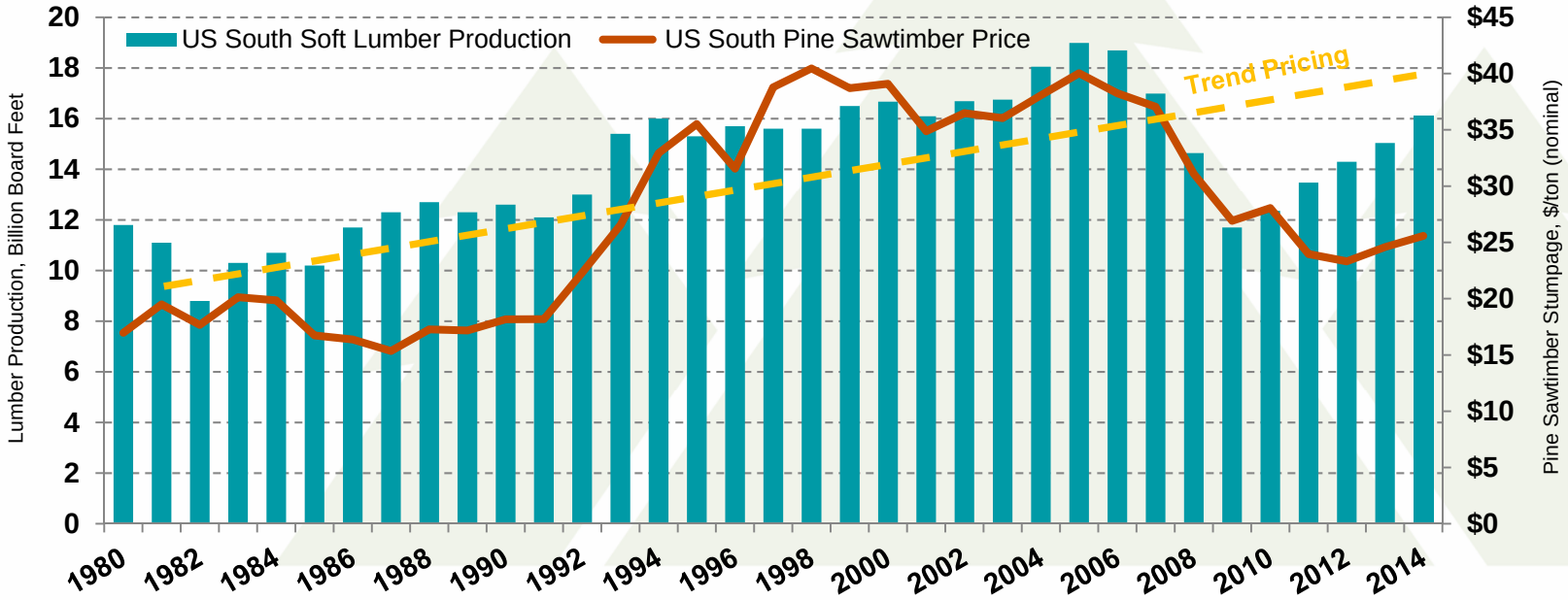


(1) Source: U.S. Census Bureau
(2) Forecast based on average of 8 different economic forecasting firms

