FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
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FILER

POPE & TALBOT INC /DE/
CIK:**311871**| IRS No.: **940777139** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-07852** | Film No.: **94527760**
SIC: **2621** Paper mills

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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1994

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to ______

Commission File No. 1-7852

POPE & TALBOT, INC.

<TABLE>
<S> <C>

Delaware	94-0777139
(State or other jurisdiction of incorporation or organization)	I.R.S. Employer Identification Number
1500 S.W. 1st Avenue, Portland, Oregon	97201
(Address of principal executive offices)	(Zip Code)

</TABLE>

Registrant's telephone number, including area code: (503) 228-9161

NONE

Former name, former address and former fiscal year, if changed since last report.

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No _____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the latest practicable date.

Common stock, $1 par value - 13,362,729 shares as of May 6, 1994

PART I. FINANCIAL INFORMATION

PART I. POPE & TALBOT, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited)
(Dollars in Thousands)

ASSETS	March 31, 1994	December 31, 1993
Current assets:		
Cash and cash equivalents	$ 2,014	$ 3,768
Accounts receivable	60,480	56,040
Inventories:		
Raw materials	59,206	62,474
Finished goods	41,301	32,782
	100,507	95,256
Deposits on timber purchase contracts	5,721	5,937
Prepaid expenses	8,955	8,896
Total current assets	177,677	169,897
Properties:		
Plant and equipment	521,681	503,416

Accumulated depreciation	(252,283)	(245,104)
	269,398	258,312
Land and timber cutting rights	10,955	10,888
Total properties	280,353	269,200
Other assets:		
Deferred charges	11,965	12,362
Goodwill, net of amortization	4,320	4,362
Total other assets	16,285	16,724
	$ 474,315	$ 455,821
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 27,000	$ 11,000
Current portion of long-term debt	901	901
Accounts payable and accrued liabilities	66,480	71,439
Income taxes	9,684	17,822
Total current liabilities	104,065	101,162
Noncurrent liabilities:		
Reforestation	15,501	14,999
Postretirement benefits	13,049	12,804
Long-term debt, net of current portion	104,501	134,599
Deferred income taxes	7,952	7,936
Total noncurrent liabilities	141,003	170,338
Stockholders' equity:		
Common stock	13,972	12,429
Additional paid-in capital	40,858	3,370
Retained earnings	192,112	185,762
Cumulative translation adjustments	(6,570)	(4,578)
Less treasury shares at cost	(11,125)	(12,662)
Total stockholders' equity	229,247	184,321
	$ 474,315	$ 455,821

</TABLE>

The accompanying notes are an integral part of these consolidated condensed balance sheets.

POPE & TALBOT, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(Dollars in Thousands Except Per Share Amounts)

<TABLE>

<CAPTION>

	Three Months Ended March 31,	
	1994	1993
<S>	<C>	<C>
Revenues:		
Wood products	$ 86,258	$ 84,269
Pulp and paper products	82,483	83,344
Total	168,741	167,613
Costs and expenses:		
Cost of sales:		
Wood products	60,740	60,580
Pulp and paper products	84,184	80,647
Selling, general and administrative	7,587	6,452
Interest	2,151	1,696
Total	154,662	149,375
Income before income taxes and cumulative effect of accounting changes	14,079	18,238
Income tax provision	5,491	7,204
Net income before cumulative effect of accounting changes	8,588	11,034
Cumulative effect of accounting changes - net of tax	-	(562)
Net income	$ 8,588	$ 10,472
Net income per common share:		
Primary:		
Income before cumulative effect of accounting changes	$ .70	$ .95
Cumulative effect of accounting changes	-	(.05)
Primary earnings per share	$ .70	$ .90
Fully diluted:		
Income before cumulative effect of account changes	$ .65	$ .85
Cumulative effect of accounting changes	-	(.04)
Fully diluted earnings per share	$ .65	$ .81
Cash dividends per common share	$ .19	$ .19
Weighted average number of common shares outstanding:		
Primary	12,336,311	11,629,661
Fully diluted	13,575,866	13,396,949

</TABLE>

The accompanying notes are an integral part of these consolidated condensed financial statements.

