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Return to: ①

PIONEER NATIONAL BANK
719 SECOND AVE., SEATTLE, WASH. 98104

Ann Ruoboldt
BOOK 58 PAGE 45

TRUST INDENTURE,

DEED OF TRUST, SECURITY AGREEMENT

and

ASSIGNMENT OF LEASES AND RENTS

Dated as of August 19, 1981

between

LEWIS COUNTY TIMBER COMPANY

as Grantor

and

SEATTLE-FIRST NATIONAL BANK

as Trustee

\$34,600,000

15.75% Secured Notes due August 1, 1991

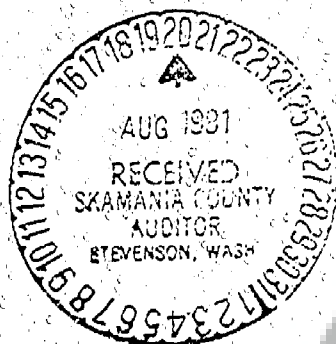


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TRUST INDENTURE

THIS Trust Indenture, Deed of Trust, Security Agreement and Assignment of Leases and Rents (hereinafter called the "Indenture") is made as of this 19th day of August, 1981, between LEWIS COUNTY TIMBER COMPANY, a Washington limited partnership organized under RCW 25.08 et seq. (the "Company"), as Grantor, whose address is c/o ITT Rayonier Incorporated, 18000 Pacific Highway South, Seattle, Washington 98188, and SEATTLE-FIRST NATIONAL BANK, as Trustee hereunder (the "Trustee"), whose address is Bond Trustee Services, P.O. Box 3586, Seattle, Washington 98124, for the benefit of Aetna Life Insurance Company, Connecticut General Life Insurance Company, The Equitable Life Assurance Society of the United States, John Hancock Mutual Life Insurance Company, The Northwestern Mutual Life Insurance Company and any and all other Holders of Notes issued hereunder, as Beneficiaries;

W I T N E S S E T H :

WHEREAS, for its lawful purposes, the Company has duly authorized the issue of its 15.75% Secured Notes due August 1, 1991 (herein called the "Notes") limited in aggregate principal amount to \$34,600,000, to be issued as registered Notes or as order Notes and, to secure the Notes and to provide the terms and conditions upon which the Notes are to be authenticated, issued and delivered, the Company has authorized the execution of this Indenture; and

WHEREAS, the registered Notes and the Trustee's certificate of authentication to be borne by the registered Notes are to be substantially in the following forms, respectively:

[FORM OF REGISTERED NOTE]

LEWIS COUNTY TIMBER COMPANY

15.75% SECURED NOTE DUE AUGUST 1, 1991

No. _____

\$ _____

LEWIS COUNTY TIMBER COMPANY, a Washington limited partnership (herein called the "Company", which term includes any successor of the Company under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____

_____ or registered assigns, on August 1, 1991, the principal sum of _____

_____ and to pay interest on the unpaid principal amount hereof, as provided in the Indenture hereinafter mentioned, to the registered holder hereof at the rate of 15.75% per annum (computed on the basis of a 30-day month--360-day year), payable semi-annually on the first day of August and February in each year from the August 1 or February 1 next preceding the date of authentication hereof to which interest has been paid, unless the date of authentication hereof be an August 1 or February 1 to which interest has been paid, in which case from the date of authentication hereof, or unless the date of authentication of this Note is prior to the August 1 or February 1 next succeeding the original issuance of this Note or the Note in substitution for which this Note has been issued, in which case from the date of authentication hereof or from the date of authentication of the Note in substitution for which this Note has been issued, until payment of the principal hereof becomes due, whether at the stated maturity or by declaration or otherwise, and at the rate of 16.75% per annum on any overdue principal, premium, if any, and (to the extent legally enforceable) on any overdue instalment of interest. If any date for the payment of principal of, or premium, if any, or interest on this Note (including as a result of a redemption) is not a Business Day, such payment shall be made on the next succeeding day which is a Business Day, and interest shall accrue thereon until payment is

made. The principal of, and premium, if any, and interest on this Note are payable at the principal corporate trust office of Seattle-First National Bank or its successor as Trustee under the Indenture hereinafter mentioned in Seattle, Washington. Payment of the principal of, and premium, if any, and interest on this Note may be made in accordance with the terms of an agreement between the Company and the Holder of this Note, filed with the Trustee, as provided in the Indenture. All such payments shall be made in such coin or currency as at the time of payment is legal tender for the payment of public and private debts.

This Note is one of a duly authorized issue of Notes of the Company designated as its 15.75% Secured Notes due August 1, 1991 (herein called the "Notes"), limited in aggregate principal amount to \$34,600,000, all issued and to be issued under and equally secured by a Trust Indenture, Deed of Trust, Security Agreement and Assignment of Leases and Rents (herein called the "Indenture"), dated as of August 19, 1981, between the Company, as Grantor, and Seattle-First National Bank, as Trustee (herein called the "Trustee", which term includes any successor Trustee under the Indenture), to which Indenture and all indenture's supplemental thereto reference is hereby made for a description of the nature and extent of the security for the Notes, the rights of the Holders of the Notes and the Trustee in respect thereof, and the terms and conditions upon which the Notes are, and are to be, issued and secured. Terms used herein which are defined in the Indenture have the meanings set forth in the Indenture.

The Notes are subject to redemption in part, through the operation of the sinking fund provided for in the Indenture, on August 1 in each of the years 1989 and 1990, at 100% of the principal amount of the Notes to be redeemed, together with interest accrued thereon to the date fixed for redemption.

The Notes are also subject to mandatory redemption in certain other circumstances specified in the Indenture.

The Notes may also be redeemed by the Company on any date in whole or in part at the then applicable redemption price (expressed in percentages of the principal amount

thereof) set forth below, together with interest accrued thereon to the date fixed for redemption, as follows:

If redeemed during the 12-month period ending on July 31,

<u>Year</u>	<u>Percentage</u>
1982	115.75
1983	114.00
1984	112.25
1985	110.50
1986	108.75
1987	107.00
1988	105.25
1989	103.50
1990	101.75
1991	100.00

The Notes are also subject to optional redemption in the event that cutting under the Cutting Contract is accelerated following the occurrence of an event of force majeure, as more fully described in the Indenture.

If an Event of Default, as defined in the Indenture, shall occur and be continuing, the principal of all of the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment thereof and the modification of the rights and obligations thereunder at any time by the Company with the consent of the Holders of not less than 66-2/3% (or greater percentages with respect to certain of such amendments and modifications) in aggregate principal amount of the Notes Outstanding. The Indenture also permits the Holders of not less than 66-2/3% (or greater percentages with respect to certain waivers) in aggregate principal amount of the Notes Outstanding, on behalf of the Holders of all the Notes, to waive compliance with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Note.

No reference to the Indenture and no provision of this Note or the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and premium, if any, and interest on this Note at the time, place, and rate, and in the coin or currency, herein prescribed.

The Notes are issuable as either registered or order Notes. This Note is a registered Note and is transferable on the Note Register, upon surrender of this Note for transfer at the principal corporate trust office of the Trustee in Seattle, Washington, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by, the registered Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes of authorized denominations and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The Notes are issuable in denominations of \$1,000 and any integral multiple of \$1,000. As provided in the Indenture and subject to certain limitations therein set forth, Notes are exchangeable for a like aggregate principal amount of registered or order Notes of a different authorized denomination, as requested by the Holder surrendering the same. No service charge will be made for any such transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

All Notes issued in exchange for this Note, or any portion hereof, pursuant to any provisions of this Note or of the Indenture, shall be the valid obligations of the Company, shall evidence the same debt as this Note, or portion hereof, surrendered in exchange, and shall be entitled to the benefits of the Indenture to the same extent as the Note, or portions thereof, surrendered upon such exchange.

The Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes whether or not this Note shall be overdue, and neither the Company, the Trustee nor such agent shall be affected by notice to the contrary.

The Holder hereof, by its acceptance of this Note, authorizes the Trustee and any successor Trustee to act as the agent of such Holder for the purposes set forth in the Indenture.

The general partner of the Company shall not be liable for any amounts due and owing under this Note in excess of its interest in the assets of the Company.

The proceeds of the loan evidenced by this Note will be used exclusively for a commercial or business transaction.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this Note shall not be secured by or entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

This Note is governed by and shall be construed in accordance with the law of the State of Washington.

IN WITNESS WHEREOF, the General Partner of the Company has executed this Note on _____, 19__.

LEWIS COUNTY TIMBER COMPANY

By RAYMIDGA CO.
General Partner

By _____
Vice President

[FORM OF CERTIFICATE OF AUTHENTICATION]
CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes described in the within-mentioned Indenture.

SEATTLE-FIRST NATIONAL BANK
as Trustee

By _____
Authorized Officer

; and

WHEREAS, the order Notes and the Trustee's certificate of authentication to be borne by the order Notes are to be substantially in the following forms, respectively:

[FORM OF ORDER NOTE]

LEWIS COUNTY TIMBER COMPANY

15.75% SECURED NOTE DUE AUGUST 1, 1991

No. _____ \$ _____

LEWIS COUNTY TIMBER COMPANY, a Washington limited partnership (herein called the "Company", which term includes any successor of the Company under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____ or order, on August 1, 1991,

the principal sum of _____ and to pay interest on the unpaid principal amount hereof, as provided in the Indenture hereinafter mentioned, to the Holder hereof at the rate of 15.75% per annum (computed on the basis of a 30-day month-360-day year), payable semi-annually on the first day of August and February in each year from the August 1 or February 1 next preceding the date of authentication hereof to which interest has been paid, unless the date of authentication hereof be an August 1 or February 1 to which interest has been paid, in which case from the date of authentication hereof, or unless the date of authentication of this Note is prior to the August 1 or February 1 next succeeding the original issuance of this Note or the Note in substitution for which this Note has been issued, in which case from the date of authentication hereof or from the date of authentication of the Note in substitution for which this Note has been issued, until payment of the principal hereof becomes due, whether at the stated maturity or by declaration or otherwise, and at the rate of 16.75% per annum on any overdue principal, premium, if any, and (to the extent legally enforceable) on any overdue instalment of interest. If any date for the payment of principal of, or premium, if

any, or interest on this Note (including as a result of a redemption) is not a Business Day, such payment shall be made on the next succeeding day which is a Business Day, and interest shall accrue thereon until payment is made. The principal of, and premium, if any, and interest on this Note are payable at the principal corporate trust office of Seattle-First National Bank or its successor as Trustee under the Indenture hereinafter mentioned in Seattle, Washington. Payment of the principal of, and premium, if any, and interest on this Note may be made in accordance with the terms of an agreement between the Company and the Holder of this Note, filed with the Trustee, as provided in the Indenture. All such payments shall be made in such coin or currency as at the time of payment is legal tender for the payment of public and private debts.

This Note is one of a duly authorized issue of Notes of the Company designated as its 15.75% Secured Notes due August 1, 1991 (herein called the "Notes"), limited in aggregate principal amount to \$34,600,000, all issued and to be issued under and equally secured by a Trust Indenture, Deed of Trust, Security Agreement and Assignment of Leases and Rents (herein called the "Indenture"), dated as of August 19, 1981, between the Company, as Grantor, and Seattle-First National Bank, as Trustee (herein called the "Trustee", which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the nature and extent of the security for the Notes, the rights of the Holders of the Notes and the Trustee in respect thereof, and the terms and conditions upon which the Notes are, and are to be, issued and secured. Terms used herein which are defined in the Indenture have the meanings set forth in the Indenture.

The Notes are subject to redemption in part, through the operation of the sinking fund provided for in the Indenture, on August 1 in each of the years 1989 and 1990, at 100% of the principal amount of the Notes to be redeemed, together with interest accrued thereon to the date fixed for redemption.

The Notes are also subject to mandatory redemption in certain other circumstances specified in the Indenture.

The Notes may also be redeemed by the Company on any date in whole or in part at the then applicable redemption price (expressed in percentages of the principal amount

thereof) set forth below, together with interest accrued thereon to the date fixed for redemption, as follows:

If redeemed during the 12-month period ending on July 31,

<u>Year</u>	<u>Percentage</u>
1982	115.75
1983	114.00
1984	112.25
1985	110.50
1986	108.75
1987	107.00
1988	105.25
1989	103.50
1990	101.75
1991	100.00

The Notes are also subject to optional redemption in the event that cutting under the Cutting Contract is accelerated following the occurrence of an event of force majeure, as more fully described in the Indenture.

If an Event of Default, as defined in the Indenture, shall occur and be continuing, the principal of all of the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits the amendment thereof and the modification of the rights and obligations thereunder at any time by the Company with the consent of the Holders of not less than 66-2/3% (or greater percentages with respect to certain of such amendments and modifications) in aggregate principal amount of the Notes Outstanding. The Indenture also permits the Holders of not less than 66-2/3% (or greater percentages with respect to certain waivers) in aggregate principal amount of the Notes Outstanding, on behalf of the Holders of all the Notes, to waive compliance with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Note.

No reference to the Indenture and no provision of this Note or the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and premium, if any, and interest on this Note at the time, place, and rate, and in the coin or currency, herein prescribed.

The Notes are issuable as either registered Notes or order Notes. This Note is an order Note and is transferable by endorsement and delivery. The Holder hereof, by its acceptance of this Note, agrees that, in the event of the sale or transfer of this Note, it will promptly notify the Company and the Trustee in writing of the name and address of the transferee.

The Indenture provides that in making payments due on this Note and otherwise the Company and the Trustee shall treat the payee named in this Note, or the transferee named in the most recent notice of transfer with respect to this Note delivered to the Company and the Trustee, as the owner and Holder of this Note for all purposes of the Indenture.

The Notes are issuable in denominations of \$1,000 and any integral multiple of \$1,000. As provided in the Indenture and subject to certain limitations therein set forth, Notes are exchangeable for a like aggregate principal amount of registered or order Notes of a different authorized denomination, as requested by the Holder surrendering the same. No service charge will be made for any such transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

All Notes issued in exchange for this Note, or any portion hereof, pursuant to any provisions of this Note or of the Indenture, shall be the valid obligations of the Company, shall evidence the same debt as this Note, or portion hereof, surrendered in exchange, and shall be entitled to the benefits of the Indenture to the same extent as the Note, or portions thereof, surrendered upon such exchange.

The Holder hereof, by its acceptance of this Note, authorizes the Trustee and any successor Trustee to act as the agent of such Holder for the purposes set forth in the Indenture.

The general partner of the Company shall not be liable for any amounts due and owing under this Note in excess of its interest in the assets of the Company.

The proceeds of the loan evidenced by this Note will be used exclusively for a commercial or business transaction.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this Note shall not be secured by or entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

This Note is governed by and shall be construed in accordance with the law of the State of Washington.

IN WITNESS WHEREOF, the General Partner of the Company has executed this Note on _____, 19__.

LEWIS COUNTY TIMBER COMPANY

By RAYMIDGA CO.
General Partner

By _____
Vice President

[FORM OF CERTIFICATE OF AUTHENTICATION]
CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes described in the within-mentioned Indenture.

SEATTLE-FIRST NATIONAL BANK
as Trustee

By _____
Authorized Officer

; and

WHEREAS, all acts and things necessary to make this Indenture the valid and legally binding obligation of the Company, for the uses and purposes herein set forth, in accordance with its terms, have been done and performed;

NOW, THEREFORE, THIS INDENTURE WITNESSETH that, in consideration of the premises and other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of, and premium, if any, and interest on all Notes at any time issued and Outstanding under this Indenture and of all other amounts payable to or for the benefit of the Noteholders and the Trustee hereunder and under the Note Purchase Agreement, the Company hereby IRREVOCABLY GRANTS, BARGAINS, SELLS AND CONVEYS to the Trustee and its successors and assigns, IN TRUST, the following described properties, to wit:

FIRST

TIMBERLAND

All right, title and interest of the Company in and to all of the real property located in the Counties of Grays Harbor, Jefferson, Lewis, King, Mason and Skamania, State of Washington, described in Exhibit A attached hereto and hereby made a part hereof; together with all buildings, structures, fixtures and other improvements now or hereafter located on or placed or erected in or upon said real property or any part or parcel thereof; together with all and singular the tenements, hereditaments, easements, leases, rights of way, licenses, tenancies, permissions, water rights and appurtenances and other rights and privileges thereunto belonging or in anywise now or hereafter appertaining; together with all Timber and crops now located on or hereafter planted or growing in the soil of said real property, or any part or parcel thereof, and all additions, substitutions and replacements thereof; together with all interests, estates or other claims, both at law and in equity, which the Company now has or may hereafter acquire in said real property; together with all the estate, right, title, interest and other claim or demand, including claims or demands with respect to the proceeds of insurance in effect with respect to said real property, which the Company now has or may hereafter acquire in said real property, and any and all awards made for the taking by condemnation or eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of such real property; and together with all governmental permits relating to said real property, all names under or by which said real property may at any time be operated or known, and all rights to carry on business under any such names or any variant thereof, and all trademarks, trade names, patents pending and goodwill.

Excepting therefrom any title to or claim of interest in any minerals located in, on or under said real property.

ALL of which real property, lands, buildings, structures, fixtures, improvements, tenements, hereditaments, easements, leases, rights of way, licenses, tenancies, permissions, water rights, appurtenances, rights, privileges, Timber, rights, titles, interests, claims and demands are hereinafter referred to as the "Timberland", and shall to the extent permitted by law, be considered as real property forming a part of the real property hereby conveyed. To the extent that any of the Timberland is not so considered but is held to be personal property subject to the Uniform Commercial Code of Washington, then the Company hereby grants to the Trustee, as agent for and representative of the Noteholders, a security interest in, and all of the rights and remedies of a secured party under the Uniform Commercial Code of Washington with respect to, said personal property.

SECOND

PLEDGED CONTRACTS

All right, title and interest of the the Company in, to and under the Pledged Contracts set forth below, including all modifications and amendments thereof and all supplements thereto permitted hereby (executed copies of which Pledged Contracts in existence on the date of execution and delivery hereof and as modified, amended and supplemented to the date of execution and delivery hereof, have been delivered to the Trustee), including, without limitation, all rights of the Company to effect any amendment or modification of, exercise any election or option or to make any decision or determination or to give or receive any notice, consent, waiver or approval under any Pledged Contract:

- (i) the Cutting Contract;
- (ii) the Maintenance Agreement;
- (iii) the Purchase Agreement;
- (iv) the Contribution Agreement;
- (v) the Milwaukee Land Company Agreement; and
- (vi) all other cutting contracts and sales contracts (the "Other Cutting and Sales Contracts") with respect to the Timberland which the Company is permitted to enter into pursuant to the terms of this Indenture;

and all right, title and interest now held or hereafter acquired by the Company in and to any right to restitution from any obligor thereon in respect of any determination of invalidity of any Pledged Contract.

THIRD

OTHER PROPERTY

All other property and assets of whatsoever kind, nature or description which may hereafter from time to time be, or be required to be, granted, bargained, sold and conveyed to the Trustee hereunder by any Person and accepted by the Trustee.

FOURTH

RENTS AND PROCEEDS

All right, title and interest, present and future, of the Company in and to all the tolls, rents, issues, profits, products, royalties, revenues and other income, and in and to all proceeds and payments, from or on account of the property, rights and privileges subjected or required to be subjected to the Lien of this Indenture.

THIS INDENTURE is for the purpose of securing the performance of each agreement of the Company herein and in the Note Purchase Agreement contained and the payment of a principal sum not to exceed at any one time \$34,600,000, with interest and all other amounts due and owing under the Note Purchase Agreement in accordance with the terms of the Note Purchase Agreement and the Notes, and all renewals, modifications and extensions hereof or thereof, and also all further sums as may be advanced or loaned hereunder to the Company or any of its successors or assigns, together with interest on all such amounts at such rate as shall be agreed upon.

TO HAVE AND TO HOLD the said property unto the Trustee, its successors and assigns, forever in mortgage, pledge and trust for the benefit and security of the Holders from time to time of the Notes and for the uses and purposes and subject to the terms and provisions set forth in this Indenture.

It is hereby covenanted and agreed by and between the parties hereto that the terms and conditions upon which the Notes are issued, authenticated, delivered and accepted by all Persons who shall from time to time be or become the Holders thereof, and the terms and conditions upon which the property herein granted, bargained, sold and conveyed is to be held and disposed of, which said terms and conditions the Trustee hereby accepts and agrees to discharge, are as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 1.01. Definitions. Except as otherwise expressly provided or unless the context shall otherwise require, the terms defined in this Section shall have the meanings assigned to them in this Section, and shall include the plural as well as the singular.

