

ACCEPTANCE REVIEW MEMO

Licensee: Potlatch Corporation

License No.: 11-27075-01

Docket No.: 030-32229

Mail Control No.: 470727

Type of Action: Amend Date of Requested Action: 09-19-05

Reviewer Assigned: Roberto Date Assigned to Reviewer: 10-14-05

Reviewer(s) Who
Performed Review: Gaines

Response Received	Deficiencies Noted During Acceptance Review
11/10/05	1. Call licensee and discuss possible change of ownership, may need to have licensee fill out Appendix F. <i>Requested info by email on 10/14/05.</i>
	2. <i>Info. received by email 11-10-05.</i>
	3.
	4.

Reviewer's Initials: RTIC

Date: 11/14/05

Branch Chief's and/or SR. HP's Initials: ADG

Date: 11/14/05

- ☐ Yes ☐ No Action - decommissioning notification should be issued within 30 days.
- ☐ Yes ☐ No Termination request < 90 days from date of expiration
- ☐ Yes ☐ No Action to be expedited
- ____ Medical emergency
- ____ Licensee in noncompliance (i.e. no RSO, location of use/storage not on license, radioactive material in possession not on license)
- ____ National Security
- ____ Other (_____)

Branch Chief's and/or Sr. HP's Initials: _____ Date: _____

SISP Review

- ☐ Yes ☒ No **Non-Publicly Available, Sensitive** if any item below is checked
- ____ Radionuclides, forms, and quantities
- ____ Location of RAM
- ____ Building drawings with locations of RAM
- ____ Security of RAM (locks, alarms, etc.)
- ____ SS&D Catalog information
- ____ Specifics of Emergency Plan (routes to and from RAM, response to security events, etc.)
- ____ Safeguards Information

Branch Chief's and/or Sr. HP's Initials: ADG

Date: 10/14/05

From: Paul Bridges <paul.bridges@potlatchcorp.com>
To: "Roberto Torres" <RJT@nrc.gov>
Date: 11/10/05 1:19PM
Subject: Re: Change of control and/or ownership form

Mr. Torres,

Attached to this email please find a response to your Change of Control and/or Ownership Form for your review. Please contact me with any other need concerning this matter.

Sincerely,

Paul Bridges

At 08:15 AM 11/1/2005 -0500, you wrote:

>Mr. Bridges:

>

>I'm following up on the email that I sent you on 10/14/05. When can I

>expect to receive the change of control/ownership form?

>

>

>

>Mr. Bridges:

>

>10 CFR 30.34(b) states that "no license issued or granted pursuant to the

>regulations...nor any right under a license shall be transferred, assigned

>or in any manner disposed of, either voluntarily or involuntarily,

>directly or indirectly, through transfer of control of any license to any

>person, unless the Commission shall...find that the transfer is in

>accordance with the provisions of the Act and shall give its consent in

>writing. Although not specifically addressed by 10 CFR 30.34, licensees

>undergoing a name change may also be affected by this regulation.

>

>Control over licensed activities can be construed as the authority to

>decide when and how a license (licensed material and/or activities) will

>be used. A change of ownership may be an example of a change of

>control. The central issue is whether the authority over the license has

>changed. In all cases, determining whether a change of control has taken

>place or whether a change is in name only is the Commission's responsibility.

>

>Licensees must notify the Commission when they are undergoing a possible

>change of control and/or a change of name. While this notification is not

>required within a certain time frame, NRC needs adequate time to review

>the submittal to ensure that the transfer is in accordance with the

>regulations.

>

>The information requested in the attached pdf file is required to be

>submitted to the NRC in order to process your request for a change of

>control/ownership and/or a name change. Please submit the information

>either as a pdf file via email or by facsimile to our fax number is (817)

>860-8263 or (817) 860-8188. Thank you.

