March 2016

Investor Presentation

Mike Covey
Chairman & Chief Executive Officer

Jerry Richards
Vice President & Chief Financial Officer

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, 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.

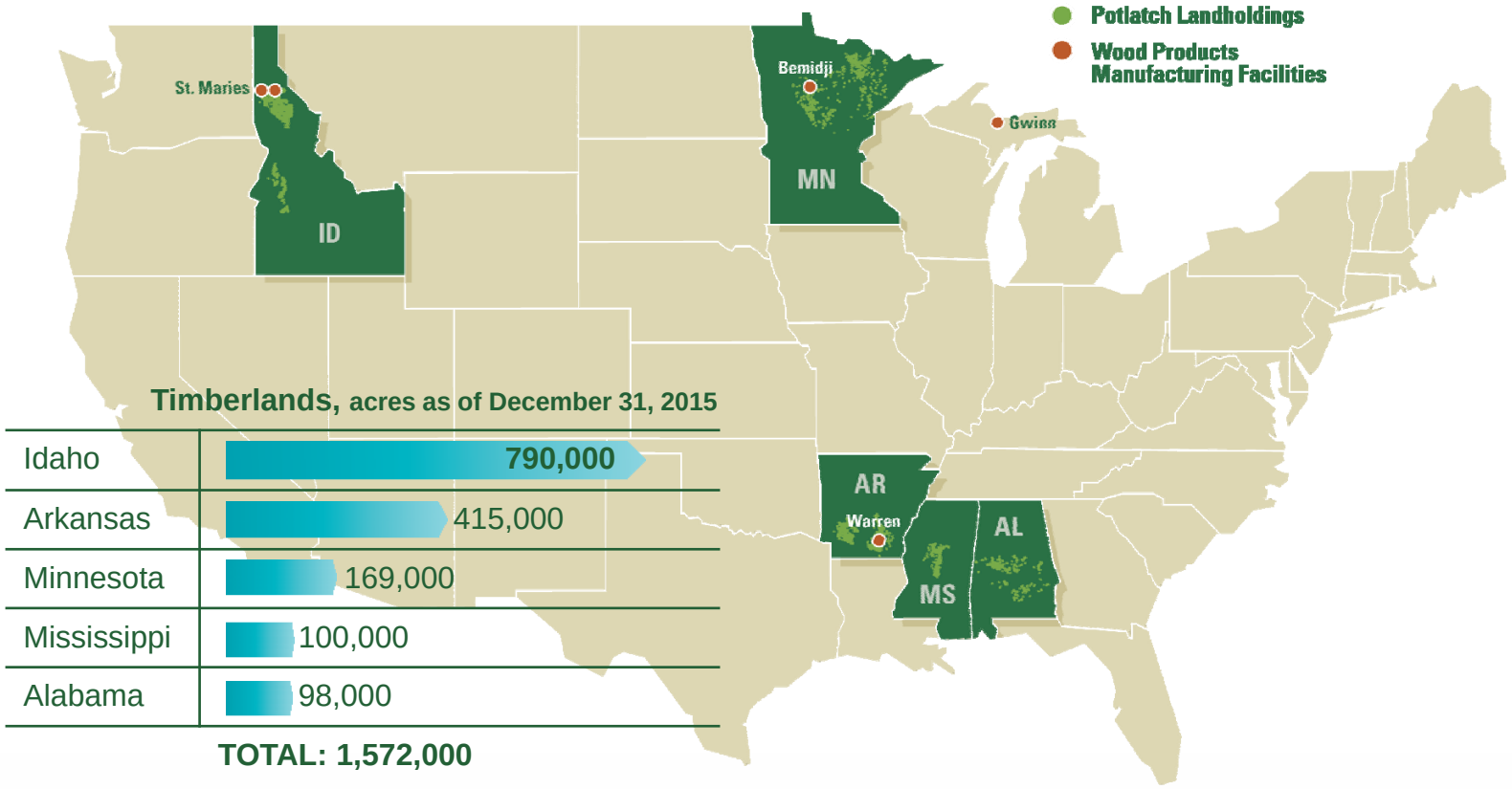
Potlatch Highlights

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 • Focus 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% recently and currently yields 5.6%(1) • Opportunity to sell timberlands at high private market values and repurchase shares at deep discount

(1) Based on March 1, 2016 closing stock price of $26.67 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 December 31, 2015

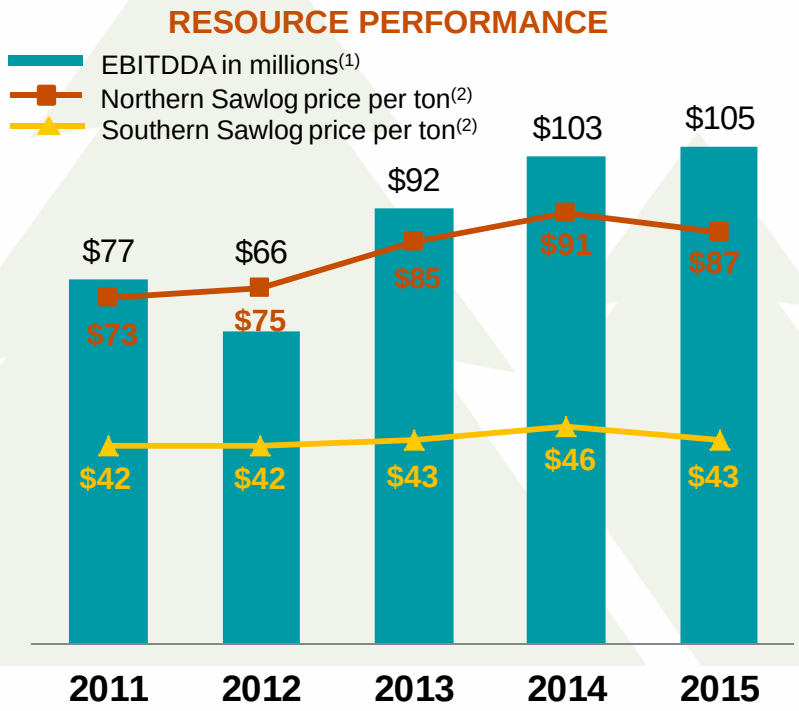
Idaho	**790,000**
Arkansas	415,000
Minnesota	169,000
Mississippi	100,000
Alabama	98,000