"Act" when used with respect to any Noteholder shall have the meaning specified in Section 1.02.

"Affiliate" of any Person shall mean any other Person directly or indirectly controlling, directly or indirectly controlled by or under direct or indirect common control with such Person, provided that an original Noteholder or a subsequent Noteholder (other than the original General Partner or an Affiliate of the original General Partner) shall not be considered to be an Affiliate of the Company. For the purpose of this definition, the term "control" when used with respect to any specified Person shall mean the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

"Business Day" shall mean any day on which the Trustee shall be open to the public in Seattle, Washington for the transaction of its normal banking business.

"Consultant" shall mean Sanders, Cronk & Holmes, or any successor consultant appointed pursuant to the provisions of Article VII hereof.

"Contribution Agreement" shall mean the Contribution Agreement, dated as of July 31, 1981, between the Company and Raymidga.

"Current Assets" shall have the meaning specified in Section 4.22.

"Current Liabilities" shall have the meaning specified in Section 4.22.

"Cutting Contract" shall mean the Cutting Contract, dated as of August 19, 1981, between the Company and Rayonier.

"Distribution" shall mean any payment or other distribution to the partners of the Company in such capacity, the repayment or acquisition by the Company from its funds of partnership interests from the General Partner or the limited partners of the Company (except when solely in exchange for other partnership interests) or any payments of interest or principal of the Indebtedness secured by the Second Mortgage.

"Event of Default" shall have the meaning specified in Section 6.01, provided that there has been satisfied any requirement in connection with such event for the giving of notice, or the lapse of time, or the happening of any further condition, event or act, and "Default" shall mean any of such events, whether or not any such requirement has been satisfied.

"force majeure" shall have the same meaning as specified in Section 11 of the Cutting Contract.

"General Partner" shall mean Raymidga or its successor as general partner of the Company pursuant to the applicable provisions of the Company's partnership agreement.

"Holder" when used with respect to any Note shall mean a Noteholder.

"Indebtedness" shall mean: (i) any obligation which is shown on the balance sheet as a liability (excluding reserves for deferred income tax and other reserves to the extent that such reserves do not constitute an obligation); (ii) indebtedness secured by any Lien existing on property owned subject to such Lien whether or not the indebtedness secured thereby shall have been assumed; and (iii) guarantees, endorsements (other than endorsements of negotiable instruments for collection in the ordinary course of business) and other contingent liabilities in connection with the obligations, stock or dividends of any Person; all as determined in accordance with generally accepted accounting principles.

"Indenture" shall mean this Trust Indenture, Deed of Trust, Security Agreement and Assignment of Leases and Rents, as the same may be amended, modified and supplemented from time to time in accordance with the provisions hereof.

"Interest Payment Date" shall mean August 1 and February 1.

"Lien" shall mean any interest in property securing an obligation owed to, or a claim by, a Person other than the

owner of the property, whether such interest is based on the common law, statute or contract, and including but not limited to the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" shall include reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting property. For the purposes of this Indenture, the Company shall be deemed to be the owner of any property which it has acquired or holds subject to a conditional sales contract, financing lease or other arrangement pursuant to which title to the property has been retained by or vested in some other Person for security purposes.

"Maintenance Agreement" shall mean the Maintenance Agreement, dated as of August 19, 1981, between the Company and Rayonier.

"Merchantable Timber" shall mean hardwood trees and conifer trees which meet the standards at the time prescribed for merchantable logs by the Puget Sound, Grays Harbor or Columbia River Log Scaling and Grading Bureaus for such logs as may be delivered to each such market.

"Milwaukee Land Company Agreement" shall mean all of the right, title and interest of the Company (as successor in part by assignment from Rayonier) under the Agreement, dated as of October 10, 1980, between Milwaukee Land Company and Rayonier with respect to the property conveyed by Milwaukee Land Company to the Company in accordance with the terms thereof.

"Note" or "Notes" shall mean any Note or all the Notes, as the case may be, authenticated and delivered under this Indenture.

"Noteholder" shall mean either a Person in whose name a Note is registered in the Note Register in the case of a registered Note or a Person who is the payee named in a Note or the transferee named in the most recent notice of transfer with respect to such Note delivered to the Company and the Trustee in the case of an order Note.

"Note Purchase Agreement" shall mean collectively the five Note Purchase Agreements, each dated August 14, 1981, between the Company and each of Aetna Life Insurance Company, Connecticut General Life Insurance Company, The Equitable Life Assurance Society of the United States, John Hancock Mutual Life Insurance Company and The Northwestern Mutual Life Insurance Company, relating to the sale and purchase of the Notes.

"Note Register" shall have the meaning specified in Section 2.05.

"Note Registrar" shall have the meaning specified in Section 2.05.

"Opinion of Counsel" shall mean an opinion or opinions in writing signed by counsel satisfactory to the Trustee, who may be counsel for the Company.

"Option Agreements" shall mean the Option Agreement, dated as of August 19, 1981, between the Company and Rayonier and the Option Agreement, dated as of August 19, 1981 between the Company and Raymidga.

"Other Cutting and Sale Contracts" shall have the meaning specified in Granting Clause Second.

"Outstanding" when used with respect to Notes shall mean, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(i) Notes theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Notes for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee in trust for the Holders of such Notes, provided that, if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made; and

(iii) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture.

"Permitted Exceptions" shall mean: (a) in the case of Timberland subject to this Indenture as of the date hereof, (i) those exceptions and matters set forth in Schedule B of Pioneer National Title Insurance Company's pro-forma American Land Title Association Standard Coverage Policy No. N21-03168-50 transmitted to the Trustee under cover of letter dated August 10, 1981 which do not materially interfere with the conduct on the Timberland of the commercial cultivation and harvesting of Timber, (ii) any of the exceptions listed below in clauses (b)(ii)(B) and (b)(ii)(F) which would not materially interfere with the conduct on

such Timberland of the commercial cultivation and harvesting of Timber, and (iii) any matters acceptable to the Holders of not less than 66-2/3% in aggregate principal amount of the Notes at the time Outstanding; and (b) in the case of any other Timberland, "Permitted Exceptions" shall mean: (i) any matters acceptable to the Holders of not less than 66-2/3% in aggregate principal amount of the Notes at the time Outstanding, and (ii) any one or more of the following exceptions, so long as it shall not materially interfere with the conduct on such Timberland of the commercial cultivation and harvesting of Timber:

(A) The Second Mortgage and any Lien which is subordinate to the Lien of this Indenture securing other Indebtedness of the Company permitted under Section 4.18;

(B) The rights of Rayonier and Raymidga under the Option Agreements;

(C) Liens for taxes which are not delinquent or which are being contested in good faith and by appropriate proceedings;

(D) Any riparian rights;

(E) Title to that portion of such Timberland within the bounds of any roads, highways, cemeteries and railroads; or

(F) Encumbrances consisting of zoning regulations, easements, rights of way, survey exceptions and other similar restrictions on the use of real property or minor irregularities in title thereto.

"Person" shall mean an individual, a partnership, a joint venture, a corporation, a trust, an unincorporated organization or a government or any department or agency thereof.

"pledged Contracts" shall mean the Cutting Contract, the Maintenance Agreement, the Purchase Agreement, the Contribution Agreement, the Milwaukee Land Company Agreement and the Other Cutting and Sales Contracts.

"Purchase Agreement" shall mean the Purchase Agreement, dated as of August 19, 1981, between the Company and Rayonier.

"Purchased and Contributed Timberland" shall mean the Timberland purchased by the Company from Rayonier pursuant

to the Purchase Agreement or contributed to the Company by Raymidga pursuant to the Contribution Agreement.

"Raymidga" shall mean Raymidga Co., a Delaware corporation.

"Rayonier" shall mean ITT Rayonier Incorporated.

"Redemption Date" when used with respect to any Note to be redeemed shall mean the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price" when used with respect to any Note to be redeemed shall mean the price at which such Note is to be redeemed pursuant to this Indenture.

"Responsible Officer" when used with respect to the Trustee shall mean the chairman or vice chairman of the board of directors, the president, every vice-president, every assistant vice-president, the secretary, every assistant secretary, the treasurer, every assistant treasurer, every trust officer, and every other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with a particular subject.

"Second Mortgage" shall mean the Second Mortgage, dated as of August 19, 1981, from the Company, as mortgagor, to Rayonier, as mortgagee, which creates a second Lien on the Timberland as security for a purchase money mortgage loan in the original principal amount of \$16,400,000 made by Rayonier to the Company.

"Subsidiary" shall mean any Person 100% of the economic interest in and the total combined voting power of which shall, at the time as of which any determination is being made, be owned by the Company either directly or through Subsidiaries.

"Timber" shall mean any and all timber, logs, trees and wood, of any size and whether merchantable or not, situate, standing, being and growing, now or in the future, on specified land, and all timber rights of whatever kind and nature with respect to such land.

"Timberland" shall mean the Timberland as defined in Granting Clause First and all other real property on which

Timber is situate which is hereafter granted, bargained, sold and conveyed to the Trustee and accepted by the Trustee hereunder.

"Trustee" shall mean Seattle-First National Bank and its successors as Trustee pursuant to the applicable provisions of this Indenture.

"Trust Estate" shall mean as of any particular time the property which is subject or is intended to be subject at said time to the Lien of this Indenture; provided, however, that moneys held by the Trustee in trust for the payment, at maturity or on a Redemption Date, of specific Notes and moneys held by the Trustee for the payment of specific interest installments shall not be deemed part of the Trust Estate.

"Written Order of the Company" shall mean an order signed in the name of the Company by the General Partner.

SECTION 1.02. Acts of Noteholders. (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Noteholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes called the "Act" of the Noteholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 8.01) conclusive in favor of the Trustee if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such

instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient, it being understood that in the case of insurance company, pension fund and bank Holders the Trustee may elect to waive such affidavit or acknowledgment.

(c) The ownership of Notes shall be proved in the manner provided in Section 2.07.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Note shall bind the Holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Note.

(e) In determining whether the Holders of the requisite aggregate principal amount of Notes have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture, Notes which are owned by the Company or an Affiliate thereof shall be disregarded and deemed not to be Outstanding for such purpose, except that in determining whether the Trustee shall be protected in relying on such request, demand, authorization, direction, notice, consent or waiver, only Notes which the Trustee knows are so owned shall be disregarded. In connection with any such request, demand, authorization, direction, notice, consent or waiver the Trustee may require that each Holder of a Note shall furnish to the Trustee on request a certificate signed by such Holder certifying to the reasonable satisfaction of the Trustee that such Holder is not the Company or an Affiliate thereof.

SECTION 1.03. Notices, Etc. to Trustee and Company.
Any request, demand, authorization, direction, notice, consent, waiver or Act of Noteholders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Noteholder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing and either mailed, first-class postage prepaid, or sent by telecommunications equipment (including, without limitation, the use of telecopier or word processing equipment) to the Trustee at its principal corporate trust office, or

(2) the Company by the Trustee or by any Noteholder shall be sufficient for every purpose hereunder if in writing and either mailed, first-class postage prepaid, or sent by telecommunications equipment (including, without limitation, the use of telecopier or word processing equipment) to the Company addressed to it c/o ITT Rayonier Incorporated, 18000 Pacific Highway South, Seattle, Washington 98188, Attention: Vice President, Northwest Regional Operations (with a copy of such notice addressed to Rayonier at 1777 Summer Street, Stamford, Connecticut 06904 (Attention: Treasurer)), or any other address previously furnished in writing to the Trustee by the Company expressly for such purpose.

Any notice given by mail shall be deemed received on the seventh day after mailing and any such notice transmitted by telecommunications equipment shall be deemed received on the date actually received.

SECTION 1.04. Notices to Noteholders; Waiver. Where this Indenture provides for notice to Noteholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and either mailed, first-class postage prepaid, or sent by telecommunications equipment (including, without limitation, the use of telecopier or word processing equipment) to each Noteholder affected by such event, at its address as it appears in the Note Register in the case of a registered Note and at such address as shall have been furnished to the Company and the Trustee in writing, or, until an address is so furnished, to and at the address of the last Holder of such order Note so furnishing an address to the Company and the Trustee in the case of an order Note, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. Any such notice given by mail shall be deemed received on the seventh day after mailing and any such notice sent by telecommunications equipment shall be deemed received on the date actually received. In any case where notice to Noteholders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Noteholder shall affect the sufficiency of such notice with respect to other Noteholders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Noteholders shall be

filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 1.05. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.06. Successors and Assigns. All covenants and agreements in this Indenture by the Company, and the Trustee shall bind, and to the extent permitted hereby shall inure to the benefit of and be enforceable by, their respective successors and assigns, whether so expressed or not.

SECTION 1.07. Severability Clause. Any provision of this Indenture or in the Notes which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 1.08. Payments Due on Non-Business Days; Limited Liability. In any case where the date of maturity of interest on or principal of the Notes or the Redemption Date for any Notes shall not be a Business Day, then payment of interest or principal or such redemption shall be made on the next succeeding Business Day, and interest shall accrue thereon until payment is made. The General Partner of the Company shall not be liable for any amounts due and owing under this Indenture in excess of its interest in the assets of the Company.

SECTION 1.09. Counterparts. This Indenture is being executed in several counterparts, each of which is an original, but such counterparts shall together constitute but one and the same instrument. It shall not be necessary in making proof of this Indenture to produce or account for more than one such counterpart.

SECTION 1.10. Security Agreement. This Indenture constitutes a security agreement for purposes of the Uniform Commercial Code of the applicable jurisdictions.

SECTION 1.11. Governing Law. This Indenture shall in all respects be governed by, and construed in accordance with, the law of the State of Washington.

ARTICLE II

THE NOTES

SECTION 2.01. Designation, Amount and Issue of Notes. The Notes shall be designated as "15.75% Secured Notes due August 1, 1991". Notes in the aggregate principal amount of \$34,600,000, upon the execution of this Indenture, or from time to time thereafter, may be executed by the Company and delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Notes to or upon the Written Order of the Company. Except as provided in Section 2.06, the aggregate principal amount of Notes which may be Outstanding under this Indenture is limited to \$34,600,000.

SECTION 2.02. Forms of Notes and Certificate of Authentication. The Notes and the certificate of authentication to be endorsed on the Notes shall be in substantially the respective forms set forth in the recitals hereof.

The Notes shall be issued as registered Notes or order Notes in denominations of \$1,000 and any integral multiple of \$1,000.

The Notes shall be printed, lithographed or engraved or produced by any combination of these methods, as determined by the individuals of the Company executing the Notes, as evidenced by their execution of the Notes.

SECTION 2.03. Interest. Every Note shall bear interest (computed on the basis of a 30-day month--360-day year) from the Interest Payment Date next preceding the date of authentication thereof to which interest has been paid on the Note unless the date of authentication shall be an Interest Payment Date to which interest has been paid, in which case it shall bear interest from the date of authentication, or unless the date of authentication shall be prior to the first Interest Payment Date for the Notes, in which case it shall bear interest from the date of authentication of such Note. The first Interest Payment Date shall be February 1, 1982.

SECTION 2.04. Execution, Authentication and Delivery and Dating. The Notes shall be executed on behalf of the Company by its General Partner. The signature of the General Partner on the Notes may be manual or facsimile.

Each Note shall be dated the date of its authentication by the Trustee.

No Note shall be secured by or entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on such Note a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

SECTION 2.05. Registration, Transfer and Exchange.
The Company shall cause to be kept at the principal corporate trust office of the Trustee a register (herein called the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of registered Notes and of transfers of such Notes. The Trustee is hereby appointed "Note Registrar" for the purpose of registering registered Notes and transfers of such Notes as herein provided.

Upon surrender for registration of transfer of any Notes at such office or agency, the Company shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations and of like aggregate principal amount.

At the option of the Holder, Notes may be exchanged for other Notes of any authorized denominations and of a like aggregate principal amount, upon surrender of the Notes to be exchanged at such office or agency. Whenever any Notes are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Notes which the Noteholder making the exchange is entitled to receive.

Each new Note shall be payable to its Holder as such Holder may request and shall, at the option of such Holder, be either a registered Note or an order Note.

All Notes issued upon any transfer or exchange of Notes shall be valid obligations of the Company, evidencing the same debt, and shall be entitled to the same security and benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

Every Note presented or surrendered for transfer or exchange shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Note Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing.

Order Notes shall be transferable by endorsement and delivery. Each order Note states that the Holder of such Note agrees that, in the event it shall sell or transfer such Note, it will promptly notify the Company and the Trustee in writing of the name and address of the transferee.

No service charge shall be made for any transfer or exchange of Notes, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes, other than exchanges pursuant to Section 3.07 or Section 9.06 not involving any transfer.

The Company shall not be required (i) to issue, transfer or exchange any Note during a period beginning at the opening of ten business days before the day of the mailing of a notice of redemption of Notes selected for redemption under Section 3.04 and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Note so selected for redemption in whole or the portion of any Note so selected for redemption in part.

SECTION 2.06. Mutilated, Destroyed, Lost and Stolen Notes. If (i) any mutilated Note is surrendered to the Trustee, or the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Company and the Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Company or the Trustee that such Note has been acquired by a bona fide purchaser, the Company shall execute and upon its request the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like principal amount, bearing (in the case of a new registered Note) a number not contemporaneously outstanding; provided, however, that if the Holder of such Note is an original Noteholder, the written undertaking of such Holder signed by the President, any Vice President or any investment officer thereof and delivered to the Trustee and the Company shall be sufficient security and indemnity.

All mutilated Notes held by the Trustee shall be promptly cancelled by it and disposed of as directed by a Written Order of the Company.

Upon the issuance of any new Note under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every Note issued pursuant to this Section in lieu of any destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Note shall at any time be enforceable by anyone, and shall be entitled to the benefits and security of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement of mutilated, destroyed, lost or stolen Notes.

SECTION 2.07. Persons Deemed Owners. (a) The Company and the Trustee and any agent of the Company or of the Trustee may treat the Person in whose name any registered Note is registered on the Note Register as the owner of such Note for the purpose of receiving payment of principal of, and premium, if any, and interest on such Note and for all other purposes whatsoever, whether or not such Note shall be overdue, and neither the Company nor the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

(b) The Person named in any order Note, or the transferee named in the most recent notice of transfer delivered to the Company and the Trustee with respect to such order Note as aforesaid, may be deemed and treated as the owner and Holder thereof for all purposes herein.

SECTION 2.08. Cancellation. All Notes surrendered for payment, redemption, transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and, if not already cancelled, shall be promptly cancelled by it. No Notes shall be authenticated

in lieu of or in exchange for any Notes cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Notes held by the Trustee shall be disposed of as directed by a Written Order of the Company.

SECTION 2.09. Special Payment Agreements. Notwithstanding any provision of this Indenture or any Note to the contrary, the Company may enter into an agreement with the Holder of any Note providing for the making to such Holder of all payments of principal of, and premium, if any, and interest on such Note and other amounts payable to such Holder under this Indenture at a place and in a manner other than as provided in this Indenture and in the Notes without presentation or surrender of such Note, upon such conditions as shall be satisfactory to the Trustee (the Trustee hereby acknowledging that the conditions set forth in paragraph 9A of the Note Purchase Agreement are satisfactory to it). All payments made on any Note in accordance with the provisions of this Section shall be valid and effectual to satisfy and discharge the liability on such Note to the extent of the sums so paid, and the Trustee shall have no liability in respect of such payment.

ARTICLE III

REDEMPTION OF NOTES

SECTION 3.01. Mandatory and Optional Redemptions.

(a) Mandatory Redemption. (i) As and for a mandatory sinking fund for the retirement of the Notes and so long as any of the Notes remain Outstanding and unpaid, the Company will pay to the Trustee in cash on or before August 1 in each of the years 1989 and 1990 the sum of \$10,380,000, each such sum to be applied to the redemption of the Notes Outstanding on each such Redemption Date, in each case at 100% of the principal amount thereof to be redeemed together with interest accrued thereon to the Redemption Date, and such principal amounts of the Notes, together with interest accrued thereon to each such Redemption Date, shall become due on such date whether or not any such payment shall be made or any notice of redemption shall be given.

(ii) An aggregate principal amount of the Notes determined pursuant to Sections 4.05(b) and 5.01(c) shall also be subject to redemption, at 100% of the principal amount thereof to be redeemed together with interest thereon to the Redemption Date, under the circumstances set forth in such Sections. The principal amount of the Notes redeemed pursuant to this clause (ii) shall be applied to the principal amount of Notes Outstanding in inverse order of maturity.

