

EXECUTIVE COMPENSATION AND PERSONNEL POLICIES COMMITTEE CHARTER

BOARD OF DIRECTORS POTLATCH CORPORATION

Committee Purpose

The Executive Compensation and Personnel Policies Committee (the “Committee”) is a standing committee established by the Board of Directors (the “Board”) of Potlatch Corporation (the “Company”) whose purposes are to:

- a. Discharge the Board’s responsibilities relating to compensation and personnel policies of the Company’s executives; and
- b. Prepare an annual report on executive compensation for inclusion in the Company’s proxy statement for the annual meeting of stockholders, in accordance with applicable laws and regulations.

Committee Membership and Procedures

The Committee shall consist of a minimum of three Directors, as determined from time to time by the Board, one of whom shall be appointed as Chair of the Committee (the “Chair”). The members and the Chair will be appointed by the Board and shall serve at the pleasure of the Board. A majority of the members of the Committee shall constitute a quorum. The Chair (or in his or her absence, a member designated by the Chair) shall preside at all meetings of the Committee. The Chair shall be responsible for leadership of the Committee, including scheduling meetings, preparing agendas and making reports to the Board.

The entire Committee or any individual Committee member may be removed from office without any cause by the affirmative vote of a majority of the Board. Any Committee member may resign effective upon giving oral or written notice to the Chairman of the Board, the Corporate Secretary or the Board (unless the notice specifies a later time for the effectiveness of such resignation).

Independence and Other Qualifications

Each Director who serves on the Committee shall meet the objective test of “independence” that has been established by the Board or, in the absence of such test, the Board shall make an individual determination that such Director is independent within the meaning of any applicable law or any listing standard or rule established by the New York Stock Exchange (“Listing Standard”) and applicable to the Committee. In addition, each member shall qualify as an “outside director” as such term is defined in section 162(m) of the Internal Revenue Code of 1986 and the regulations promulgated thereunder, or any successor provisions thereto, and as a “non-employee director” as such term is defined in Section 16 of the Securities

Exchange Act of 1934 and the rules and regulations promulgated thereunder, or any successor provisions thereto.

Committee Meetings

The Committee shall meet at the call of the Chair upon notice given in accordance with the Bylaws of the Company. Meetings may also be called, subject to required notice, at any time by any member of the Committee or by the Chairman of the Board or the Vice Chair of the Board. The Committee may include in its meetings or in separate executive sessions, members of management and other persons employed or retained by the Company or the Committee.

Delegation to Subcommittee

The Committee shall have the authority to delegate to a subcommittee consisting of one or more designated members of the Committee, the authority to conduct such of the Committee's duties and responsibilities as are provided in the resolutions of the Committee, except to the extent that such delegation is limited by applicable law or Listing Standard. The actions of any subcommittee to whom authority is delegated under this paragraph shall be reported to the full Committee.

Resources and Authority

The Committee shall have the resources and appropriate authority to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of compensation consultants and other advisors to assist the Committee or a member of the Committee engaged in conducting the Committee's duties and responsibilities as it deems appropriate, without seeking Board approval.

Duties and Responsibilities

The following shall be the common recurring duties and responsibilities of the Committee in carrying out its oversight role. These duties and responsibilities are set forth below as a guide to the Committee with the understanding that the Committee may alter or supplement them as appropriate under the circumstances to the extent permitted by applicable law, regulation or Listing Standard:

1. Review and approve the goals and objectives relevant to the compensation of the Chief Executive Officer and communicate them to the Board;
2. Evaluate the performance of the Chief Executive Officer in light of such goals and objectives at least annually and communicate the results to the Chief Executive Officer and the Board;
3. Establish annually the Chief Executive Officer's compensation level, including, as applicable, (a) base salary, (b) bonus, (c) long-term

incentive and equity compensation, and (d) any other compensation, perquisites and special or supplemental benefits, and communicate them to the Board. In determining the compensation for the Chief Executive Officer, consider, among other items, the Company's performance and relative stockholder return, the Chief Executive Officer's past performance relative to the goals and objectives approved by the Committee, the value of similar incentive awards to chief executive officers at comparable companies, and the compensation provided to the Chief Executive Officer in the past;

4. After consultation with the Chief Executive Officer, set the long-term incentive and equity compensation levels for all officers reporting to the Chief Executive Officer, and review the Chief Executive Officer's decisions with respect to (a) base salary, (b) bonus, and (c) other compensation, perquisites and special or supplemental benefits paid to such officers;
5. Administer those compensation and benefit plans of the Company, including those of Potlatch Forest Products Corporation, which by their terms specify the Committee as the plan administrator;
6. Review annually Management succession plans relating to the Chief Executive Officer and senior executive positions and, after consultation with the Chief Executive Officer, make recommendations to the Board for consideration;
7. Review annually successors for the Chief Executive Officer in case of temporary absence or disability and make recommendations to the Board for consideration;
8. Review annually the position description for the Chief Executive Officer and recommend to the Board any revisions deemed necessary by the Committee;
9. Review the equity and other incentive compensation plans and practices of the Company, including those of Potlatch Forest Products Corporation, and recommend to the Board any changes deemed appropriate by the Committee;
10. Review the Management Performance Award Plan or successor plans thereto, and recommend to the Board any changes deemed appropriate by the Committee;
11. Review the Annual Employee Benefits Report in accordance with the requirements of the Employee Retirement Income Security Act of 1974, as amended;

12. Provide necessary approval in order to qualify the Company's equity and incentive compensation plans for various exemptions that may be established by the Securities and Exchange Commission under section 16 of the Securities Exchange Act of 1934;
13. Provide necessary determinations in connection with executive compensation to qualify for tax deductions in excess of limitations under section 162(m) of the Internal Revenue Code;
14. Prepare an annual report on executive compensation for inclusion in the Company's proxy statement for the annual meeting of stockholders, in accordance with applicable laws and regulations and Listing Standards; and
15. Recommend to the Board any revisions to this Charter deemed appropriate by the Committee.

Performance Evaluation

The Committee shall produce and provide to the Board annually, a self-evaluation of the Committee, which evaluation shall assess the Committee's performance of its duties and responsibilities set forth in this Charter. The self-evaluation shall be conducted in such manner as the Committee deems appropriate.