

Potlatch

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The Vice President
of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20501

Dear George:

Contrary to your dedicated commitment to deregulation and the President's new program for competitiveness, a Republican-appointed Securities and Exchange Commission may now be on the threshold of initiating new federal substantive regulation of corporate governance. The specific case, the possible refusal to approve a New York Stock Exchange proposal to modify its one share, one vote rule, is perhaps of only middling importance. The fundamental issue is whether the states, the stockholders and free markets or a federal administrative agency are to decide substantive corporate governance matters.

Enclosed are some of the specifics relative to the substantive governance issue on one share, one vote which you may wish your staff to review. Additionally, I am enclosing our Potlatch proposal on the merits of the issue. However, my writing you is not intended to plead a particular view on the merits of Potlatch's particular case. Rather, it is to make the point that international markets permit the listing of corporations with disparate voting rights and, competitively, we should continue to do so as well. In addition, state law has heretofore controlled the substantive governance of corporations, and free markets have determined the effectiveness of that governance. Federal regulation is not necessary and is against our fundamental belief in the concept of subsidiarity.

I personally believe it would be a travesty for this administration to be connected with a major new initiative aimed at the federalization of substantive corporate governance. I do hope that you will consider this of sufficient importance to talk with some of your contacts in Washington and, even, to ask Chairman Shad why this new federal intrusion into an area historically governed by state law and the decisions of a free market should now occur.

Sincerely,

Dick

FMD/mw
Enclosures
CC: James C. Miller, III