

NELSON CRAIG H
 Form 4
 November 22, 2004

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 NELSON CRAIG H

(Last) (First) (Middle)
 601 W. RIVERSIDE AVENUE,
 SUITE 1100
 (Street)

SPOKANE, WA 99201

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
 POTLATCH CORP [PCH]

3. Date of Earliest Transaction (Month/Day/Year)
 11/22/2004

4. If Amendment, Date Original Filed (Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 ____ Officer (give title below) Other (specify below)
 Former Vice President

6. Individual or Joint/Group Filing (Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock	11/22/2004		M	2,500 A \$ 45.9619	2,500	D	
Common Stock	11/22/2004		S	2,500 D \$ 49	0	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (right to buy)	\$ 45.9619	11/22/2004		M	2,500 (1)	12/04/1999	12/31/2004	Common Stock	2,500

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

NELSON CRAIG H
601 W. RIVERSIDE AVENUE, SUITE 1100
SPOKANE, WA 99201

Former Vice
President

Signatures

Malcolm A. Ryerse,
Attorney-in-fact

11/22/2004

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

The reporting person was granted employee stock options on December 4, 1997, to vest in two equal annual installments. The grant was

(1) made under the stockholder-approved Potlatch Corporation 1995 Stock Incentive Plan. These options will expire on December 31, 2004, as the reporting person is no longer an employee of Potlatch Corporation.

(2) The employee stock option, after exercise, was sold at an average price of \$49.00 per share.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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