(iii) The entire principal amount of the Notes Outstanding shall also be subject to redemption, at 100% of the principal amount thereof together with interest thereon to the Redemption Date, under the circumstances set forth in Section 5.08.

(b) Optional Redemption. (i) The Company may, upon notice as provided in Section 3.02, redeem the Notes in whole or in part at any time and from time to time, at the then applicable Redemption Price (expressed in percentages of the principal amount thereof) set forth below, together with interest accrued thereon to the Redemption Date fixed, as follows:

If redeemed during the 12-month period ending on July 31,

<u>Year</u>	<u>Percentage</u>
1982	115.75
1983	114.00
1984	112.25
1985	110.50
1986	108.75
1987	107.00
1988	105.25
1989	103.50
1990	101.75
1991	100.00

Notwithstanding the foregoing provisions, prior to July 31, 1989 none of the Notes may be redeemed pursuant to this Section 3.01(b) (i) as a part of a refunding or anticipated refunding operation by the application, directly or indirectly, to such prepayment of funds borrowed by the Company or any Affiliate having (1) an effective interest cost of less than 15.75% per annum, or (2) as of the date of proposed redemption, a Weighted Average Life to Maturity less than the remaining Weighted Average Life to Maturity of the Notes. "Weighted Average Life to Maturity" of any indebtedness for borrowed money means as at the time of the determination thereof the number of years obtained by dividing the then Remaining Dollar-years of such indebtedness by the then outstanding principal amount of such indebtedness. The term "Remaining Dollar-year" of any indebtedness for borrowed money means the amount obtained by (1) multiplying the amount of each then remaining installment, sinking fund, serial maturity or other required repayment, including repayment at final maturity, by the number of years (calculated to the nearest one-twelfth) which will elapse between the date of proposed prepayment and the date of that required repayment and (2) totaling all the products obtained in (1).

(ii) In the event that the cutting of Merchantable Timber under the Cutting Contract is accelerated due to the occurrence of an event of force majeure, the Company may, upon notice as provided in Section 3.02, redeem, at 100% of the principal amount of the Notes to be so redeemed together with interest thereon to the Redemption Date, an aggregate principal amount of the Notes Outstanding equal to not more than the amount (as certified by the Company and confirmed by the Consultant) by which the payments to be made under

the Cutting Contract for the Timber cut in the ordinary course of business and on account of the occurrence of the event of force majeure during the 12-month cutting period under the Cutting Contract during which such event occurred exceeds the payments which would have been made under the Cutting Contract during such period if the event of force majeure had not occurred and Merchantable Timber had been cut thereunder in accordance with the cutting schedule set forth in Section 3 thereof.

(iii) The principal amount of the Notes redeemed pursuant to this paragraph (b) shall be applied to the principal amount of the Notes Outstanding in inverse order of maturity.

SECTION 3.02. Election or Obligation to Redeem; Notice to Trustee. The election of the Company to redeem any Notes shall be evidenced by a certificate of the Company delivered to the Trustee. In case of any optional or mandatory redemption of less than all of the Notes, the Company shall, at least 60 days prior to the Redemption Date, notify the Trustee of such Redemption Date, each provision of this Indenture pursuant to which such redemption is to be made and the aggregate principal amount of Notes to be redeemed pursuant to each such provision.

SECTION 3.03. Selection by Trustee of Notes to be Redeemed. If less than all the Notes are to be redeemed, the Trustee shall allocate the principal amount of Notes to be redeemed to all Notes Outstanding in proportion to the outstanding principal amounts thereof, but only in units of \$1,000, and to the extent that such proportionate allocation shall not result in an even multiple of \$1,000, the Trustee shall make adjustments to the end that successive allocations shall result in substantially proportionate redemptions among the Notes Outstanding.

The Trustee shall promptly notify the Company in writing of the principal amount of each Note to be redeemed.

For all purposes of this Indenture, unless the context shall otherwise require, all provisions relating to the redemption of Notes shall relate, in the case of any Note redeemed or to be redeemed only in part, to the portion of the principal of such Note which has been or is to be redeemed.

SECTION 3.04. Notice of Redemption. Notice of redemption shall be given not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Notes to be redeemed, at such Holder's address and in the manner provided in Section 1.04.

All notices of redemption shall state:

- (1) the Redemption Date,
- (2) the Redemption Price,
- (3) the provisions of this Indenture or any supplemental indenture pursuant to which such redemption is being made,
- (4) if less than all Notes Outstanding are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Notes held by such Holder to be redeemed,
- (5) that on the Redemption Date the Redemption Price will become due and payable upon each such Note and that interest thereon (or, if any Note is to be redeemed in part, on the portion thereof to be redeemed) shall cease to accrue from and after said date, and
- (6) the place where such Notes are to be surrendered for payment of the Redemption Price.

Notice of redemption of Notes to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

SECTION 3.05. Deposited Redemption Moneys. Moneys held by the Trustee for the redemption of any Notes or portions thereof issued hereunder shall be held by the Trustee as a separate fund for the account of the respective Holders of the Notes to be redeemed, and shall be delivered to them respectively upon presentation and surrender of such Notes.

SECTION 3.06. Notes Payable on Redemption Date. Notice of redemption having been given as aforesaid, the Notes (or portions thereof) so to be redeemed shall, on

the Redemption Date, become due and payable at the Redemption Price therein specified and from and after such date (unless the Company shall default in the payment of the Redemption Price) such Notes (or such portions thereof) shall cease to bear interest. Upon surrender of such Notes for redemption in accordance with said notice, such Notes (or portions thereof) shall be paid by the Company at the Redemption Price. Instalments of interest whose due date is on or prior to the Redemption Date shall be payable to the Holders of such Notes on the due date of such instalments.

If any Note (or portion thereof) called for redemption shall not be so paid upon surrender thereof for redemption, the principal thereof, premium, if any, and interest accrued thereon shall, until paid, bear interest (to the extent legally enforceable) from the Redemption Date at the rate borne by the Notes for interest upon overdue principal, premium, if any, and interest.

SECTION 3.07. Notes Redeemed in Part. Any Note which is to be redeemed only in part shall be surrendered (with, if the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing) and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Note without service charge, a new Note or Notes of the same series, of any authorized denomination requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Note so surrendered.

SECTION 3.08. Acquisition of Notes. Except as contemplated in Section 5.05, the Company covenants that neither the Company nor any Affiliate of the Company will, directly or indirectly, acquire or make any offer to acquire any Note except pursuant to the redemption provisions of this Indenture.

ARTICLE IV

COVENANTS

SECTION 4.01. Payment of Principal, Premium and Interest. The Company will duly and punctually pay or cause to be paid the principal of, and premium, if any, and interest on the Notes in accordance with the terms of the Notes and this Indenture.

SECTION 4.02. Performance of Covenants. The Company shall, and shall cause each of its Subsidiaries, if any, to, keep, observe, perform, carry out and execute in every particular the covenants, agreements, obligations and conditions to be kept, observed, performed, carried out and executed by it in this Indenture, the Notes, the Note Purchase Agreement and the Pledged Contracts, and in all other instruments now or hereafter evidencing, securing or in any manner relating to the indebtedness secured hereby.

SECTION 4.03. Payment of Taxes. The Company shall, and shall cause each of its Subsidiaries, if any, to, pay, before the same become delinquent or any penalty attaches thereto for non-payment or late payment, all taxes, assessments, water, sewer and other rents, charges, excises, levies, license fees, permit fees and all other charges (in each case, whether general or special, ordinary or extraordinary, or foreseen or unforeseen) of every character (including all penalties or interest thereon) now or hereafter levied, assessed, confirmed or imposed on, or in respect of, or which may be a Lien upon the Timberland or any part thereof, or any estate, right or interest therein, or upon the rents, issues, income, royalties or profits thereof, and shall submit to the Trustee such evidence of the due and punctual payment of all such taxes, assessments and charges as the Trustee may require; provided, however, that none of such taxes and other charges need be paid if and so long as they are being contested in good faith and by appropriate proceedings and the Company has established appropriate reserves in respect thereof.

SECTION 4.04. Payment or Performance by Trustee. If the Company shall default in the performance or observance of any covenants, conditions or agreements in this Indenture, the Notes, the Note Purchase Agreement or the Pledged Contracts on its part to be performed or observed, the Trustee (after giving the Company such notice as may be

reasonable in the circumstances) may do all acts and make all expenditures necessary to remedy such default, and the defaulting party shall promptly reimburse the Trustee, with interest at the rate of 16.75% per annum for any and all expenditures so made, and, until the Trustee has been reimbursed for such expenditures, the amount thereof shall be a debt due from the defaulting party to the Trustee and payment thereof shall be secured hereby in like manner and extent as if the amount and description thereof were written herein. The Trustee is hereby empowered to enter and to authorize others to enter on the Timberland or any part thereof for the purpose of performing or observing any such defaulted covenant, condition or agreement, without thereby becoming liable to the Company or any Person in possession holding under the Company. The Trustee shall be under no obligation to make any such expenditures, nor shall the making thereof relieve the Company of any default in that respect.

SECTION 4.05. Warranty of Title; Timberland Maintenance. (a) The Company hereby covenants and warrants that it has good and marketable title to the Timberland, that it is lawfully and indefeasibly seised and possessed in fee simple of the Timberland and has the full right and power to convey the same, and that the Timberland is unencumbered, except for Permitted Exceptions, and the Company warrants and will defend the title thereto (subject only to Permitted Exceptions) unto the Trustee against the claims of any Persons whomsoever. The Company further warrants that it has a right of access to each parcel of Timberland.

(b) The Company shall manage, cultivate and preserve the Timberland so that it will, until the payment in full of the Notes and all other amounts secured hereby, at all times (i) have a fair market value (determined by the Consultant's certificate described below) equal to not less than 166.66% of the aggregate principal amount of the Notes Outstanding from time to time, and (ii) contain Timber having a fair market value (determined by the Consultant's certificate described below) equal to not less than 130% of the aggregate principal amount of the Notes Outstanding from time to time. The Company shall furnish to the Trustee, any Noteholder which is an original Noteholder or an Affiliate of an original Noteholder, each Holder of 10% or more in aggregate principal amount of the Notes Outstanding and the Consultant, an annual certificate (based on the annual report referred to in Section 7.05(b)) to the effect that the Company is not operating the Timberland in violation of

the covenants contained in clauses (i) and (ii) of this Section 4.05(b). In the event that the annual certificate of the Company or any certificate of the Consultant to be furnished pursuant to Section 7.05(b) or (c) indicates that the covenants contained in clauses (i) or (ii) of this Section 4.05(b) have been breached on account of the occurrence of an event of force majeure, the Company shall thereupon be required to cure such breach within 60 days of the date of the certificate indicating such breach by the prepayment and redemption of Notes, at 100% of the principal amount thereof necessary to cure such breach together with interest thereon to the Redemption Date. Notwithstanding the foregoing, for purposes of this Section 4.05, during the period extending from the date hereof to June 28, 1983, (a) the sales price per cunit of the Timber shall be deemed to be the sales price per cunit by species of comparable Timber as of the date hereof, and (b) the price per acre of the real property on which the Timber is located shall be deemed to be the price per acre of such real property as of the date hereof; provided, however, that the real property subject to the Option Agreements shall be deemed to have a price per acre of \$1.00.

(c) The Company shall not commit or suffer any strip or waste of the Timberland or any part thereof and shall not cut or remove or permit to be cut or removed therefrom any Timber except in accordance with the terms hereof and of the Pledged Contracts; provided, however, unless such purchaser has actual knowledge of an Event of Default, no purchaser of any Timber which has been cut shall be bound to ascertain the authority of the Company or any other Person to cut and remove such Timber in accordance with any such contract, or to inquire as to any facts required by the terms thereof for the exercise of such authority, or to see to the application of the purchase money; nor shall any such purchaser be under any obligation to ascertain or inquire as to the occurrence of the event on which any such sale is thereby authorized. The Company shall comply with all laws, ordinances and regulations now or hereafter affecting the Timberland (including, without limitation, all environmental, ecological and pollution laws, ordinances and regulations) and shall not commit any act or suffer or permit any act to be done in or upon the Timberland in violation of any law, ordinance or regulation, if any such non-compliance or violation would have a material adverse effect on the condition (financial or otherwise) of the Company. Notwithstanding the foregoing, the Company need not comply with any such law, ordinance or regulation if and as long as the same

is being contested in good faith and by appropriate proceedings and the Company has established appropriate reserves in respect thereof.

(d) The Company shall not change its basic Timberland management structure or record keeping system without the written consent of the Trustee. The Company shall maintain a complete and accurate set of maps and an inventory of the Timber and, upon request, will furnish copies thereof to and permit inspection thereof by the Trustee at all times. The Company shall maintain or cause to be maintained with responsible insurers and in conformance with standard forest industry practice proper liability and casualty insurance with respect to the Timberland. The Company shall give prompt written notice to the Trustee of the occurrence of any casualty to the Timberland or any part thereof.

(e) The Company shall operate the Timberland as a timber producing property, having due regard to soil conditions, stand arrangements and other factors relevant to the conduct of sound silvicultural and harvesting practices. Any intermediate harvesting of Timber shall be carried out in a manner reasonably calculated to produce the maximum economic growth of Merchantable Timber, and all harvesting shall be carried out in a manner calculated fully to preserve the security afforded to the Trustee and the Holders of the Notes by the Timberland. All cutting operations shall be conducted in such a manner as to realize the greatest return from the Timber stand, to effect suitable utilization of the Timberland, to assure the early and complete regeneration of stands of desirable Timber, and to bring about the optimum economic development of Merchantable Timber volume. Trees shall be cut as close to the ground as practicable in order to leave the lowest stump; all desirable trees which are not at the time harvested, including young trees, shall be protected against unnecessary injury from felling, skidding and hauling to the extent practicable; and all measures reasonably practicable shall be used to prevent soil erosion including the proper location of roads. The Company shall not permit the stocking of any stand being thinned to be reduced below 240 stems per acre. The Company shall not permit grazing of domestic livestock on the Timberland in such a way as to be materially injurious to forest regeneration, soils or forest growth, or the use of fire for eradication of noxious growth or for any other reason whatsoever; provided, however, that application of fire in a controlled manner for the benefit of Timber production ("prescribed burning") may be utilized in the

management of the Timberland if (i) local fire protection agencies are notified and all fire protection and other applicable laws are followed, (ii) appropriate equipment and trained personnel are available and utilized, (iii) fire is applied only when weather conditions are favorable, and (iv) the prescribed burning is of the type followed on timber-producing property in the same general area, including the adoption of suitable prevention and control measures, the maintenance of adequate firefighting equipment, proper disposal of slash and slabs and full cooperation with local, state, and Federal agencies on matters of fire prevention and control. An adequate system of roads and roadways shall be maintained in such a manner as to permit the reasonable access of mobile firefighting equipment to all parts of the Timberland. All reasonable measures shall be taken to insure proper regeneration of Timber on the Timberland. Each clear-cut area and each area without adequate seed source shall be site-prepared and replanted as needed in seedlings, genetically-improved to the extent available, or by aerial seeding. To the extent that weather conditions permit, areas clear-cut shall be site-prepared and replanted but not in any event later than 24 months after being clear-cut. In other areas when regeneration is not accomplished by natural means within a reasonable time, the Company shall institute and maintain a planting program, designed to adequately reforest such land. There shall be maintained at all times in accordance with sound silvicultural practices all reasonable and effective measures to prevent the development of and to control the spread of disease and insect infestation on the Timberland, including, but not limited to, the shifting of logging operations to remove diseased or insect infested trees and other trees threatened with disease or insect infestation, and all such other accepted forest sanitation and control measures as are necessary to prevent the development and spread of disease and insect infestation. Except as otherwise expressly provided herein, no deeds, contracts or agreements (whether written or oral) for the lease, sale or disposition of Timberland or Timber wherein third parties are granted the privilege of entry upon the Timberland for cutting and removal of Timber or the use, care, management or lease of all or part of the Timberland shall be made without prior written approval of the Trustee and, to the extent the Uniform Commercial Code of Washington would be applicable to the Company's rights created thereby, without separate creation and perfection of Uniform Commercial Code security interests with respect thereto as required by the Trustee. The Company will furnish to the Trustee and authorized

representatives of each Noteholder which is an original Noteholder or an Affiliate of an original Noteholder and each Noteholder owning 10% or more in aggregate principal amount of the Notes Outstanding, full access to the Timberland and to all of the Company's personnel, books, maps, aerial photographs, financial and other records, scaling sheets, timber cruises, documents, facilities, premises, forest management plans and projections (to the extent within the Company's control) as necessary from time to time for the disclosure of full, complete and accurate information covering all of the Company's activities and transactions relating to the Timberland. The information covered by this Section includes all contracts and agreements connected with actual proposed sales or exchanges of Timberland. The rights of inspection and access in this Section shall be in addition to and not in limitation of the other rights of such parties set forth herein. The Trustee agrees to keep confidential any non-public information concerning the Company and its properties which it obtains pursuant to this Section 4.05; provided, however, that the Trustee may disclose any such confidential information (a) to any regulatory body having jurisdiction over it or (b) in connection with the enforcement of any of its rights and remedies under this Indenture. It shall be a condition precedent to the extension by the Company of the inspection rights provided for in this Section 4.05 to any Noteholder (other than any Noteholder which is an original Noteholder or an Affiliate of an original Noteholder) that such Noteholder enter into a confidentiality agreement with the Company which is, to the Company's satisfaction, similar to the agreement of the Trustee contained in the preceding sentence.

SECTION 4.06. Proceedings Involving Trustee or Company. The Company shall appear in and contest any action or proceeding purporting to affect the security of this Indenture or the rights or powers of the Trustee. To the extent permitted by applicable law, if any action or proceeding be commenced, including, without limiting the generality of the foregoing, any condemnation action or proceeding, to which action or proceeding the Trustee is made a party or appears as a party plaintiff or defendant by reason of its status hereunder or otherwise for the benefit of the Holders of the Notes, or in which the Trustee deems it necessary to defend or protect the security, title, lien or interest under this Indenture or the validity or priority thereof or the possession of all or any part of the Timberland, all sums paid by the Trustee for its expenses

incurred in any action or proceeding, including attorneys' fees, shall be repaid by the Company, and such sums shall be immediately due and payable and shall become part of the indebtedness secured hereby.

SECTION 4.07. Liens. Neither the Company nor any Subsidiary shall create, assume or suffer to exist any Lien upon any of its property or assets (including, without limitation, the Trust Estate), whether now owned or hereafter acquired, except the Lien of this Indenture, Permitted Exceptions and any lease permitted under Section 4.21(a) hereof.

SECTION 4.08. Protection of the Trust Estate. (a) The Company will from time to time execute and deliver all such financing statements, continuation statements, supplemental indentures, instruments of further assurance and other instruments, and will take such other action, as the Trustee may reasonably request to (i) better grant to the Trustee all or any portion of the Trust Estate, (ii) maintain and preserve the Lien of this Indenture, (iii) enforce any instrument included in the Trust Estate and (iv) preserve and defend title to the Trust Estate and the right of the Trustee therein against the claims of all Persons.

(b) The Company will not sell, lease, transfer or otherwise dispose of any portion of the Trust Estate except as expressly permitted by this Indenture.

SECTION 4.09. Extension of Time for Payment of Interest. The Company will not, directly or indirectly, extend, or assent to the extension of, the time for payment of any claim for interest upon any Note, and it will not, directly or indirectly, take part in any arrangement therefor by purchasing such claim or in any other manner. No claim for interest which in any way at or after maturity shall have been transferred and pledged by the Company, separate or apart from the Note to which it relates, or which shall in any manner have been kept alive after maturity by extension thereof by or on behalf of the Company, shall be entitled, in the case of a Default hereunder, to any benefit of or from this Indenture, except after the prior payment in full of the principal of all Notes (and all premiums, if any, thereon) and of all claims for interest not so transferred, pledged, kept alive or extended.

SECTION 4.10. Limitations on Actions of the Company. The Company covenants that it will take no action with

respect to any part of the Trust Estate except upon the instructions of the Trustee or as required or permitted by the terms of this Indenture. The Company represents and warrants that, with the exception of the Second Mortgage, it has not mortgaged, assigned or pledged, and hereby covenants that it will not mortgage, assign or pledge, so long as this Indenture shall remain in effect, any of its estate, right, title or interest hereby mortgaged, pledged and assigned, to anyone other than the Trustee, and that it will not, except as provided in this Indenture, (a) accept any payment from, or settle or compromise any claim against any Person arising under any Pledged Contract, (b) except as permitted under the Cutting Contract, submit or consent to the submission to arbitration of any dispute, difference or other matter arising under or in respect thereof or (c) take or omit to take any action, the taking or omission of which might result in an alteration or impairment of any Pledged Contract or any of the rights created thereby.