>

>Roberto J. Torres

>Senior Health Physicist

>U.S. Nuclear Regulatory Commission, Region IV

>Division of Nuclear Materials Safety

>Nuclear Materials Licensing Branch

>611 Ryan Plaza Drive, Suite 400

>Arlington, Texas 76011

>Telephone 817-860-8189
>Facsimile 817-860-8188
>rjt@nrc.gov
>
>Roberto J. Torres
>Senior Health Physicist
>U.S. Nuclear Regulatory Commission, Region IV
>Division of Nuclear Materials Safety
>Nuclear Materials Licensing Branch
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Change of Control and/or Change of Ownership
(includes Change of Name)

10 CFR 30.34(b) states that "no license issued or granted pursuant to the regulations ... nor any right under a license shall be transferred, assigned or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of any license to any person, unless the Commission shall ... find that the transfer is in accordance with the provisions of the Act and shall give its consent in writing. Although not specifically addressed by 10 CFR 30.34, licensees undergoing a name change may also be affected by this regulation.

Control over licensed activities can be construed as the authority to decide when and how a license (licensed material and/or activities) will be used. A change of ownership may be an example of a change of control. The central issue is whether the authority over the license has changed. In all cases, determining whether a change of control has taken place or whether a change is in name only is the Commission's responsibility.

Licensees must notify the Commission when they are undergoing a possible change of control and/or a change of name. While this notification is not required within a certain time frame, NRC needs adequate time to review the submittal to ensure that the transfer is in accordance with the regulations.

In order to process your request for a change of control/ownership and/or a name change, the information on the following pages is required. Our fax number is (817) 860-8263 or (817) 860-8188. If you have any questions regarding our discussion of this fax, please contact me. When responding to this fax, please include the license, docket, and mail control numbers, located at the top of this page as well as the following pages. Thank you.

Information Required for Change of Control and/or Change of Ownership
(to include a name change)

Source: NUREG-1 556, Volume 15

Please provide the following information concerning changes of control (transferor and/or transferee, as appropriate). If any items are not applicable, so state.

1. Provide a complete description of the transaction (i.e., transfer of stocks or assets, or merger). Indicate whether the name has changed and include the new name. Include the name and telephone number of a licensee contact who NRC may contact if more information is needed.

A. .Description of the transaction:

From the September 19, 2005 Potlatch Corp. news release:

Potlatch Corporation (NYSE:PCH), an integrated forest products company, announced today that its Board of Directors has approved a restructuring to convert the company to a real estate investment trust ("REIT"), effective January 1, 2006.

Under the conversion plan, income from the company's 1.5 million acres of timberland assets will qualify for REIT tax treatment. All of Potlatch's non-qualifying operations, including the company's Wood Products, Pulp & Paperboard and Consumer Products businesses, will be transferred into a wholly-owned taxable REIT subsidiary ("TRS") and will continue to pay corporate level tax on earnings.

For additional information see Potlatch Corp. SEC filing S-4 Dated 9-19-05 and Potlatch Corp. SEC filing S-4A dated 11-1-05.

- B. ☒ No name change ***NOTE* As of November 4, 2005, there has not been a name change. If a name change does occur, a license amendment will be filed with the NRC at that time.**

☐ New name of licensed organization: _____

- C. ☒ No change in contact

☐ New contact: : _____

☐ New telephone number: : _____

2. Describe any changes in personnel or duties that relate to the licensed program. Include training and experience for new personnel.

A. ☒ No change in personnel having control over licensed activities.

☐ Changes in personnel having control over licensed activities (e.g. officers of a corporation):

B. ☒ No change in personnel named in the license.

☐ Change in personnel named in the license (e.g. RSO, AUs) - include training, experience and responsibilities:

3. Describe, in detail, any changes in the organization, location, facilities, equipment or procedures that relate to the licensed program.

☐ Organization:

☐ Equipment:

☐ Location:

☐ Procedures:

☐ Facility:

☒ Not applicable

4. Describe the status of the surveillance program (i.e., surveys, wipe tests, quality control) at the present time and the expected status at the time that control is to be transferred.

A. Description of the status of all surveillance programs: **As of November 4, 2005, all surveys, leak tests, inspections and all license requirements are up to date with the last inspection taking place in September 2005.**

B. Surveillance Items & Records: calibrations, leak tests, surveys, inventories, and accountability requirements will be current at the time of transfer

☒ Yes **All , leak tests, surveys, inventories, and accountability requirements are current but no transfer will take place.**

☐ No (explain)

5. Confirm that all records concerning the safe and effective decommissioning of the facility will be transferred to the transferee or to NRC, as appropriate. These records include documentation of surveys of ambient radiation levels and fixed and/or removable contamination, including methods and sensitivity.