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POPE & TALBOT, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in Thousands)

<TABLE>
<CAPTION>

	Three Months Ended March 31, 1994	Three Months Ended March 31, 1993
<S>	<C>	<C>
Cash flow from operating activities:		
Net income	$ 8,588	$ 10,472
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	8,862	7,379
Cumulative effect of accounting changes	-	562
Increase (decrease) in:		
Accounts payable and accrued liabilities	(4,959)	46
Income taxes	(8,138)	3,011
Reforestation	1,182	1,547
Postretirement benefits	245	267
Decrease (increase) in:		
Accounts receivable	(4,440)	(11,289)
Inventories	(5,251)	(4,411)
Deposits on timber purchase contracts	(52)	(625)
Prepaid expenses	(59)	(14)
Deferred charges and other	(1,541)	(18)
Net cash provided by (used for) operating activities	(5,563)	6,927
Cash flow from investing activities:		
Capital expenditures	(21,781)	(14,189)
Proceeds from sale of other properties	-	1,300
Net cash used for investing activities	(21,781)	(12,889)
Cash flow from financing activities:		
Net increase in short-term borrowings	16,000	7,017
Proceeds from issuance of long-term debt	10,000	-
Reduction of long-term debt	(98)	-
Cash dividends	(2,238)	(2,209)
Net proceeds from issuance of treasury stock	1,926	271
Net cash provided by financing activities	25,590	5,079
Decrease in cash and cash equivalents	(1,754)	(883)
Cash and cash equivalents at beginning of period	3,768	4,344
Cash and cash equivalents at end of period	$ 2,014	$ 3,461

</TABLE>

The accompanying notes are an integral part of these consolidated condensed financial statements.

POPE & TALBOT, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
March 31, 1994 and 1993
(Unaudited)

1. General

The consolidated condensed interim financial statements have been prepared by the Company without audit and are subject to normal recurring year-end adjustments. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of the Company, the accompanying unaudited consolidated condensed financial statements contain all adjustments (all of which are of a normal recurring nature) necessary to present fairly the financial position of the Company as of March 31, 1994 and December 31, 1993, and the results of operations and changes in cash flows for the three months ended March 31, 1994 and 1993. It is suggested that these interim statements be read in conjunction with the financial statements and notes thereto contained in the Company's 1993 report on Form 10-K. The results of operations for the three months ended March 31, 1994 and 1993 are not necessarily indicative of the results to be expected for the full year.

2. Income Taxes

The income tax provision is estimated on an interim basis using the best available information for projected results for the entire year.

3. Earnings per Share

Per share information is based on the weighted average number of common shares outstanding during each year.

The computation for fully diluted earnings per share assumes conversion of the $40 million of 6 percent convertible subordinated debentures issued in March 1987. (See Note 4.) The computation also includes the assumed issuance of common shares under the Stock Option and Appreciation Plan, net of an assumed buyback of treasury shares at the average market price.

Refer to Exhibit 11 of this filing for the computation of average common shares outstanding and earnings per share.

4. Conversion of Debentures

On February 17, 1994, the Company initiated an underwritten call for the redemption on March 4, 1994, of the $40 million outstanding aggregate principal balance of its 6 percent convertible subordinated debentures due March 1, 2012. As a result of this underwritten call, the Company issued 1.5 million shares of previously unissued common stock to satisfy the $40 million debt obligation. This issuance of common shares resulted in an increase in Stockholders' equity of $38.6 million ($40 million less transaction fees and unamortized debt issuance costs). This non-cash transaction has been excluded from the accompanying Consolidated Condensed Statements of Cash Flows.

POPE & TALBOT, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
March 31, 1994 and 1993
(unaudited)

RESULTS OF OPERATIONS

First quarter 1994 net income was $8,588,000, or $.70 per share ($.65 on a fully diluted basis). This earnings level was below the first quarter of 1993 earnings of $10,472,000, or $.90 per share ($.81 on a fully diluted basis); however, it was an improvement over the fourth quarter 1993 earnings of $4,556,000, or $.39 per share ($.36 on a fully diluted basis). Included in the first quarter 1993 was a net charge of $562,000, or $(.05) per share reflecting the cumulative effect of accounting changes adopted during the period. First quarter 1994 revenues of $168,741,000 were essentially unchanged from the first quarter 1993. Slightly higher lumber, pulp and tissue revenues were almost fully offset by reduced diaper sales.