SECTION 4.11. Notice of Default; Furnishing of Documents. If the Company shall have knowledge of a Default, it will give prompt telex, telegraphic or telephonic notice (confirmed by written notice sent in the manner provided in Sections 1.03 and 1.04) to the Trustee and each Holder of a Note, which notice shall set forth in reasonable detail the circumstances known to it with respect to each such Default and shall describe in reasonable detail the action it is taking or proposes to take in respect thereto.

SECTION 4.12. Maintenance of Good Standing. The Company will do and cause to be done all things necessary to preserve its existence as a limited partnership in good standing under the law of the State of Washington.

SECTION 4.13. Financial Statements. The Company will deliver to the Trustee, each Noteholder which is an original Noteholder or an Affiliate of an original Noteholder and each Noteholder owning 10% or more in aggregate principal amount of the Notes Outstanding:

(i) as soon as practicable and in any event within 45 days after the end of each quarterly period (other than the last quarterly period) in each fiscal year, a profit and loss statement, reconciliation of capital account statement and source and application of funds statement of the Company for the period from the beginning of the current fiscal year to the end of such quarterly period, and a balance sheet of the Company as at the end of such quarterly period,

setting forth in each case in comparative form figures for the corresponding period in the preceding fiscal year, all in reasonable detail and certified by an authorized financial officer of the Company, subject to changes resulting from year-end adjustments;

(ii) as soon as practicable and in any event within 90 days after the end of each fiscal year, a profit and loss statement, reconciliation of capital account statement and source and application of funds statement of the Company for such year, and a balance sheet of the Company as at the end of such year, setting forth in each case in comparative form corresponding figures from the preceding annual audit, all in reasonable detail and satisfactory in scope to the Trustee, certified to the Company by independent public accountants of recognized standing selected by the Company whose certificate which shall be in scope and substance satisfactory to the Trustee; and

(iii) with reasonable promptness, such other financial data as shall be distributed generally to the Company's limited partners or as the Trustee may request.

Notwithstanding the foregoing, the Company shall not be obligated to deliver to the Trustee or any of the Noteholders any information of the type which is provided to the limited partners of the Company to enable them to prepare their respective Federal, state and local income tax returns, including, without limitation, Internal Revenue Service Schedule "K-1" and statements of the capital account of each of the Company's partners. Together with each delivery of financial statements required by clauses (i) and (ii) above, the Company will deliver to the Trustee, each Noteholder which is an original Noteholder or an Affiliate of an original Noteholder and each Noteholder owning 10% or more in aggregate principal amount of the Notes Outstanding a certificate stating that there exists no Event of Default or Default, or, if any such Event of Default or Default exists, specifying the nature thereof, the period of existence thereof and what action the Company proposes to take with respect thereto. Together with each delivery of financial statements required by clause (ii) above, the Company will deliver to the Trustee, each Noteholder which is an original Noteholder or an Affiliate of an original Noteholder and each Noteholder owning at the time 10% or more in aggregate principal amount of the Notes Outstanding a certificate of said accountants stating that, in making the audit necessary

to the certification of such financial statements, they have obtained no knowledge of any Event of Default or Default, or, if any such Event of Default or Default exists, specifying the nature and period of existence thereof.

SECTION 4.14. Examination of Books. At any and all reasonable times, upon request, the Company will permit the Trustee and subject to receiving the agreement of the Noteholder hereafter referred to, each Noteholder which is an original Noteholder or an Affiliate of an original Noteholder and each Noteholder at the time owning 10% or more in aggregate principal amount of the Notes Outstanding, and any agents or representatives designated by the Trustee or any such Noteholder, to visit and inspect any of the properties or assets of the Company, to examine the books and financial records of the Company and make copies thereof or extracts therefrom and to discuss the affairs, finances and accounts of the Company with the principals of the Company and the independent public accountants for the Company (and by this provision the Company authorizes said accountants to enter into such discussions). The Trustee agrees to keep confidential any non-public information concerning the Company and its properties which it obtains pursuant to this Section 4.14; provided, however, that the Trustee may disclose any such confidential information (a) to any regulatory body having jurisdiction over it or (b) in connection with the enforcement of any of its rights and remedies under this Indenture. It shall be a condition precedent to the extension by the Company of the inspection rights provided for in this Section 4.14 to any Noteholder (other than any Noteholder which is an original Noteholder or an Affiliate of an original Noteholder) that such Noteholder enter into a confidentiality agreement with the Company which is, to the Company's satisfaction, similar to the agreement of the Trustee contained in the preceding sentence.

SECTION 4.15. Recording and Filing. The Company will at all times cause to be kept recorded and filed this Indenture, any and all supplemental indentures and instruments of conveyance, transfer, assignment or further assurance, and any required financing and continuation statements and all other required papers in such manner and in such places as, in the Opinion of Counsel, are required by law in order fully to perfect, preserve and protect the Lien of this Indenture on the Trust Estate. The Company will pay or cause to be paid all taxes, fees and other charges in connection with such recording and/or filing.

The Company will furnish to the Trustee:

(a) promptly after the execution and delivery of this Indenture and of each supplemental indenture, an Opinion of Counsel stating that in the opinion of such counsel this Indenture, such supplemental indenture, any required financing statements and other required papers have been properly recorded and/or filed so as to perfect, preserve and protect the Lien of this Indenture, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to perfect, preserve and protect such Lien; and

(b) on or before July 31 of each year when there are Notes Outstanding, an Opinion of Counsel stating either that in the opinion of such counsel such action has been taken with respect to the recording, filing, re-recording and refiling of this Indenture, each supplemental indenture, any required financing and continuation statements and all other required papers as is necessary to perfect, preserve and protect the Lien of this Indenture, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to perfect, preserve and protect such Lien.

In rendering the Opinion of Counsel required by clause (a) or (b) above counsel may state that as to the law of any applicable jurisdiction in which such counsel are not members of the Bar, such counsel have relied upon an opinion of local counsel in such jurisdiction, provided that a signed copy of such opinion of local counsel, addressed to the Trustee, is attached to the Opinion of Counsel.

SECTION 4.16. Further Assurances. The Company will, upon reasonable request, execute and deliver such further instruments and do such further acts as may be necessary or proper to carry out more effectively the purposes of this Indenture, especially to make subject to the Lien hereof any property agreed to be subjected hereto or intended so to be and to transfer to any new trustee or trustees the Trust Estate and funds held in trust hereunder.

SECTION 4.17. Limitation on Business Activities. The Company will not engage in any business other than the ownership and management of the Timberland.

SECTION 4.18. Indebtedness. The Company will not, and will not permit any Subsidiary to, create, incur, assume or suffer to exist any Indebtedness, except for (a) Indebtedness evidenced by the Notes (including, without limitation, any Notes issued under a supplemental indenture described in Section 9.03), (b) Indebtedness secured by the Second Mortgage, (c) Indebtedness represented by Advance Payments (as defined in the Cutting Contract) and all interest due and owing on such Advance Payments, payments due under the Maintenance Agreement and amounts owing to partners of the Company in respect of required interim Distributions under the partnership agreement of the Company which are in arrears, (d) Current Liabilities incurred in the ordinary course of business other than Current Liabilities representing borrowed money obligations of the Company and (e) after January 1, 1982, Indebtedness the aggregate amount of which shall not exceed at any one time the greater of (i) \$5,000,000, or (ii) 15% of the sum of (x) the aggregate principal amount of the Notes Outstanding and (y) the aggregate amount of the capital accounts of the general and limited partners of the Company (provided that such latter figure shall not be less than zero).

SECTION 4.19. Loans, Advances and Investments. The Company will not, and will not permit any Subsidiary to, make or permit to remain outstanding any loan or advance to, or own, purchase or acquire any stock, obligations or securities of, or any interest in, or make any capital contribution to, any Person, except the Company may (i) make or permit to remain outstanding loans or advances to any Subsidiary, (ii) own, purchase or acquire stock, obligations or securities of, or any interest in, a Person which is or immediately after such purchase or acquisition will be a Subsidiary, or make capital contributions to a Subsidiary, (iii) acquire and own stock, obligations or securities received in settlement of debts (created in the ordinary course of business) owing to the Company, (iv) own, purchase or acquire (a) prime commercial paper, certificates of deposit in U.S. commercial banks (having capital resources in excess of \$100,000,000), time deposits in Canadian banks and bankers' acceptances, in each case due within one year from date of purchase and (b) direct obligations of, and repurchase agreements secured by direct obligations of, the United States of America and of any instrumentality or agency thereof, obligations of any State of the United States or of any subdivisions thereof, direct obligations of Canada or of any Province or other subdivision thereof and prime commercial paper, and (v) endorse negotiable instruments for collection in the ordinary course of business.

SECTION 4.20. Dissolution, Combination, Consolidation, Merger and Sale of Assets. The Company will not dissolve or combine, consolidate or merge with any other Person, permit any other Person to combine or consolidate with or merge into it, or sell, lease or transfer or otherwise dispose of all or a substantial part of its assets to any Person; provided, however, that a technical dissolution of the Company followed by the continuation of the Company on a substantially similar basis shall not be considered a dissolution or a transfer of assets for the purposes of this Section 4.20.

SECTION 4.21. Leases. The Company will not, and will not permit any Subsidiary to, lease any property except as follows:

(a) the Company may lease property (other than Timberland) as lessor; provided, however, that the aggregate fair market value of the assets being leased may not at any one time exceed \$500,000; and

(b) the Company may lease property as lessee; provided, however, that the aggregate lease rental payments per annum may not at any time exceed \$100,000.

SECTION 4.22. Distributions. The Company will not declare or make, or incur any liability to make, any Distribution if (i) an Event of Default exists or the Company has received notice of a Default which, but for the lapse of time, would constitute an Event of Default and such Default has not been cured or waived as provided in Section 6.09 or (ii) after giving effect to such Distribution, the Company's Current Assets do not exceed its Current Liabilities by at least \$500,000 or (iii) after giving effect to such Distribution, the Company does not own Merchantable Timber which has a fair market value at least equal to the sum of (a) all principal and interest due and owing on the Notes Outstanding for the twelve-month period next succeeding the date of such Distribution and (b) all of the Advance Payments previously made by Rayonier under the Cutting Contract which have not been credited as of the date of such Distribution against Timber cuttings as provided in Section 7(d) of the Cutting Contract, together with all interest due and owing on such Advance Payments.

"Current Assets" shall mean the current assets of the Company determined in accordance with generally accepted accounting principles consistent with those followed in the preparation of the financial statements referred to in clause (ii) of the Section 4.13 hereof.

"Current Liabilities" shall mean the current liabilities of the Company determined in accordance with generally accepted accounting principles consistent with those followed in the preparation of the financial statements referred to in the clause (ii) of Section 4.13 hereof; provided, however, that there shall be excluded from Current Liabilities (a) all of the Advance Payments previously made by Rayonier under the Cutting Contract which have not been credited as of the date of calculation against Timber cuttings as provided in Section 7(d) of the Cutting Contract (together with all interest due and owing on such Advance Payments), (b) accrued interest and any principal due on the Notes Outstanding for the twelve month period next succeeding the date of calculation and (c) amounts owing to partners of the Company in respect of required interim Distributions under the partnership agreement of the Company which are in arrears.

SECTION 4.23. Changes in Second Mortgage. The Company will not, directly or indirectly, modify, change or amend the payment provisions of the Second Mortgage or the note secured thereby without the consent of the Holders of not less than 76% in aggregate principal amount of the Notes Outstanding.

ARTICLE V

TRUST ESTATE

SECTION 5.01. Condemnation Awards and Insurance Proceeds. (a) Supplementing Granting Clause First but subject to Section 5.01(c), the Company hereby assigns to the Trustee all awards made by any public or quasi-public authority by virtue of any exercise of the right of condemnation or eminent domain by such authority, including, without limiting the generality of the foregoing, any award for damages to or a taking of title to the Timberland or any part thereof, or the possession thereof, or any right of way or easement or public way, and the proceeds of all sales in lieu of condemnation, and all amounts that may hereafter be awarded for waste or tortious injury to any of the Timberland. The Trustee is hereby authorized, directed and empowered to negotiate, collect and receive the proceeds of any such award from the authorities making the same or from the Person liable therefor, as the case may be, and to give proper receipts and acquittances therefor, and to apply the proceeds as provided herein. The Company hereby covenants and agrees to and with the Trustee, upon request by the Trustee, to make, execute and deliver any and all assignments and other instruments as the Trustee may require for the purpose of evidencing the assignment of all such awards and proceeds to the Trustee free, clear and discharged of any and all encumbrances of any kind or nature whatsoever. The Company shall give prompt written notice to the Trustee of the commencement of any eminent domain or condemnation proceeding affecting the Timberland or any part thereof.

(b) Supplementing Granting Clause First but subject to Section 5.01(c), the Company hereby assigns to the Trustee all insurance proceeds payable in connection with the occurrence of a casualty with respect to the Timberland. The Trustee is hereby authorized, directed and empowered to negotiate, collect and receive the proceeds as provided herein. The Company hereby covenants and agrees to and with the Trustee, upon request of the Trustee, to make, execute and deliver any and all assignments and other instruments as the Trustee may require for the purpose of evidencing the assignment of all such insurance proceeds to the Trustee free, clear and discharged of any and all encumbrances of any kind or nature whatsoever.

(c) If and as long as an Event of Default or Default shall not have occurred and be continuing: (i) any insurance proceeds and any condemnation awards, other proceeds

or receipts and other monies received by the Trustee in respect of a condemnation proceeding (including a sale in lieu of a condemnation) less than \$250,000 per occurrence shall be paid by the Trustee to the Company within 10 days of the receipt thereof by the Trustee, and (ii) any insurance proceeds or condemnation awards, other proceeds or receipts and other monies received by the Trustee in respect of a condemnation proceeding (including a sale in lieu of condemnation) greater than \$250,000 per occurrence shall be paid by the Trustee to the Company within 10 days of the receipt by the Trustee of a certificate from each of the Company and the Consultant certifying that the occurrence in question did not result in a breach of the covenants set forth in Section 4.05(b) (i) and (ii). In the event that either such certificate indicates that the occurrence has resulted in a breach of either of the covenants set forth in Section 4.05(b)(i) or (ii), the Trustee shall thereupon, within 10 days of its receipt of such certificate, apply so much of such proceeds as shall be necessary in order to effect the prepayment and redemption of an aggregate principal amount of the Notes Outstanding, at 100% of the principal amount thereof to be redeemed together with interest thereon to the Redemption Date (which shall be no later than 90 days from the date of the certificate indicating such a breach of the covenants contained in Section 4.05(b)(i) or (ii)), which will be sufficient to remedy such breach, and the balance of such proceeds, if any, shall be paid by the Trustee to the Company.

SECTION 5.02. Assignment of Rents. Supplementing Granting Clause Fourth, the Company hereby absolutely, unconditionally and irrevocably grants, transfers, conveys and assigns to the Trustee all the rents, royalties, income, issues and profits of and from the Trust Estate (including, without limitation, any and all Pledged Contracts), and hereby gives to and conveys upon the Trustee the right, power and authority to collect such rents, royalties, income, issues and profits. The Company irrevocably appoints the Trustee its true and lawful attorney-in-fact, at the option of the Trustee at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions and to sue for, in the name of the Company or the Trustee, and otherwise collect all such rents, royalties, income, issues and profits and apply the same as herein provided; provided, however, that the Company shall have the right to collect such rents, royalties, income, issues and profits at any time there is not an Event

of Default hereunder. The assignment of the rents, royalties, income, issues and profits of and from the Trust Estate in this Section 5.02 is intended to be a present and absolute assignment from the Company to the Trustee and not merely the passing of a security interest. Such rents, royalties, income, issues and profits are hereby assigned absolutely by the Company to the Trustee. Simultaneously with the execution and delivery of any Other Cutting and Sales Contract the Company agrees to (i) give notice to all parties to such Other Cutting and Sales Contract that such contract has been assigned to the Trustee pursuant to the terms and conditions of this Indenture, (ii) make available to such parties on request copies of this Indenture as then in force, and (iii) obtain from such parties their acknowledgment of, and consent to, the assignment of such contract in form and substance satisfactory to the Trustee. From time to time upon the Trustee's request, the Company shall execute, acknowledge and deliver to the Trustee further assignments of such rents, royalties, income, issues and profits and deliver to the Trustee fully executed originals of all documents relating thereto. Notwithstanding any other provisions of this Indenture, until such time as an Event of Default occurs and is continuing, the Company is authorized to sell, transfer and dispose of Timber to Rayonier in accordance with the terms of the Cutting Contract and to any unrelated third Person pursuant to a cutting contract complying with the requirements of Section 3 of the Cutting Contract. Such Timber shall not constitute rents or proceeds of the Timberland as enumerated in Granting Clause Fourth or in this Section 5.02 and shall be free and clear of the Lien of this Indenture upon cutting thereof by Rayonier in accordance with the terms of the Cutting Contract or upon cutting thereof under the cutting contract with such third Person, as the case may be. To the extent the Company grants to the Trustee a security interest in Timber under Granting Clause First, the authorization provided herein shall be sufficient under R.C.W. 62A-9-306 (2) to release from said security interest Timber sold, transferred and disposed of by the Company to Rayonier and cut by Rayonier in accordance with the terms of the Cutting Contract or by the Company to an unrelated third Person and cut by such third Person in accordance with the terms of the cutting contract with such third Person, as the case may be.

SECTION 5.03. Trustee to Hold Pledged Contracts.
The Trustee shall hold in its possession the Pledged Contracts, except as from time to time any instruments or

documents evidencing any thereof may be required for recordation or filing or for use in connection with the enforcement of any rights under this Indenture or for the purpose of enforcing or realizing upon any right or value created thereby.

SECTION 5.04. Trustee to Exercise Rights. The Trustee, whether or not an Event of Default shall exist under this Indenture, shall at all times have the right to exercise or enforce any and all rights in respect of the Trust Estate as in its discretion it shall determine is necessary to protect the Trust Estate, and the Trustee shall promptly enforce the various provisions of this Indenture, the Notes, the Note Purchase Agreement and the Pledged Contracts.

SECTION 5.05. Changes in Pledged Contracts. Except as hereinafter in this Section provided, the Company will not, directly or indirectly, modify, change, waive any provision of, amend, supplement, terminate (whether or not on account of a default giving rise to a right of termination thereunder), cancel or replace any Pledged Contract (any such action being herein called a "Modification") or permit, or approve of, or become a party to, any Modification of any Pledged Contract. If the Company desires to effect a Modification of a Pledged Contract, it shall request all of the Noteholders to consent to the Modification in a notice (the "First Notice") which sets forth the terms of the Modification and, in the event that the Holders of not less than 51% (or the Holders of not less than 76% in the case of a Modification of Sections 7(b)(i)(A) or 7(c) of the Cutting Contract) in aggregate principal amount of the Notes Outstanding consent to the Modification, the Company shall so notify all of the Noteholders (the "Second Notice"). Each non-consenting Noteholder shall then have a period expiring on the later of 30 days after the First Notice and 15 days after the Second Notice in which to notify the Company that it objects to the Modification on the ground that the Modification materially adversely affects the rights of the Company under Sections 7(b)(i)(A) or 7(c) of the Cutting Contract. If any such Noteholder so objects to the Modification during such period, the Company shall then have the right, exercisable during the 90 day period following such notice of objection, to make a written offer to purchase at par plus accrued interest to the date of purchase specified in such offer, which date shall be 60 days following the transmittal of such offer, all of the Notes held by such objecting Note-

holder. In the event such offer is made by the Company, such objecting Noteholder shall, within 30 days after its receipt of the Company's offer, either accept such offer or decline such offer, in which latter event its objection to the Modification shall be deemed automatically withdrawn. Failure by such objecting Noteholder to either accept or decline such offer within such 30 day period shall result in such Noteholder's objection to the Modification also being deemed automatically withdrawn. The Company shall not take any action to effect the Modification without first offering to purchase all of the Notes held by all objecting Noteholders.

SECTION 5.06. Application of Moneys Received Under Pledged Contracts. (a) If and as long as an Event of Default shall not have occurred and be continuing, payments due to the Company under any Pledged Contract shall be paid directly to the Company.