Southern Sawlog Price

Southern sawlog prices are well below trend levels

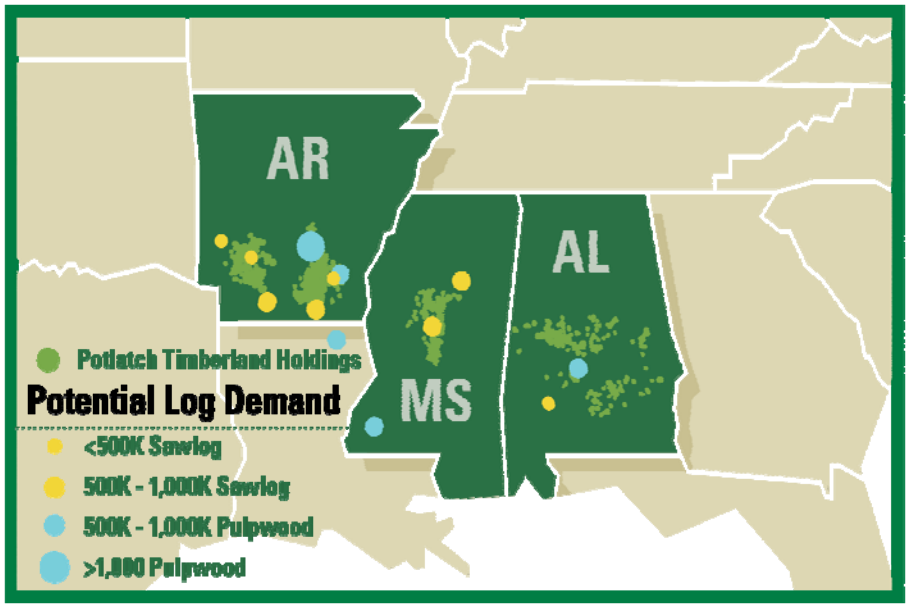
SOUTHERN PINE SAWTIMBER STUMPAGE PRICE VS. LUMBER PRODUCTION



Source: USDA, WWPA, Timber Mart-South

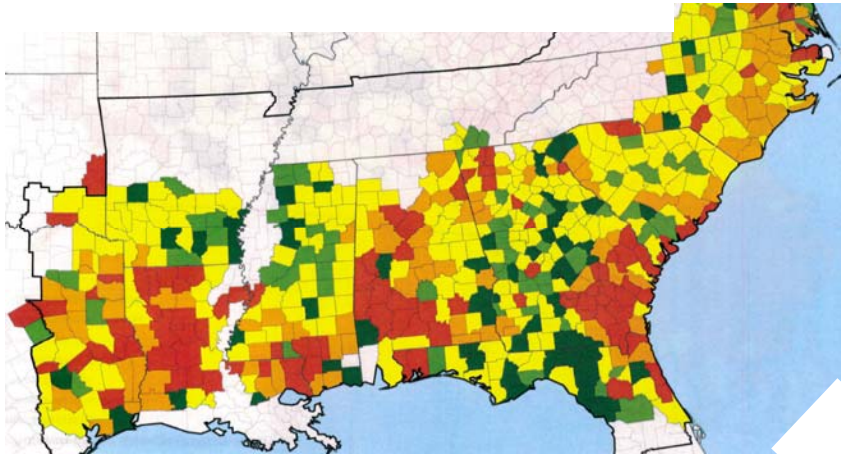
INCREASING Investments in our Southern Wood Baskets

Manufacturers are investing in our Southern wood baskets, which will translate to higher sawlog prices. Our Southern wood baskets have more price upside than other parts of the South.



Source: Public Announcements & Internal Research

PINE SAWLOG PRICE CHANGE
(2010 TO 2014)



Change Descriptions

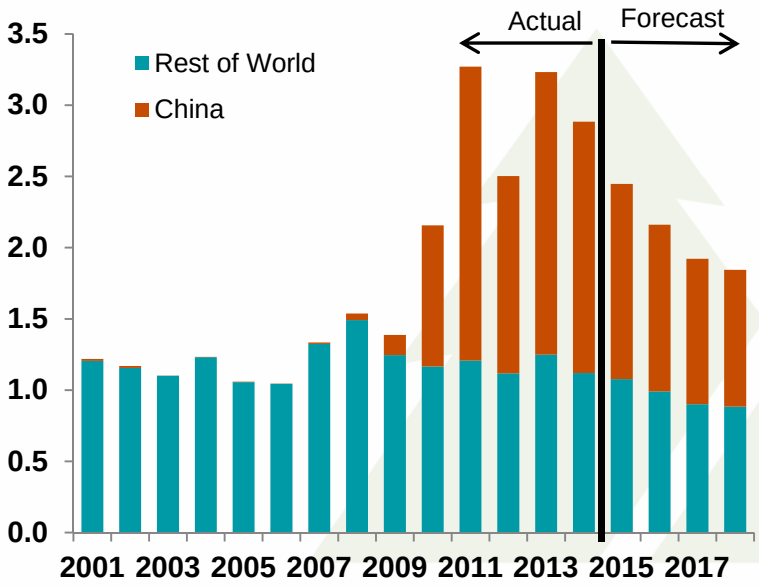
Substantial Price Decrease → Substantial Price Increase