Wood products segment earnings of $24,130,000 in the first quarter 1994 were slightly ahead of first quarter 1993 segment earnings of $22,473,000 and ahead of the fourth quarter 1993 earnings of $16,164,000. Lumber sales prices in the United States have varied substantially during the last one and one half years. Prices for the Company's lumber products rose in line with the national trends for lumber prices to levels an average of 40 percent higher in the first quarter of 1993 over the fourth quarter of 1992; however, these prices had declined back to year-end 1992 levels by the second quarter 1993, where they remained for much of 1993's third quarter. Prices began to strengthen in the fourth quarter of 1993, and average prices for lumber sold in the first quarter 1994 were approximately 7 percent higher than the first quarter of 1993. Prices again declined in the late part of 1994's first quarter, but have again recently moved upward. Timber supplies in the Pacific Northwest continue to be restricted because of environmental concerns, and the decline in lumber prices late in the first quarter appears to be a result of poor weather constricting housing starts and not indicative of a long-term trend of declining lumber prices. Higher wood costs in the first quarter 1994 compared to the first quarter 1993 offset much of the first quarter price improvements. All wood products mills operated essentially at capacity during the first quarter of 1994; however, the Port Gamble sawmill, which represents approximately 20 percent of the Company's lumber capacity, was shut down in April 1994 as a result of high timber costs in relation to end-product prices. The mill will remain shut down until the relationship between timber prices and end-product prices allows the mill to re-open.

The Provincial Government of British Columbia informed the Company that effective May 1, 1994, the price charged by the government to the Company for a substantial portion of the wood used by the Company's three Canadian sawmills would be adjusted upward. Although the final pricing structure has not been determined, it appears that the new timber prices would be based to some extent on sales prices of finished products. Based on preliminary estimates and end-product prices in effect at the end of the first quarter, the new pricing arrangement could increase Canadian timber costs by $12 million per year.

During the first quarter 1994, the United States government appealed a bi-national committee 1993 ruling that held there was no basis for a 1992 duty imposed by the United States government on Canadian lumber sold in the United States. A decision on the appeal is possible this year. During the first quarter of 1994, the Company paid approximately $3.2 million under this tariff, resulting in higher costs for the Canadian lumber sold in the United States. At this time, it is unknown if any adjustment to the tariff will be made, either upward or downward, and if any such adjustment would be made retroactive to March 1992, when the tariff was first imposed.

The pulp and paper segment loss increased in the first quarter 1994 to $5,409,000 from a $650,000 loss in the first quarter 1993 and a $3,805,000 loss in the fourth quarter 1993. Earnings from the Company's disposable diaper business did not offset losses in the Company's tissue and market pulp businesses. First quarter 1994 segment sales were essentially unchanged from both the first quarter 1993 and the fourth quarter 1993 as higher tissue and pulp revenues offset declines in diaper sales.

Losses in the Company's pulp business in the first quarter 1994 was caused by a combination of low production rates, continued low end-product prices and costs associated with the start-up of a new pulp dryer. The Company's pulp mill operated at approximately 70 percent of capacity during the first quarter of 1994 as the Company began shipping commercial quantities of pulp to a major new customer, Grays Harbor Paper Company. After a mid-first quarter start-up, the Grays Harbor paper mill has recently been purchasing pulp from the Company at the anticipated annual rate of approximately 90,000 metric tons, or 50 percent of the pulp mill's capacity. The Grays Harbor paper mill sells all of its output to one customer and in the event that the paper mill's sales to its customer are adversely impacted for any reason, sales of the Company's pulp may also be adversely impacted. During the first quarter the paper mill reduced its production by 50 percent for a brief period resulting in lower pulp sales by the Company. By the end of the first quarter, the paper mill was operating at full capacity. The Company's pulp mill has recently been operating at approximately 90 percent of capacity and this arrangement will allow the Company's pulp mill to operate essentially at capacity. During the first quarter 1994, the Company completed and successfully started up a conventional pulp dryer with the ability to dry the full output of the pulp mill. The costs of this start-up were charged against earnings in the first quarter. Combined with the improved quality of pulp produced at this mill, this pulp dryer provides the Company with the flexibility to sell the full output of the mill in the world pulp markets, which it did not have previously. The world pulp market continues to be depressed with low product pricing throughout most of the industry. Pulp prices have improved slightly from the fourth quarter of 1994, but for the Company's pulp, first quarter 1994 pulp prices were 5 percent below the first quarter 1993.