Records transferred to:

☐ New licensee

☐ NRC for license termination

☒ Not applicable

6. Confirm that the transferee will abide by all constraints, conditions, requirements and commitments of the transferor or that the transferee will submit a complete description of the proposed licensed program.

_____ will abide by all constraints, conditions,
(transferee company)
requirements and commitments of _____
(transferor company)

Signature/Title
Transferee Official

Signature/Title
Transferor Official

date

date

OR

☐ Description of proposed licensed program from transferee attached (with signature)

OR

☒ Not applicable (name change only) **No transfer will take place with this change and no name change at this time.**

Harry D. Seamans
Certifying Officer - Signature

11/7/05
Date

Harry D. Seamans
Vice President, Pulp & Paperboard Division, Potlatch Corporation

Certifying Officer - Typed name and title

Mail Envelope Properties (43739D29.5DE : 19 : 26078)

Subject: Re: Change of control and/or ownership form
Creation Date: 11/10/05 1:18PM
From: Paul Bridges <paul.bridges@potlatchcorp.com>

Created By: paul.bridges@potlatchcorp.com

Recipients

nrc.gov

ARL_PO.ARL_DO

RJT (Roberto Torres)

Post Office

ARL_PO.ARL_DO

Route

nrc.gov

Files

MESSAGE

TEXT.htm

Change of Control.pdf

Mime.822

Size

2668

2939

181035

255762

Date & Time

11/10/05 01:18PM

Options

Expiration Date:

None

Priority:

Standard

Reply Requested:

No

Return Notification:

None

Concealed Subject:

No

Security:

Standard

From: Roberto Torres
To: paul.bridges@potlatchcorp.com
Date: 10/14/05 4:08PM
Subject: Change of control and/or ownership form

Mr. Bridges:

10 CFR 30.34(b) states that "no license issued or granted pursuant to the regulations...nor any right under a license shall be transferred, assigned or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of any license to any person, unless the Commission shall...find that the transfer is in accordance with the provisions of the Act and shall give its consent in writing. Although not specifically addressed by 10 CFR 30.34, licensees undergoing a name change may also be affected by this regulation.

Control over licensed activities can be construed as the authority to decide when and how a license (licensed material and/or activities) will be used. A change of ownership may be an example of a change of control. The central issue is whether the authority over the license has changed. In all cases, determining whether a change of control has taken place or whether a change is in name only is the Commission's responsibility.

Licensees must notify the Commission when they are undergoing a possible change of control and/or a change of name. While this notification is not required within a certain time frame, NRC needs adequate time to review the submittal to ensure that the transfer is in accordance with the regulations.

The information requested in the attached pdf file is required to be submitted to the NRC in order to process your request for a change of control/ownership and/or a name change. Please submit the information either as a pdf file via email or by facsimile to our fax number is (817) 860-8263 or (817) 860-8188. Thank you.

Roberto J. Torres
Senior Health Physicist
U.S. Nuclear Regulatory Commission, Region IV
Division of Nuclear Materials Safety
Nuclear Materials Licensing Branch
611 Ryan Plaza Drive, Suite 400
Arlington, Texas 76011
Telephone 817-860-8189
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Change of Control and/or Change of Ownership
(includes Change of Name)

10 CFR 30.34(b) states that "no license issued or granted pursuant to the regulations...nor any right under a license shall be transferred, assigned or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of any license to any person, unless the Commission shall...find that the transfer is in accordance with the provisions of the Act and shall give its consent in writing. Although not specifically addressed by 10 CFR 30.34, licensees undergoing a name change may also be affected by this regulation.

Control over licensed activities can be construed as the authority to decide when and how a license (licensed material and/or activities) will be used. A change of ownership may be an example of a change of control. The central issue is whether the authority over the license has changed. In all cases, determining whether a change of control has taken place or whether a change is in name only is the Commission's responsibility.

Licensees must notify the Commission when they are undergoing a possible change of control and/or a change of name. While this notification is not required within a certain time frame, NRC needs adequate time to review the submittal to ensure that the transfer is in accordance with the regulations.

In order to process your request for a change of control/ownership and/or a name change, the information on the following pages is required. Our fax number is (817) 860-8263 or (817) 860-8188. If you have any questions regarding our discussion or this fax, please contact me. When responding to this fax, please include the license, docket, and mail control numbers, located at the top of this page as well as the following pages. Thank you.