Source: Forest2Market

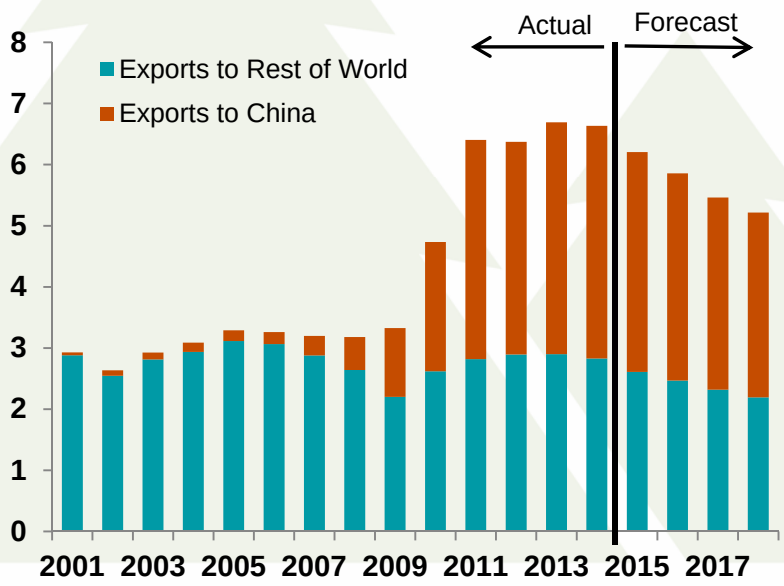
North American Log & Lumber Exports

The volume of wood exported from North America to China has grown materially

U.S. WEST COST LOG EXPORTS
(billion board feet – lumber scale)



NORTH AMERICAN SOFTWOOD LUMBER EXPORTS
(billion board feet)

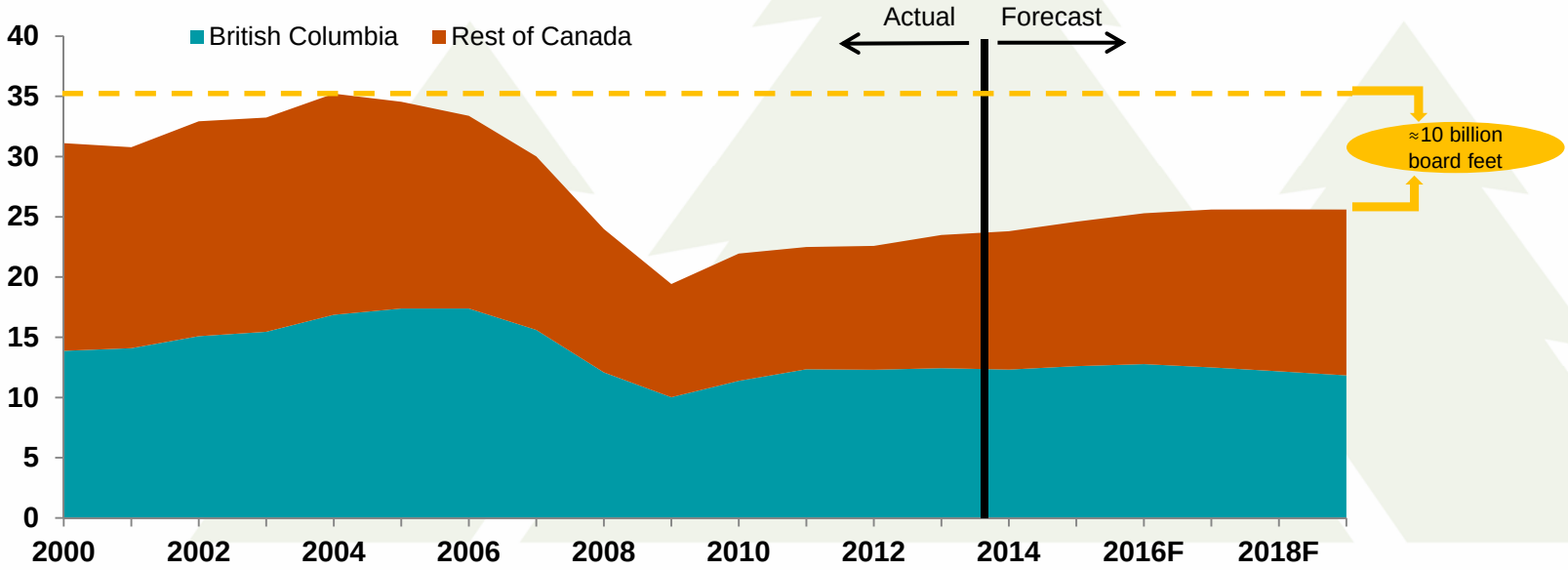


Source: Wood Markets Outlook 2015 edition, UN Comtrade Database

Canada's Ability to Supply Lumber is Constrained

Canadian supply has declined about 10 billion board feet due to the mountain pine beetle and a reduction in allowable cut