TOTAL: 1,572,000

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
  - Changes in Southern sawlog average prices are due to proportion of hardwood in the mix
- At current volumes, a $10/ton change in sawlog prices ~
  - $20 million in annual EBITDDA in North
  - $10 million in annual EBITDDA in South

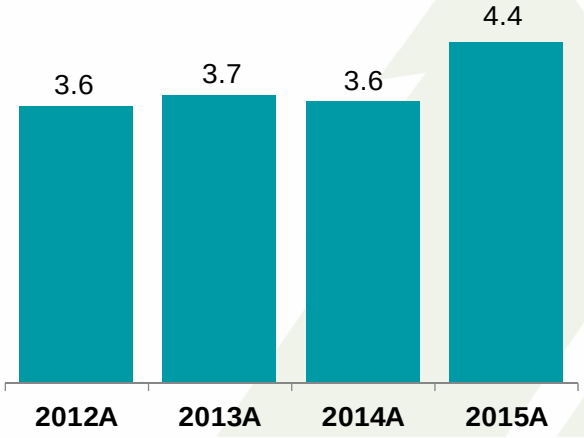


(1) EBITDDA is reconciled on slide 22 and defined on slide 24
(2) Delivered basis

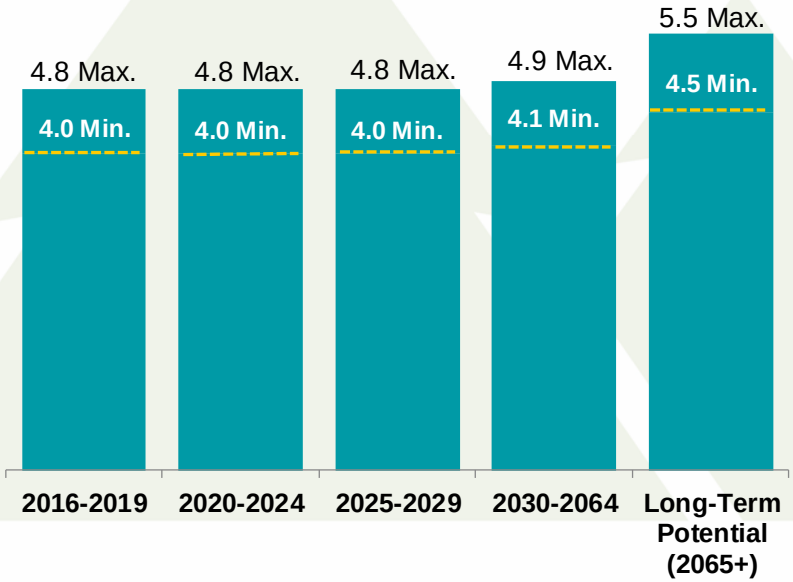
Resource: Long-Term Harvest Profile

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)



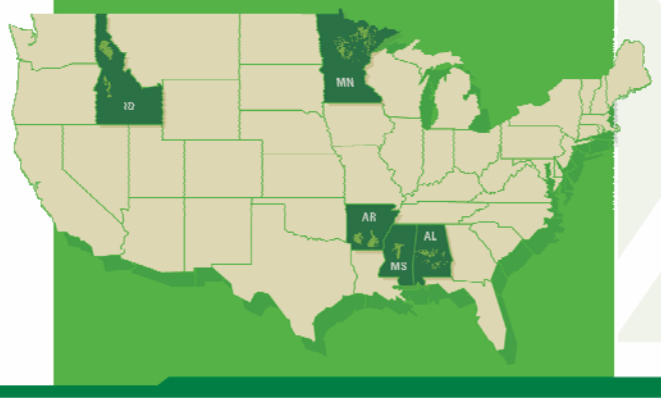
Real Estate Business

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.

2016 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
75,000 acres

Rural Real Estate
130,000 acres

Non-Strategic Timberlands
80,000 acres

Potlatch.

$2,300* / 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

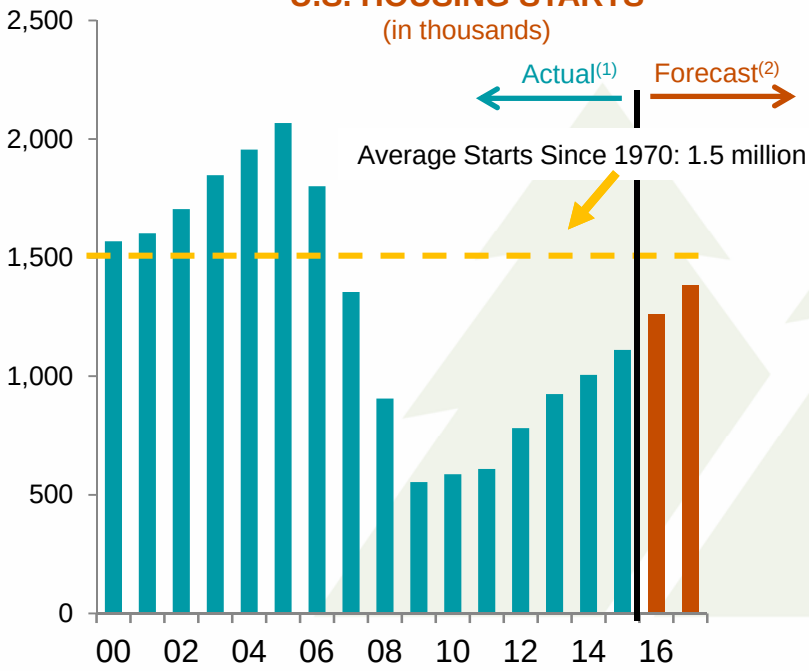
- We operate four sawmills that produce about 650 million board feet of lumber annually
- Our industrial-grade plywood mill produces about 160 million square feet of higher grade panels, most of which are sold at a premium
- Changes in EBITDDA driven largely by lumber prices and log costs
  - At current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

