Potlatch.

April 20, 2009

VIA EMAIL DELIVERY TO: rule-comments@sec.gov

Ms. Elizabeth M. Murphy
Secretary, Securities and Exchange Commission
100 F Street, N.E.
Washington D.C. 20549-1090

Subject: File Number S7-27-08, Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers

Dear Ms. Murphy:

Potlatch Corporation is a real estate investment trust, or REIT, with approximately 1.6 million acres of timberlands in Arkansas, Idaho, Minnesota and Wisconsin. Potlatch Corporation appreciates the opportunity to provide comments on the SEC's proposed "Roadmap" for adoption of International Financial Reporting Standards by U.S. registrants.

We have reviewed several of the comment letters posted on the SEC website regarding this proposal. In particular, we have read the letter from Plum Creek Timber Company, Inc. dated March 24, 2009, a timber REIT, and generally agree with the views and concerns stated therein. Below are our additional comments that we would like to address to the Commission.

Convergence of IASB/FASB standards should continue

We support the goal of high-quality, globally accepted accounting standards for use by preparers of financial information. However, we support the continued convergence of existing IASB/FASB standards and believe that this process should continue until the differences between U.S. GAAP and IFRS are relatively minor. We believe this would be the less costly adoption alternative for U.S. registrants and should be pursued and completed prior to the mandated adoption of IFRS. We believe conversion cost as well as the continuing cost associated with IFRS will be a major cost burden to U.S. companies that easily could exceed the cost of SOX implementation.

Fair Value Accounting For Timber is not appropriate for financial reporting

It is our understanding that under International Accounting Standard (IAS) 41, Agriculture, standing timber is included in the definition of a biological asset and would be required to be measured at fair value (less estimated point-of-sale costs) with changes in the fair value recognized in profit or loss quarterly, unless fair value cannot be measured reliably. Under U.S. GAAP, standing timber is accounted for on a historical cost basis.

For some assets and liabilities, fair value accounting is more relevant than historical cost accounting. However, in the case of accounting for timber, we believe that using fair value methods and recording changes on a quarterly basis are not appropriate as they would impart volatility into reported quarterly earnings that would undermine the integrity of reported results.

Timber is a unique asset with obvious differences from frequently harvested biological assets such as farm products, fruit trees or vegetables. Agricultural assets such as farm products, fruit trees and vegetables have a short growing period (normally less than a year) and have a defined market where fair value can be readily and reliably determined. Timber, on the other hand, has a profoundly longer growing period (30-60 years depending on species and region of the country). In addition, each area of the country has its own unique market for timber which is determined by various attributes of the region, such as species, distance to market, geography, age of the timber and inventory levels to name a few. The uniqueness of timber and the many subjective assumptions to develop separate and distinct fair market values by region of the country would be difficult, time consuming and costly.

In addition to geographic differences, the numerous assumptions that would be required to determine fair value of standing timber are subject to major variations and volatility. Such assumptions would include: future log prices, future operating costs, future housing starts, current estimated standing merchantable timber volume, growth rates, discount/interest rates, planting costs and fertilization. Any changes to these assumptions could have a material effect on the fair value of the timber, which would then be reflected in profit or loss for the quarter. Volatility in earnings could be increased, and comparability of financial statements among timber reporting companies could be negatively affected due to the inherent differences in assumptions that would be employed by each company. Different companies would necessarily vary their assumptions based on their particular situation as well as the region of the country where they operate. Therefore, fair value reporting of timber could be greatly distorted between companies within the industry at an increased cost for no apparent improvement in financial reporting.

Summary

We recommend the convergence project be pursued and the differences between the standards promulgated by the FASB and IASB be resolved prior to any mandated adoption of IFRS. As described above, we have significant concerns regarding the potential effect of IAS 41 on timber companies in the United States. This is just one example of a potentially adverse difference in the U.S. and international standards that could be alleviated by additional careful consideration and modification of the rules prior to mandating the adoption of IFRS.

Thank you for allowing us to comment on the proposed roadmap.

Eric Cremers
Vice President, Finance and
Chief Financial Officer
Potlatch Corporation