Information Required for Change of Control and/or Change of Ownership
(to include a name change)

Source: NUREG-1556, Volume 15

Please provide the following information concerning changes of control (transferor and/or transferee, as appropriate). If any items are not applicable, so state.

1. Provide a complete description of the transaction (i.e., transfer of stocks or assets, or merger). Indicate whether the name has changed and include the new name. Include the name and telephone number of a licensee contact who NRC may contact if more information is needed.

A. Description of the transaction:

B. ☐ No name change

☐ New name of licensed organization: _____

C. ☐ No change in contact

☐ New contact: _____

☐ New telephone number: _____

2. Describe any changes in personnel or duties that relate to the licensed program. Include training and experience for new personnel.

A. ☐ No changes in personnel having control over licensed activities.

☐ Changes in personnel having control over licensed activities (e.g. officers of a corporation):

B. ☐ No changes in personnel named in the license.

☐ Changes in personnel named in the license (e.g. RSO, AUs) - include training, experience and responsibilities:

3. Describe, in detail, any changes in the organization, location, facilities, equipment or procedures that relate to the licensed program.

☐ Organization:

☐ Equipment:

☐ Location:

☐ Procedures:

☐ Facility:

☐ Not applicable

4. Describe the status of the surveillance program (i.e., surveys, wipe tests, quality control) at the present time and the expected status at the time that control is to be transferred.

A. Description of the status of all surveillance program:

B. Surveillance Items & Records: calibrations, leak tests, surveys, inventories, and accountability requirements will be current at the time of transfer

☐ Yes ☐ No (explain)

5. Confirm that all records concerning the safe and effective decommissioning of the facility will be transferred to the transferee or to NRC, as appropriate. These records include documentation of surveys of ambient radiation levels and fixed and/or removable contamination, including methods and sensitivity.

Records transferred to:

☐ New licensee ☐ NRC for license termination ☐ Not applicable

6. Confirm that the transferee will abide by all constraints, conditions, requirements and commitments of the transferor or that the transferee will submit a complete description of the proposed licensed program.

_____ will abide by all constraints, conditions,
(transferee company)
requirements and commitments of _____
(transferor company)

Signature/Title
Transferee Official

Signature/Title
Transferor Official

date

date

OR

☐ Description of proposed licensed program from transferee attached (with signature)

OR

☐ Not applicable (name change only)

Certifying Officer - Signature

Date

Certifying Officer - Typed name and title

Mail Envelope Properties (43501E43.C6B : 18 : 64234)

Subject: Change of control and/or ownership form
Creation Date: 10/14/05 4:08PM
From: Roberto Torres

Created By: RJT@nrc.gov

Recipients	Action	Date & Time
nrc.gov		
ARL_PO.ARL_DO	Delivered	10/14/05 4:08 PM
RJT BC (rjt)	Opened	10/14/05 4:09 PM
potlatchcorp.com		
paul.bridges (<u>paul.bridges@potlatchcorp.c</u>)	Transferred	10/14/05 4:09 PM

Post Office	Delivered	Route
ARL_PO.ARL_DO	10/14/05 4:08 PM	nrc.gov potlatchcorp.com

Files	Size	Date & Time
MESSAGE	2894	10/14/05 04:08PM
SCAN1493.pdf	145501	10/14/05 04:02PM

Options

Auto Delete:	No
Expiration Date:	None
Notify Recipients:	Yes
Priority:	Standard
Reply Requested:	No
Return Notification:	None

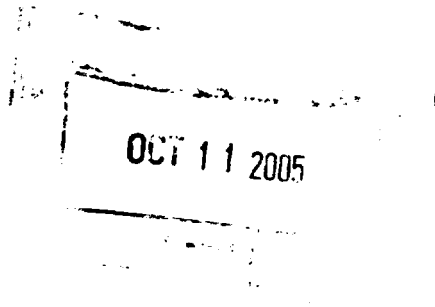
Concealed Subject:	No
Security:	Standard

To Be Delivered:	Immediate
Status Tracking:	Delivered & Opened

Potlatch

Potlatch Corporation
Accounts Payable Shared Services

P.O. Box 1348
Lewiston, ID 83501-1348
208-799-1344



September 19, 2005

Dear Supplier,

As a highly valued supplier to our business, I wanted to let you know that Potlatch Corporation today announced that we will convert our corporate structure to a real estate investment trust ("REIT"), effective January 1, 2006.