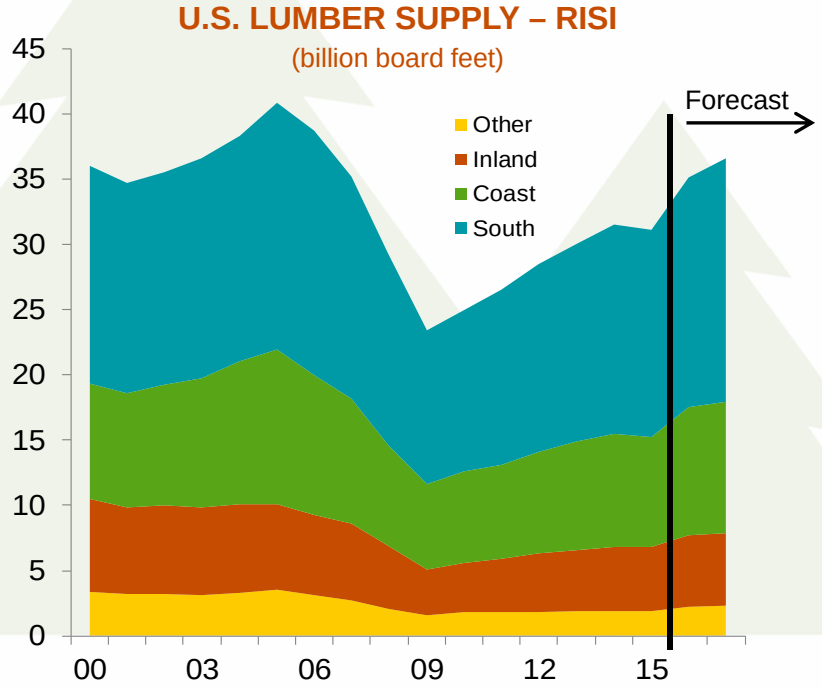


(1) EBITDDA is reconciled on slide 22 and defined on slide 24

U.S. Housing Starts & Lumber Demand 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*

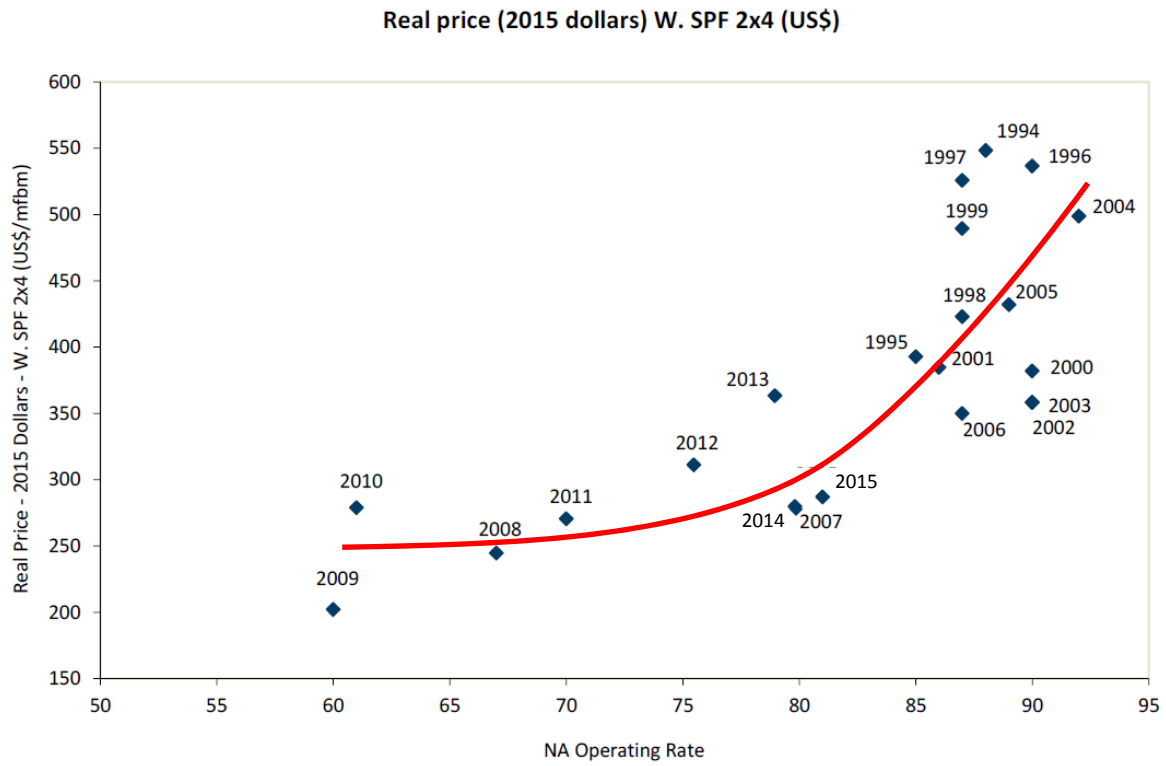




(1) Source: U.S. Census Bureau
(2) Forecast based on average of 8 different economic forecasting firms

Lumber Capacity Utilization vs. Price

Lumber prices are correlated with manufacturing capacity utilization, which is increasing.