Diaper earnings declined in the first quarter 1994 from both the first quarter 1993 and the fourth quarter 1993. Sales volumes declined early in the first quarter before recovering later in the quarter. Overall, sales volumes in the first quarter 1994 were 6 percent below the first quarter 1993. Based on the existing mix of diaper sales, the Company's diaper business operated at approximately 85 percent of capacity in the first quarter of 1994. Pricing for the Company's diapers declined in the first quarter 1994 approximately 3 percent from first quarter 1993. During the first quarter 1994, the Company introduced a diaper training pant to its line of diaper products which is

intended to compete with the national branded diaper producers training pants. The costs associated with starting up this product were expensed as incurred.

Tissue losses in the first quarter 1994 were smaller than any of the 1993 quarters as sales prices moved up slightly. Tissue pricing, however, remains extremely competitive throughout the industry. Tissue sales volumes were essentially even with last year's first quarter. Tissue operated at approximately 85 percent of capacity, which was due primarily to seasonal variations in selling patterns. In April 1994, the Company approved a project to improve the quality of the pulp produced at the Company's Eau Claire, Wisconsin tissue facility. The objectives of this project are to improve the quality of the pulp produced at the facility to quality levels attained by branded producers of tissue products, allowing the Company to compete more effectively in the tissue business. The project is projected to cost approximately $20 million and is scheduled for completion in mid 1995.

LIQUIDITY AND CAPITAL RESOURCES

For the first quarter 1994, net income before non-cash charges for depreciation and amortization contributed cash of $17.5 million. Accounts receivables increased $4.4 million primarily as a result of higher pulp sales to Grays Harbor. Inventories increased $5.3 million, primarily as a result of higher tissue inventories caused primarily by lower seasonal sales volume. Accounts payable and accrued liabilities and income taxes payable decreased $5 million and $8.1 million, respectively, due primarily to timing differences in the recognition and payment of liabilities. Overall, cash of $5.6 million was used for operating activities. Spending on capital projects was $21.8 million in the first quarter of 1994 and it is estimated an additional $46 million will be required for capital spending for the remainder of 1994. The $68 million estimated to be spent in 1994 will be used for the completion of the pulp dryer at the Halsey mill, for the pulp improvement in Eau Claire discussed previously, for cost reducing and product improvement projects in the Company's diaper business and for cost reducing projects at the Company's sawmills.

Early in the second quarter 1994, the Company successfully negotiated an additional $25 million short-term line of credit with terms and conditions similar to the Company's existing $20 million short-term line of credit. The company now has $120 million in lines of credit available, of which $37 million was outstanding at March 31, 1994.

During the first quarter, the Company called for redemption of all of the Company's $40 million 6 percent convertible subordinated debentures due 2012. The effect of this transaction was to reduce long-term debt by $40 million and increase stockholders' equity by $38.6 million ($40 million less fees and expenses) and to increase common shares outstanding by 1.5 million shares. The Company's debt to total capitalization ratio decreased to 31 percent at the end of the first quarter 1994 compared to 42 percent at year-end 1993.

PART II.

ITEM 4. Submission of Matters to a Vote of Security Holders

The Company's Annual Meeting of Shareholders was held on April 25, 1994. The following members were elected to the Company's Board of Directors to hold office for three-year terms expiring in 1997.