(b) Immediately upon the occurrence of an Event of Default, the proviso set forth in the second sentence of Section 5.02 and the provisions of Section 5.06(a) shall automatically and without further action on the part of the Trustee or any Noteholder become inoperative and of no further force and effect, and all such rents, royalties, income, issues and profits of and from the Trust Estate (including, without limitation, any and all Pledged Contracts) shall, as long as such Event of Default continues, be paid to the Trustee, which shall hold the same as part of the Trust Estate and apply the same in accordance with the terms hereof. Immediately upon the occurrence of such an Event of Default the Trustee shall give notice to all parties under the Pledged Contracts that all such rent, royalties, income, issues and profits shall be immediately paid to the Trustee; provided, however, any failure to give such notice shall not affect the right of the Trustee to such monies as part of the Trust Estate. In the event any such Event of Default is waived by the Noteholders under Section 6.09, the proviso set forth in the second sentence of Section 5.02 and the provisions of Section 5.06(a) shall automatically and without further action on the part of the Trustee or any Noteholder be reinstated, and the Trustee shall give notice to all parties under the Pledged Contracts to such effect.

SECTION 5.07. Release and Substitution of Timberland. (a) At any time and from time to time so long as no Event of Default or Default shall have occurred and be continuing, the Company may transfer or otherwise dispose of a

portion or portions of the Timberland having a fair market value which, when added to the fair market value (determined at the respective date of each such transfer or disposition) of all previous transfers and dispositions under this Section 5.07(a), shall not exceed in the aggregate 5% of the fair market value (determined at the date of the proposed transfer or disposition) of all of the Timberland, and the Trustee shall release the same from the Lien of this Indenture, provided that in accordance with the provisions of Section 5.07(b) there is substituted for such Timberland to be released, subjected to the Lien of this Indenture (subject to no Lien or encumbrance other than Permitted Exceptions) and insured under the title insurance policy referred to in paragraph 3L of the Note Purchase Agreement, other Timberland having a fair market value at least equal to the market value of the Timberland to be released, and provided further that the Trustee receives the documents and information specified in Section 5.07(b).

(b) The Trustee is authorized and directed to execute and deliver the documents and instruments necessary to effectuate a release and substitution of Timberland pursuant to Section 5.07(a) but only upon receipt by the Trustee of all of the following:

(i) An application of the Company which (A) specifies that a release and substitution of Timberland is being sought under Section 5.07(a) and identifies the specific Timberland to be released and substituted, and (B) contains the Company's warranty that all information presented in connection with such application is then true, complete and correct in all material respects, and that no fact has been omitted which is required to keep the information furnished from being untrue, incorrect or misleading in any material respect, and that all such information may be relied upon by the Trustee as being likewise true, complete and correct in all material respects as of the date of consummation of such release and substitution.

(ii) A legal description of each tract of Timberland to be released and substituted.

(iii) Evidence of compliance by the Company with the title insurance and other requirements of Section 5.07(a).

(iv) A certification of the Company and a confirming certificate of the Consultant (which may be to the

best of the Consultant's knowledge with respect to the matters set forth in clauses (B) and (D) below) to the effect that:

(A) the fair market value of the Timberland to be released is not more than the fair market value of the Timberland to be substituted therefor;

(B) no Default or Event of Default has occurred and is continuing and, after giving effect to such release and substitution, no Default or Event of Default will exist;

(C) after giving effect to such release and substitution, access to all of the Timberland will be adequate for the commercial cultivation and harvesting of Timber; and

(D) such release and substitution will not impair the security under this Indenture or be prejudicial to the Holders of the Notes and is desirable in the proper conduct of the business of the Company, or is otherwise in the best interest of the Company.

(v) All instruments and documents legally necessary for the consummation of the release and substitution.

(vi) An Opinion of Counsel that the release and substitution and all acts necessary for the consummation thereof have been duly authorized by the Company.

(c) At any time and from time to time so long as no Event of Default or Default shall have occurred and be continuing, the Company may sell or otherwise dispose of: (A) portions of the Timberland (other than sales of Timber only to unrelated third Persons and other than condemnation sales), provided that the fair market value (determined at the respective date of each such sale or disposition) of all Timberland so sold or disposed of pursuant to this Section 5.07(c) does not exceed in the aggregate \$3,750,000 (as certified by the Company and confirmed by the Consultant), and (B) Merchantable Timber by stumpage sales to unrelated third Persons, provided that not more than 25% (computed on a non-cumulative basis) of the amount of Merchantable Timber

to be cut during any 12-month cutting period under the Cutting Contract may be so sold or disposed of and provided further that not more than 50% of the amount of Merchantable Timber to be cut during any 12-month cutting period under the Cutting Contract may be subject to any such sale or disposition and remain standing, uncut or unpaid for at any time. The Trustee shall, upon written request made by the Company, execute such instruments as are necessary to release such Timberland or Merchantable Timber, as the case may be, from the Lien of this Indenture, provided that such release shall be effected by the Trustee only upon the delivery to the Trustee of a certificate of the Company, dated the date of such release and confirmed by a certificate of the Consultant (which may be to the best of the Consultant's knowledge with respect to the matters set forth in clauses (i) and (vii)), (i) stating that no Event of Default or Default has occurred and is continuing and, after giving effect to such release, no Default or Event of Default will exist; (ii) setting forth the legal description of the Timberland or Merchantable Timber to be so sold or disposed of; (iii) in the case of a release of Timberland, setting forth the aggregate fair market value (determined at the respective date of each such sale or disposition) of all Timberland previously so sold or disposed of; (iv) in the case of a release of Timberland, setting forth the fair market value of the Timberland proposed to be so sold or disposed of; (v) in the case of a release of Timberland, stating that following such release access to the remainder of the Timberland will be adequate for the commercial cultivation and harvesting of Timber; (vi) in the case of a release of Merchantable Timber, stating that such sale or disposition will not result in a breach of clause (B) of this Section 5.07(c); and (vii) stating that such release will not impair the security under this Indenture or be prejudicial to the holders of the Notes and is desirable in the proper conduct of the business of the Company, or is otherwise in the best interest of the Company.

(d) From time to time hereafter, the Company may sell to Rayonier and Raymidga, pursuant to the Option Agreements, portions of the Purchased and Contributed Timberland for the consideration specified in the Option Agreements. The Trustee shall, upon written request made by the Company, execute such instruments as are necessary to release such Timberland from the Lien of this Indenture; provided that such release shall be effected by the Trustee only upon the delivery to it of a certificate of the Company, dated the date of such release and confirmed by a

certificate of the Consultant (which may be to the best of the Consultant's knowledge with respect to the matters set forth in clause (i)), (i) stating that no Event of Default or Default has occurred and is continuing and, after giving effect to such release, no Default or Event of Default will exist; (ii) setting forth the legal description of the Timberland to be released; and (iii) stating that such release is being requested pursuant to one of the Option Agreements.

(e) The Trustee shall not be required to make any release of the Timberland, other than pursuant to the provisions of this Section.

SECTION 5.08. Change in Taxation of Mortgages, Deeds of Trust or Security Agreements. In the event of the passage after the date of this Indenture of any law (other than a law which increases corporate income tax rates generally or which changes the manner in which insurance companies are subjected to state income taxation) by the State of Washington or any political subdivision thereof, deducting from the value of the Trust Estate for the purposes of taxation any lien or security title thereon, or changing in any way the laws for the taxation of mortgages, deeds of trust, security agreements, or any indebtedness secured thereby, or the manner of collection of any such taxation so as to affect this Indenture or the Trustee or the Holders of the Notes, the Trustee shall have the right to give 30 days written notice to the Company requiring the immediate repayment of all Notes Outstanding and any other indebtedness secured hereby. If such notice be given, the Notes shall become due, payable and collectible at the expiration of said 30 days; provided, however, that such requirement of payment shall be ineffective if the Company is permitted by law to pay the whole of such tax in addition to all other payments required hereunder, without any penalty thereby accruing to the Trustee or any Holder of the Notes, and if the Company in fact pays such tax prior to the date upon which payment is required by such notice.

ARTICLE VI

REMEDIES

SECTION 6.01. Events of Default. Any one of the following events or conditions shall constitute an Event of Default:

(a) the Company defaults in the payment of any principal of any Note when the same shall become due and payable, whether at maturity, upon redemption, by declaration as authorized in this Indenture or otherwise;

(b) the Company defaults in the payment of any interest on any Note for more than 15 days after the date due;

(c) any representation or warranty made by the Company herein, in the Note Purchase Agreement or in any writing furnished in connection herewith or therewith or by Rayonier in the Cutting Contract or the Consent to Assignment or in connection therewith shall be false in any material respect on the date as of which made;

(d) the Company defaults in the performance or observance of the covenants set forth in Sections 4.05(b)(i), 4.05(b)(ii), 4.22(i), 4.23 or 5.05 and, in the case of a default under Sections 4.05(b)(i) or 4.05(b)(ii), such default is not remedied within 60 days from the earlier of (i) the date notice of such default shall have been received by the Company from the Trustee or from any Holder of any Note Outstanding or (ii) the date of delivery to the Company of any certificate described in Section 4.05(b) which discloses such default;

(e) the Company defaults in the payment of the principal of or interest on the Indebtedness secured by the Second Mortgage or any other obligation in excess of \$100,000 for money borrowed (or of any obligation in excess of \$100,000 under conditional sale or other title retention agreement or of any obligation in excess of \$100,000 issued or assumed as full or partial payment for property whether or not secured by purchase money mortgage or of any obligation in excess of \$100,000 under notes payable or drafts accepted representing extensions of credit) beyond any period of grace provided with respect thereto, or the Company defaults in the performance or observance of any other agreement, term or condition contained in the Second

Mortgage or any agreement under which any such obligation is created (or if any other event or default thereunder or under any such agreement shall occur and be continuing) and the effect of such event or default is to cause, or to permit the holder or holders of such obligation (or a trustee on behalf of such holder or holders) to cause, such obligation to become due prior to any stated maturity;

(f) the Company defaults in the performance or observance of any other agreement, term, condition or covenant contained herein (other than a default described in clauses (a) through (e) above) and such default shall not have been remedied within 30 days after written notice thereof shall have been received by it from the Trustee or by the Company and the Trustee from the Holder of any Note Outstanding;

(g) the Company makes an assignment for the benefit of creditors or is generally not paying its debts as such debts become due;

(h) any order, judgment or decree is entered under the bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law (herein called the "Bankruptcy Law") of any jurisdiction adjudicating the Company bankrupt or insolvent;

(i) the Company petitions or applies to any tribunal for, or consents to, the appointment of, or taking possession by, a trustee, receiver, custodian, liquidator or similar official, of the Company, or of any substantial part of the assets of the Company, or commences a voluntary case under the Bankruptcy Law of the United States or any proceedings relating to the Company under the Bankruptcy Law of any other jurisdiction, whether now or hereafter in effect;

(j) (i) any such petition or application is filed, or any such proceedings are commenced, against the Company and the Company by any act indicates its approval thereof, consent thereto or acquiescence therein, or (ii) an order for relief is entered in an involuntary case under the Bankruptcy Law of the United States, as now or hereafter constituted, or (iii) an order, judgment or decree is entered appointing any such trustee, receiver, custodian, liquidator or similar official, or approving the petition in any

such proceedings, and the order, judgment or decree described in this clause (iii) remains unstayed and in effect for more than 60 days;

(k) any order, judgment or decree is entered in any proceedings against the Company decreeing the dissolution of such party and such order, judgment or decree remains unstayed and in effect for more than 60 days;

(l) the Company defaults in the performance or observance of any of the terms, covenants and conditions of the Note Purchase Agreement on its part to be performed or observed (other than a default described in any of clauses (a) through (k) above) and such default shall not have been remedied within 30 days after written notice thereof shall have been received by it from the Trustee or by the Company and the Trustee from the Holder of any Note Outstanding, or an Event of Default under the Cutting Contract or a default under the Maintenance Agreement shall have occurred and be continuing; or

(m) the obligation of Rayonier to make Advance Payments under the Cutting Contract is suspended.

SECTION 6.02. Acceleration of Maturity; Rescission and Annulment. If an Event of Default shall have occurred and be continuing, the Holders of not less than 66 2/3% in aggregate principal amount of the Notes Outstanding may declare the entire principal and all interest accrued on all of the Notes to be, and all such Notes shall thereupon become, forthwith due and payable, without any presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived to the fullest extent permitted by applicable law, and, upon such declaration, the Company will forthwith pay to the Holder or Holders of all the Notes then Outstanding the entire principal of and interest accrued on the Notes and all other amounts then due and owing under this Indenture and the Note Purchase Agreement; provided, however, that during the existence of an Event of Default pursuant to Sections 6.01(a), 6.01(b), 6.01(d) or 6.01(m) and irrespective of whether the Holder or Holders of 66-2/3% in aggregate principal amount of Notes Outstanding have declared all of the Notes to be due and payable pursuant to this Section 6.02, any Noteholder who or which has not consented to any waiver with respect to an Event of Default pursuant to Sections 6.01(a) or 6.01(b) or

the Holders of not less than 25% in aggregate principal amount of the Notes Outstanding who or which have not consented to any waiver with respect to an Event of Default pursuant to Sections 6.01(d) or 6.01(m), may, at the option of such Holder or Holders, by notice in writing to the Company and the Trustee, declare the Notes then held by such Holder or Holders to be and such Notes shall thereupon become, forthwith due and payable, together with all interest accrued thereon and all other amounts then due and owing to such Holder or Holders under this Indenture and its or their respective Note Purchase Agreements, without any presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, and the Company shall forthwith pay to such Holder or Holders the entire principal of and interest accrued on such Notes and all other amounts then due and owing to such Holder or Holders under this Indenture and its or their respective Note Purchase Agreements. Except as otherwise specifically provided in this Indenture, any Noteholder may proceed to protect and enforce the rights of the Holders of all of the Notes Outstanding in accordance with their terms, by an action at law, suit in equity or other appropriate proceeding, or for the specific performance of any agreement of the Company contained herein or in the Notes, the Note Purchase Agreement or the Pledged Contracts, or for an injunction against a violation of any of the terms hereof or thereof.

At any time after such a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee, the Holders of not less than 66-2/3% (or the Holders of not less than 76% if such declaration was made for defaults under Sections 6.01(d) or 6.01(m)) in aggregate principal amount of the Notes Outstanding, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay

(A) all the overdue instalments of interest on all Notes,

(B) the principal of, and premium, if any, and interest on any Notes which have become due otherwise than by such declaration of acceleration,

(C) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate of 16.75% per annum and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;

(2) all Defaults, other than the nonpayment of the principal of Notes which have become due solely by such acceleration, have been cured or waived as provided in Section 6.09; and

(3) the Company has entered into a reinstatement agreement acceptable to such Noteholders.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 6.03. Remedies. The Company agrees, to the full extent that it lawfully may, that, if one or more Events of Default shall have occurred and be continuing and the principal of all Notes shall have been declared due and payable pursuant to Section 6.02, then and in every such case the Trustee may, to the extent permitted by applicable law, exercise the following rights, privileges and remedies in addition to any other right, privilege or remedy otherwise available to the Trustee hereunder or at law or in equity:

(a) Sale of Trust Estate. The Trustee may, without further demand or notice of any kind which is hereby expressly waived by the Company, proceed to foreclose this Indenture and cause the Sheriff to sell the Trust Estate (including the right, title and interest of the Trustee in and to the Timberland and the Pledged Contracts). In case of such sale, the premises, real, personal or mixed, may be sold as an entirety or in parcels by one sale or several sales held at one time or at different times, all as the Trustee in its unrestricted election may elect and the Company for and on behalf of itself and all persons claiming by, through or under it, waives any and all right to have the property and estates marshalled upon any foreclosure

sale and agrees that upon foreclosure the premises may be sold as an entirety and not in parcels.

(b) Receiver. The Trustee shall have the right to apply for the appointment of a receiver of the Trust Estate, as a matter of right and without notice to the Company and without regard to the value of the Trust Estate or any part thereof as security for the indebtedness secured hereby or the solvency of the Company or any Person liable for the payment of all or any part of such indebtedness; to receive the moneys payable under Pledged Contracts; to exercise all rights of the Company with respect to the Trust Estate; and to apply any moneys received thereby as set forth in Section 6.04.

(c) Other Actions. The Trustee shall have the right to cause any action at law or in equity or other proceeding to be initiated and prosecuted to collect or enforce the Notes, the Note Purchase Agreement, the Pledged Contracts and its security interest in the Timberland.

SECTION 6.04. Application of Moneys. Except as otherwise specifically provided herein, all moneys received by the Trustee, under any of the provisions of this Indenture as part of the Trust Estate, whether as rents, income or profits from the Trust Estate after entry therein, or as proceeds of the operation or sale of the Trust Estate shall be applied as follows:

First: To the payment of all amounts payable to the Trustee under Section 8.06, including all proper costs and expenses of taking, holding, managing and selling the Trust Estate;

Second: In case the principal of the Notes Outstanding shall have become due, by declaration or otherwise, to the payment of the whole amount then owing and unpaid upon the Notes for principal, premium, if any, and interest, with interest on the overdue principal, premium, if any, and (to the extent that such interest has been collected by the Trustee) upon overdue instalments of interest at the rate of 16.75% per annum; and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid upon the Notes, then to the payment of such principal, premium, if any, and interest, without preference or priority, ratably according to the aggregate amount so due for such principal, premium,

if any, and interest, subject however, to Section 4.09; such payments shall be made on the date fixed therefor by the Trustee and, subject to Section 2.09, upon presentation of the several Notes and notation thereon of the amounts paid if such Notes be only partly paid, and upon the surrender and cancellation thereof if fully paid; and

Third: All surplus then remaining to the Company or to whomever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

SECTION 6.05. Collection of Indebtedness and Suits for Enforcement by Trustee. The Company covenants that if

(1) default is made in the payment of any instalment of interest on any Note when such interest becomes due and payable and such default continues for a period of 15 days, or

(2) default is made in the payment of the principal of or premium, if any, on any Note when due,

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Notes, the whole amount then due and payable on such Notes for principal (and premium, if any) and interest, with interest upon the overdue principal (and premium, if any) and, to the extent that payment of such interest shall be legally enforceable, upon overdue instalments of interest, at the rate of 16.75% per annum; and, in addition thereto, all other amounts then due and owing under this Indenture and the Note Purchase Agreement and such further amount as shall be sufficient to cover the costs and expenses of collections, including the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amount forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Company or any other obligor upon the Notes and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon the Notes, wherever situated.

If an Event of Default occurs and is continuing, the Trustee may proceed to protect and enforce its rights and the rights of the Holders of the Notes by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Any action taken by the Trustee under this Section 6.05 shall be taken by the Trustee only upon the direction of the percentage of Noteholders whose approval is required by the terms of this Indenture for the taking of such action.

SECTION 6.06. Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Notes or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(i) to file and prove a claim for the whole amount of principal, and premium, if any, and interest owing and unpaid in respect of the Notes and all other amounts due and owing under this Indenture and the Note Purchase Agreement, and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders of the Notes allowed in such judicial proceeding, and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Noteholder to make

such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Noteholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 8.06.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Noteholder in any such proceeding.

SECTION 6.07. Trustees May Enforce Claims Without Possession of Notes. All rights of action and claims under this Indenture or the Notes may be prosecuted and enforced by the Trustee, without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, or as attorney-in-fact for the Noteholders, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and subject to the provisions of this Indenture, be for the ratable benefit of the Holders of the Notes for which such judgment has been recovered.

SECTION 6.08. Unconditional Right of Holders to Receive Principal, Premium, if any, and Interest. The Holder of any Note shall have the right which is absolute and unconditional to receive payment of the principal of, and premium, if any, and interest on such Note on the due dates expressed therein (or, in the case of redemption of a Note, on the Redemption Date upon surrender of such Note), and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

SECTION 6.09. Waiver of Past Defaults. The Holders of not less than $66\frac{2}{3}\%$ in aggregate principal amount of the Notes Outstanding may on behalf of all Holders of all Notes Outstanding waive any past Default hereunder and its consequences, except a default

- (1) pursuant to Sections 6.01(a) or 6.01(b), or
- (2) pursuant to Sections 6.01(d) or 6.01(m), which may be waived by the Holders of not less than 76% in aggregate principal amount of the Notes Outstanding.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

SECTION 6.10. Waiver of Stay or Extension Laws; Marshalling of Assets. The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any appraisement, valuation, stay, extension or upset price statute wherever enacted, now or at any time hereafter in force, in order to prevent or hinder the enforcement of this Indenture or the absolute sale of the Trust Estate or any part thereof, or the possession thereof by any purchaser at any sale under this Article; and the Company (to the extent that it may lawfully do so), for itself and all who may claim under it, hereby waives the benefit of all such laws, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 6.11. Restoration of Rights and Remedies. If the Trustee or any Noteholder has instituted any proceeding to enforce any right or remedy under this Indenture, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or such Noteholder, then and in every such case the Company, the Trustee and the Noteholders shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Noteholders shall continue as though no such proceeding had been instituted.