CANADA SOFTWOOD LUMBER PRODUCTION
(billion board feet)

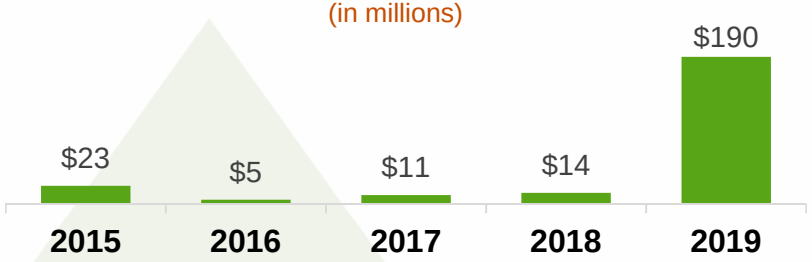


Source: Wood Markets Outlook 2015 edition

Capital Structure

Amounts as of September 30, 2015: Unaudited, $ in millions	
Market capitalization[1]	$1,386
Net debt[2]	629
Enterprise Value	$2,015
Net debt to enterprise value	31%
Consolidated leverage ratio[3]	25%
Interest coverage ratio[4]	3.86
Weighted average cost of debt[5]	4.2%

DEBT MATURITIES FOR THE NEXT FIVE YEARS
(in millions)



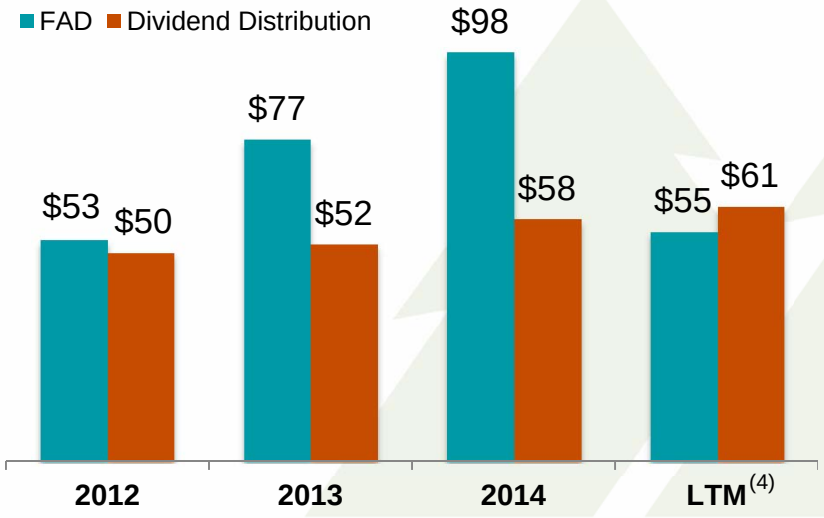
- $234 million is available on our revolver
  - Maturity: February 2020
  - Accordion: $250 million
- We have flexibility within loan covenants
- We plan to refinance the 2015 and 2016 maturities at attractive rates

(1) Market capitalization is as of November 27, 2015
(2) Net debt is reconciled on slide 22 and defined on slide 23
(3) Consolidated leverage ratio is defined on slide 23 and is limited to 40%
(4) Interest coverage ratio is defined on slide 23 and is required to be at least 3.00x
(5) Weighted average cost of debt is net of income taxes

