

POTLATCH CORPORATION
RECONCILIATION OF NON-GAAP MEASURES
(Dollars in thousands)

Funds from operations (FFO)

	Quarter ended September 30, 2006	Nine months ended September 30, 2006
Net earnings	\$ 24,232	\$ 95,003
Benefit from taxes related to REIT conversion and deferred tax adjustment	(9,216)	(60,398)
Depreciation, depletion and amortization	22,989	67,995
Funds from operations	<u>\$ 38,005</u>	<u>\$ 102,600</u>