SECTION 6.12. Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee or to the Noteholders is intended to be exclusive of any other right or remedy, and every right shall, to the extent

permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law, in equity or otherwise, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Trustee or the Noteholders, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy.

SECTION 6.13. Delay or Omission Not a Waiver. No delay or omission of the Trustee or of any Noteholder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein.

SECTION 6.14. Control by Noteholders. The Holders of not less than a 66-2/3% in aggregate principal amount of the Notes Outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, provided that

(a) such direction shall not be in conflict with any rule of law or with this Indenture, and

(b) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

ARTICLE VII
THE CONSULTANT

SECTION 7.01. Employment. In order to adequately protect the rights and interests of the Trustee and all of the Noteholders under this Indenture with respect to the Timberland, the Trustee shall retain Sanders, Cronk & Holmes, or another independent forestry consulting firm of established reputation which is approved by 66-2/3% in aggregate principal amount of the Notes Outstanding, at the Company's sole expense to act on behalf of the Trustee and all of the Noteholders as Consultant under the terms hereof at all times until the Notes and all sums secured hereby have been paid in full. The Company covenants to cooperate fully with the Consultant in good faith in the performance of the Consultant's responsibilities.

SECTION 7.02. Duties. (a) The duties of the Consultant shall include such determinations of acreages, volumes, values and inventories, verification of reports, information and certifications furnished by the Company, and investigation and monitoring of the Company's business, cutting plans and other activities in regard to the Timberland and this Indenture as is provided herein and in the Cutting Contract. The Consultant shall make annual inspections of the Timberland to ascertain that the Company is not operating the Timberland in violation of the terms and provisions of this Indenture.

(b) The Company agrees, and the Consultant shall agree for the benefit of the Trustee, that all information, work product, books, maps, photographs and records of the Consultant in its capacity as such shall be and become the property of the Trustee, held by the Consultant as agent for the Trustee and not for the Company, and, subject to receipt of the agreement of the Noteholder hereafter referred to, shall be furnished or made available to the Trustee and any Noteholder which is an original Noteholder or an Affiliate of an original Noteholder and each Holder of 10% or more in aggregate principal amount of the Notes Outstanding as they may from time to time request. The Trustee agrees to keep confidential any non-public information concerning the Company and its properties which it obtains pursuant to this Section 7.02(b); provided, however, that the Trustee may disclose any such confidential information (a) to any regulatory body having jurisdiction over it or (b) in

connection with the enforcement of any of its rights and remedies under this Indenture. It shall be a condition precedent to the Company's or the Consultant's furnishing or making available to any Noteholder (other than any Noteholder which is an original Noteholder or an Affiliate of an original Noteholder) the records of the Consultant described in this Section 7.02(b) that such Noteholder enter into a confidentiality agreement with the Company which is, to the Company's satisfaction, similar to the agreement of the Trustee contained in the preceding sentence.

SECTION 7.03. Payment of Fees. The Company covenants and agrees to pay all fees and reimburse all expenses of the Consultant hereunder, when due. If the Company fails or refuses to pay any fees or reimburse any disbursements of the Consultant when due, the Trustee may at its election advance and pay such sums and said sums shall be added to the indebtedness secured by this Indenture and shall bear interest at the rate of 15.75% per annum and be repayable as provided herein.

SECTION 7.04. Termination of Employment. The Trustee, upon instruction from the Holders of not less than 66-2/3% in aggregate principal amount of the Notes Outstanding, shall have the right to terminate the employment of the Consultant in its capacity as such at any time by giving thirty (30) days' written notice of such termination to the Company and the Consultant. For any period of time during which there is no Consultant employed and acting as such, the Trustee shall have the right to take such steps as it considers necessary to make the determinations, verifications, etc., to be performed hereunder by the Consultant, by its own employees or otherwise, and the Company agrees to pay and reimburse all expenses and costs incurred by the Trustee therefor.

SECTION 7.05. Certificates and Reports. (a) The Consultant shall furnish to the Trustee, the Company, any Noteholder which is an original Noteholder or an Affiliate of an original Noteholder and any Holder of 10% or more in aggregate principal amount of the Notes Outstanding, not later than forty-five (45) days after each such inspection, a certificate with respect to the annual inspection of the Timberland to be made by the Consultant pursuant to Section 7.02, in which the Consultant shall certify that, to the best of its knowledge, the Company is not operating in violation of the terms and provisions of this Indenture (including, without limitation, the covenants set forth in Section 4.05(b)) and shall provide such additional information with respect to the Timberland as may be reasonably

requested by the Trustee. The Company covenants to furnish to the Trustee, the Consultant, any Noteholder which is an original Noteholder or an Affiliate of an original Noteholder and any Holder of 10% or more in aggregate principal amount of the Notes Outstanding, within 10 days of its receipt of the Consultant's annual certificate, a certificate with respect to each such certificate of the Consultant, in which the Company shall state whether it concurs and if it does not concur stating the reasons why it does not concur in the Consultant's certification and in which it shall confirm the other information contained in the Consultant's certificate.

(b) The Consultant shall furnish to the Trustee, any Noteholder which is an original Noteholder or an Affiliate of an original Noteholder, each Holder of 10% or more in aggregate principal amount of the Notes Outstanding and the Company, not later than 90 days after the end of each calendar year, an annual report (based upon a current appraisal of the fair market value of the Timberland (which values the land subject to the Option Agreements at \$1.00 per acre) and such other analyses as may be requested by the Trustee) which shall contain (i) a report of all matters and transactions involving or affecting the Timberland in such detail as may be reasonably required, including, without limitation, if requested by the Trustee, new plantings, Timber cutting, Timberland utilization, Timber damage by casualty, loss of Timber or Timberland by eminent domain or condemnation and improvement of the Timberland, and (ii) the certification of the Consultant, as of December 31 of the year covered by the report, (x) as to the approximate acreage of land, volume of Merchantable Timber by species and acreage of non-Merchantable Timber contained within the Timberland, and Timber growth projection and Timber cutting on the Timberland and (y) as to the fair market value of the Timberland and the Timber.

(c) The Consultant shall deliver to the Trustee such certificates, reports and other assistance as the Trustee may request in connection with the occurrence of an event of force majeure on the Timberland, the condemnation of any portion of the Timberland and the release, substitution, sale or other disposition of the Timberland.

(d) The Consultant shall have no liability hereunder to any party for any delay in making any required certification or report to the extent that such delay is caused by the Company's delay in furnishing access or information to the Consultant, or by the breach of any of the Company's covenants hereunder.

ARTICLE VIII

THE TRUSTEE

SECTION 8.01. Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own wilful misconduct, except that

(1) this paragraph shall not be construed to limit the effect of paragraph (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith (by a Responsible Officer in the case of the Trustee), unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than 66-2/3% in aggregate principal amount of the Notes Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risks or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 8.02. Notice of Default. Promptly after the occurrence of any Default known to the Trustee, the Trustee shall transmit by mail to all Noteholders, as their names and addresses appear in the Note Register, notice of such Default, unless such Default shall have been cured or waived or unless notice thereof has been given by the Company pursuant to Section 4.11.

SECTION 8.03. Certain Rights of Trustee. Except as otherwise provided in Section 8.01,

(a) the Trustee may rely and shall be protected in acting or refraining from acting in reliance upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper Person or Persons;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a certificate or request signed by the General Partner of the Company;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate of the Consultant or the General Partner of the Company;

(d) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall not be under any obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Noteholders pursuant to this Indenture, unless such Noteholders shall have offered to such Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, note, bond, debenture or other paper or document, but, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit; and

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys or separate trustees, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, attorney or separate trustee appointed with due care by it hereunder.

SECTION 8.04. Trustee Not Responsible for Recitals, Etc. The Trustee shall not be responsible in any manner whatsoever for the correctness of the recitals herein or in the Notes (except the Trustee's certificate of authentication).

tion thereon) contained; and the Trustee shall not be responsible or accountable in any manner whatsoever for or with respect to the validity or execution or sufficiency of this Indenture, any indenture supplemental hereto, the Notes, the Note Purchase Agreement, or the Pledged Contracts, or for the value of the Trust Estate or any part thereof, or for the title of the Company thereto, or for the security afforded thereby, and the Trustee makes no representation with respect thereto. The Trustee shall not be accountable for the use or application by the Company of any Notes authenticated and delivered hereunder or for the use or application of any moneys paid over by the Trustee in accordance with any provision of this Indenture.

SECTION 8.05. Money Held in Trust. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company.

SECTION 8.06. Compensation and Reimbursement. The Company agrees to (i) pay to the Trustee reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), (ii) reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by it in accordance with any provision of this Indenture (including the reasonable compensation and expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith and (iii) indemnify the Trustee against any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. All such payments and reimbursements not made within 30 days after the request therefor shall bear interest at the rate of 15.75% per annum from the end of said 30-day period.

As security for the performance of the obligations of the Company under this Section the Trustee shall have

a Lien on the Trust Estate prior to the Lien of the Notes, except funds held in trust for the payment of the principal of, and premium, if any, and interest on particular Notes, and the Trust Estate is specifically mortgaged and pledged to service the performance of such obligations of the Company.

SECTION 8.07. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America or of any State thereof, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$100,000,000, subject to supervision or examination by Federal or State authority and, if such a corporation is available and willing to act, having its principal office in the State of Washington. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article Eight.

SECTION 8.08. Resignation and Removal; Appointment of Successor. (a) No resignation or removal of the Trustee and no appointment of a successor Trustee, as the case may be, pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 8.09.

(b) The Trustee may resign at any time by giving written notice thereof to the Company and the Noteholders. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee, within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by Act of the Holders of a majority in principal amount of the Notes Outstanding delivered to the Trustee and the Company.

(d) If at any time:

(1) the Trustee shall cease to be eligible under Section 8.07 and shall fail to resign after written request therefor by any Noteholder, or

(2) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, any Holder of a Note may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Trustee for any cause, the Company shall promptly appoint a successor Trustee. If within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Holders of a majority in principal amount of the Notes Outstanding delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become successor Trustee, and supersede the successor Trustee appointed by the Company. If no successor Trustee shall have been so appointed by the Company or the Noteholders and accepted appointment in the manner hereinafter provided, any Noteholder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Company shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by notice to all Noteholders in the manner provided in Section 1.04. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

SECTION 8.09. Acceptance of Appointment by Successor.
Every successor Trustee appointed hereunder shall execute,

acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Company or the successor Trustee the retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee, all the rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its Lien, if any, provided

for in Section 8.06. Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be eligible under Section 8.07.

SECTION 8.10. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided that such corporation shall be otherwise eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

ARTICLE IX

SUPPLEMENTAL INDENTURES

SECTION 9.01. Supplemental Indentures Without Consent of Noteholders. The Company and the Trustee, without the consent of any Noteholder, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1)(a) to subject to the Lien of this Indenture additional property which may hereafter be, or be required to be, subjected to the Lien hereof, and (b) to correct and amplify the description of any properties at any time subject to the Lien of this Indenture;

(2) to set forth the form and terms of any series of additional Notes which may be issued hereunder in addition to the original series of Notes pursuant to the provisions of Section 9.03;

(3)(a) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company or (b) to evidence the succession of a new trustee as Trustee hereunder, the removal of the Trustee or the appointment or removal of any separate or additional trustee or trustees;

(4) to add to the covenants of the Company for the benefit of the Noteholders, or to surrender any right or power herein conferred upon the Company; or

(5) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture which shall not be inconsistent with the provisions of this Indenture, provided that such action shall not adversely affect the interest of the Noteholders.

SECTION 9.02. Supplemental Indentures With Consent of Noteholders. With the consent of the Holders of not less than $66\frac{2}{3}\%$ in aggregate principal amount of the Notes Outstanding, by Act of said Holders delivered to the Company and the Trustee, the Company (when authorized by all requisite action) and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding

any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Noteholders under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Note Outstanding affected thereby:

(1) change the stated maturity of the principal of, or any instalment of interest on, or any mandatory or optional redemption provision with respect to, any Note, or change the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change the place of payment where, or the coin or currency in which, any Note or the interest thereon is payable;

(2) permit the creation of any Lien not otherwise permitted hereunder or deprive any Noteholder of the benefit of the Lien of this Indenture upon any of the Trust Estate for the security of its Notes;

and provided, further, no such supplemental indenture shall, without the consent of the Holders of not less than 86% of the Notes Outstanding, change in any manner the provisions of Section 4.05(b)(i) and (ii); and provided, further, no such supplemental indenture shall, without the consent of the Holders of not less than 76% of the Notes Outstanding, change in any manner the provisions of Sections 4.22(i), 4.23 and 5.05; and provided, further, that no such supplemental indenture shall, without the consent of the Holders of all of the Notes Outstanding:

(a) reduce the percentage of the aggregate principal amount of Notes the Holders of which are required to pursue any remedy of the Noteholders under this Indenture, effect any waiver pursuant to Section 6.09 or rescind the declaration of the Notes due and payable pursuant to Section 6.02; or

(b) reduce the percentage of the aggregate principal amount of Notes the Holders of which are required to enter into a supplemental indenture or approve any amendment or modification of this Indenture.

It shall not be necessary for any Act of Noteholders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 9.03. Supplemental Indentures with respect to Additional Notes. (a) In addition to the issuance of the 15.75% Secured Notes due August 1, 1991, a series of additional Notes may be issued hereunder for the purpose of financing all or part of the cost of (i) each of the mandatory sinking fund redemptions required to be made with respect to the 15.75% Secured Notes due August 1, 1991 in each of the years 1989 and 1990 pursuant to Section 3.02(a) (i), or (ii) the amount due upon final maturity of the Notes on August 1, 1991. No more than three series of additional Notes may be issued under the provisions of this Section, and the aggregate principal amount of additional Notes which may be issued under the provisions of this Section 9.03 is limited to \$34,600,000.

(b) Additional Notes of any series shall be designated generally " % Secured Notes due ". Each Note shall bear upon the face thereof the designation so selected for the series to which it belongs. All Notes of any one series at any time simultaneously Outstanding shall be identical with respect to the date of maturity, the rate of interest and the dates of interest payments, the terms and rate or rates of optional redemption, if optionally redeemable, and the terms of sinking fund or analogous provisions, if any. The terms and provisions of any series of Notes other than the 15.75% Secured Notes due August 1, 1991 shall be set forth in a supplemental indenture, which (and, where appropriate, the Notes issued thereunder) may also contain such provisions not inconsistent with this Indenture as the Company may cause to be inserted therein.

(c) Subject to the provisions contained in this Indenture with respect to the 15.75% Secured Notes due August 1, 1991, the Notes of any series:

(i) shall bear interest at such rate or rates and be payable, as to principal, premium, if any, and interest, at such time or times, and at such place or places, as may be determined by the Company and expressed in such Notes;

provided, however, that in no event shall the Notes of any series have a maturity date which precedes the maturity date of the 15.75% Secured Notes due August 1, 1991;

(ii) shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts;

(iii) shall be entitled to share on a pari passu basis in all security held by the Trustee under this Indenture, including, without limitation, the Timberland and the Pledged Contracts;

(iv) shall be in such denominations as are provided for in Section 2.02, subject to limitations thereon which may be determined by the Company;

(v) may be limited as to the maximum principal amount thereof which may be authenticated and delivered by the Trustee or which may at any one time be Outstanding;

(vi) may contain such provisions for the redemption thereof, at the option of the Company, at such redemption price or prices, at such time or times, upon such notice, in such manner and upon such other terms and conditions, not inconsistent with the provisions of this Indenture, as may be determined by the Company and expressed or referred to in such Notes;

(vii) may contain such provisions, if any, for the required redemption of such Notes (including for a purchase, sinking, amortization, improvement or analogous fund) in such amounts, at such time or times, in such manner and upon such terms and conditions as may be determined by the Company and expressed or referred to in such Notes; and

(viii) shall be in the form or forms provided in the supplemental indenture executed with respect to Notes of such series, which form or forms shall be in substantially the same form as is set forth in the recitals hereto with respect to the 15.75% Secured Notes due August 1, 1991, with such omissions therefrom, variations therein and additions thereto as shall be appropriate.

(d) Additional Notes may at any time and from time to time, subject to the provisions of this Section 9.03, be executed by the Company and delivered to the Trustee, and thereupon the same shall be authenticated and delivered by the Trustee upon the Written Order of the Company, upon receipt by and deposit with the Trustee of the following:

(i) The written authorization of the Company authorizing the execution and delivery of the supplemental indenture referred to in clause (iii) of this Section 9.03(d) and of a specified principal amount of additional Notes of a designated series.

(ii) A certificate of the Company, dated the date of such Written Order of the Company, stating that (i) the Company requests that such additional Notes be issued under this Section 9.03, (ii) after giving effect to the issuance of the additional Notes then applied for, there will exist no Event of Default or Default, and (iii) the proceeds of the sale of such additional Notes will be applied in order to finance in whole or in part the cost of one of the mandatory sinking fund redemptions of Notes under Section 3.01(a)(i).

(iii) A supplemental indenture setting forth both the terms of the Notes of such series, including the form or forms thereof, the interest rate thereon, the redemption provisions applicable thereto, the maturity date thereof, and also any amendments and modifications of the Indenture necessary to evidence the issuance of such Notes and the rights of the Holders thereof.

(iv) An Opinion of Counsel, dated the date of such written Order of the Company, to the effect that:

(A) such supplemental indenture has been duly authorized, executed and delivered by the Company and is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization or other similar laws of general application affecting creditors' rights;

(B) such Notes have been duly authorized, executed and delivered by the Company and, upon the authentication and delivery thereof by the Trustee, will be valid and binding obligations of the Company, entitled to the benefits of this Indenture in accordance with the terms of this Indenture and of such Notes, and enforceable in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization or other similar laws of general application affecting creditors' rights;

(C) the execution and delivery of such supplemental indenture by the Company, the issuance and sale of such Notes by the Company, and fulfillment of and compliance with the respective provisions thereof by the Company, do not conflict with, or result in a

breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of any of the terms or provisions of, or result in the creation of imposition of any Lien on any properties or assets of the Company pursuant to, the limited partnership agreement of the Company, or any statute, law, rule or regulation, or any order, judgment, decree, indenture, mortgage or other agreement or instrument by which the Company is bound;

(D) all authorizations, consents, approvals and exemptions of, or other action by, all regulatory bodies necessary in connection with the issue, sale, authentication and delivery of such supplemental indenture and such Notes have been obtained (specifying the same), or that no such authorization, consent, approval, exemption or other action is required; and

(E) all conditions precedent provided for in this Indenture to the issuance of such Notes have been duly complied with.

SECTION 9.04. Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 8.01 and Section 8.03) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 9.05. Effect of Supplemental Indentures. Upon the execution of any supplemental indenture pursuant to this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 9.06. Reference in Notes to Supplemental Indentures. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this

Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the supplemental indenture shall so provide, new Notes so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Notes.

SECTION 9.07: Notices of Supplemental Indentures.
Promptly after the execution by the Company and the Trustee of any supplemental indenture pursuant to the provisions hereof, the Trustee shall send a conformed copy of such supplemental indenture to each Noteholder.

STATE OF WASHINGTON)
COUNTY OF SKAMANIA) SS.
I HEREBY CERTIFY THAT THE WITHIN

INSTRUMENT OF WRITING FILED BY

Skamania County Title Co

OF Stevenson, Wa

AT 9:05 A.M. Aug 20 1981

WAS 58

OF mtg 45

RECORDED Shaw COUNTY WASH.

Off Messenger

A. New COUNTY CLERK

DEPUTY

Registered A
Indexed, Dir. A
Indirect A
Recorded X
Mailed

ARTICLE X

RECONVEYANCE

SECTION 10.01. Reconveyance. If the Company shall pay or cause to be paid to the Holders of the Notes all principal of, and premium, if any, and interest on the Notes and all other amounts payable hereunder and under the Note Purchase Agreement, including all amounts payable to the Trustee, at the times and in the manner stipulated herein and therein, then these presents and the estate and rights hereby granted shall cease, determine and be void, and thereupon the Trustee shall execute a full reconveyance, cancelling and discharging the lien of this Indenture and deliver the same to the Company.