<TABLE>
<CAPTION>

Nominee	In Favor	Withheld
<S>	<C>	<C>
Peter T. Pope	10,585,348	53,062
Brooks Walker, Jr.	10,582,948	55,462
Gordon P. Andrews	10,570,344	68,066

</TABLE>

Additionally, the following directors were elected in previous years to three-year terms on the Company's Board of Directors and will continue their terms of office: Hamilton W. Budge, Charles Crocker, Warren E. McCain, Robert Stevens Miller, Jr., and Hugo G. L. Powell.

The results of the voting on the ratification of selection of Arthur Andersen & Co. as independent public accountants was as follows:

<TABLE>
<CAPTION>

In Favor	Opposed	Abstained
<S>	<C>	<C>
10,587,564	17,986	32,860

</TABLE>

ITEM 6. Exhibits and Reports on Form 8-K

Exhibits

<TABLE>

<S>	<C>	<C>
(4)	(a)	Line of Credit Agreement with Wachovia Bank of Georgia, National Association, dated April 29, 1994.
	(b)	Indenture dated June 2, 1993 between the Company and Chemical Trust Company of California as Trustee with respect to the Company's 8-3/8% Debentures due 2013. (Incorporated herein by reference to Exhibit 4.1 to the Company's registration statement on Form S-3 filed April 6, 1993.)
	(c)	Revolving Credit Agreement with United States National Bank of Oregon dated July 18, 1990. (Incorporated herein by reference to Exhibit 4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1990.)
	(d)	Revolving Credit Agreement dated May 6, 1992 with United States National Bank of Oregon; CIBC, Inc.; ABN AMRO Bank N.V.; Continental Bank N.A.; and Wachovia Bank of Georgia, National Association. (Incorporated herein by reference to Exhibit 4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1992.)

</TABLE>

<TABLE>

<S>	<C>	<C>
	(e)	Rights Agreement between Pope & Talbot, Inc. and The Bank of California, as rights agent, dated as of April 13, 1988. (Incorporated herein by reference to Exhibit 4(e) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.)
(10)	Executive Compensation Plans and Arrangements	
	(a)	Stock Option and Appreciation Plan. (Incorporated herein by reference to Exhibit

10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.)

	(b)	Executive Incentive Plan. (Incorporated herein by reference to Exhibit 10(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.)
	(c)	Restricted Stock Bonus Plan. (Incorporated herein by reference to Exhibit 10(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.)
	(d)	Deferral Election Plan. (Incorporated herein by reference to Exhibit 10(d) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.)
	(e)	Supplemental Executive Retirement Income Plan. (Incorporated herein by reference to Exhibit 10(e) to the Company's Annual Report on Form 10-K for the year ended December 31, 1990.)
	(f)	Form of Severance Pay Agreement between the Corporation and certain of its executive officers. (Incorporated herein by reference to Exhibit 10(f) to the Company's Annual Report on Form 10-K for the year ended December 31, 1990.)

	(g)	Lease agreement with Pope Resources dated December 20, 1985 for Port Gamble, Washington sawmill site. (Incorporated herein by reference to Exhibit 10(g) to the Company's Annual Report on Form 10-K for the year ended December 31, 1990.)
	(h)	Lease agreement with Shenandoah Development Group, Ltd. dated March 14, 1988 for Atlanta diaper mill site as amended September 1, 1988 and August 30, 1989. (Incorporated herein by reference to Exhibit 10(h) to the Company's Annual Report on Form 10-K for the year ended December 31, 1990.)

</TABLE>

<TABLE>

<S>	<C>	<C>
	(i)	Lease agreement with Shenandoah Development Group, Ltd. dated July 31, 1989 for additional facilities at Atlanta diaper mill as amended August 30, 1989 and February 1990. (Incorporated herein by reference to Exhibit 10(i) to the Company's Annual Report on Form 10-K for the year ended December 31, 1990.)
	(j)	Grays Harbor Industrial, Inc. Pulp Sales Supply Contract. (Incorporated herein by reference to Exhibit 10(j) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.)

(11) Statement re computation of per share earnings.

(22) Listing of parents and subsidiaries. (Incorporated herein by reference to Exhibit 22 to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.)