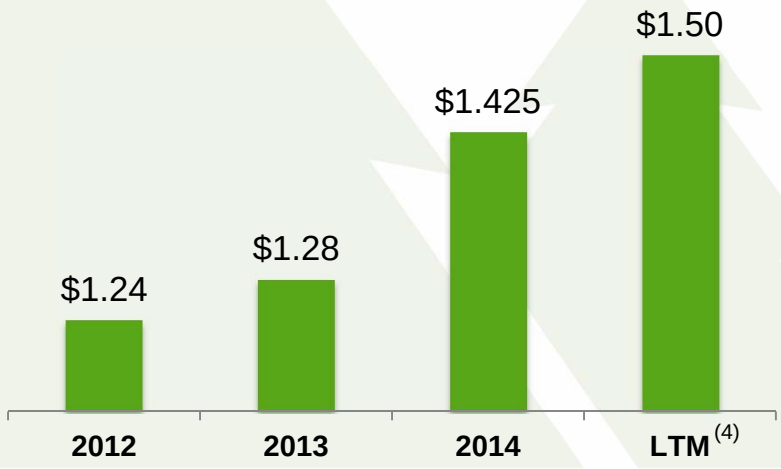
Dividend History

- *We've grown our dividend 20% the last two years(1)*
- *Our current dividend yield is 4.4%(2)*

FUNDS AVAILABLE FOR DISTRIBUTION(3)
(in millions)



DIVIDEND PAID PER SHARE
(dollar per share)

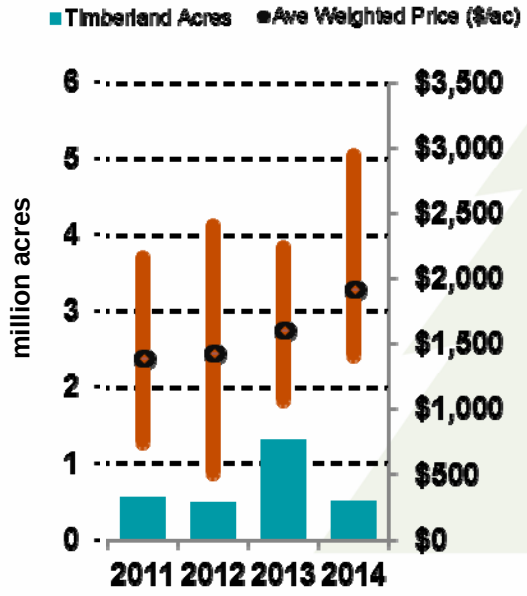


(1) The dividend was increased in 13% in Q4 2013 and 7% in Q4 2014
(2) Based on November 27, 2015 closing stock price of $34.08 per share
(3) Funds Available for Distribution is reconciled on slide 22 and defined on slide 23
(4) Dividend is reflected at current annual rate of $1.50 per share, not an LTM basis

Share Repurchase

The current dislocation between private and public market valuation of timberlands makes repurchasing our shares compelling. The value implied in our current stock price is about $1,000 per acre.

PRIVATE TIMBERLAND TRANSACTIONS

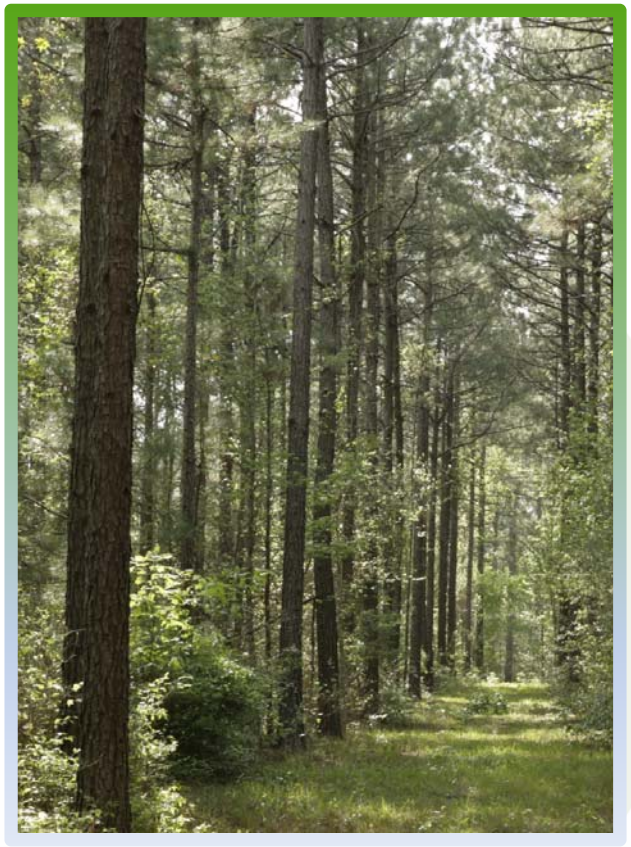


POTLATCH STOCK PRICE CHART



Source: RISI Timberland Sales database; ERA – Timberland Transactions; Timber Mart-South; Industry Intelligence.