While this is a significant change of our Company's corporate structure, it will have no impact on our suppliers. Our team remains focused on delivering the high quality services suppliers have come to expect from Potlatch, and our relationship with your company remains an important part of that process.

Converting to a REIT structure will increase Potlatch's cash flow and provide a lower cost of capital for future forestland acquisitions. Importantly, it will continue to allow us to maintain the competitiveness of our other operations, including our Wood Products, Pulp & Paperboard and Consumer Products businesses.

For more information about our company's REIT conversion, please go to our website at www.potlatchcorp.com. I've also enclosed the press release we issued today for your information. Of course, please don't hesitate to contact me if you have any other questions or comments.

We appreciate your support and look forward to continuing our relationship with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Wayne Stensrude". The signature is fluid and cursive.

Wayne Stensrude
Accounts Payable Manager
Telephone: (208) 799-4159

No. 470727



C-22-05

Potlatch Corporation
601 W. Riverside Ave., Suite 1100
Spokane, WA 99201
509.835.1500
www.potlatchcorp.com

News Release

For release: September 19, 2005

Contacts: (Media)
Michael D. Sullivan
(509) 835-1516 (work)
(509) 951-3405 (cell)

(Investors)
Douglas D. Spedden
(509) 835-1549

POTLATCH BOARD APPROVES REIT CONVERSION EFFECTIVE JANUARY 1, 2006

Company Expects Post-Conversion Annual Dividend Of \$2.60 Per Share

E&P Distribution Of Approximately \$440-\$480 Million Expected Q1 2006

Also Outlines Resource Initiatives Expected to Generate Long-Term Growth

SPOKANE, WA – Potlatch Corporation (NYSE:PCH), an integrated forest products company, announced today that its Board of Directors has approved a restructuring to convert the company to a real estate investment trust ("REIT"), effective January 1, 2006. The company expects its annual dividend, post conversion, to be approximately \$76 million, or \$2.60 per share. Potlatch also intends to issue a special, taxable dividend to stockholders of its undistributed earnings and profits ("E&P") of approximately \$440-\$480 million in the first quarter of 2006. In addition, Potlatch provided information on two ongoing resource initiatives that are expected to generate significant long-term cash flow and earnings growth.

Under the conversion plan, income from the company's 1.5 million acres of timberland assets will qualify for REIT tax treatment. All of Potlatch's non-qualifying operations, including the company's Wood Products, Pulp & Paperboard and Consumer Products businesses, will be transferred into a wholly-owned taxable REIT subsidiary ("TRS") and will continue to pay corporate level tax on earnings.

"After carefully considering our options, our Board and management team have concluded that placing Potlatch's timberland assets in a tax-efficient ownership structure is the best way to unlock value for our stockholders and better position the company for future growth," said L. Pendleton Siegel, Potlatch's Chairman and CEO. "Converting to a REIT structure will increase our cash flow, facilitating a much larger annual distribution to stockholders. It will also provide a lower cost of capital for future forestland acquisitions, while continuing to allow us to maintain the competitiveness of our TRS operations."

-MORE-

In compliance with tax rules applicable to REIT conversions, the company intends to issue a special, taxable dividend to stockholders of its undistributed earnings and profits ("E&P") of approximately \$440-\$480 million. Stockholders will have the opportunity to elect to receive this one-time dividend in cash, stock or a combination of both, with the aggregate cash payment by the company to be capped at 20 percent. The company expects the E&P distribution to occur during the first quarter of 2006.

The company expects to pay its first regular quarterly dividend as a REIT during the first quarter of 2006, consistent with its normal quarterly payment schedule. The approximately \$2.60 per share annual dividend amount (or \$0.65 per share, per quarter) will be adjusted to reflect the additional shares that will be issued in conjunction with the stock portion of the E&P distribution.

In connection with the REIT conversion, Potlatch plans to restructure its operations to facilitate its qualification as a REIT. As part of that restructuring, Potlatch proposes to merge with a newly formed, wholly-owned subsidiary and expects to hold a special meeting of stockholders in the fourth quarter of 2005 for the purpose of voting on that proposed merger. Potlatch will file a proxy statement/prospectus on Form S-4 with the Securities and Exchange Commission, which describes the conversion plan and the merger. The conversion plan and merger are subject to final approval by the Potlatch Board of Directors prior to December 31, 2005.