</TABLE>

Reports on Form 8-K

A Current Report on Form 8-K was filed on February 16, 1994, reporting the financial statements of Pope & Talbot, Inc., including the related notes and the accountant's report thereon, and Management's Discussion and Analysis of Results of Operations and Financial Condition which were included in the 1993 Annual Report to Shareholders.

POPE & TALBOT, INC.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

POPE & TALBOT, INC.

Registrant

Date: May 12, 1994

/s/ C. Lamadrid

C. Lamadrid
Senior Vice President and
Chief Financial Officer

WACHOVIA

- - --

MASTER NOTE

Date April 29, 1994 $ 25,000,000.00

For Value Received, the undersigned (hereinafter called the "Borrower"), hereby promises to pay on demand but not later than the maturity date or dates determined as herein set forth to the order of WACHOVIA BANK OF GEORGIA, N.A. (hereinafter called the "Lender"), at its office where borrowed, the principal sum of TWENTY-FIVE MILLION AND 00/100 Dollars or the aggregate unpaid principal sum of all advances which the Lender actually makes hereunder to the Borrower, whichever amount is less, together with interest in arrears payable on each Interest Due Date (as hereinafter defined) at a rate computed on the basis of a 360-day year for the actual number of days in each interest period, determined as herein set forth.

Lender, at its sole discretion, is hereby authorized to make advances under this Note upon telephonic or written communication of a borrowing request from any person representing himself or herself to be the Borrower or, in the event Borrower is a partnership or corporation, a duly authorized officer or representative of Borrower. At the time of each advance hereunder, the Borrower and the Lender shall agree on the maturity date for the payment of the principal amount of such advance (in the absence of earlier demand), the interest rate for such advance and the dates interest on such advance shall be payable (the "Interest Due Dates"). The Lender or other holder shall be and is hereby authorized by the Borrower to set forth on the reverse side of this Note, or on an attachment hereto: (1) the amount and date of each advance made hereunder; (2) the maturity date of each such advance (absent earlier demand); (3) the interest rate for each such advance; (4) the Interest Due Dates for each such advance; and (5) each payment of principal received thereon and the date of such payment; provided, however, any such notation or the failure to make any such notation shall not limit or otherwise affect the obligation of the Borrower with respect to the repayment of all advances actually made hereunder. In the event of a good faith dispute among the parties to this Note as to rate, the rate shall be the Prime Rate.

After this Note or any advance of this Note shall become due, whether on demand or otherwise, the unpaid principal of the Note shall bear interest at a rate per annum equal to 150% of the Prime Rate, or if greater, 2% above the rate applicable prior to the due date, not to exceed the maximum rate permitted by applicable law. As used herein, "Prime Rate" refers to that interest rate so denominated and set by the Lender from time to time as an interest rate basis for borrowings. The Prime Rate is one of several interest rate bases used by the Lender. The Lender lends at rates above and below the Prime Rate. Changes in the Prime Rate shall be effective as of the day of each such change.

Advances made hereunder shall not be used to purchase or carry margin stock, such terms having the same meanings used in Regulation U of the Federal Reserve Board.

All payments of any advance hereunder shall be applied first to accrued interest and then to principal.

The Borrower may prepay any advance hereunder prior to the maturity date specified for such advance only with the consent or upon the demand of the Lender.