Summary



- High quality, well managed portfolio of assets
- Long-term industry trends are very favorable
  - U.S. housing starts recovering to long-term trend
  - North American exports to China tension U.S. market
  - Canadian lumber supply is diminished
  - Lumber and Southern sawlog prices will recover
- Current stock price and dividend yield provides attractive entry point
- Returning cash to shareholders is the top capital allocation priority
  - Sustainable and growing dividend
  - Repurchase shares at deep discount

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Appendix

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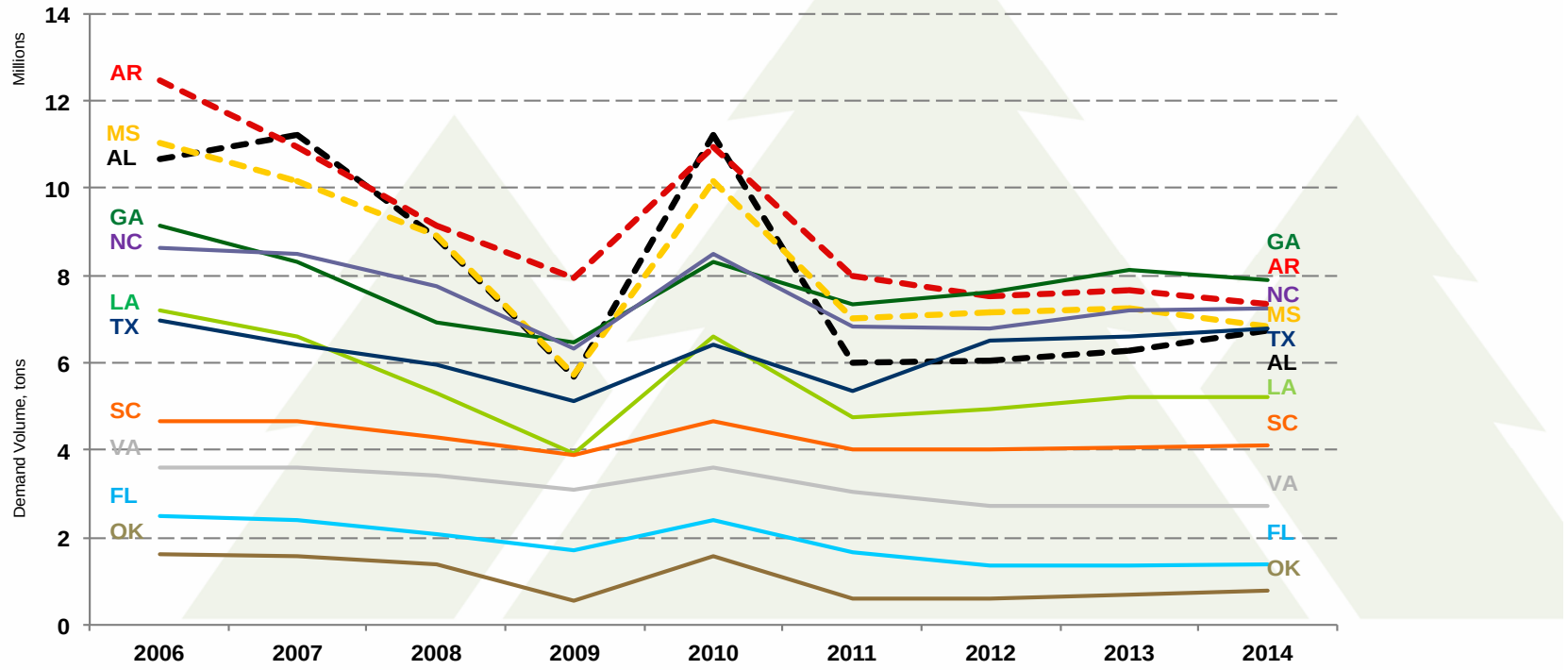
Southern Sawlog Demand by State