Notes for the payment or redemption of which moneys in the full amount required therefor shall have been deposited with the Trustee, whether at or prior to the maturity or the Redemption Date of such Notes, shall for the purposes of this Article be deemed to have been paid; provided, however, that if such Notes are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made therefor. At or before the time of the delivery by the Trustee of the instruments discharging the Lien of this Indenture, the Trustee shall segregate and thereafter hold, as a special trust fund for the benefit of the Holders of the unpaid Notes, the moneys on deposit with it for the payment of such Notes.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed under seal, all as of the day and year first above written.

LEWIS COUNTY TIMBER COMPANY
as Grantor

By RAYMIDGA CO.
General Partner

By Randall L. Johnson
Vice President

SEATTLE-FIRST NATIONAL BANK
as Trustee

Attest: William A. Hagg
Trust Officer

By Don Anderson
Vice President

[Corporate Seal]

STATE OF CONNECTICUT)
) ss.
COUNTY OF FAIRFIELD)

On this 17th day of August, 1981, before me, the undersigned, a Notary Public in and for the State of Connecticut, duly commissioned and sworn, personally appeared Randall S. Johnson and John B. Canning, to me known to be the Vice President and Secretary, respectively, of RAYMIDGA CO., the general partner in LEWIS COUNTY TIMBER COMPANY, a Washington limited partnership, the partnership that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said limited partnership, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the corporate seal of the corporation.

WITNESS my hand and official seal hereto affixed the day and year first abovewritten.

Janet E. Long
JANET E. LONG
Notary Public in and for
the State of Connecticut
residing at Stamford, Connecticut
Whose commission expires
~~December 31, 1984~~
March

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 18th day of August, 1981, before me, the undersigned, a Notary Public in and for the State of Connecticut, duly commissioned and sworn, personally appeared D. R. INGRAM and JACQUELYN J. STARR, to me known to be the Vice President & Manager and TRUST OFFICER, respectively, of SEATTLE-FIRST NATIONAL BANK, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the corporate seal of the corporation.

WITNESS my hand and official seal hereto affixed the day and year first above written.

Mary Ann Reese
Notary Public in and for the
State of Washington
residing at King

EXHIBIT A

The following described real estate situated in the County of
Lewis, State of Washington:

Township 11 North, Range 2 East, W.M.

Section 1:

Parcel 1: ALL.

Section 10:

Parcel 2: Northeast Quarter; Southwest Quarter;
Northeast Quarter of the Northwest Quarter.

Section 11:

Parcel 3: ALL EXCEPT the west half of the south-
west quarter and the northwest quarter
of the northwest quarter.

Section 12:

Parcel 4: ALL.

Township 11 North, Range 4 East, W.M.

Section 2:

Parcel 5: Southwest Quarter of the Northwest
Quarter. EXCEPT that portion of said
southwest quarter of the northwest
quarter lying northeasterly of a line
projected from the northwest corner
of said southwest quarter of the
northwest quarter to the southeast
corner thereof.

Southwest Quarter. EXCEPT that por-
tion of the northeast quarter of the
southwest quarter lying northeasterly
of a line projected from the north-
west corner of said northeast quarter
of the southwest quarter to the south-
east corner thereof.

Southwest Quarter of the Southeast
Quarter. EXCEPT that portion of said
southwest quarter of the southeast
quarter lying northeasterly of a line
projected from the midpoint of the
north line of said southwest quarter
of the southeast quarter to the mid-
point of the east line of said southwest
quarter of the southeast quarter.

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INSURANCE COMPANY

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WA.

Section 10:

Parcel 6: Government Lots Three-Six (3-6) inclusive, Eleven (11), Twelve (12) and the South Half.

Section 11:

Parcel 7: South Half.

Section 14:

Parcel 8: ALL EXCEPT the south half of the southwest quarter.

Section 15:

Parcel 9: ALL EXCEPT the southeast quarter of the southeast quarter and the east quarter of the southwest quarter of the southeast quarter.

Township 11 North, Range 5 East, W.M.

Section 4:

Parcel 10: South Half of the Northwest Quarter; the Southwest Quarter; the West half of the Southeast Quarter.

Section 8:

Parcel 11: ALL EXCEPT the southeast quarter.

Section 9:

Parcel 12: ALL.

Section 17:

Parcel 13: ALL.

Township 11 North, Range 6 East, W.M.

Section 3:

Parcel 14: Southwest Quarter of the Northeast Quarter; the West Half of the Southwest Quarter; the North Half of the Southeast Quarter; Government Lots Five-Eleven (5-11) inclusive.

Section 4:

Parcel 15: Government Lots One-Four (1-4) inclusive, Eight (8) and Nine (9).

Section 14:

Parcel 16: ALL.

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WA.

Township 12 North, Range 1 East, W.M.

Section 30:

Parcel 17: West Half of the Northeast Quarter.

Township 12 North, Range 2 East, W.M.

Section 15:

Parcel 18: West Half. EXCEPT that portion of the northwest quarter of the northwest quarter lying north and west of Primary State Highway No. 5, described as follows: Beginning at the northwest corner; thence south along the west section line approximately 100 feet to a point where said section line intersects the northwest boundary line of the right of way of Primary State Highway No. 5; thence in a northeasterly direction along said right of way boundary line to a point where said boundary line intersects the north section line; thence west along said north section line approximately 60 feet to the Point of Beginning.

Section 22:

Parcel 19: Northwest Quarter; the West Half of the Northwest Quarter of the Northeast Quarter and the South Half of the Northeast Quarter. EXCEPT the north 440 feet of the east 1980 feet of said south half of the northeast quarter.

Section 23:

Parcel 20: Southwest Quarter; the South Half of the Southeast Quarter. EXCEPT that part of the south half of the southeast quarter which lies north of a line 30 feet distant as measured at right angles northerly from the centerline of the existing road. Said centerline of said road is described as follows, bearings and distances taken along tangents of said centerline: Beginning at the intersection of said road centerline and the east line of Section 23, 454 feet north of the southeast corner of said section; thence south $64\frac{1}{2}^\circ$ west 354 feet; thence south $72\frac{1}{2}^\circ$ west 126 feet; thence north 87° west 177 feet; thence north $68\frac{1}{2}^\circ$ west 250 feet; thence north 85° west 620 feet; thence south $84\frac{1}{2}^\circ$

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west 270 feet; thence north $81\frac{1}{2}^{\circ}$ west 115 feet; thence north $57\frac{1}{2}^{\circ}$ west 120 feet; thence north $35\frac{1}{2}^{\circ}$ west 183 feet; thence north 62° west 125 feet; thence north $76\frac{1}{2}^{\circ}$ west 113 feet; thence south 65° west 262 feet; thence south $40\frac{1}{2}^{\circ}$ west 208 feet more or less to the intersection of said road-centerline with the north-south centerline of said Section, 360 feet, more or less, north of the south quarter corner of said Section.

Section 25:

Parcel 21: ALL.

Section 26:

Parcel 22: East Half, the North Half of the Northwest Quarter; the Southeast Quarter of the Northwest Quarter; and that portion of the Southwest Quarter described as follows: Beginning at the west one-quarter corner of Section 26; then $S 1^{\circ}17'39''$ W along the west line of said Section 26 a distance of 555.00 feet; then $S 63^{\circ}44'19''$ E 732.35 feet; thence $S 1^{\circ}40'03''$ W 473.89 feet to the northerly right-of-way line of the Winston Creek County Road; thence $S 59^{\circ}06'45''$ E along said northerly line 399.92 feet; thence $S 66^{\circ}25'15''$ E 705.35 feet; thence $S 55^{\circ}51'13''$ E 383.03 feet; thence $S 43^{\circ}54'25''$ E 917.16 feet to the south one-quarter corner of said Section 26; thence north to the northeast corner of said southwest quarter; thence west to the northwest corner of said southwest quarter, being the Place of Beginning. EXCEPT a portion of the northwest quarter of the southwest quarter, more particularly described as follows: Beginning at the west quarter corner; thence south along the west line of said Section 400 feet to the True Point of Beginning of the land to be described; thence continuing south along the west line of said Section 155 feet; thence south $64^{\circ}20'$ east 200 feet; thence north-westerly 301 feet, more or less, to the Point of Beginning. ALSO EXCEPT the County Road, as described in Quit Claim Deed recorded March 22, 1898 under Auditor's File No. 10542.

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Section 35:

Parcel 23: Northeast Quarter of the Northeast Quarter; the North Half of the Northwest Quarter of the Northeast Quarter; that portion of the Southeast Quarter of the Northwest Quarter of the Northeast Quarter and of the east 60 feet of the Southwest Quarter of the Northwest Quarter of the Northeast Quarter lying northerly of the Winston Creek County Road, and that portion of the east 600 feet of the Northwest Quarter of the Northeast Quarter lying southerly of said County Road. EXCEPT that portion of said County Road lying in said northeast quarter of the northeast quarter.

Section 36:

Parcel 24: South Half of the Southeast Quarter and the Southeast Quarter of the Southwest Quarter.

Township 12 North, Range 3 East, W.M.

Section 1:

Parcel 25: ALL EXCEPT Government Lot One (1) and the southeast quarter of the northeast quarter.

Section 3:

Parcel 26: ALL EXCEPT the south half of the southeast quarter.

Section 4:

Parcel 27: ALL EXCEPT that portion of the southwest quarter of said Section, described as follows: Beginning at the southwest corner of said southwest quarter; thence north 400 feet along the west line of said southwest quarter; thence east 270 feet to the True Point of Beginning; thence west 270 feet to the west line of said southwest quarter; thence north 1613 feet along said west line; thence east 60 rods; thence south 42 rods; thence southwesterly to the True Point of Beginning.

Section 5:

Parcel 28A: North Half. EXCEPT the southeast quarter of the northwest quarter thereof.

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Parcel 28B: South Half of the Southeast Quarter. EXCEPT a tract of land in the northeast quarter of the southeast quarter of the southeast quarter described as follows: Beginning at the northeast corner of said southeast quarter of the southeast quarter; thence 170 feet west along the north line of said southeast quarter of the southeast quarter to a point; thence south approximately 15 feet to the north boundary of the Lewis County Road; thence southeasterly along the east boundary of said County Road to a point where it intersects the east line of said southeast quarter of the southeast quarter; thence north along the east line of said southeast quarter of the southeast quarter approximately 514 feet to the Point of Beginning. ALSO EXCEPT the Young County Road.

Section 6:

Parcel 29: Government Lots One (1) and Two (2).

Section 8:

Parcel 30: Northeast Quarter of the Northeast Quarter of the Northeast Quarter.

Section 9:

Parcel 31: North Half of the North Half.

Section 10:

Parcel 32: North Half of the North Half.

Section 11:

Parcel 33: ALL EXCEPT all that part of the south half of the southwest quarter, lying southwesterly of the following described line: Beginning at the northwest corner of the southwest quarter of the southwest quarter; thence southeasterly to the south one-quarter corner and the terminus of said line. ALSO EXCEPT Primary State Highway No. 5.

Section 12:

Parcel 34: South Half. EXCEPT that part lying southeasterly and south of a line described as follows: Beginning at the southeast corner of the northeast quarter of the southeast quarter; thence northerly along the east line of said Section a distance of 400.0 feet; thence westerly parallel to the south line of said northeast quarter

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of the southeast quarter to a point on the west line of said Subdivision; thence southwesterly to the southwest corner of the southeast quarter of the southeast quarter of the southwest quarter and the terminus of said line. ALSO EXCEPT Primary State Highway No. 5. ALSO EXCEPT Riffe-Morton Highway.

Section 13:

Parcel 35: That portion of the North Half of the Northwest Quarter lying northwesterly of the following described line: Beginning at the southwest corner of the north half of the northwest quarter; thence north $58^{\circ}57'36''$ east to the northwest corner of the northeast quarter of the northwest quarter and the terminus of said line.

Section 14:

Parcel 36A: That part of the Northwest Quarter of the Northeast Quarter lying northerly of a line beginning at the north one-quarter corner; thence on a bearing south $60^{\circ}54'03''$ east to the northeast corner of the southeast quarter of the northwest quarter of the northeast quarter.

Parcel 36B: That part of the Northeast Quarter of the Northeast Quarter lying northerly of a line beginning at the northwest corner of the southwest quarter of the northeast quarter of the northeast quarter; thence south $60^{\circ}37'52''$ east to the southeast corner of the northeast quarter of the northeast quarter.

Section 19:

Parcel 37: South Half of the Southeast Quarter and the Southeast Quarter of the Southwest Quarter.

Section 20:

Parcel 38: South Half of the Southwest Quarter and the Southeast Quarter of the Southeast Quarter.

Section 25:

Parcel 39A: Southwest Quarter of the Southwest Quarter. EXCEPT the southeast quarter of the southeast quarter of the southwest quarter of the southwest quarter thereof. ALSO EXCEPT County Roads.

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Parcel 39B: Southwest Quarter of the Northwest Quarter. EXCEPT that portion of the southwest quarter of the northwest quarter described as follows: Beginning at the northwest corner of the said southwest quarter of the northwest quarter; thence east along the northerly line of said southwest quarter of the northwest quarter 1010 feet to a point; thence south 69° west 668.2 feet to a point; thence north 78° west 211 feet to a point; thence north 43° west 263 feet to the Point of Beginning. ALSO EXCEPT Kiser County Road.

ALSO the East Half of the Northwest Quarter TOGETHER WITH those portions of vacated Jim Kiser County Road No. 587, which attach by operation of law. EXCEPT that portion of the northeast quarter of the northwest quarter of said Section lying northerly of Jim Kiser County Road No. 587. ALSO EXCEPT that portion of the east half of the east half of the northeast quarter of the northwest quarter that lies south of the Kiser County Road and that portion of the east half of the east half of the southeast quarter of the northwest quarter that lies north of the County Road. ALSO EXCEPT the Kiser County Road. ALSO EXCEPT Thomas County Road.

Section 26:

Parcel 40: South Half of the Southwest Quarter and the Southeast Quarter.

Section 27:

Parcel 41: South half of the Southeast Quarter.

Section 28:

Parcel 42: Northwest Quarter EXCEPT beginning at the south east corner of said quarter section; running thence north along the eastern boundary thereof, a distance of 29½ rods; thence in a westerly direction 55 rods; thence south 29½ rods to the southern boundary line of said quarter section; thence easterly along said south line 55 rods to the Place of Beginning.

Section 29:

Parcel 43: North Half and the Southwest Quarter.

Section 30:

Parcel 44: ALL.

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Section 31:

Parcel 45A: ALL EXCEPT beginning at the south one-quarter corner; thence south 89°39' west 425.5 feet along the south boundary of Section 31; thence north 1°52' west 622.7 feet to an iron pipe; thence north 88°59' east 386.2 feet; thence north 88°07' east 51.6 feet to the north and south centerline of Section 31; thence south 0°44' east 628.6 feet along said north and south centerline to the Point of Beginning. - ALSO EXCEPT beginning at the south one-quarter corner; thence north 89°55' east 732.6 feet; thence north 6°32' west 196.3 feet; thence north 59°51' east 326.2 feet; thence north 10°33' west 166.2 feet; thence north 82°48' west 129.2 feet; thence north 65°24' west 320.2 feet; thence south 88°31' west 192.8 feet; thence south 80°58' west 217.2 feet; thence south 88°07' west 146.9 feet to a point on the north and south centerline of Section 31; thence south 0°44' east 628 feet along said centerline to the south one-quarter corner to the Point of Beginning. ALSO EXCEPT that portion of the Cowlitz, Chehalis and Cascade Railway right of way in the southwest quarter of the southeast quarter, as described in Warranty Deed recorded May 12, 1926 under Auditor's file No. 8189060. ALSO EXCEPT Winston Creek County Road.

Parcel 45B: That portion of the following described property lying within the Southeast Quarter of the Southwest Quarter: a strip of land 130 feet wide, 30 feet of which lies on the northerly side and 100 feet lies on the southerly side of the following described centerline: Beginning at a point in the west line of Section 31, 1867.4 feet southerly, measured along said west line, from the quarter corner between Sections 31 and 36; thence north 71°16' east 46.8 feet to a point; thence on an arc of a 4° curve to the right through a central angle of 20°52', 521.6 feet to a point; thence south 87°52' east, 868.4 feet to a point; thence on the arc of a 4° curve to the right through a central angle of 24°36', 705 feet to a point; thence south 63°16' east, 1446.2 feet to a point on the south line of Section 31, 1808.1 feet west of the southeast corner thereof. EXCEPT Winston Creek County Road as described in Deed recorded August 10, 1978 under Auditor's File No. 850366.

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Section 32:

Parcel 46: ALL EXCEPT the northeast quarter of the northeast quarter.

Section 33:

Parcel 47: Northeast Quarter of the Southeast Quarter; the South Half of the Southeast Quarter; the West Half.

Section 34:

Parcel 48: Southeast Quarter; the Northwest Quarter. EXCEPT the northwest quarter of the northwest quarter.

Section 35:

Parcel 49: ALL EXCEPT the northeast quarter of the southeast quarter. ALSO EXCEPT the southwest quarter of the southeast quarter. ALSO EXCEPT Hagen County Road.

Township 12 North, Range 4 East, W.M.

Section 6:

Parcel 50: Government Lots One (1), Two (2), Three (3), and the Southwest Quarter of the Northeast Quarter.

Section 18:

Parcel 51: North Half of the Southeast Quarter; South Half of the Northeast Quarter; that portion of Government Lot Six (6) lying north and easterly of a line described as follows: Beginning at the southeast corner of the southwest quarter of the northwest quarter of the southeast quarter; thence southeasterly to a point, said point being the southwest corner of the northwest quarter of the southeast quarter of the southeast quarter; the East Half of the northwest Quarter. EXCEPT beginning at the northwest corner of the east half of the northwest quarter; thence east 214.5 feet; thence southerly to a point 181.5 feet east and 198 feet south of the northwest corner of the southeast quarter of the northwest quarter; thence west 181.5 feet; thence north to the Point of Beginning. ALSO EXCEPT all that part of the southeast quarter of the northwest quarter lying westerly and southwesterly of a line described as follows: Beginning at a point on the north line of the southeast quarter of the northwest quarter 185.76 feet northeasterly from the northwest corner thereof; thence southerly to the center of Section 18.

Section 20:

Parcel 52: Southwest Quarter of the Northeast Quarter. ALSO those portions of the Northwest Quarter of the Northwest Quarter, Government Lot One (1), the Southeast Quarter of the Northwest Quarter, the Northeast Quarter of the Southwest Quarter and the Southwest Quarter of the Southeast Quarter, lying northeasterly and northerly of the following described line: Beginning at the midpoint of the west line of said northwest quarter of the northwest quarter; thence southeasterly to the midpoint of the south line of said northwest quarter of the northwest quarter; thence southeasterly to the midpoint of the west line of said southeast quarter of the northwest quarter; thence southeasterly to the midpoint of the south line of said southeast quarter of the northwest quarter; thence southeasterly to the midpoint of the west line of the northwest quarter of the southeast quarter; thence southeasterly to the midpoint of line extended from the west line to the east line of the southwest quarter of the southeast quarter, said line lying 350 feet northerly of and parallel to the south line of the southwest quarter of the southeast quarter; thence easterly, parallel to the south line of the southwest quarter of the southeast quarter, to the east line of said southwest quarter of the southeast quarter.

Section 24:

Parcel 53: Northwest Quarter of the Northwest Quarter and the East Half.

Section 27:

Parcel 54: North Half of the Southeast Quarter. EXCEPT that portion of the northeast quarter of the southeast quarter lying southeasterly of a line drawn from the midpoint of the south line to the midpoint of the east line of said northeast quarter of the southeast quarter.

Section 28:

Parcel 55: Northeast Quarter of the Northwest Quarter; Northwest Quarter of the Northwest Quarter. EXCEPT that portion lying southwesterly of a line projected from the northwest corner of said northwest quarter of the northwest quarter to the southeast corner thereof.

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WA.

Northeast Quarter of the Southeast Quarter. EXCEPT that portion lying southwesterly of a line projected from the northwest corner of said northeast quarter of the southeast quarter to the southeast corner thereof.

Section 32:

Parcel 56: Northeast Quarter of the Southwest Quarter and the Southeast Quarter of the Northwest Quarter. EXCEPT that portion described as follows: Beginning at the northwest corner of said southeast quarter of the northwest quarter; thence south $88^{\circ}10'29''$ east 1333.79 feet; thence south $1^{\circ}22'58''$ west 971.98 feet; thence north $52^{\circ}14'46''$ west 1656.44 feet to the Point of Beginning.