Significant Long-term Growth Initiatives

Potlatch also today provided information on two ongoing resource initiatives that are expected to generate meaningfully enhanced cash flow and earnings growth over the long term. First, Potlatch stockholders will begin benefiting from the company's 12-year, approximately \$100 million investment in its 17,000-acre Hybrid Poplar plantation near Boardman, Oregon, as 2006 will mark the first full year of the Boardman operation's sustainable 11-year harvest cycle. The company is targeting high value, non-structural lumber markets for the hybrid poplar hardwood sawlogs. Second, the company intends to significantly increase production over the next decade on portions of its 667,000 acres of timberlands in northern Idaho. These timberlands contain second- and third- growth trees that are outside Potlatch's normal age range for harvesting. The increased harvest and enhanced silviculture activities are intended to rebalance the age class distribution of the Idaho timberland asset, while improving species diversity and substantially adding to the asset's long-term sustainable productivity.

"In addition to driving growth through future forestland acquisitions, we expect to generate significant long-term internal growth through the next phase of our hybrid poplar operations and within our sustainable harvesting program for our Idaho timberlands. These projects are a part of our forestry-driven strategic plan and are unrelated to our change in corporate structure. However, we are pleased to highlight them today, along with our decision to convert to a REIT, because they

will enhance our ability to increase our dividend over the long term," added Siegel.

Potlatch noted that both of these resource initiatives are consistent with the company's environmental commitments. Potlatch's forest management practices are independently third-party certified by the Forest Stewardship Council® (FSC) and the Sustainable Forestry Initiative® (SFI). In addition, Potlatch has implemented an Environmental Management System (EMS), which is third-party certified to the standards of the International Organization for Standardization (ISO) 14001.

Principal advisors to the company related to the REIT conversion are Goldman, Sachs & Co., Pillsbury Winthrop Shaw Pittman LLP, and Skadden, Arps, Slate, Meagher & Flom LLP.

Conference Call/Webcast Information

Potlatch will host a conference call and live virtual webcast for the investment community this morning, September 19, 2005, at 8:00 a.m. PDT / 11:00 a.m. EDT to discuss this announcement. The virtual webcast can be accessed from the Potlatch website main page at

www.potlatchcorp.com or through a separate website at www.potlatchreitconversion.com.

Participants will be required to register. To access the live conference call by phone, please dial 800.561.2601 (within the U.S.) or 617.614.3518 (outside the U.S.). The passcode for the call is 20911579. A playback of the conference call will be available on the website shortly after the completion of the live call. To access the playback by phone, which will be available after 1:00 p.m. EDT, please dial 888.286.8010 (within the U.S.) or 617.801.6888 (outside the U.S.) and enter passcode number 98931194. A live webcast of the conference call and a copy of management's presentation to investors will be available online at www.potlatchcorp.com.

The company's Form S-4, or proxy statement/prospectus, which describes the merger transaction, as well as other information on the conversion, will be available online at www.potlatchcorp.com and at www.potlatchreitconversion.com.

About Potlatch

Potlatch is a diversified forest products company with timberlands in Arkansas, Idaho, Minnesota and Oregon. Visit our website at www.potlatchcorp.com.

CAUTIONARY STATEMENTS RELEVANT TO FORWARD-LOOKING INFORMATION FOR THE PURPOSE OF "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Except for the historical and factual information contained in this press release, the matters set forth in this press release, including statements as to our proposed REIT conversion as of January 1, 2006, the expected initial dividend rate post conversion, the anticipated amount of our E&P distribution, the expected effect of a REIT structure on our cash flow and ability to make future forestland acquisitions, and our plans for selling hybrid poplar sawlogs and increasing the harvest

-MORE-

level on our Idaho timberlands and the effects of these plans on cash flows and earnings, and other statements identified by words such as "estimates," "expects," "projects," "plans," and similar expressions are forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including the possibility that we will fail to qualify as a REIT or fail to remain qualified as a REIT, uncertainties regarding the amount of the E&P distribution, that the dividend rate may fluctuate based on changes in our operating results and financial condition, cyclical conditions in our business and particularly our manufacturing operations, general economic conditions, competition, currency exchange rates, changes in significant expenses such as energy costs, unforeseen environmental or other liabilities and other risk factors relating to the planned REIT conversion and our business as detailed from time to time in our reports filed with the SEC. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

