

**AUDIT COMMITTEE POLICY FOR  
PRE-APPROVAL OF INDEPENDENT AUDITOR SERVICES AND FEES**

**BOARD OF DIRECTORS  
POTLATCH CORPORATION**

**Principles**

The Audit Committee will annually review and pre-approve the audit and non-audit services to be performed by the independent auditor in order to assure that the provision of such services does not impair the independent auditor's independence. Unless a type of service to be provided by the independent auditor has received general pre-approval, it will require specific pre-approval by the Audit Committee. Any proposed services exceeding pre-approved cost levels will require specific pre-approval by the Audit Committee.

The form of Appendix A to this Policy will be utilized by the Audit Committee each year to list the audit, audit-related, tax and all other services that the Committee pre-approves for the forthcoming fiscal year. The term of any pre-approval is from the date of pre-approval until the conclusion of the following fiscal year, unless the Audit Committee specifically provides for a different period. The Audit Committee may periodically revise the list of pre-approved services, based on subsequent determinations.

**Audit Services**

The terms and fees of the annual audit engagement will be subject to the specific pre-approval of the Audit Committee. The Audit Committee will approve, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, or other material matters that may subsequently arise.

The Audit Committee may also grant pre-approval for other audit services, which are those services that only the independent auditor could reasonably provide. The Audit Committee has pre-approved the audit services listed in Appendix A. All other audit services not listed in Appendix A must be separately pre-approved by the Audit Committee.

**Audit-Related Services**

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and that are traditionally performed by the independent auditor. The Audit Committee believes that the provision of audit-related services does not impair the independence of the auditor, and has pre-approved the audit-related services

listed in Appendix A. All other audit-related services not listed in Appendix A must be separately pre-approved by the Audit Committee.

### **Tax Services**

The Audit Committee believes that the independent auditor can provide tax services to the Company such as tax compliance, tax planning and tax advice without impairing the auditor's independence. However, the Audit Committee will not permit the retention of the independent auditor in connection with a transaction initially recommended by the independent auditor, the purpose of which may be tax avoidance and the tax treatment of which may not be supported by the Internal Revenue Code and related regulations. The Audit Committee has pre-approved the tax services listed in Appendix A. All tax services involving large or complex transactions not listed in Appendix A must be separately pre-approved by the Audit Committee.

### **All Other Services**

In addition to the services described above, the Audit Committee may grant pre-approval to those permissible non-audit services (classified as all other services) that it believes are routine and recurring services, and that would not impair the independence of the auditor.

### **Prohibited Non-Audit Services**

Securities and Exchange Commission (SEC) regulations prohibit the following non-audit services from being provided by the independent auditor:

- Bookkeeping or other services related to the accounting records or financial statements of the audit client;
- Financial information systems design and implementation;
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports;
- Actuarial services;
- Internal audit outsourcing services;
- Management functions;
- Human resources;
- Broker-dealer, investment advisor or investment banking services;
- Legal services; and
- Expert services unrelated to the audit.

The SEC's rules and relevant guidance should be consulted to determine the precise definitions of these services and the applicability of exceptions to certain of these prohibitions. The Audit Committee will not approve any prohibited non-audit service on this list.

### **Pre-Approved Fee Levels**

Pre-approved fee levels for all services to be provided by the independent auditor will be established periodically by the Audit Committee. Any proposed services exceeding those pre-approved levels will require specific pre-approval by the Audit Committee.

### **Supporting Documentation**

With respect to each proposed pre-approved service, the independent auditor will provide detailed back-up documentation to the Audit Committee regarding the specific services to be provided prior to the pre-approval authorization, or alternatively, provide a formal Engagement Letter for review and approval by the Audit Committee.

### **Procedures**

Requests or applications to provide services that require separate approval by the Audit Committee will be submitted to the Audit Committee by the independent auditor and must include a statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence.

### **Delegation of Authority**

The Audit Committee may delegate pre-approval authority to one or more of its members. The member or members to whom such authority has been delegated shall report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee does not delegate its responsibility to pre-approve services performed by the independent auditor to management.