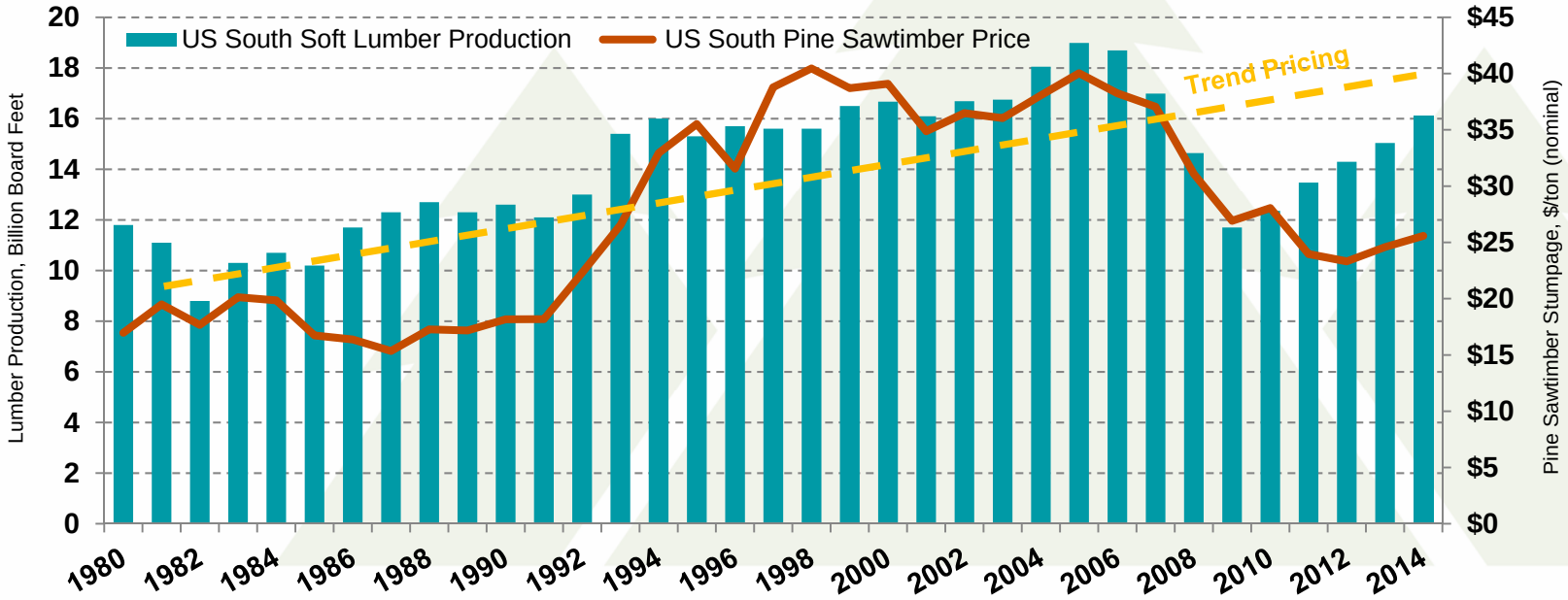


Source: RBC Capital Markets from Random Lengths, RISI, and RBC Capital Markets estimates.

Southern Sawlog Price

Southern sawlog prices are well below trend levels

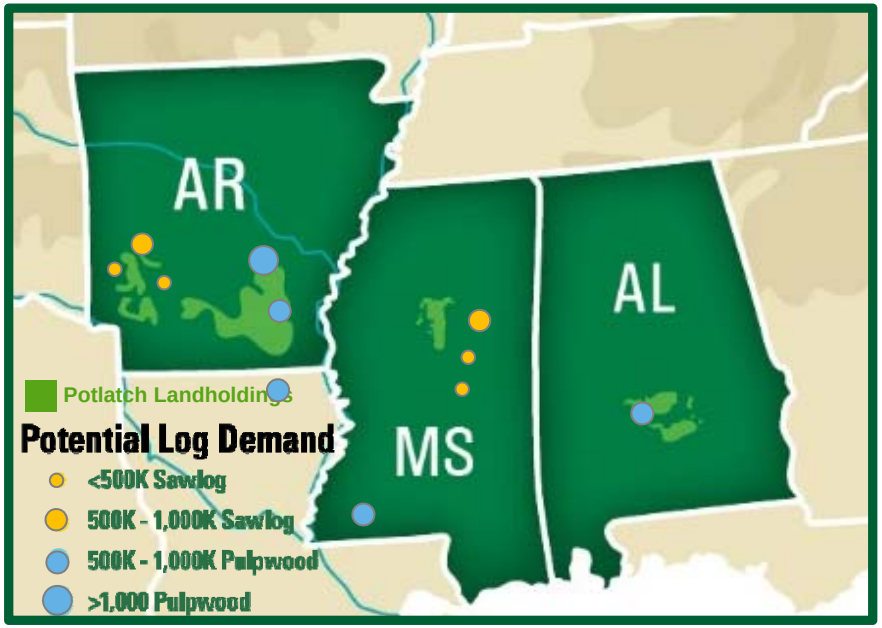
SOUTHERN PINE SAWTIMBER STUMPAGE PRICE VS. LUMBER PRODUCTION



Source: USDA, WWPA, Timber Mart-South

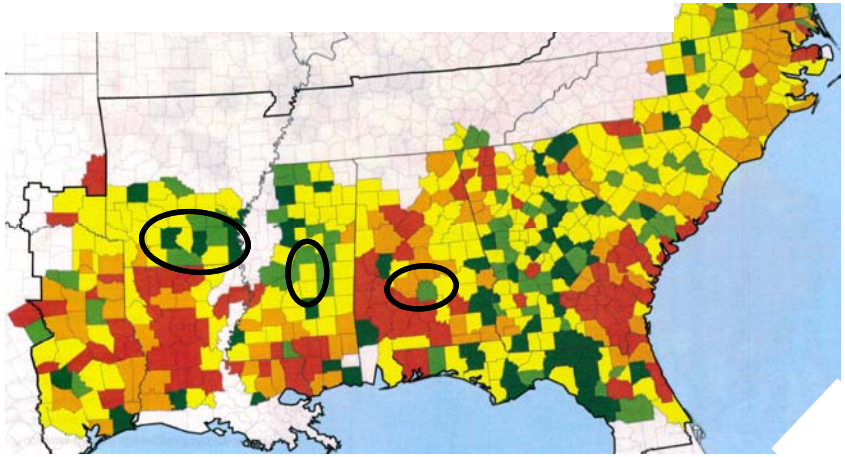
INCREASING Investments in our Southern Wood Baskets