ADDITIONAL INFORMATION

Potlatch will restructure its operations in connection with the proposed REIT conversion and as part of this restructuring it will effect a merger involving a wholly owned subsidiary of Potlatch called Potlatch Holdings, Inc. Potlatch will file a proxy statement to be used in connection with the stockholder vote on this merger. That proxy statement will be contained in a registration statement on Form S-4 to be filed by Potlatch Holdings, and both companies will file other relevant documents concerning the proposed merger transaction with the Securities and Exchange Commission (SEC). **INVESTORS ARE URGED TO READ THE FORM S-4 AND PROXY STATEMENT WHEN THEY BECOME AVAILABLE AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.** You will be able to obtain documents free of charge at the website maintained by the SEC at www.sec.gov. In addition, you may obtain documents filed with the SEC by Potlatch free of charge by contacting Corporate Secretary, 601 West Riverside Avenue, Suite 1100, Spokane, Washington 99201. Potlatch and its directors and executive officers may be deemed to be participants in the solicitation of proxies from Potlatch's stockholders in connection with the merger. Information about the directors and executive officers of Potlatch and their ownership of Potlatch stock is set forth in the proxy statement for Potlatch's 2005 Annual Meeting of Stockholders. Investors may obtain additional information regarding the interests of such participants by reading the Form S-4 and proxy statement for the merger when they become available.

Investors should read the Form S-4 and proxy statement carefully when they become available before making any voting or investment decisions.

#

-MORE-

11-15-05

DATE

This is to acknowledge the receipt of your letter/application dated 11-19-05, and to inform you that the initial processing, which includes an administrative review, has been performed.

☒ There were no administrative omissions. Your application will be assigned to a technical reviewer. Please note that the technical review may identify additional omissions or require additional information.

☐ Please provide to this office within 30 days of your receipt of this card:

The action you requested is normally processed within 90 days.

☐ A copy of your action has been forwarded to our License Fee & Accounts Receivable Branch, who will contact you separately if there is a fee issue involved.

Your action has been assigned Mail Control Number 470727.

When calling to inquire about this action, please refer to this mail control number.

You may call me at 817-860-8103.

Sincerely,

Cecelia Munnahan

Licensing Assistant

(FOR LEMS USE)
INFORMATION FROM LTS

```
.....
Program Code: 03120
Status Code: 0
Fee Category: 3P
Exp. Date: 20110331
Fee Comments: REPLACES IDA-42
Decom Fin Assur Req'd: N
.....
```

```
.....
Program Code: 03120
Status Code: 0
Fee Category: 3P
Exp. Date: 20110331
Fee Comments: REPLACES IDA-42
Decom Fin Assur Req'd: N
.....
```

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Program Code: 03120
Status Code: 0
Fee Category: 3P
Exp. Date: 20110331
Fee Comments: REPLACES IDA-42
Decom Fin Assur Req'd: N
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Fee Category: 3P
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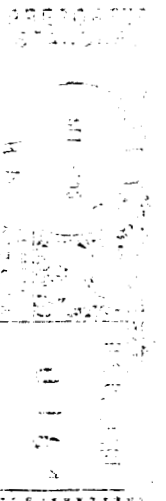
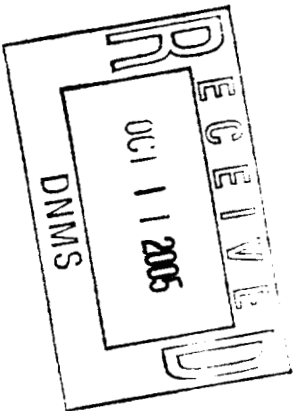
- ```
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Decom Fin Assur Req'd: N
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```

# Potlatch

Potlatch Corporation  
Accounts Payable Shared Services

P.O. Box 1348  
Lewiston, ID 83501-1348



NUCLEAR MATERIAL LICENSE SECTION  
US NUCLEAR REG COM REG IV  
611 RYAN PLAZA DR STE 400  
ARLINGTON, TX 76011-4005

