



POPE & TALBOT, INC.
AUDIT COMMITTEE CHARTER

I. DESIGNATION AND MEMBERSHIP

The Board of Directors (the “Board”) of Pope & Talbot, Inc. (including its subsidiaries, the “Company”) will appoint from among its members an Audit Committee (the “Committee”) and will designate one such member to serve as the Chairman of the Committee. The Board will designate the membership of the Committee after considering the recommendation of the Corporate Governance Committee. The Committee will consist of at least three members of the Board, with each member meeting the independence and financial literacy requirements of the New York Stock Exchange, as and when required by those standards, and with at least one member meeting the financial expertise requirements of the New York Stock Exchange and the Securities and Exchange Commission. Members may be removed by the Board at any time.

II. PURPOSES

The primary purposes of the Committee are to (i) assist the Board in discharging the Board’s responsibilities relating to oversight and monitoring (a) the integrity of the financial statements of the Company, (b) the compliance by the Company with legal and regulatory requirements, (c) the independent auditor’s qualifications and independence, and (d) the performance of the Company’s internal audit function and independent auditors in that the Company’s internal audit function and its independent auditors report directly to the Audit Committee; and (ii) prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company’s annual proxy statement.

III. DUTIES AND RESPONSIBILITIES

1. The Committee will meet as often as it determines, but not less frequently than quarterly. The Committee will provide copies of the minutes of each of its meetings to the Board and will additionally make regular reports to the Board.
2. The Committee will have the sole authority and be directly responsible to appoint (subject, in the Committee’s discretion, to shareholder ratification), retain, compensate, evaluate and terminate the independent auditor, and the independent auditor will report directly to the Audit Committee. The Committee will be directly responsible for oversight of the independent auditor, including resolution of disagreements between management and the independent auditor regarding financial reporting. The Committee will consult with management but will not delegate these responsibilities.
3. The Committee may request any officer or employee of the Company or the Company’s outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee will meet

separately with management, the internal auditors and the independent auditor in executive sessions at least quarterly.

4. With respect to financial statement and disclosure matters, the Committee:
 - (a) will review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
 - (b) will review and discuss with management and the independent auditor the Company's quarterly financial statements, including disclosures made in management's discussion and analysis, prior to the filing of its Form 10-Q, including the results of the independent auditors' reviews of the quarterly financial statements.
 - (c) will discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's annual and quarterly financial statements, including (i) any significant changes in the Company's selection or application of accounting principles, (ii) any major issues as to the adequacy of the Company's internal controls or disclosure controls and procedures, (iii) any special audit steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal controls over financial reporting, (iv) the development, selection and disclosure of critical accounting estimates, and (v) analyses of the effect of alternative assumptions, estimates or GAAP methods on the Company's financial statements.
 - (d) will discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies.
 - (e) will discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
 - (f) will discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
 - (g) will, before the filing of each Form 10-K of the Company, discuss with the independent auditor the matters required to be communicated by the auditor to the Committee under Statement on Auditing Standards No. 61 and Rule 2-07 of Regulation S-X in connection with the audit of the financial statements included in the Form 10-K. In particular, the Committee will discuss:
 - (i) all critical accounting policies and practices used by the Company, and the adoption of, or changes to, the Company's significant auditing and

accounting principles and practices as suggested by the independent auditor, internal auditors or management;

- (ii) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management;
 - (iii) all alternative accounting treatments of financial information within GAAP that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the independent auditor; and
 - (iv) other material written communications between the independent auditor and management, including management representation letters and responses, reports on observations and recommendations on internal controls, schedules of unadjusted audit differences and any listing of adjustments and reclassifications not recorded, and any other material correspondence between the independent auditor and management.
- (h) will review and discuss with the independent auditor and management (including the senior internal auditor) the Company's internal controls report and the independent auditor's attestation of the report before the filing of the Company's Form 10-K.
 - (i) will review disclosures by the Company's CEO and CFO during their certification process for the Company's Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
 - (j) will provide direction to and oversight of the Company's pension and financial hedging management.
5. The Committee shall pre-approve all auditing services, internal control-related services and permitted non-audit services (including the terms thereof) to be performed for the Company by its independent auditor, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act that are approved by the Committee before the completion of the audit. The Chairman of the Committee has the specific authority to pre-approve such services as and when appropriate, provided that the Chairman report such pre-approvals to the full Committee at its next scheduled meeting.
6. With respect to oversight of the Company's relationship with its independent auditor, the Committee:
- (a) will review the experience and qualifications of the senior members of the independent auditor team.

- (b) will obtain and review a report from the independent auditor at least annually regarding (i) the auditor's internal quality-control procedures, (ii) any material issues raised by the most recent quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (iii) any steps taken to deal with any such issues, and (iv) all relationships between the independent auditor and the Company. In connection with its review of that report and the independent auditor's work throughout the year, the Committee will evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and the internal auditor. The Committee will present its conclusions to the Board and, if so determined by the Committee, recommend that the Board take additional action to satisfy itself of the qualifications, performance and independence of the auditor.
 - (c) will oversee the rotation of the lead audit partner as and when that rotation is required to occur and consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.
 - (d) will set clear policies for the Company's hiring of employees or former employees of the independent auditor who were engaged on the Company's account.
 - (f) may discuss with the national office of the independent auditor issues on which they were consulted by the Company's audit team and matters of audit quality and consistency.
 - (g) will meet with the independent auditor prior to the audit to discuss the independent auditor's planning and staffing of the audit.
7. With respect to oversight of the Company's internal audit function, the Committee:
- (a) will review the appointment and performance of the senior internal auditor.
 - (b) will review the significant reports to management prepared by the internal auditing staff and management's responses.
 - (c) will discuss with the independent auditor the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.
8. With respect to compliance oversight responsibilities, the Committee:
- (a) will obtain from the independent auditor acknowledgement that the provisions of Section 10A of the Securities Exchange Act of 1934 (regarding, among other

things, audit procedures designed to detect illegal acts and related-party transactions and the Company's operations as a going concern) have been observed.

- (b) obtain reports from the Company's Director of Human Resources, the Company's senior internal auditor and the independent auditor that the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Corporate Code of Business Conduct and Ethics. The Committee will also review reports and disclosures of insider and affiliated party transactions and advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Corporate Code of Business Conduct and Ethics.
 - (c) will promptly publicly disclose, consistent with the rules of the New York Stock Exchange and applicable law, rule and regulation, (i) any waiver of the Company's Code of Business Conduct and Ethics in favor of any director, executive officer, principal financial or accounting officer, or controller (or person performing similar functions) of the Company, and (ii) any amendment to the Company's Code of Business Conduct and Ethics.
 - (d) will discuss with management and the independent auditor any material correspondence between the Company and regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.
 - (e) will discuss with the Company's management or legal counsel legal matters that may have a material impact on the financial statements, internal controls or the Company's compliance policies.
9. The Committee will establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
10. The Committee will annually review its own performance and this Charter and recommend to the Board any proposed changes to this Charter.

IV. OTHER PROVISIONS

- 1. The Committee has authority to obtain advice and assistance from independent legal, accounting or other advisors. The Company will pay all compensation of such advisors approved by the Committee as well as all other ordinary administrative expenses of the Committee that are necessary or appropriate to carry out its duties.
- 2. Except as prohibited by this Charter, the Committee may form and delegate authority to subcommittees as appropriate.

3. The Committee may designate a non-member to serve as secretary at committee meetings to keep meeting minutes.
4. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits, to assess and manage the Company's exposure to risk or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles in the United States and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

Adopted by the Board: December 14, 2004