Section 35:

Parcel 57: That part of the Northwest Quarter of the Northwest Quarter lying northeasterly of the following described line: Beginning at the northwest corner of said northwest quarter of the northwest quarter; thence southeasterly to a point on the east line of said northwest quarter of the northwest quarter 350 feet northerly of the southeast corner thereof and the terminus of said line.

Township 12 North, Range 5 East, W.M.

Section 1:

Parcel 58: Southwest Quarter of the Southeast Quarter.

Section 10:

Parcel 59: Northeast Quarter.

Section 12:

Parcel 60: North Half of the Northeast Quarter.

Section 30:

Parcel 61: Northeast Quarter; the East Half of the Northwest Quarter; the Northeast Quarter of the Southwest Quarter and the Northeast Quarter of the Southeast Quarter.

PIONEER NATIONAL TITLE
INSURANCE COMPANY

LEWIS CO.
WA.

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Section 31:

Parcel 62: Government Lots One (1) and Two (2) and that part of Government Lot Three (3) lying northwesterly of a line projected from the midpoint of the west line of Government Lot Three (3) to the northeast corner thereof.

Township 12 North, Range 6 East, W.M.

Section 33:

Parcel 63: ALL.

Township 13 North, Range 2 East, W.M.

Section 24:

Parcel 64: Southeast Quarter.

Section 25:

Parcel 65: Southwest Quarter and that portion of the South Half of the Northwest Quarter lying south of the Tilton River. EXCEPT the J.M. Flynn County Road as described in deed recorded November 28, 1917 under Auditor's File No. 99972.

Section 26:

Parcel 66: Southeast Quarter of the Northeast Quarter; the Southwest Quarter of the Southwest Quarter; the Southeast Quarter of the Southwest Quarter and the Southeast Quarter. EXCEPT that part of the southeast quarter of the southwest quarter and that part of the southeast quarter described as follows: Beginning at the southwest corner of the southeast quarter of the southwest quarter; thence in a northeasterly direction to a point on the east-west centerline of Section 26, said point being 400 feet west of the northeast corner of the southeast quarter; thence in a southeasterly direction to a point on the east line of Section 26, said point being 400 feet south of the northeast corner of the southeast quarter; thence in a southwesterly direction to the southwest corner of the southeast quarter; thence west along the south line of Section 26 to the Point of Beginning. ALSO EXCEPT the south 835 feet of the east 1100 feet of the southeast quarter.

PIONEER NATIONAL TITLE
INSURANCE COMPANY

LEWIS CO.
WA.

Section 35:

Parcel 67: Southeast Quarter of the Northeast Quarter; the West Half of the Northeast Quarter; the North Half of the Southwest Quarter and the Northwest Quarter. EXCEPT the northeast quarter of the northwest quarter. ALSO EXCEPT beginning at the southwest corner of the northwest quarter; thence in a northerly direction along the west line of Section 35 to a point 660 feet, more or less, from the Point of Beginning; thence in a northeasterly direction to a point on the north line of the southwest quarter of the northwest quarter, said point being 850 feet, more or less, from the west line of Section 35; thence in a northeasterly direction to the northwest corner of the northeast quarter of the northwest quarter; thence easterly along the north line of said Section 35, to the northeast corner of the northwest quarter of said Section 35; thence southerly along the east line of the northwest quarter to the southeast corner of the northeast quarter of the northwest quarter; thence in a southwesterly direction to a point on the west line of the southeast quarter of the northwest quarter, said point being 200 feet north of the southwest corner of the southeast quarter of the northwest quarter; thence in a southwesterly direction to the Point of Beginning. ALSO EXCEPT that portion of said southeast quarter of the northeast quarter lying southeasterly of Flynn County Road.

Township 13 North, Range 3 East, W.M.Section 35:

Parcel 68: South Half of the Northwest Quarter; the East Half of the Southeast Quarter; the East Half of the West Half of the Southeast Quarter.

Township 13 North, Range 4 East, W.M.Section 24:

Parcel 69: North Half of the Northeast Quarter; the Southeast Quarter of the Northeast Quarter and the South Half of the Southwest Quarter.

Section 26:

Parcel 70: North Half of the South Half.

PIONEER NATIONAL TITLE
INSURANCE COMPANY

LEWIS CO.
WA.

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Section 31:

Parcel 71: West Half.

Township 14 North, Range 5 East, W.M.

Section 30:

Parcel 72: Southeast Quarter.

Township 14 North, Range 1 West, W.M.

Section 24:

Parcel 73: Northeast Quarter.

Township 15 North, Range 4 West, W.M.

Section 32:

Parcel 74: West Half. EXCEPT Lincoln Creek County Road. ALSO EXCEPT Manners County Road. ALSO EXCEPT Meyers County Road.

Township 15 North, Range 5 West, W.M.

Section 24:

Parcel 75: Southwest Quarter of the Northeast Quarter; South Half of the Northwest Quarter and the Southwest Quarter.

PIONEER NATIONAL TITLE
INSURANCE COMPANY

LEWIS CO.
WA.

The following described real estate situated in the County of King, State of Washington:

Township 22 North, Range 9 East, W. M.

Parcel 76:

Section 2: Government Lots One (1) through Four (4) inclusive, EXCEPT those portions as conveyed to Chicago, Milwaukee and St. Paul Railway Company of Washington, a corporation, by Deeds recorded under Auditor's File Nos. 456311 and 545387, and EXCEPT those portions of Government Lot One (1) as conveyed to the State of Washington, under Auditor's File Nos. 6591231 and 7412180269.

Section 12: North half of the Northeast Quarter, Southwest Quarter of the Northeast Quarter and the Southeast Quarter of the Northwest Quarter EXCEPT those portions as conveyed to Chicago, Milwaukee and St. Paul Railway Company of Washington, a corporation, by Deeds recorded under Auditor's File Nos. 456311 and 545387.

Township 23 North, Range 9 East, W.M.

Parcel 77:

Section 28: That portion of the Southwest Quarter lying southerly of the southerly margin of Chicago, Milwaukee and St. Paul Railway Company right-of-way.

Parcel 78:

Section 33: That portion of the Southeast Quarter of the Northeast Quarter lying southwesterly of the southwesterly margin of Chicago, Milwaukee and St. Paul Railway Company right-of-way.

Parcel 79:

Section 34: Southwest Quarter of the Southwest Quarter and those portions of Government Lots One (1), Two (2) and Three (3) and portion of the Southeast Quarter lying southwesterly of the southwesterly margin of Chicago, Milwaukee and St. Paul Railway Company right-of-way.

Township 22 North, Range 10 East, W. M.

Parcel 80:

Section 6: Government Lot Three (3) and that portion of Government Lot Six (6) and the Northeast quarter of the Southwest Quarter lying northeasterly of the northerly margin of State Highway No. 2, (SR-90), as described in Deed to the State of Washington, recorded under Auditor's File No. 7112150012.

Parcel 81:

Section 18: Northeast Quarter, EXCEPT that portion lying within the Chicago, Milwaukee and St. Paul Railway Company right-of-way.

PIONEER NATIONAL TITLE
INSURANCE COMPANY

KING COUNTY,
WA.

The following described real estate situated in the County of
Grays Harbor, State of Washington:

Township 16 North, Range 9 West, W. M.

Section 5:

Parcel 82: Northeast Quarter of the Southeast
Quarter.

Parcel 83: Southeast Quarter of the Southeast
Quarter.

Section 8:

Parcel 84: Northeast Quarter of the Northeast
Quarter.

Parcels 85, 86, 87, 88: Omit

The following described real property situated in the County of Grays Harbor, State of Washington:

Township 18 North, Range 9 West, W. M.

Section 18:

Parcel 89: The East Half of the Southwest Quarter; the Southwest Quarter of the Southwest Quarter; the Northwest Quarter of the Southwest Quarter EXCEPT the North 287.13 feet thereof; the Northwest Quarter of the Southeast Quarter; and the South Half of the Southeast Quarter.

Section 19:

Parcel 90: The Northeast Quarter; the North Half of the Northwest Quarter; and the North Half of the Northwest Quarter of the Southeast Quarter of the Northwest Quarter.

Section 20:

Parcel 91: The Northwest Quarter of the Northwest Quarter.

Township 18 North, Range 9 West, W. M.

Section 13:

Parcel 92: The Southwest Quarter of the Northwest Quarter; the Northwest Quarter of the Southwest Quarter; and the South Half of the Southeast Quarter.

Section 14:

Parcel 93: The West Half of the Southeast Quarter; the West Half of the Southwest Quarter; the Southeast Quarter of the Southwest Quarter; and the Southeast Quarter of the Southeast Quarter.

Section 15:

Parcel 94: The Southeast Quarter of the Southeast Quarter.

Section 23:

Parcel 95: The Northeast Quarter.

Section 24:

Parcel 96: The Northwest Quarter of the Northwest Quarter; the Southeast Quarter of the Northwest Quarter; and the North Half of the Southwest Quarter.

Township 16 North, Range 9 West, W.M.

Section 34:

Parcel 97: Government Lots Six (6), Seven (7), Eight (8) and Ten (10); and the South Half.

Township 18 North, Range 10 West, W. M.

Sections 19 and 20:

Parcels 98 and 99: The West Half of the Northeast Quarter; the East Half of the Northwest Quarter; Government Lots 1, 2, 3 and 4; the East Half of the Southwest Quarter; and the Southeast Quarter of Section 19;

The West Half of the Southwest Quarter of Section 20;

That portion of the East Half of the Northeast Quarter of Section 19 the West Half of the Northwest Quarter and the Southeast Quarter of the Northwest Quarter of Section 20, lying Southwesterly and Westerly of the following described line:

Beginning at the Northeast Section Quarter Corner of said Section 19; thence Westerly along the North line of said Section 19, a distance of 130 feet to a

point, which point is the true point of beginning; thence South 38° West a distance of 200 feet; thence South 5° East a distance of 80 feet; thence South 64° East a distance of 120 feet; thence South 71° East a distance of 260 feet; thence South 55° East a distance of 105 feet to a point, which point is also the Southwesterly line of the 4013.24 road right-of-way; thence South 16° East along said 4013.24 road right-of-way a distance of 200 feet; thence South 27° East a distance of 95 feet; thence South 36° East a distance of 100 feet; thence South 45° East a distance of 250 feet; thence South 58° East a distance of 100 feet; thence South 72° East a distance of 100 feet; thence South 81° East a distance of 200 feet; thence South 88° East a distance of 200 feet; thence North 89° East a distance of 80 feet; thence South 17° East, leaving said Southwesterly line of said 4013.24 road right-of-way, a distance of 80 feet; thence South 9° East a distance of 100 feet; thence South 27° East a distance of 130 feet; thence South 36° East a distance of 150 feet; thence South 27° East a distance of 120 feet; thence South 77° West a distance of 200 feet; thence South 85° West a distance of 170 feet; thence South 83° West a distance of 580 feet; thence South 86° West a distance of 240 feet; thence South 6° West a distance of 120 feet; thence South 1° West a distance of 200 feet; thence South 3° East a distance of 470 feet; thence South 8° West to its intersection with the South line of said Southwest Quarter of the Northwest Quarter of said Section 20; thence Westerly along said South line of said Southwest Quarter of the Northwest Quarter of said Section 20 to its intersection with the West line of said Section 20 which point ends the description of the line.

Section 29:

Parcel 100: The West Half of the Northeast Quarter; the East Half of the Northwest Quarter; the Northwest Quarter of the Northwest Quarter; and the Northeast Quarter of the Northeast Quarter.

Section 30:

Parcel 101: The Northeast Quarter of the Northeast Quarter.

Township 20 North, Range 8 West, W. M.

Section 22:

Parcel 102: The Northeast Quarter; the North Half of the Northwest Quarter; the Southeast Quarter of the Northwest Quarter; the North Half of the Southwest Quarter; the Southeast Quarter of the Southwest Quarter; the West Half of the Southeast Quarter; and the Southeast Quarter of the Southeast Quarter.

The following described real estate situated in the County of
Mason, State of Washington:

Township 24 North, Range 3 West, W. M.

Parcel 103:

Section 3: South Half of the Northwest Quarter.

Parcel 104:

Section 3: North Half of the Southwest Quarter.

PIONEER NATIONAL TITLE
INSURANCE COMPANY

MASON COUNTY,
WA.

The following described real estate situated in the County
of Skamania, State of Washington:

Township 10 North, Range 6 East, W. M.

Parcel 105:

Section 1: The Northeast Quarter

The following described real property situated in the County of Jefferson:

Parcel 106

Township 26 North, Range 12 West, W. M.

Township 25 North, Range 12 West, W. M.

A tract of land and timber thereon located in the Southeast Quarter of the Southwest Quarter, the Southeast Quarter, and the South Half of the Northeast Quarter of Section Thirty-three (33) and the Southwest Quarter of Section Thirty-four (34), Township Twenty-six (26) North, Range Twelve (12) West, and Government Lot Three (3) of Section Three (3), Township Twenty-five (25) North, Range Twelve (12) West, Willamette Meridian, being more particularly described as follows:

BEGINNING at the South Quarter Corner of said Section Thirty-three (33), thence North 52°00' West a distance of 83.4 feet; thence North 44°15' West a distance of 35.0 feet to a point on the Southeasterly right-of-way line of logging spur "1725", said point being 10+ feet distant, measured perpendicularly, from center line station 8+00 for said logging spur "1725"; thence North 18°30' West a distance of 130.0 feet; thence North 14°00' West a distance of 135.6 feet; thence North 12°00' East a distance of 74.1 feet; thence North 15°00' East a distance of 55.0 feet; thence North 12°00' East a distance of 122.1 feet to a point on the southeasterly bank of a 6-foot wide creek flowing southwesterly; thence North 01°00' West a distance of 56.0 feet; thence North 47°30' East a distance of 146.0 feet; thence North 32°00' East a distance of 162.0 feet; thence North 12°00' West a distance of 97.0 feet; thence North 17°00' East a distance of 163.0 feet; thence North 45°00' East a distance of 165.0 feet; thence North 88°00' East a distance of 76.0 feet; thence North 54°00' East a distance of 67.0 feet; thence North 10°00' East a distance of 196.0 feet;

thence North 21°00' East a distance of 177.0 feet; thence North 25°00' East a distance of 84.0 feet; thence North 16°30' West a distance of 115.2 feet; thence North 2°30' West a distance of 174.0 feet; thence North 20°30' West a distance of 188.0 feet; thence North 61°00' East a distance of 88.5 feet; thence North 73°00' East a distance of 130.7 feet; thence North 56°00' East a distance of 174.4 feet; thence North 31°00' East a distance of 149.8 feet; thence North 54°30' East a distance of 179.1 feet; thence North 60°00' East a distance of 179.0 feet; thence North 43°00' East a distance of 139.8 feet; thence North 69°00' East a distance of 96.0 feet; thence North 23°00' East a distance of 89.6 feet; thence North 36°30' East a distance of 178.5 feet; thence North 21°00' East a distance of 89.0 feet; thence North 44°00' East a distance of 58.1 feet; thence North 39°00' East a distance of 171.0 feet; thence North 42°30' East a distance of 191.9 feet; thence North 23°00' East a distance of 48.0 feet; thence North 74°30' East a distance of 130.0 feet; thence North 82°00' East a distance of 80.1 feet; thence South 80°00' East a distance of 137.5 feet; thence South 34°00' East a distance of 192.0 feet; thence South 51°00' East a distance of 89.0 feet; thence South 56°00' East a distance of 105.1 feet; thence North 43°30' East a distance of 77.2 feet; thence North 60°30' East a distance of 126.5 feet; thence North 70°30' East a distance of 78.7 feet; thence South 72°00' East a distance of 226.5 feet; thence South 38°00' East a distance of 127.5 feet; thence South 22°00' East a distance of 115.7 feet; thence South 12°00' East a distance of 85.4 feet; thence South 11°00' East a distance of 135.0 feet; thence South 57°00' East a distance of 178.6 feet; thence South 61°30' East a distance of 109.1 feet; thence South 55°00' East a distance of 148.8 feet; thence North 58°00' East a distance of 147.4 feet; thence North 85°00' East a distance of 78.0 feet; thence South 78°00' East a distance of 131.6 feet; thence South 57°00' East a distance of 87.6 feet; thence South 23°30' East a distance of 81.0 feet; thence South 51°30' East a distance of 121.8 feet; thence

South 60°00' East a distance of 49.9 feet;
 thence South 30°30' East a distance of 144.5
 feet; thence South 59°00' East a distance of
 42.1 feet; thence South 39°30' East a distance
 of 127.1 feet; thence South 45°30' East a
 distance of 91.0 feet; thence South 37°00'
 East a distance of 112.9 feet; thence South
 40°00' East a distance of 142.2 feet; thence
 South 41°30' East a distance of 179.5 feet;
 thence South 47°00' East a distance of 103.8
 feet; thence South 42°30' East a distance of
 40.7 feet; thence South 33°00' West a distance
 of 118.0 feet; thence South 35°00' West a
 distance of 105.0 feet; thence South 21°30'
 West a distance of 79.0 feet; thence South
 28°00' West a distance of 271.3 feet; thence
 South 01°30' West a distance of 104.0 feet;
 thence South 08°00' West a distance of 181.1
 feet; thence South 32°30' West a distance of
 100.0 feet; thence South 55°00' West a
 distance of 140.9 feet; thence South 53°30'
 West a distance of 13.0 feet to a point on the
 northeasterly right-of-way line of logging
 spur "1725", said point being 10+ feet
 distant, measured perpendicularly, from center
 line station 88+10 for said logging spur
 "1725"; thence South 38°00' East a distance of
 200.0 feet; thence South 01°00' West a
 distance of 175.7 feet; thence South 24°00'
 East a distance of 138.0 feet; thence South
 29°00' West a distance of 151.0 feet; thence
 South 07°30' East a distance of 50.0 feet;
 thence South 29°30' East a distance of 185.0
 feet; thence South 70°00' East a distance of
 189.0 feet; thence South 59°30' East a
 distance of 448.0 feet; thence North 75°00'
 East a distance of 138.1 feet; thence South
 27°00' East a distance of 151.7 feet; thence
 South 32°00' East a distance of 81.0 feet;
 thence South 63°30' East a distance of 76.0
 feet; thence South 71°00' East a distance of
 87.0 feet; thence South 02°30' East a distance
 of 53.0 feet; thence South 00°30' East a
 distance of 833.4 feet; thence South 13°30'
 East a distance of 82.5 feet to northwesterly
 right-of-way line of logging spur; thence
 South 73°00' West a distance of 317.0 feet;
 thence North 69°30' West a distance of 121.0
 feet; thence North 41°30' West a distance of
 182.0 feet; thence South 87°30' West a
 distance of 156.0 feet; thence North 30°45'

West a distance of 530.4 feet; thence North 30°00' West a distance of 183.9 feet; thence South 47°00' West a distance of 71.0 feet; thence South 83°00' West a distance of 150.0 feet; thence North 80°00' West a distance of 109.6 feet; thence North 13°00' West a distance of 168.0 feet; thence North 39°00' East a distance of 75.4 feet; thence North 03°15' West a distance of 255.7 feet; thence North 22°00' East a distance of 104.2 feet; thence North 05°00' West a distance of 86.0 feet to the west one-sixteenth (1/16th) corner common to Section Three (3), Township Twenty-five (25) North, Range Twelve (12) West and Section Thirty-four (34), Township Twenty-six (26) North, Range Twelve (12) West, W. M.; thence North 86°30' West a distance of 192.9 feet; thence North 88°30' West a distance of 155.1 feet; thence North 53°00' West a distance of 55.0 feet; thence North 27°00' West a distance of 103.0 feet; thence South 63°30' West a distance of 151.8 feet; thence South 67°00' West a distance of 144.0 feet; thence North 67°30' West a distance of 72.0 feet; thence West a distance of 217.3 feet; thence North 82°45' West a distance of 175.3 feet; thence South 82°00' West a distance of 172.2 feet to the Southeast Corner of said Section Thirty-three (33); thence North 89°30' West a distance of 2,630.0 feet to the point of beginning.

EXCEPTING from said Parcels 1 through 106 inclusive any title to or claim of interest in any minerals located in, on, or under said real property.

PIONEER NATIONAL TITLE
INSURANCE COMPANY

JEFFERSON COUNTY,
WA.