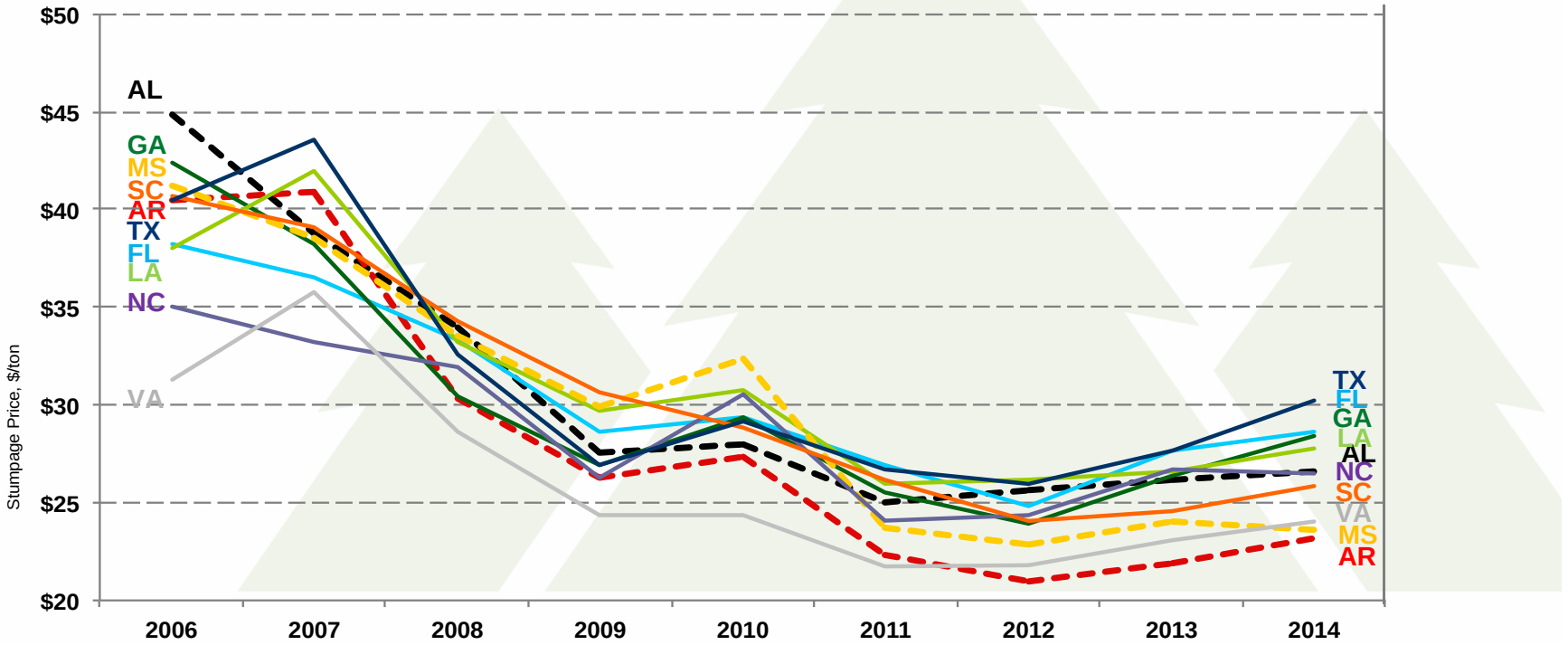
Comparison of historical sawlog demand across 11 southern states. Several states (GA, NC, TX, SC) have sawlog demand approaching prerecession levels. Demand is still relatively sluggish in our wood baskets in AR, AL, and MS (dotted lines).



Source: Wood Demand Report, Center for Forest Business, University of Georgia, Q4 2014 report received January 30, 3015 & Timber Mart-South, Q4 2014 price report received January 7, 2015

Southern Sawlog Price Trends by State

Comparison of historical sawlog pricing across 10 southern states. Pricing appears to bottom in most markets in 2012 with great disparity across the region (e.g. TX @ $31/ton and AR at $23/ton).