- *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

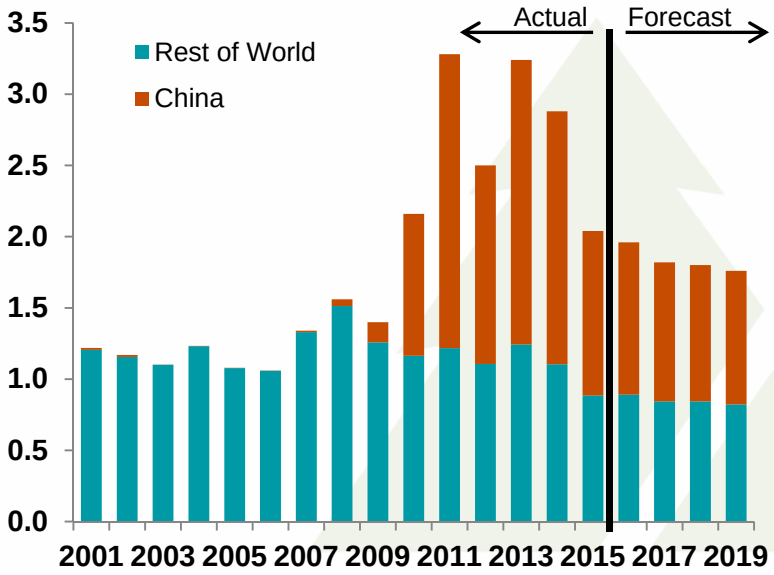
Substantial Price Decrease → Substantial Price Increase

Source: Forest2Market

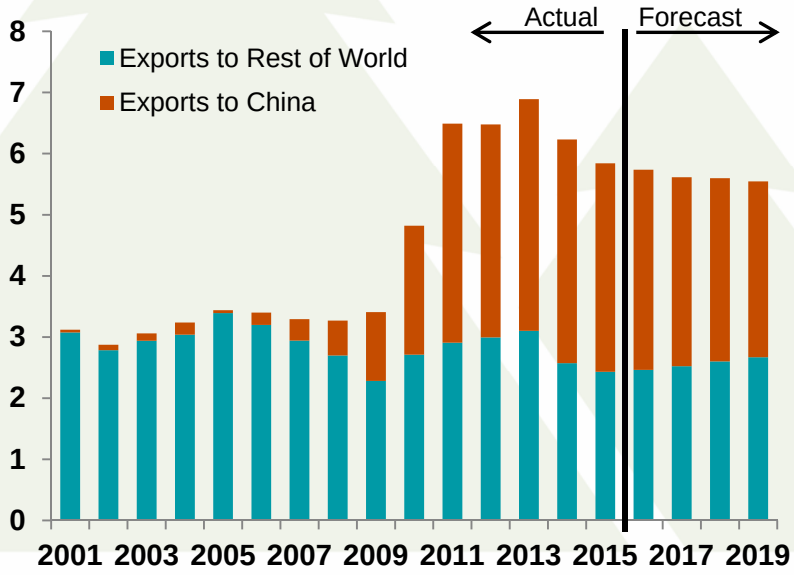
North American Log & Lumber Exports

The volume of wood exported from North America to China has grown materially in the last decade

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



NORTH AMERICAN SOFTWOOD LUMBER EXPORTS
(billion board feet)

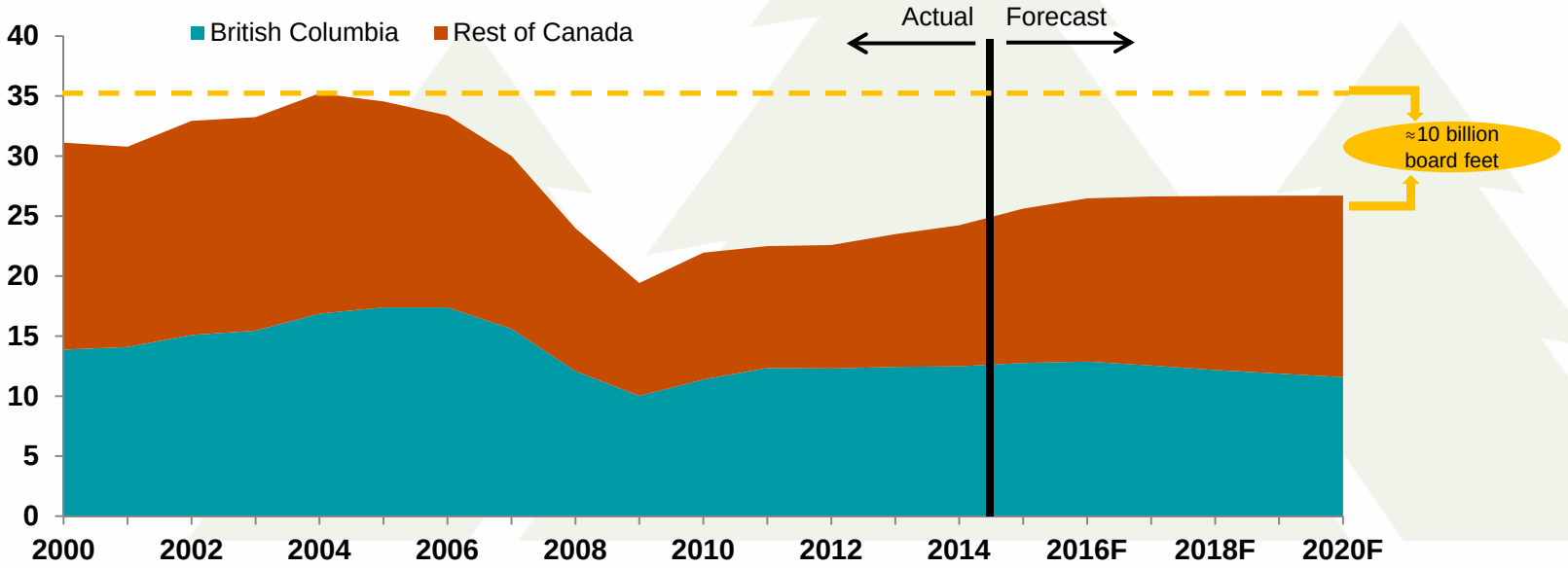


Source: Wood Markets Outlook 2015 edition, UN Comtrade Database

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)

