

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

EBITDA

	<u>Resource</u>	<u>Land Sales & Development</u>	<u>Wood Products</u>	<u>Pulp & Paperboard</u>	<u>Consumer Products</u>	<u>Corporate & Other</u>	<u>Continuing Operatons Total</u>	<u>Discontinued Operations</u>	<u>Total</u>
Twelve months ended September 30, 2006									
Net income	\$ 56,841	\$ 17,713	\$ 6,488	\$ 10,003	\$ 27,457	(13,581)	\$ 104,921	\$ -	\$ 104,921
Income tax provision	-	-	-	-	-	(64,835)	(64,835)	-	(64,835)
Interest expense	-	-	-	-	-	29,234	29,234	-	29,234
Depreciation, depletion & amortization *	<u>21,277</u>	<u>-</u>	<u>16,187</u>	<u>36,071</u>	<u>16,010</u>	<u>1,293</u>	<u>90,838</u>	<u>-</u>	<u>90,838</u>
EBITDA	<u>\$ 78,118</u>	<u>\$ 17,713</u>	<u>\$ 22,675</u>	<u>\$ 46,074</u>	<u>\$ 43,467</u>	<u>\$ (47,889)</u>	<u>\$ 160,158</u>	<u>\$ -</u>	<u>\$ 160,158</u>
Year ended December 31, 2005									
Net income	\$ 56,387	\$ 22,441	\$ 28,594	\$ (1,621)	\$ 10,628	(83,465)	\$ 32,964	\$ -	\$ 32,964
Income tax provision	-	-	-	-	-	14,676	14,676	-	14,676
Interest expense	-	-	-	-	-	29,045	29,045	-	29,045
Depreciation, depletion & amortization *	<u>15,420</u>	<u>-</u>	<u>14,741</u>	<u>36,407</u>	<u>15,587</u>	<u>1,056</u>	<u>83,211</u>	<u>-</u>	<u>83,211</u>
EBITDA	<u>\$ 71,807</u>	<u>\$ 22,441</u>	<u>\$ 43,335</u>	<u>\$ 34,786</u>	<u>\$ 26,215</u>	<u>\$ (38,688)</u>	<u>\$ 159,896</u>	<u>\$ -</u>	<u>\$ 159,896</u>
Year ended December 31, 2004									
Net income	\$ 69,901	\$ -	\$ 68,330	\$ 11,012	\$ (10,155)	(123,758)	\$ 15,330	\$ 255,919	\$ 271,249
Income tax provision	-	-	-	-	-	9,967	9,967	166,098	176,065
Interest expense	-	-	-	-	-	45,863	45,863	-	45,863
Depreciation, depletion & amortization *	<u>11,961</u>	<u>-</u>	<u>12,709</u>	<u>37,240</u>	<u>15,239</u>	<u>3,510</u>	<u>80,659</u>	<u>10,377</u>	<u>91,036</u>
EBITDA	<u>\$ 81,862</u>	<u>\$ -</u>	<u>\$ 81,039</u>	<u>\$ 48,252</u>	<u>\$ 5,084</u>	<u>\$ (64,418)</u>	<u>\$ 151,819</u>	<u>\$ 432,394</u>	<u>\$ 584,213</u>
Year ended December 31, 2003									
Net income	\$ 65,511	\$ -	\$ 4,078	\$ (15,104)	\$ 1,266	(59,593)	\$ (3,842)	\$ 54,569	\$ 50,727
Income tax provision (benefit)	-	-	-	-	-	(9,148)	(9,148)	34,887	25,739
Interest expense	-	-	-	-	-	48,172	48,172	-	48,172
Depreciation, depletion & amortization *	<u>12,079</u>	<u>-</u>	<u>13,177</u>	<u>38,171</u>	<u>12,585</u>	<u>4,137</u>	<u>80,149</u>	<u>15,872</u>	<u>96,021</u>
EBITDA	<u>\$ 77,590</u>	<u>\$ -</u>	<u>\$ 17,255</u>	<u>\$ 23,067</u>	<u>\$ 13,851</u>	<u>\$ (16,432)</u>	<u>\$ 115,331</u>	<u>\$ 105,328</u>	<u>\$ 220,659</u>

* Depreciation, depletion and amortization excludes cost of permit timber harvested for all years.