Source: Wood Demand Report, Center for Forest Business, University of Georgia, Q4 2014 report received January 30, 3015 & Timber Mart-South, Q4 2014 price report received January 7, 2015

EBITDDA & Segment EBITDDA Reconciliation ($ in millions)

	Fiscal Year	2011	2012	2013	2014	LTM
CONSOLIDATED	Net income	$40	$43	$71	$90	$48
	Adjustments:					
	Income tax (benefit) provision	4	17	14	20	(4)
	Interest expense [1]	28	26	23	23	31
	Depreciation, depletion and amortization	26	23	25	25	34
	Basis of real estate sold	14	5	4	9	5
	Non-cash eliminations	(2)	-	(1)	-	1
	Consolidated EBITDDA	**$110**	**$114**	**$136**	**$167**	**$115**
RESOURCE	Operating income	$60	$50	$74	$85	$84
	Depreciation, depletion and amortization	17	16	18	18	26
	Resource Segment EBITDDA	**$77**	**$66**	**$92**	**$103**	**$110**
WOOD PRODUCTS	Operating income	$7	$45	$59	$53	$5
	Depreciation and non-cash impairments & eliminations	8	7	6	6	8
	Wood Products Segment EBITDDA	**$15**	**$52**	**$65**	**$59**	**$13**
REAL ESTATE	Operating income	$31	$28	$18	$27	$16
	Basis of real estate sold and depreciation	14	5	4	9	5
	Real Estate Segment EBITDDA	**$45**	**$33**	**$22**	**$36**	**$21**

(1) Interest expense includes amortization of bond discounts and deferred loan fees

Potlatch Net Debt & FAD Reconciliations ($ in millions)

Net Debt	At December 31,			At Sept. 30,
	2012	2013	2014	2015
Long-term debt	$349	$320	$629	$630
Current installments on long-term debt	8	-	-	-
Current notes payable	-	-	-	-
Cash	(17)	(6)	(5)	(1)
Short-term investments	(63)	(52)	(26)	-
Net Debt	**$277**	**$262**	**$598**	**$629**
FAD	Fiscal Year			
	2012	2013	2014	LTM (3)
Net income	$43	$71	$90	$48
Depreciation, depletion and amortization (1)	26	27	27	36
Basis of real estate sold	5	3	9	5
Non-cash asset impairment & eliminations	-	-	-	1
Capital expenditures	(21)	(24)	(28)	(35)
Funds available for distribution	**$53**	**$77**	**$98**	**$55**
Distributions to common stockholders (2)	**$50**	**$52**	**$58**	**$61**

(1) Includes amortization of bond discounts and deferred loan fees
(2) Excludes distribution of Clearwater Paper stock in 2008
(3) Distribution in LTM column is at current rate of $1.50 per share

Definitions

EBITDDA is a non-GAAP measure and is calculated as net income (loss) adjusted for interest expense, provision (benefit) for income taxes, depreciation, depletion and amortization, basis of real estate sold and non-cash asset impairment and eliminations.

Segment EBITDDA from continuing operations is a non-GAAP measure and is calculated as segment operating income (loss) adjusted for depreciation, depletion and amortization, basis of real estate sold and non-cash asset impairment and eliminations.

Funds Available for Distribution (FAD) is a non-GAAP measure and is calculated as net income (loss) adjusted for depreciation, depletion and amortization, basis of real estate sold, non-cash asset impairment and eliminations and capital expenditures. For purposes of this definition, capital expenditures exclude all expenditures relating to direct or indirect timberland purchases in excess of $5 million.

Net debt to enterprise value is a non-GAAP measure and is calculated as net debt divided by enterprise value. Net debt is calculated as long-term debt, less cash and short-term investments.

Consolidated Leverage Ratio is defined in our credit agreements as Total Funded Indebtedness divided by Total Asset Value. Total Funded indebtedness consist of our long-term debt, including any current portion of long-term debt, plus the total amount outstanding under the letter of credit subfacility. Total Asset Value per the credit agreements is defined as the value of our timberlands, the book basis of our Wood Products manufacturing facilities, cash and cash equivalents, short-term investments, the cash value of our company-owned life insurance (COLI) and the purchase price of timberlands acquired. The book basis of our Wood Products manufacturing facilities and the cash value of our COLI are each limited to 5% of Total Asset Value.

Interest Coverage Ratio is our trailing twelve months EBITDDA divided by interest expense for the same period. EBITDDA for purposes of the credit agreements is defined as net income adjusted for interest expense, income taxes, depreciation, depletion and amortization, the basis of real estate sold and non-cash equity compensation expense.