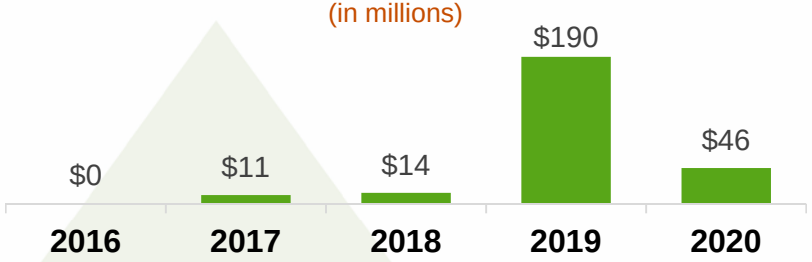


Source: Wood Markets Outlook 2015 edition

Capital Structure

Amounts as of December 31, 2015 Unaudited, $ in millions	
Market capitalization[1]	$1,085
Net debt[2]	626
Enterprise Value	$1,711
Net debt to enterprise value	37%
Consolidated leverage ratio[3]	25%
Interest coverage ratio[4]	3.28
Weighted average cost of debt[5]	4%

DEBT MATURITIES FOR THE NEXT FIVE YEARS
(in millions)



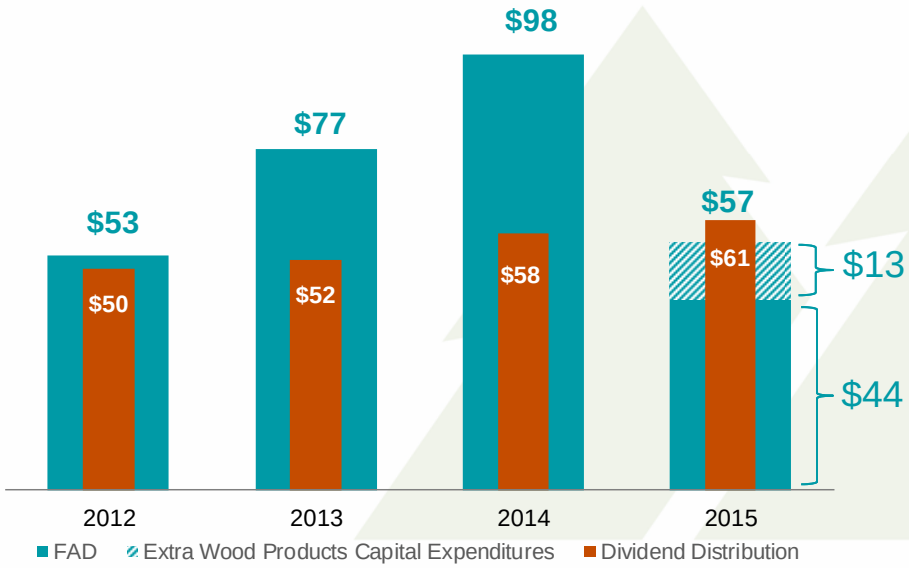
- $249 million is available on our revolver
  - Maturity: February 2020
  - Accordion: $250 million
- Refinanced $28 million of debt
  - Matures February 2026
  - Fixed rate of 3.88% before patronage
  - Interest savings of $0.4 million per year
- Going forward, goal is to reduce leverage

(1) Market capitalization is as of March 1, 2016
(2) Net debt is reconciled on slide 23 and defined on slide 24
(3) Consolidated leverage ratio is defined on slide 24 and is limited to 40%
(4) Interest coverage ratio is defined on slide 24 and is required to be at least 3.00x
(5) Weighted average cost of debt is net of income taxes

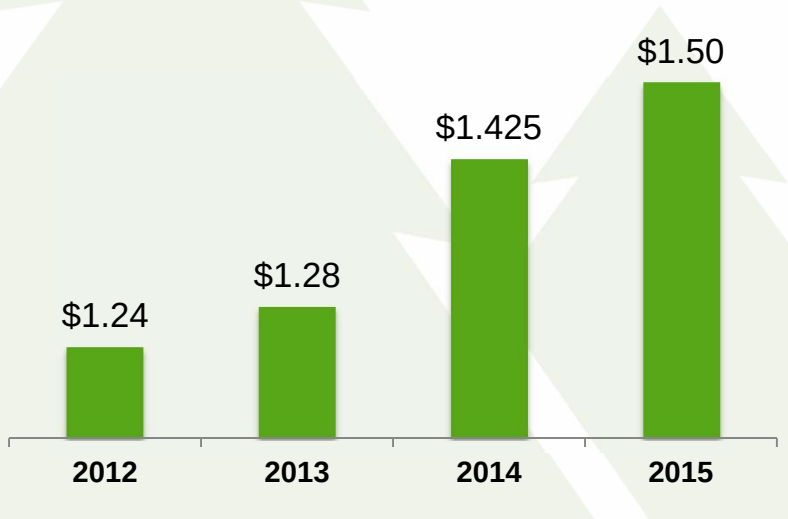
Dividend History

- *We've grown our dividend 20% the last three years(1)*
- *Our current dividend yield is 5.6%(2)*

FUNDS AVAILABLE FOR DISTRIBUTION(3)
(in millions)



DIVIDEND PAID PER SHARE
(dollars)