No waiver by the Lender of any provision of the Note shall be effective unless in writing. To the extent not prohibited by law the Borrower hereby grants to the Lender and to such Lender's Affiliates (as the case may be) a security interest in and security title to and does hereby assign, pledge, transfer and convey to Lender and to such Lender's Affiliates (as the case may be) (i) all property of the Borrower of every kind or description now or hereafter in the possession or control of the Lender or of any of Lender's Affiliates, exclusive of any such property in the possession or control of the Lender or Lender's Affiliates as a fiduciary other than as agent, for any reason including, without limitation, all cash, stock or other dividends and all proceeds thereof, and all rights to subscribe for securities incident thereto and any substitutions or replacements for, or other rights in connection with, any of such collateral and (ii) any balance or deposit accounts of the Borrower, whether such accounts be general or special, or individual or multiple party, and upon all drafts, notes, or other items deposited for collection or presented for payment by the Borrower with the Lender or the Lender's Affiliates (as the case may be), exclusive of any such property in the possession or control of the Lender or Lender's Affiliates as a fiduciary other than as agent, and the Lender and the Lender's Affiliates (as the case may be) may at any time, without demand or notice, appropriate and apply any of such to the payment of any indebtedness, obligations and liabilities of the Borrower to the Lender or to any of Lender's Affiliates (as the case may be), now existing or hereafter incurred or arising, whether or not due, with the exception of indebtedness, obligations and liabilities owing to any of Lender's Affiliates that constitute open-end credit under, or are subject to, the disclosure requirements of the Truth-In-Lending Act and Federal Reserve Board Regulation Z, or any applicable state consumer protection laws. As used herein, "Lender's Affiliates" means any entity or entities now or hereafter directly or indirectly controlled by Wachovia Corporation or any successor thereto. All parties to this Note, including makers, endorsers, sureties and guarantors, whether bound by this or by separate instrument or agreement, shall be jointly and severally liable for the indebtedness evidenced by this Note and hereby (1) waive presentment for payment, demand, protest, notice of nonpayment or dishonor and of protest and any and all other notices and demands whatsoever; (2) consent that at any time, or from time to time, payment of any sum payable under this Note may be extended without notice, whether for a definite or indefinite time; and (3) agree to remain liable until the indebtedness evidenced hereby is paid in full irrespective of any extension, modification or renewal. No conduct of the holder shall be deemed a waiver or release of such liability, unless the holder expressly releases such party in writing. In the event the indebtedness evidenced hereby is collected by or through an attorney, the holder shall be entitled to recover reasonable attorneys' fees and all other costs and expenses of collection. Time is of the essence. Notwithstanding the statement of any specific maturity date for any specific advance and the requirement for the payment of interest from time to time, thie Note is a demand instrument and is due and payable at any time without cause or reason and is not subject to the terms of Sections 1-203 or 1-208 of the Uniform Commercial Code of Georgia, as the same may be amended from time to time.

This Note shall evidence all advances and payments of principal made hereunder until it is surrendered to the Borrower by the Lender, and it shall continue to be used even though there may be periods prior to such surrender when no amount of principal or interest is owing hereunder.

The Note, and the rights and obligations of the parties hereunder, shall be governed by and construed in accordance with the laws of the State of Georgia.

IN WITNESS WHEREOF, the Borrower has executed this Note under seal the day and year set forth above.

Witness:

/s/ SHEILA C. LAYTON — XXXXXXXXXXXXXXXXXXXXXXXXXXX (Seal)

(Individual Borrower)

/s/ NORENE J. DELANCE — XXXXXXXXXXXXXXXXXXXXXXXXXXX (Seal)

(Individual Borrower)

Attest:

/s/ DENNIS BUNDAY

Title: Financial Controller & Assistant Secretary

Borrower:

Pope & Talbot, Inc.

(Name of Corporation or Partnership)

By: /s/ C. LAMADRID (Seal)

Title: Senior V.P. and C.F.O.

[Corporate Seal] Wachovia Bank of Georgia, N.A.

Exhibit 11

POPE & TALBOT, INC.
Statement Showing Calculation of Average
Common Shares Outstanding and Earnings
Per Average Common Share

<TABLE>
<CAPTION>

	Three Months Ended March 31,	
	1994	1993
<S>	<C>	<C>
Weighted average number of common shares outstanding	12,336,311	11,629,661
Weighted average of common stock equivalent shares attributable to convertible debentures	1,010,880	1,542,020
Application of the "treasury stock" method to the stock option plan	228,675	225,268
Total common and common equivalent shares, assuming full dilution	13,575,866	13,396,949
Net income	$ 8,588,000	$10,472,000
Add: interest on convertible debentures, net of applicable income taxes	244,000	363,000
Net income, assuming full dilution	$ 8,832,000	$10,835,000
Net income per common share,		

assuming full dilution	$.65	$.81
	====	====

</TABLE>

The computation of primary net income per common share is not included because the computation can be clearly determined from the material contained in this report.