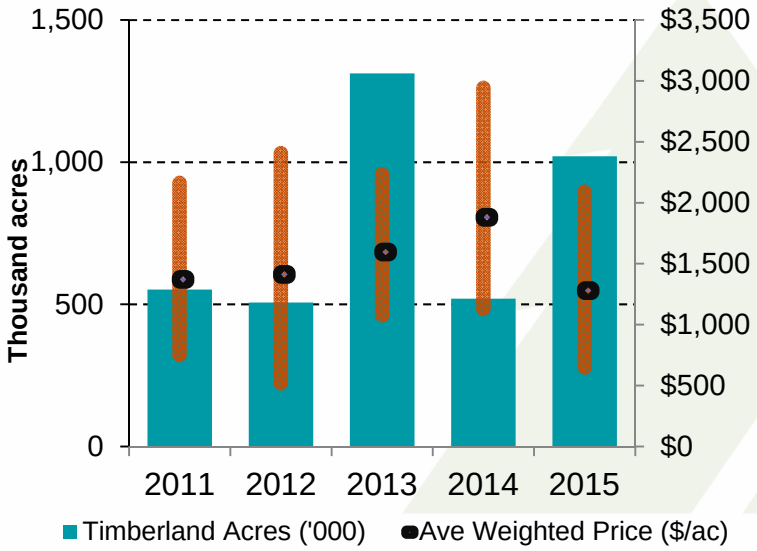


(1) The dividend increased 13% in Q4 2013 and 7% in Q4 2014
(2) Based on March 1, 2016 closing stock price of $26.67 per share
(3) Funds Available for Distribution is reconciled on slide 23 and defined on slide 24

Arbitrage Opportunity

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 $900 per acre.

PRIVATE TIMBERLAND TRANSACTIONS

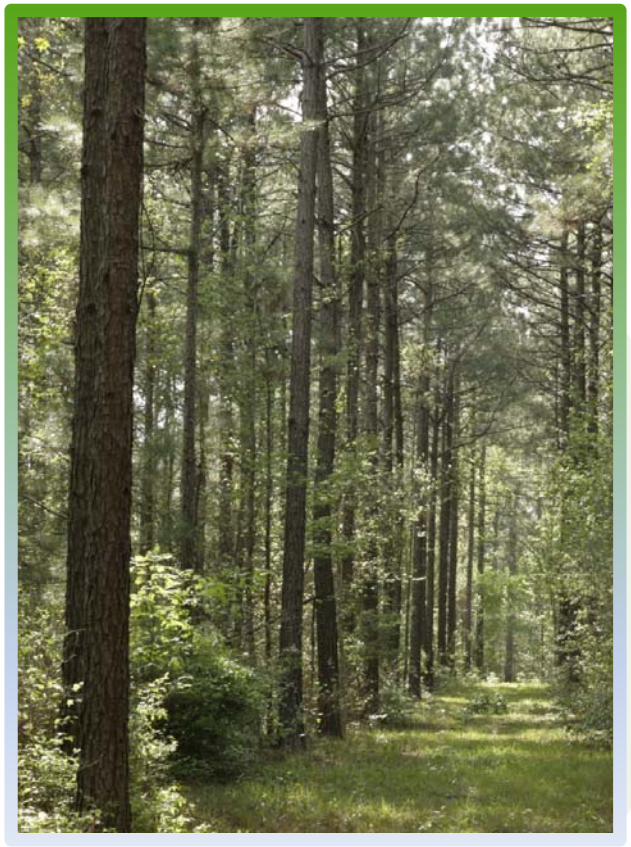


POTLATCH STOCK PRICE CHART



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 favorable
  - U.S. housing starts recovering to long-term trend
  - North American exports to China tension U.S. market
  - Canadian lumber capacity is declining
  - 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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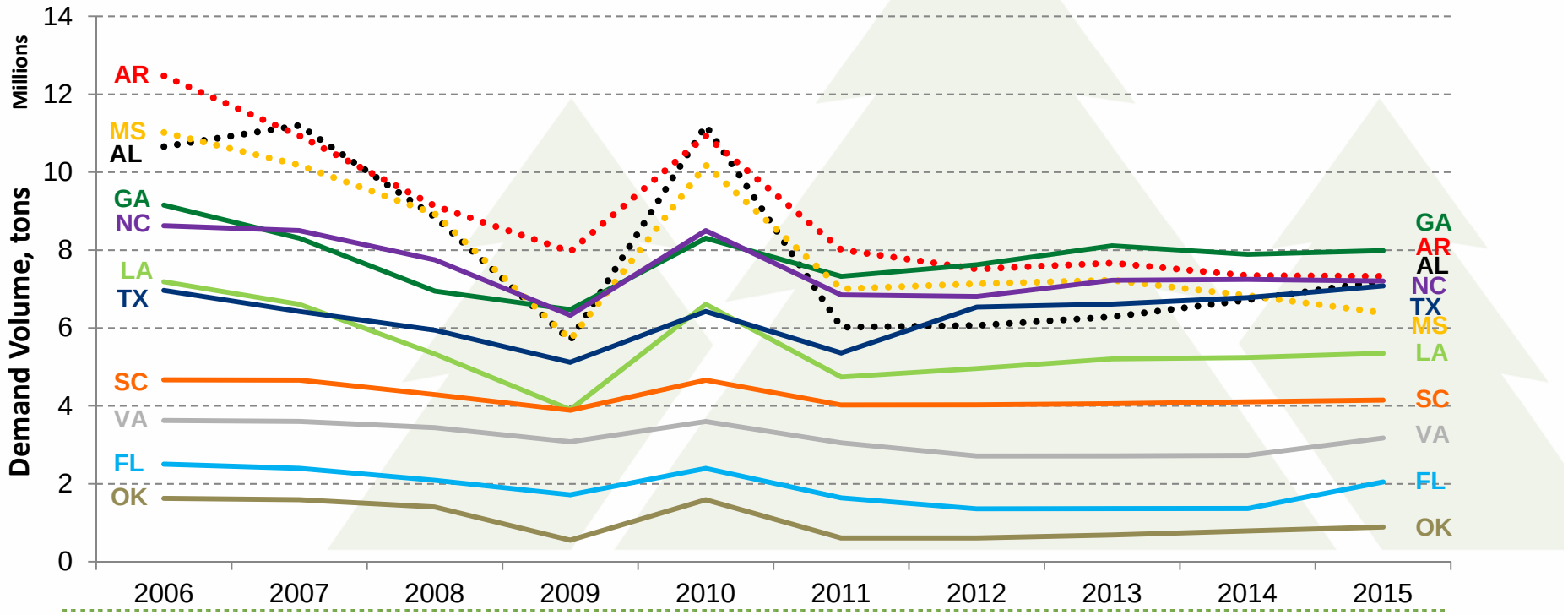
Southern Sawlog Demand by State

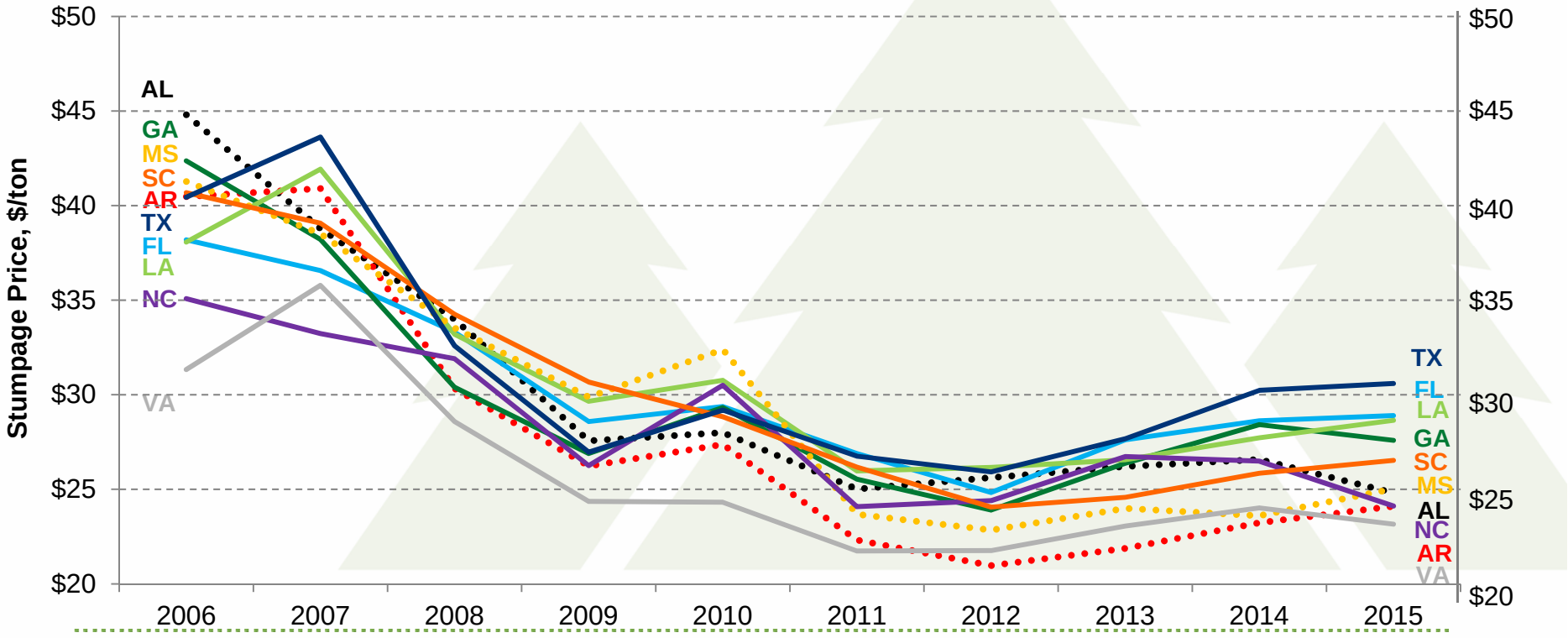
Comparison of historical sawlog demand across 11 southern states. Several states (GA, NC, TX, SC) now have sawlog demand approaching or at pre-recession levels. Demand is still relatively sluggish in our wood baskets in AR, AL, and MS (dotted lines).



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 $24/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	2015
CONSOLIDATED	Net income	$40	$43	$71	$90	$32
	Adjustments:					
	Income tax (benefit) provision	4	17	14	20	(6)
	Interest expense [1]	28	26	23	23	33
	Depreciation, depletion and amortization	26	23	25	25	36
	Basis of real estate sold	14	5	4	9	7
	Non-cash eliminations	(2)	-	(1)	-	1
	Consolidated EBITDDA	**$110**	**$114**	**$136**	**$167**	**$103**
RESOURCE	Operating income	$60	$50	$74	$85	$76
	Depreciation, depletion and amortization	17	16	18	18	29
	Resource Segment EBITDDA	**$77**	**$66**	**$92**	**$103**	**$105**
WOOD PRODUCTS	Operating income (loss)	$7	$45	$59	$53	($5)
	Depreciation and non-cash impairments & eliminations	8	7	6	6	8
	Wood Products Segment EBITDDA	**$15**	**$52**	**$65**	**$59**	**$3**
REAL ESTATE	Operating income	$31	$28	$18	$27	$17
	Basis of real estate sold and depreciation	14	5	4	9	7
	Real Estate Segment EBITDDA	**$45**	**$33**	**$22**	**$36**	**$24**

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

Potlatch Net Debt & FAD Reconciliations ($ in millions)

Net Debt	At December 31,			
	2012	2013	2014	2015
Long-term debt	$349	$320	$606	$599
Current installments on long-term debt	8	-	23	5
Current notes payable	-	-	-	30
Cash	(17)	(6)	(5)	(8)
Short-term investments	(63)	(52)	(26)	-
Net Debt	**$277**	**$262**	**$598**	**$626**
FAD	Fiscal Year			
	2012	2013	2014	2015
Net income	$43	$71	$90	$32
Depreciation, depletion and amortization (1)	26	27	27	38
Basis of real estate sold	5	3	9	7
Non-cash asset impairment & eliminations	-	-	-	1
Capital expenditures	(21)	(24)	(28)	(34)
Funds available for distribution	**$53**	**$77**	**$98**	**$44**
Distributions to common stockholders	**$50**	**$52**	**$58**	**$61**

(1) Includes amortization of bond discounts and deferred loan fees

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.